

Hall Actuarial Associates

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November 5, 2010

Board of Trustees
MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM
7722 OFFICE PARK BOULEVARD, Suite 200
Baton Rouge, Louisiana 70809-7601

Gentlemen:

This report presents the results of the actuarial valuation of assets and liabilities, as well as funding requirements, for the Municipal Police Employees' Retirement System as of June 30, 2010.

This report has been prepared in accordance with generally accepted actuarial principles and practices and to the best of my knowledge, fairly reflects the actuarial present value of accrued benefits of the Municipal Police Employees' Retirement System.

In preparing this valuation, I have relied upon the information provided regarding plan provisions, plan membership, plan assets and other matters as detailed in the exhibits of this report. In particular, I have relied upon the statement of assets as audited by Duplantier, Hrapmann, Hogan and Maher, Certified Public Accountants.

The present values shown herein have been estimated on the basis of actuarial method, as specified in Louisiana Revised Statutes Title 11 Section 22(7). The Actuarial Assumptions, which have been approved by the Board of Trustees, are appropriate for the purposes of this valuation are reasonable in the aggregate, and when applied in combination represents my best estimates of the anticipated experience under the plan.

Board of Trustees
MPERS
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A brief summary of the more important figures developed in this valuation, with comparable results from previous valuations are as follows:

	-----Prior Years-----		
	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>June 30, 2008</u>
I. Membership Census			
1) Retirees	4,028	3,984	3,896
2) Actives	6,197	6,071	5,908
3) DROP	194	185	213
4) Vested Deferred	112	112	114
II. Annual Benefits	\$ 93,382,980	\$ 90,285,300	\$ 85,848,060
III. Total Payroll	280,977,278	270,236,561	252,562,020
IV. Valuation Assets	1,247,546,395	1,297,128,398	1,600,941,810
V. Investment Yield			
Market Value	<u>12.37%</u>	<u>-24.24%</u>	<u>-7.63%</u>
5 year avg.	-0.09%	0.64%	7.61%
10 year avg.	1.56%	0.74%	4.50%
Actuarial Value	<u>-0.75%</u>	<u>-16.71%</u>	<u>6.41%</u>
5 year avg.	2.49%	4.51%	10.04%
10 year avg.	1.95%	2.71%	5.90%
DROP Accounts	<u>-1.25%</u>	<u>-17.23%</u>	<u>5.91%</u>
VI. Cost to Fund Annual Pension Accruals (Normal Costs)	47,706,782 16.98%	45,725,218 16.92%	43,428,131 17.20%
VII. Unfunded Actuarial Accrued Liability	836,262,926	691,265,960	240,293,185
VIII. Funded Percentage	59.9%	65.2%	86.9%
IX. Funding Requirements (Mid Year Payment)			
1) Employee Rate	7.50%	7.50%	7.50%
2) Employer Rate ¹	28.25%	24.00%	10.50%
Premium Tax Allocation ¹	15,430,686	15,112,480	15,071,968
(Current Year) (est)			
3) Projected Employer Rate ¹	28.00%	25.00%	11.00%
(Next Year)			

Funding requirement measures the cost of benefits in effect on June 30, 2010.

¹ The rate is based on the estimated allocation from the Insurance Premium Tax Fund. The actual rate will be determined based on the actual allocation from the Insurance Premium Tax Fund determined by PERSAC.

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Changes in Unfunded Actuarial Liability

The Actuarial Valuation for the plan year ending June 30, 2010 discloses an increase in the value of the plan's unfunded actuarial accrued liability due primarily to unfavorable investment performance on an actuarial basis. It is generally appropriate for the current valuation process to disclose the source and causes of any significant changes in the plan from year to year. Changes that occur are generally the result of changes in actuarial assumptions, gains or losses resulting from actual experience which differs significantly from expected plan experience or some external force such as plan restructuring.

During the past fiscal year, the actuarial unfunded accrued liability/ (surplus) increased from \$691.3 million to \$836.3 million dollars.

To clarify the decrease in the actuarial unfunded accrued liability, the following gain/loss analysis is presented as follows:

CHANGE IN UNFUNDED LIABILITY (SURPLUS)

UNFUNDED LIABILITY 6/30/2009		\$ 691,265,960
INCREASES		
Interest on Unfunded Liability	51,844,947	
Investment Loss	104,844,344	
Experience Loss	8,533,726	
Employer Contribution Variance	<u>36,539,742</u>	
Incurring Increases	201,762,759	
DECREASES		
Amortization Payment	<u>56,765,793</u>	
Incurring Decreases	56,765,793	
UNFUNDED LIABILITY 6/30/2010		\$ 836,262,926

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History of Changes in Funding Requirements

The Legislature recognized that the statutory employee and employer contribution rates were not sufficient to fund the benefit structure of the new retirement system. The State allocated 4/10th of 1% of the casualty insurance premium to supplement the employers' contribution and supplement the merger of under-funded municipalities. Previously, employees and employers contributed a combined 14% of payroll, which is now 10.0% below the current projected actuarial funding requirement.

During the early 1980's, the tax revenue as a percentage of payroll continued to decline. This was largely due to the influx of new members resulting from mergers of non-participating municipalities. Unlike the employee contribution rate, the tax revenue is not fixed as a percentage of payrolls. The table at the end of this section indicates that portion of the employers' contribution rate that is supplemented by the Insurance Premium Tax.

1988 Legislative Session: Two bills were enacted which had a tremendous impact on the future funding of the system. The Insurance Premium Tax, which was dedicated by statute, was revoked. As a result of Act 81, the employee contribution rate was raised from 7% to 8% of payroll. Furthermore, Act 81 required the employer to fund the employer portion, raising the employer rate from 7% to approximately 12.0%. The contribution rates were increased to replace the lost revenue provided by the insurance premium tax in order to meet actuarial funding requirements.

1990 Legislative Session: The Actuarial Forecast Committee set the employer contribution rate at 11.38%, 9.00% plus a \$2,236,000 appropriation. However, Governor Roemer vetoed the enabling legislation which resulted in a reversion to the higher 11.38% rate for the municipalities during the 1990-1991 fiscal year.

1991 Legislative Session: Act 397 reestablished the employee rate at 7% and the employer rate at 9%, the balance of the funding requirement from the Insurance Premium Tax. The excess, if any, would revert to the general fund. Act 456 added a 25 year at any age retirement eligibility benefit. Members' contribution rate was increased from 7% to 8%. Members pay the increased rate for thirty years or until the system becomes 100% funded. At that time, the employee contribution rate decreases to 7.5%. The plan became fully funded on June 30, 1993, the employee rate decreased to 7.5% effective July 1, 1994.

2001 Legislative Session: Act 1160 reallocates the distribution of the .7% Insurance Premium Tax. La. State Police receives the first \$1,500,000. The balance is divided into fourths. One fourth is allocated each to Municipal Police, Firefighters, Sheriffs' and the Merger Fund. Amounts allocated in excess of current funding requirements are reallocated to the remaining Funds. Excesses after reallocation are returned to the State's General Fund.

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History of Changes in Funding Requirements (continued)

2005 Legislative Session: Act 448 urges the Municipal Police, Firefighters, Sheriffs' to review their actuarial assumptions for the purpose of reducing the employers' contribution rate. Effective July 1, 2005, the Board of Trustees' voted to increase the actuarial discount rate to 7.5%, reducing the 05-06 PERSAC rate from 20.25% to 16.50%.

Tax Revenue as a Percentage of Contributions

Year End 6/30	Employee Rate	Employer Rate	IPT Rate	Insurance Premium	Unfunded Liability	Funded Percent	Market Yield	Actuarial Yield
1991	7.00%	9.00%	1.63%	1,538,104	2,361,789	99.6%	8.20%	8.81%
1992	8.00%	9.00%	12.55%	12,153,985	4,252,517	99.3%	12.63%	10.06%
1993	8.00%	9.00%	3.49%	3,418,553	-7,285,866	101.1%	13.14%	13.03%
1994	7.50%	9.00%	2.88%	2,822,166	-3,640,164	100.5%	0.32%	7.81%
1995	7.50%	9.00%	2.74%	2,751,785	6,618,618	99.1%	12.09%	5.50%
1996	7.50%	9.00%	3.41%	3,569,803	-27,156,135	103.3%	11.07%	12.97%
1997	7.50%	9.00%	4.05%	5,005,376	-18,182,503	102.0%	13.86%	14.90%
1998	7.50%	9.00%	1.14%	1,498,487	-68,156,543	107.2%	14.80%	12.44%
1999	7.50%	9.00%	2.12%	3,041,136	-110,425,877	110.6%	9.26%	13.71%
2000	7.50%	9.00%	0.00%	0	-110,301,247	109.5%	3.66%	7.91%
2001	7.50%	9.00%	0.00%	0	-14,071,173	101.1%	-3.35%	2.06%
2002	7.50%	9.00%	0.00%	0	195,180,068	85.9%	-5.41%	-5.10%
2003	7.50%	9.00%	2.44%	4,806,272	379,484,302	73.9%	3.90%	-7.12%
2004	7.50%	15.25%	4.16%	8,689,205	423,352,255	72.9%	12.87%	7.80%
2005	7.50%	21.50%	4.70%	10,135,228	318,760,111	79.5%	9.34%	9.44%
2006	7.50%	20.25%	5.17%	11,539,000	279,073,905	83.1%	8.72%	13.20%
2007	7.50%	16.50%	5.59%	12,817,388	181,195,765	89.4%	16.46%	13.58%
2008	7.50%	13.75%	5.72%	14,455,288	240,293,185	86.9%	-7.63%	6.41%
2009	7.50%	9.50%	5.88%	15,071,968	691,265,960	65.2%	-24.24%	-16.71%
2010	7.50%	11.00%	5.52%	15,112,480	836,262,926	59.9%	12.37%	0.75%
2011	7.50%	25.00%	5.52%	15,430,686				

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Reporting Disclosures

Exhibit 3 "Pension Accounting and Financial Disclosure" contains disclosure of the accrued liabilities under the Entry Age Normal Actuarial Cost Method required by the Governmental Accounting Board Statement No. 25.

The Board of Trustees approved a five year Experience Study which adjusted the actuarial assumptions. The adopted rates were ratified by PERSAC and are utilized in this valuation. The new assumptions are illustrated in Exhibit 6. A copy of the study dated May 22, 2009 can be obtained from the Retirement System Office.

Legislative Changes

Act 93 provides for the organization, governance, administration and membership of the Funding Review Panel which is charged with studying the funding and benefit provisions relative to the Statewide Firefighters Retirement System, the Municipal Employees' Retirement System and the Municipal Police Employees' Retirement System.

Consideration for Cost-of-Living Increase

The Development of the Target Ratio (see Exhibit 7) makes specific provisions for the determination of whether or not a retirement system is systematically approaching the targeted funding ratio. This is an important consideration for both retired members and the Board of Trustees. The Board is specifically prohibited from granting a cost-of-living raise to retirees and survivors by Act 256 of the 1986 regular session unless the system has met the Funding Target or unless the Legislature authorizes a COLA.

For the plan year ending June 30, 2010 the funding target is .95647, which is greater than the current .59869 funding ratio. Therefore, the Board is not permitted to consider granting a cost-of-living increase by statute.

The format of this report was designed with the intent of highlighting the pertinent results of the valuation's funding requirements. Should you have any questions or comments, please do not hesitate to contact me.

Sincerely,

Charles G. Hall, FCA, MAAA, ASA
Actuary

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EXHIBIT 1
DEVELOPMENT
OF
COSTS, LIABILITIES AND CONTRIBUTIONS

Normal Costs and Accrued Liabilities are calculated in accordance with the Individual entry Age Normal Actuarial Cost Method, and the Actuarial Assumptions outlined in Exhibit 6 based on the Provisions of the Plan as summarized in Exhibit 5.

	<u>June 30, 2010</u>		<u>June 30, 2009</u>	
	<u>Dollar</u>	<u>% of</u>	<u>Dollar</u>	<u>% of</u>
	<u>Amount</u>	<u>Salary</u>	<u>Amount</u>	<u>Salary</u>
I. Normal Costs				
(to fund annual pension accruals)				
Active Members with Complete Data				
a) Retirement Benefits	\$ 37,890,190	13.49%	\$ 36,214,431	13.40%
b) Disability Benefits	1,906,092	.68%	1,834,950	.68%
c) Survivor Benefits	1,105,119	.39%	1,056,925	.39%
d) Voluntary Termination	5,683,381	2.02%	5,393,912	2.00%
e) Expenses	<u>1,122,000</u>	<u>.40%</u>	<u>1,225,000</u>	<u>.45%</u>
TOTAL NORMAL COST	47,706,782	16.98%	45,725,218	16.92%
II. Actuarial Accrued Liability				
a) Active Members				
1) Retirement Benefits	855,212,004		826,134,164	
2) Disability Benefits	10,184,569		9,877,392	
3) Survivor Benefits	8,499,584		8,163,349	
4) Voluntary Termination	<u>21,378,893</u>		<u>19,822,827</u>	
	895,275,050		863,997,732	
b) Retired and Inactive Members				
1) Regular Retirees	768,777,798		745,639,326	
2) Disabled Retirees	32,670,909		33,742,499	
3) Survivors	113,324,761		94,792,222	
4) Vested Deferred & Transfers	8,352,428		8,693,511	
5) Contributions Refunded	7,403,276		8,260,193	
6) DROP Deferred Benefits	177,683,062		152,151,127	
7) DROP Account Balance	<u>80,322,037</u>		<u>81,117,748</u>	
	1,188,534,277		1,124,396,626	
TOTAL ACCRUED LIABILITY	2,083,809,321		1,988,394,358	

Exhibit 1 (Continued)**Costs, Liabilities & Contributions**

	<u>June 30, 2010</u>	<u>--Prior Year--</u> <u>June 30, 2009</u>
II. Actuarial Accrued Liability		
TOTAL (Preceding page)	\$ 2,083,809,321	\$ 1,988,394,358
III. Valuation Assets	1,247,546,395	1,297,128,398
IV. Unfunded Actuarial Accrued Liabilities - (Surplus)	836,262,926	691,265,960
a) Change over prior year	114,996,966	450,972,775
b) Funded Percentage	59.9%	65.2%
V. Employer Contributions		
<u>Current Plan Year</u> ¹		
a) Employer Portion of Normal Cost	27,614,186	26,394,873
b) Amortization Payments	64,447,437	55,188,509
c) Employer Shortfall Credit	<u>3,521,176</u>	<u>-438,717</u>
TOTAL Required Contribution	95,582,799	81,144,665
Estimated Premium Tax Offset	<u>15,430,686</u>	<u>15,112,480</u>
Net Employer Contribution	80,152,113 28.25%	66,032,185 24.00%
<u>PERSAC approved Rate</u>	<u>25.00%</u>	<u>11.00%</u>
VI. Projected Employer Contributions		
<u>Next Plan Year</u> ¹		
a) Employer Portion of Normal Cost	28,608,033	27,362,469
b) Amortization Payments	64,447,437	55,188,509
c) Employer Shortfall Credit	<u>4,544,036</u>	<u>3,591,393</u>
TOTAL Projected Contribution	97,599,506	86,142,371
Estimated Premium Tax Offset	<u>15,430,686</u>	<u>15,112,480</u>
Net Employer Contribution	82,168,820 28.00%	71,029,891 25.00%
VII. Current Payroll	280,977,278	270,236,561
Projected Payroll - Mid Year	287,926,971	273,648,150
Projected Payroll - Next Year	301,452,389	283,679,677

¹ Dollar Amounts reflect estimated payments due mid-year on January 1st. The Net Employer Rate is rounded to the nearest .25%, but not less than 9.00%

EXHIBIT 2

**FINANCIAL SUMMARY
STATEMENT OF REVENUES AND EXPENSES
FOR FISCAL YEAR ENDING**

	<u>June 30, 2010</u>	-----Prior Years-----	
		<u>June 30, 2009</u>	<u>June 30, 2008</u>
<u>OPERATING REVENUES:</u>			
1. Contribution Income			
Member	\$ 20,812,936	\$ 19,706,503	\$ 18,637,104
Employer	31,162,221	25,721,837	35,174,945
2. Other Income			
General Fund/Premium Tax	15,112,480	15,071,968	14,455,288
Merger Interest	44,888	87,632	84,889
Transfers	-136,764	17,785	955,158
Miscellaneous	51,637	0	360
TOTAL CONTRIBUTIONS	67,047,398	60,605,725	69,307,744
3. Investment Income			
Investments	135,467,616	-348,172,039	-118,410,098
Less, Manager fees	-4,448,344	-4,198,804	-4,493,097
TOTAL INVESTMENT INCOME	131,019,272	-352,370,843	-122,903,195
4. Total Revenues	198,066,670	-291,765,118	-53,595,451
<u>OPERATING EXPENSES:</u>			
1. General Administration	1,121,651	1,223,868	1,094,511
Other Expenses	89,669	91,727	94,896
2. Benefits Paid			
a) Pension Benefits	102,296,300	96,126,722	92,841,073
b) Return of Contrib.	2,501,048	2,560,257	2,842,220
c) Transfers	1,143,605	715,460	0
TOTAL BENEFITS PAID	105,940,953	99,402,439	95,683,293
3. Total Expenses	107,152,273	100,718,034	96,872,700
<u>NET INCOME:</u>	90,914,397	-392,483,152	-150,468,151

EXHIBIT 2 (Continued)
Financial Summary

FINANCIAL SUMMARY
STATEMENT OF ASSETS
FOR FISCAL YEAR ENDING

	<u>June 30, 2010</u>	<u>-----Prior Years-----</u>	
		<u>June 30, 2009</u>	<u>June 30, 2008</u>
<u>ASSETS</u>			
1. Short Term Assets			
Cash in Banks	\$ 11,230,580	\$ 9,784,982	\$ 16,264,396
Cash Equivalents	29,038,229	31,940,207	39,380,469
2. Bonds			
Domestic and Foreign	166,879,511	152,597,174	199,014,122
Pooled Funds	122,982,613	92,783,249	87,264,987
Real Estate Funds	84,882,698	88,669,410	130,495,197
Mutual Funds	79,315,877	76,150,585	44,693,248
3. Equities, Insurance Agreements			
Domestic Stock	356,601,356	361,332,647	644,791,428
Foreign Stocks	209,069,671	183,934,457	176,653,335
Partnerships	27,623,599	29,518,146	n/a
4. Other Investments	66,230,868	25,871,496	83,504,186
5. Other Assets	6,000	n/a	n/a
Property/Equipment	2,429,199	2,473,997	2,517,916
Real Estate	13,447,172	13,614,077	21,125,881
Receivables (-) Payables	4,531,779	14,529,460	29,746,917
Receivables from Mergers	<u>814,554</u>	<u>969,422</u>	<u>1,200,379</u>
TOTAL ASSETS			
Market Value	1,175,083,706	1,084,169,309	1,476,652,461
Valued at Cost	1,206,604,597	1,205,022,121	1,438,094,799
<u>INVESTMENT YIELD:</u>			
To Actuarial Value	-0.75%	-16.71%	6.41%
-Net of Mergers	-0.75%	-16.73%	6.41%
DROP Account Yield	-1.25%	-17.23%	5.91%
Market Value	12.37%	-24.24%	-7.63%
<u>ACTUARIAL VALUE OF ASSETS:</u>			
TOTAL Assets, less	1,175,083,706	1,084,169,309	1,476,652,461
Change in Unrealized (G/L)			
Plan Year - 2 (wt. 1/4)	-239,025,571	104,446,210	11,026,896
Plan Year - 1 (wt. 2/4)	-159,410,474	-239,025,571	104,446,210
Plan Year (wt. 3/4)	<u>89,331,921</u>	<u>-159,410,474</u>	<u>-239,025,571</u>
Valuation Assets	1,247,546,395	1,297,128,398	1,600,941,810

EXHIBIT 3

**PENSION ACCOUNTING
AND
FINANCIAL DISCLOSURE**

The Governmental Accounting Standards Board (GASB) was established as an arm of the Financial Accounting Foundation in April, 1984 by amendment to the Foundation's certificate of incorporation and by-laws. GASB's objective is to promulgate standards of financial accounting and reporting relative to the activities and transactions of state and local governmental entities. The following disclosures and statistical tables are in accordance with the GASB's Statement No. 25.

SCHEDULE OF FUNDING PROGRESS

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Payroll ((b-a)/c)
2001	1,275,128	1,261,057	-14,071	101.1	181,738	-7.7
2002	1,189,425	1,384,605	195,180	85.9	187,568	104.1
2003	1,076,306	1,455,791	379,484	73.9	197,254	192.4
2004	1,138,387	1,561,739	423,252	72.9	208,756	202.7
2005	1,233,572	1,552,332	318,760	79.5	215,639	147.8
2006	1,371,982	1,651,056	279,074	83.1	223,214	125.0
2007	1,531,297	1,719,536	188,239	89.1	229,145	82.2
2008	1,600,942	1,841,235	240,293	86.9	252,562	95.1
2009	1,297,128	1,988,394	691,266	65.2	270,237	255.8
2010	1,247,546	2,083,809	836,263	59.9	280,977	297.6

The total actuarial accrued liability determined using the Individual Entry Age Normal cost method increased by \$95,414,963 from June 30, 2009 to June 30, 2010. There was a net experience loss of \$8,533,726.

EXHIBIT 3 (Continued)**Pension Accounting & Financial Disclosure****SUPPLEMENTARY INFORMATION****SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>Fiscal Year</u>	<u>Actuarial Required Contribution</u> ¹	<u>Percent Contributed</u>	<u>Annual Pension Cost (APC)</u> ¹	<u>Actual Contribution</u> ¹	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u> ¹
2001	17,123,946	100.4	17,131,525	17,189,303	100.3	28,172
2002	22,389,583	100.4	22,400,294	22,477,751	100.4	-49,285
2003	27,268,852	100.3	27,283,821	27,494,127	100.7	-259,591
2004	57,420,770	76.2	57,445,752	43,780,202	76.2	13,405,959
2005	58,109,563	103.6	57,593,472	60,222,742	104.6	10,776,689
2006	48,370,710	106.0	47,919,406	51,259,847	107.0	7,436,248
2007	45,699,034	110.5	45,324,500	50,477,050	111.4	2,283,698
2008	40,351,047	127.5	40,074,582	51,457,721	128.4	-9,099,441
2009	45,398,734	93.2	45,547,987	42,295,917	92.8	-5,847,371
2010	84,518,376	56.8	84,534,694	47,978,631	56.8	30,708,692

Analysis of the percentage contributed over a period of years will give a relative indication of the funding progress for the liabilities of the Municipal Police Employees' Retirement System.

The difference between the Actuarial Required Contribution and the APC is the amortization payment for the Net pension Obligation (see Exhibit A).

**DEVELOPMENT OF NET
PENSION OBLIGATION:**

(1) Actuarial Required Contribution	\$ 84,518,376
(2) Interest on Net Pension Obligation	-438,553
(3) Amortization of Net Pension Obligation	<u>-454,871</u>
(4) Accrued Pension Cost (1)+(2)-(3)	84,534,694
(5) Employer Contribution	47,978,631
(6) Increase (-decrease) in Net Pension Obligation	36,556,063
(7) Net Pension Obligation Beginning of Year	-5,847,371
(8) Net Pension Obligation End of Year (6) + (7)	30,708,692

¹ Actuarial Contributions, the Annual Pension Cost (APC), and the actual employer contribution made have been adjusted with interest at the valuation rate to the end of the fiscal year in accordance with GASB's Statement No. 25.

EXHIBIT 3 (Continued)**Pension Accounting & Financial Disclosure****STATISTICAL DATA****COMPARATIVE SUMMARY OF REVENUES BY SOURCE
AND EXPENSES BY TYPE****Revenues by Source**

<u>Fiscal Year End</u>	<u>Members Contribution</u>	<u>Employer Contribution</u>	<u>Investment Income</u>	<u>Total</u>
2001	13,838,527	18,415,443	-34,986,464	-2,732,494
2002	14,032,129	23,068,690	-63,719,980	-26,619,161
2003	14,727,154	27,321,001	41,473,699	83,521,854
2004	15,646,734	42,887,212	141,065,828	199,599,774
2005	16,136,038	58,324,486	114,154,056	188,614,580
2006	16,878,085	49,759,155	114,977,826	181,615,066
2007	17,157,738	49,124,875	232,956,935	299,239,548
2008	18,637,104	50,670,640	-122,903,195	-53,595,451
2009	19,706,503	40,899,222	-352,370,843	-291,765,118
2010	20,812,936	46,234,462	131,019,272	198,066,670

Expenses by Type

<u>Fiscal Year End</u>	<u>Benefits</u>	<u>Refunds</u>	<u>Administrative Expenses¹</u>	<u>Total</u>
2001	59,414,407	2,689,175	784,496	62,888,078
2002	67,241,501	2,767,657	860,049	70,869,207
2003	71,862,749	2,491,874	983,765	75,338,388
2004	76,534,487	2,143,792	946,014	79,624,293
2005	82,597,961	2,565,141	1,041,947	86,205,049
2006	83,500,279	4,660,819	1,454,093	89,615,191
2007	87,910,584	3,843,112	1,157,596	92,911,292
2008	92,841,073	2,842,220	1,189,407	96,872,700
2009	96,842,182	2,560,257	1,315,595	100,718,034
2010	103,439,905	2,501,048	1,211,320	107,152,273

¹ Includes other expenses incurred not directly related to the administration of daily operation.
(See Exhibit 2).

EXHIBIT 4

CENSUS DATA

The data contained in this valuation is summarized on the following pages with exceptions noted below. The profile depicted in the cellular graphs represents "error free data", which serves as the basis for determining costs and liabilities. Active members are allocated to cells based upon attained age and years of service. Retirees and Survivors are allocated to cells based upon attained age and years elapsed since retirement or commencement of benefits.

The validity of the results of any actuarial valuation is dependent upon the accuracy of the data base. Prior to processing, suspicious data and data containing errors were purged from the data base and processed separately based on the following error types:

- missing sex code
- missing or invalid date of birth
- missing or invalid date of employment
- missing or invalid salary
- invalid retirement dates

There were no records purged this year from the data base containing errors or categorized as suspicious data which is a significant reduction when compared to previous years. Suspicious data are not necessarily errors, but data which falls outside the parameters of the editing process for further checking.

Salary data contained in the profiles and valuation report exceed the sums reported by internal audit due to salary annualization. In the valuation process, membership data with fractional service annualizes the salary in the first year of employment.

The following is a summary by participant status of the data submitted for valuation:

	---2010---	---2009---	---2008---
	<u>Census</u>	<u>Census</u>	<u>Census</u>
Active Members	5,978	5,872	5,705
DROP to Active	219	199	203
Regular Retirees	2,801	2,749	2,671
Disability Retirees	187	197	200
Survivors	1,040	1,038	1,025
Vested & Reciprocals	112	112	114
Due Refunds	1,198	1,197	1,095
DROP Participants	<u>194</u>	<u>185</u>	<u>213</u>
TOTAL	11,729	11,549	11,226

Hall Actuarial Associates

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS EMPLOYED

MUNICIPAL POLICE SYSTEM
ACTIVE MEMBERS

CELLS DEPICT - MEMBER COUNT
TOTAL SALARY

VALUATION DATE 6/30/2010

Age	YEARS EMPLOYED									Total
	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35-)	
[0-19)	5	2	0	0	0	0	0	0	0	7
count	143657	65152	0	0	0	0	0	0	0	208809
[20-24)	141	218	3	0	0	0	0	0	0	362
count	4217451	7572910	108247	0	0	0	0	0	0	11898608
[25-29)	151	606	175	1	0	0	0	0	0	933
count	4328349	22923607	7487399	34748	0	0	0	0	0	34774103
[30-34)	96	376	443	135	2	0	0	0	0	1052
count	2837892	13908694	19684520	6700452	87419	0	0	0	0	43218977
[35-39)	78	217	290	393	99	1	0	0	0	1078
count	2011595	8043473	12889868	19786297	5375884	46895	0	0	0	48154012
[40-44)	52	160	162	237	347	115	4	0	0	1077
count	1465998	6024121	6758190	11824588	19000451	6811858	303569	0	0	52188775
[45-49)	21	78	102	123	188	225	136	1	0	874
count	688275	2753226	4234621	5845231	9948595	13612716	9350570	95085	0	46528319
[50-54)	3	26	51	75	84	65	107	18	0	429
count	40687	1013158	1909991	3363907	4246688	3773360	7255767	1259916	0	22863474
[55-59)	1	4	20	33	39	11	21	4	0	133
count	18507	300070	831063	1313328	1897655	642205	1385520	300666	0	6689014
[60-64)	2	0	2	6	4	5	5	1	0	25
count	31881	0	83741	224975	185364	335586	289254	81939	0	1232740
[65-69)	0	1	0	1	3	1	1	0	0	7
count	0	23687	0	32155	143189	36613	45519	0	0	281163
[70-74)	0	0	0	0	1	0	0	0	0	1
count	0	0	0	0	44900	0	0	0	0	44900
TOTALS	550	1688	1248	1004	767	423	274	24	0	5978
salary	15784292	62628098	53987640	49125681	40930145	25259233	18630199	1737606	0	268082894

AVERAGES --- Attained Age 38.11
Service Years 9.62
Active Salary 44,845

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS EMPLOYED

MUNICIPAL POLICE SYSTEM
ACTIVE AFTER DROP

CELLS DEPICT - MEMBER COUNT
TOTAL SALARY
DROP BENEFITS

VALUATION DATE 6/30/2010

Age	YEARS EMPLOYED									Total	
	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20-)		
[0-34)	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0
[35-39)	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0
[40-44)	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0
[45-49)	4	2	1	0	0	0	0	0	0	0	7
	192731	136730	65119	0	0	0	0	0	0	0	394580
	148284	81132	38292	0	0	0	0	0	0	0	267708
[50-54)	21	15	8	8	2	3	0	0	0	0	57
	931093	987045	483681	497709	136549	180535	0	0	0	0	3216612
	804804	587664	262980	248568	26964	95448	0	0	0	0	2026428
[55-59)	20	13	13	17	9	23	3	0	0	0	98
	781581	792000	817741	1026722	612016	1554908	210939	0	0	0	5795907
	650976	444948	403860	536652	290124	707412	84336	0	0	0	3118308
[60-64)	4	4	3	6	8	19	11	2	0	0	57
	182935	188507	136452	368029	487428	1177649	820853	125432	0	0	3487285
	43884	78492	64368	173472	245724	479136	297408	54132	0	0	1436616
[65-69)	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0
[70-74)	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0
TOTALS											
count	49	34	25	31	19	45	14	2	0	0	219
salary	2088340	2104282	1502993	1892460	1235993	2913092	1031792	125432	0	0	12894384
benefit	1647948	1192236	769500	958692	562812	1281996	381744	54132	0	0	6849060

AVERAGES --- Attained Age 56.96
Post Drop Years 3.80
Active Salary 58,878
Annual Benefit 31,274

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS RETIRED

MUNICIPAL POLICE SYSTEM
REGULAR RETIREES

CELLS DEPICT - MEMBER COUNT
TOTAL BENEFITS

VALUATION DATE 6/30/2010

Age	YEARS RETIRED									Total	
	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20-)		
[0-39)	0	0	0	0	0	0	0	0	0	0	0
[40-44)	2	0	0	0	0	0	0	0	0	0	2
[45-49)	10	11	9	12	4	2	0	0	0	0	48
[50-54)	13	21	29	51	52	110	8	0	0	0	284
[55-59)	17	18	22	30	68	336	95	11	2	0	599
[60-64)	3	4	7	11	18	243	267	136	27	0	716
[65-69)	1	3	3	4	4	64	130	227	67	0	503
[70-74)	0	0	1	0	2	17	25	60	187	0	292
[75-79)	0	0	0	0	0	3	9	21	146	0	179
[80-84)	0	0	0	0	0	1	2	7	105	0	115
[85-89)	0	0	0	0	0	1	0	1	50	0	52
[90-99)	0	0	0	0	0	0	0	0	11	0	11
TOTALS	46	57	71	108	148	777	536	463	595	0	2801
benefit	1433520	1724088	2546724	3766884	5304864	23835156	14086548	12791592	12038268	0	77527644

AVERAGES --- Attained Age 64.49
Years Retired 13.85
Annual Benefit 27,679

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS RETIRED

MUNICIPAL POLICE SYSTEM
DISABILITY RETIREES

CELLS DEPICT - MEMBER COUNT
TOTAL BENEFITS

VALUATION DATE 6/30/2010

Age	YEARS RETIRED									Total
	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20-)	
[0-39)	1	2	2	2	1	4	0	0	0	12
	14952	54360	26088	28164	35400	51360	0	0	0	210324
[40-44)	4	1	2	1	1	9	4	0	0	22
	69024	27720	52056	12768	34308	118200	43740	0	0	357816
[45-49)	3	1	1	2	1	9	6	3	0	26
	116556	33516	18480	77448	12792	113772	67944	36636	0	477144
[50-54)	0	0	0	4	0	9	10	4	2	29
	0	0	0	88260	0	124824	157284	59520	13344	443232
[55-59)	0	0	0	1	1	2	7	7	9	27
	0	0	0	7812	21156	30144	91344	88500	101208	340164
[60-64)	0	1	1	1	0	3	3	6	14	29
	0	11676	13164	14244	0	30588	50172	110316	169080	399240
[65-69)	0	0	0	0	0	0	2	3	18	23
	0	0	0	0	0	0	14856	33600	251964	300420
[70-74)	0	0	0	0	0	0	1	0	5	6
	0	0	0	0	0	0	11976	0	84480	96456
[75-79)	0	0	0	0	0	0	0	0	9	9
	0	0	0	0	0	0	0	0	100980	100980
[80-84)	0	0	0	0	0	0	0	0	2	2
	0	0	0	0	0	0	0	0	20064	20064
[85-89)	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
[90-99)	0	0	0	0	0	0	0	0	2	2
	0	0	0	0	0	0	0	0	27732	27732
TOTALS	8	5	6	11	4	36	33	23	61	187
benefit	200532	127272	109788	228696	103656	468888	437316	328572	768852	2773572

AVERAGES --- Attained Age 56.20
Years Retired 16.01
Annual Benefit 14,832

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS RETIRED

MUNICIPAL POLICE SYSTEM
SURVIVOR BENEFITS

CELLS DEPICT - MEMBER COUNT
TOTAL BENEFITS

VALUATION DATE 6/30/2010

Age	YEARS RETIRED									Total
	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20-)	
[0-39)	1	1	7	9	0	17	13	15	10	73
	16956	14004	93840	88632	0	142392	98604	109200	73512	637140
[40-44)	5	2	8	4	1	7	4	5	3	39
	73812	38448	78816	23364	21588	68400	32280	28116	30000	394824
[45-49)	1	0	9	4	2	3	13	9	4	45
	20304	0	135636	70692	28872	34968	111900	72888	45516	520776
[50-54)	3	7	2	3	0	10	20	11	9	65
	61284	109476	71976	109596	0	184752	155892	126960	86364	906300
[55-59)	1	0	0	3	1	19	11	8	19	62
	55872	0	0	92160	16272	407400	189804	126276	190764	1078548
[60-64)	1	0	0	0	4	18	29	19	18	89
	6768	0	0	0	54192	327864	493356	324960	246612	1453752
[65-69)	1	0	2	0	1	5	19	31	48	107
	41280	0	56964	0	31692	71412	364584	532860	481452	1580244
[70-74)	0	0	0	0	0	3	13	20	88	124
	0	0	0	0	0	25632	151512	301512	1123176	1601832
[75-79)	0	0	0	0	0	3	3	7	139	152
	0	0	0	0	0	33204	40068	72336	1685736	1831344
[80-84)	0	0	0	0	0	1	2	2	111	116
	0	0	0	0	0	4896	25500	47076	1292472	1369944
[85-89)	0	1	0	0	0	1	0	0	107	109
	0	60564	0	0	0	4896	0	0	1088700	1154160
[90-99)	0	0	0	0	0	1	0	2	56	59
	0	0	0	0	0	12456	0	21936	518508	552900
TOTALS	13	11	28	23	9	88	127	129	612	1040
benefit	276276	222492	437232	384444	152616	1318272	1663500	1764120	6862812	13081764

AVERAGES --- Attained Age 68.37
Years Retired 23.71
Annual Benefit 12,579

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS RETIRED

MUNICIPAL POLICE SYSTEM
DROP PARTICIPANTS

CELLS DEPICT - MEMBER COUNT
TOTAL BENEFITS

VALUATION DATE 6/30/2010

Age	YEARS PARTICIPATED									Total
	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20-)	
[0-39)	0	0	0	0	0	0	0	0	0	0
[40-44)	0	0	0	0	0	0	0	0	0	0
[45-49)	18	7	7	0	0	0	0	0	0	32
[50-54)	32	30	22	0	0	0	0	0	0	84
[55-59)	18	18	23	0	0	0	0	0	0	59
[60-64)	5	2	9	0	0	0	0	0	0	16
[65-69)	0	1	1	0	0	0	0	0	0	2
[70-74)	0	0	1	0	0	0	0	0	0	1
[75-79)	0	0	0	0	0	0	0	0	0	0
[80-84)	0	0	0	0	0	0	0	0	0	0
[85-89)	0	0	0	0	0	0	0	0	0	0
[90-99)	0	0	0	0	0	0	0	0	0	0
TOTALS	73	58	63	0	0	0	0	0	0	194
benefit	3675660	2548224	2492124	0	0	0	0	0	0	8716008

AVERAGES --- Attained Age 54.35
Years Retired 1.38
Annual Benefit 44,928

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS EMPLOYED

MUNICIPAL POLICE SYSTEM
TERM-VESTED/RECIPROCAL

CELLS DEPICT - MEMBER COUNT
TOTAL BENEFITS

VALUATION DATE 6/30/2010

Age	YEARS EMPLOYED									Total	
	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35-)		
[0-19)	0	0	0	0	0	0	0	0	0	0	0
[20-24)	0	0	0	0	0	0	0	0	0	0	0
[25-29)	0	0	0	0	0	0	0	0	0	0	0
[30-34)	0	0	0	0	0	0	0	0	0	0	0
[35-39)	0	0	0	15	4	0	0	0	0	0	19
[40-44)	0	0	0	179280	51420	0	0	0	0	0	230700
[45-49)	0	0	0	19	11	3	0	0	0	0	33
[50-54)	0	0	0	209208	175896	52416	0	0	0	0	437520
[55-59)	0	0	0	14	16	9	0	0	0	0	39
[60-64)	0	0	0	137316	189600	146784	0	0	0	0	473700
[65-69)	0	0	0	9	11	0	0	0	0	0	20
[70-74)	0	0	0	116028	146400	0	0	0	0	0	262428
[75-79)	0	0	0	0	0	0	0	0	0	0	0
[80-84)	0	0	0	0	0	0	0	0	0	0	0
[85-89)	0	0	0	0	0	0	0	0	0	0	0
[90-94)	0	0	0	0	0	0	0	0	0	0	0
[95-99)	0	0	0	0	0	0	0	0	0	0	0
TOTALS	0	0	1	57	42	12	0	0	0	0	112
benefit	0	0	1656	641832	563316	199200	0	0	0	0	1406004

AVERAGES --- Attained Age 45.59
Service Years 15.27
Annual Benefit 12,554

EXHIBIT 5

SUMMARY OF THE MUNICIPAL POLICE EMPLOYEES'
RETIREMENT SYSTEM PLAN PROVISIONS

EFFECTIVE DATE:

July 1, 1973

EMPLOYEE:

Any full-time police officer empowered to make arrests, employed by a municipality of the State and engaged in law enforcement, earning at least \$375/month excluding state supplemental pay, or an elected Chief of Police whose salary is at least \$100.00 per month, and any employee of this System. City or Ward Marshals, elected Councilmen and Mayors excluded.

EMPLOYER:

Any municipality in the State which employs a full-time police officer, empowered to make arrests, or which has an elected Chief of Police whose salary is at least \$100.00 per month; and Municipal Police Employees' Retirement System.

MEMBERSHIP:

1. Persons who were members on 9/7/77 must remain members and persons hired on or after 9/9/77 must become members as a condition of employment, if under age 50; providing they do not have to pay social security (Act 141 of 1983).
2. Persons who transferred from another police retirement system in 1973 and 1974 under R.S. 42:697 as it read at that time (Act 46 of 1972).
3. Persons who transferred from another police retirement system in 1975 and 1976 under R.S. 42:697 as it read at that time (Act 548 of 1975).
4. Persons who became members under R.S. 42:697 and are having credit/or will have credit "recognized" between this system and another system or systems (Act 416 of 1976 AMENDED by Act 344 of 1978 and Act 103 of 1979).
5. Persons who became members because of a merger agreement entered into between a local police pension fund and this retirement system.
6. Employees, employed by any municipality or parish of this state which has its employees covered under the federal Social Security program, may elect not to be or become a member. Any member who elects not to be a member shall be refunded his employee contributions received by the system, without interest (Act 32 of 1984).

EXHIBIT 5 (Continued)
Plan Provisions

CREDITABLE SERVICE:

As follows:

1. Prior Service - service credit which was not credited in any other retirement system and for which a prior service certificate was issued.
2. Membership Service - service as a member for which the system received contribution. Qualifying cadet service may be purchased per Act 215 of 1992.

NOTE: a. No prior service credit to be given for employee who becomes member after July 31, 1976; extended to 1/1/77 for employee who is required to pay Social Security contributions.

- b. Credit for military service up to July 1, 1973 given, not to exceed 4 years, provided employee pays employee and employer contributions that would have been required based on rate of pay when first hired as police officer, plus 6% compound interest.

EMPLOYEE CONTRIBUTIONS:

7% of earnable compensation (Over 30 years of service, no contributions required).
8.0% effective July 1, 1989; 7.5% effective July 1, 1994.

EMPLOYER CONTRIBUTIONS:

Municipality Rate set at 9%; balance to be determined by the Actuarial Forecast Committee and to be funded from dedicated Insurance Premium Tax.

EARNABLE COMPENSATION:

Full amount of regular salary earned by an employee for a given month, including State supplemental pay, but excluding overtime pay.

AVERAGE FINAL COMPENSATION:

Average annual earned compensation of an employee for any period of highest 36 successive or joined month's earnable compensation.

NORMAL RETIREMENT:

The average compensation of a member for purposes of computing benefits cannot increase more than 25% per year. (Effective 1/1/87 Act 367 of 1986)

ELIGIBILITY:

20 years of service and age 50 or 12 years of service and age 55 or 25 years of service at any age; member of the System for one year.

EXHIBIT 5 (Continued)
Plan Provisions

BENEFIT:

3 1/3% of average final compensation times years of creditable service.
(not to exceed 100% of final salary).

ANNUITY FORM:

An annuity payable for the lifetime of the member.

EARLY RETIREMENT:

ELIGIBILITY:

20 years of service regardless of attained age.

BENEFIT:

3 1/3% of Average Final Compensation multiplied by creditable service actuarially reduced for retirement prior to age 50.

EARLY REDUCED RETIREMENT:

ELIGIBILITY:

20 years of Service Credit regardless of attained age.

BENEFIT:

Normal retirement benefit, based upon service accrued to date, actuarially reduced from the earliest date member would be eligible if employment had continued to the earliest normal retirement date.

DISABILITY BENEFITS:

ELIGIBILITY:

Any member may retire due to total and permanent disability, with at least five (5) years of creditable service, unless injuries were sustained in the performance of official duty. Effective July 1, 2008, Act 110 changes the non-service disability eligibility requirement from 5 years to 10 years of service.

BENEFIT:

3% of Average Final Compensation multiplied by years of creditable service, but not less than 40% nor more than 60% of Average Final Compensation. 100% of Average Final Compensation if in a coma, is paraplegic or loses the use of a limb

NOTE: Upon reaching age, disability pensioner receives greater of the disability benefit or the accrued benefit earned to date of disability.

EXHIBIT 5 (Continued)
Plan Provisions

DEATH BENEFITS:

ELIGIBILITY:

1. Death of active contributing member or disability retiree.
2. Death of member eligible for retirement, except for the one year of membership requirement.
3. Death of member while in the line of duty.

BENEFIT:

1. Surviving spouse receives the retirement benefit the member had earned to his date of death, but not less than 40% and not more than 60% of the member's Average Final Compensation. Benefit ceases upon widow's death or remarriage, unless member was killed in the line of duty or the spouse attains age 55.
2. Automatic Option 2 for widow or shall be paid benefits as provided above in (1), whichever is greater.
3. Surviving spouse receives 100% of member's Average Final Compensation

NOTE:

Surviving minor children with surviving spouse receive benefits equal to the greater of 10% of average compensation or \$200 per month per child payable to age 18, except for retarded children and those who go directly to college after high school (maximum extension, four years).

Surviving minor children with no surviving spouse receive benefits equal to 30% of average compensation with an aggregate limit of 60% of average compensation. If only one surviving minor child, benefits equal 40% of average compensation.

VESTING:

ELIGIBILITY:

1. Member who terminates employment after one year as member of the System before attaining age 50 with 20 years of creditable service.
2. Member who terminates employment after one year as member of the System before attaining age 55, with 12 years of creditable service.
3. Member who terminates receives refund and returns, must complete 3 additional years service in order to repay refund with 5% compound interest.

EXHIBIT 5 (Continued)
Plan Provisions

BENEFIT:

1. Deferred retirement benefit payable at age 50.
2. Deferred retirement benefit payable at age 55.

NOTE: Terminated vested member shall be covered by survivor benefit provision.

OPTIONAL FORMS OF BENEFIT:

1. Balance of value of annuity to beneficiary if death before receiving value of annuity at time of retirement.
2. 100% survivor's benefits - reduced retirement benefit continued to beneficiary at member's death.
3. 50% survivor's benefits - 50% of reduced retirement benefit continued to beneficiary at member's death.
4. Initial Benefit Option - maximum benefit actuarially reduced for partial lump sum equal to not more than 36 months of maximum monthly pension.
5. Other benefits of equal actuarial value, upon approval of Board.

The normal form and options 1-4 can be elected in the form of an increasing annuity which permits the member to make an election at retirement to receive an actuarially reduced benefit which increases 2.5% annually. The increases begin on the 1st retirement anniversary date, but not before the retiree attains age 55 or would have attained age 55 for a surviving spouse.

COST OF LIVING INCREASE:

The Board of Trustees is authorized to provide a cost of living increase for retirees not to exceed 3% of the original benefit for each year of retirement and an additional 2% for retirees age 65 and over, provided the system has reached its Funding Target.

DEFERRED RETIREMENT OPTION PLAN:

(Act 475 of 1984)

Instead of terminating employees and accepting a service retirement allowance, any member who has met the following eligibility requirements may elect to participate in the Deferred Retirement Option Plan (DROP) and defer receipt of benefits.

ELIGIBILITY:

Twenty (20) years of creditable service (including reciprocal service) and eligible to receive a normal service retirement allowance.

BENEFIT:

Duration of participation is specified not exceed three years, effective July 1, 1992.

EXHIBIT 5 (Continued)
Plan Provisions

BENEFIT:

Upon termination of employment at the end of or prior to the end of the specified period of participation, a participant will receive, at his option:

1. Lump sum payment (equal to the account balance)
2. a true annuity based upon his account; or
3. any other method of payment if approved by the board of trustees. Monthly benefits being paid into the fund during participation will begin being paid to the retiree.

If a participant dies during the period of participation in the program, a lump sum payment equal to his account balance shall be paid to the beneficiary, or if none, to his estate; in addition, normal survivor benefits payable to survivors of retirees shall be payable.

If employment is not terminated at the end of the specified period of participation, then:

1. payment into account shall cease;
2. payment from account is suspended until employment is terminated; and
3. participant shall resume active contributions to the system.

Then, upon termination of employment, the benefit payments indicated above shall be paid. The participant shall receive an additional retirement benefit based on additional service rendered since termination of participation in the fund, usually the normal method of computation of benefit subject to the following:

1. If additional service was less than 36 months, average compensation figure used to calculate additional benefit shall be that used to calculate original benefit.
2. If additional service was 36 or more months, the average compensation figure used to calculate the additional benefit shall be based on compensation during the period of additional service.

NOTE: DROP Accounts shall earn interest following termination of DROP at a rate .5% below the actuarial rate of the System's investment portfolio.

Effective 1/1/2004 new DROP accounts are credited with Money Market rates or self directed accounts approved by the Board of Trustees.

Effective January 1, 2008, members eligible to participate in DROP have the right to make an irrevocable election to waive his rights as protected by the Constitution of Louisiana relative to the interest earned by his DROP account in lieu of money market rates.

EXHIBIT 6**ACTUARIAL COST METHODS AND ASSUMPTIONS****COST METHOD:**

The individual "Entry Age Normal" cost method was used to calculate the funding requirements of the retirement 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 costs is called the actuarial accrued liability.

ASSET VALUATION:

For the Plan Year ending prior to June 30, 1999 equities are valued at a four year weighted average. The computation of the actuarial value of assets is the sum of the bonds at amortized cost, less a weighted average of unrealized losses or (gains) in the market value of equities, plus the market value of equities.

Effective June 30, 1999 the Board of Trustees approved a change in the 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. This value is determined in accordance with Regs. 1.412(c)(2)-1(b)(6) of the Internal Revenue Service Code and is subject to the Corridor Limits defined therein.

As a result of the change in the Asset Valuation Method, the reporting of realized income has been changed to realized, plus unrealized income for valuations beginning on June 30, 1999 and thereafter.

ACCOUNTING DISCLOSURE:

The Governmental Accounting Standards Board Statement No. 25 requires disclosure of certain Actuarial Liabilities for Public Employee Retirement Systems. The disclosures illustrated in Exhibit 3 were developed using the Entry Age Normal cost method. The statement of assets provided by the independent auditors was a copy of the final draft prior to publication. Should the statement of assets received differ from the final audit report, a revised actuarial statement will be issued, but only to the extent that any difference in reporting affects the employer's Premium Tax Allocation or the yield to the Actuarial Value of Assets.

ACTUARIAL ASSUMPTIONS:

The Retirement System is required to conduct an experience study every five years, but the scope of such a study is not necessarily limited to a five year period. The current five-year observation period (2004-2008) was chosen to coincide with the most recent period of data reporting following the restructuring of the Deferred Retirement Option Program.

EXHIBIT 6 (Continued)
Cost Methods & Assumptions

MORTALITY ASSUMPTIONS:

Pre-retirement deaths and post-retirement life expectancies were projected in accordance with the experience of the RP-2000 Sex Distinct Mortality Table for the current valuation; 1983 Sex Distinct Group Annuity Mortality Table in valuations prior to June 30, 2009.

DISABILITY ASSUMPTION:

Rates for total and permanent disability were projected in accordance in accordance with the experience of the RP-2000 Sex Distinct Disability Mortality Table.

RETIREMENT/DROP ASSUMPTION:

Retirement without reduction in benefits can occur at any given age after satisfying the service eligibility requirements. Absent from the plan is a traditional "Normal Retirement Age". Since the age and service requirements are varied, the frequency of retirements will depend on the exposure plus intangibles such as health, economy, Social Security and other work patterns.

DROP is viewed as an alternative form of benefit accrual since mandatory terminate is not required following participation. Therefore, at eligibility, the probability of DROP accrual is determined in conjunction with regular benefit accrual. Retirement rates were projected based on the 2004-2008 Experience Study for the Municipal and State Police Retirement Plan.

TERMINATION ASSUMPTIONS:

Voluntary termination or withdrawal rates are the same as those used in prior valuations. During the first five years of employment, the probability of voluntarily terminating is a multiple of the attained age rate as follows:

1st year	1.25x
2nd year	1.20x
3rd year	1.15x
4th year	1.10x
5th year	1.00x

Furthermore, for members terminating with twelve (12) or more years of service it is assumed that 20% will not withdraw their accumulated employee contributions.

EXHIBIT 6 (Continued)
Cost Methods & Assumptions

SALARY GROWTH:

The rates of annual salary growth are base upon the members years of service and are illustrated in the rate tables at the end of this exhibit.

FAMILY STATISTICS:

The composition of the Family was based on Age-Specific Fertility Rates from the 2007 Vital Statistics of the United States. 80% of the membership was assumed to be married with the wife assumed to be three (3) years younger than the husband. Sample rates are as follows:

<u>Age at Death</u>	<u>Number of Minor Chn.</u>	<u>Years for Youngest Child to Attain Majority</u>
25	1.2	17
30	1.4	15
35	1.7	13
40	1.7	10
45	1.4	8
50	1.1	4

REMARRIAGE:

Annuities payable to the spouse which cease upon death or remarriage were taken from "A Technical Note for the Construction of Widow's Annuities. "The Remarriage and Mortality rates used to develop these annuities were based on the graduated rates from "Mortality and Remarriage Experience for Widow's Beneficiaries under OASDI.

ASSUMPTION FOR INCOMPLETE DATA:

Records identified as containing suspicious data or errors in data were assumed to possess the same characteristics of "good data" in the same cohort.

INVESTMENT EARNINGS:

The actuarial discount rate for valuation purposes was 7%, net expenses, prior to July 1, 2005. Effective July 1, 2005, Board approved an increase in the rate to 7.5%.

ADMINISTRATIVE EXPENSES:

These expenses are included in Normal Cost and are assumed to be \$1,122,000 per year. Investment Expenses are not included in Normal Cost but are treated as a direct offset to investment income. The Employer portion of the Normal Cost includes an allocation for administrative expenses.

ACTUARIAL TABLES AND RATES
NEW RATES 6/30/2009

Age	- Death Rates -		Disability	Termination	Retirement	DROP	Dur	Salary
	Male	Female	Rates	Rates	Rates	Rates		Scale
18	.000316	.000188	.0001	.0850	.0000	.000	1	1.1000
19	.000331	.000190	.0001	.0850	.0000	.000	2	1.0600
20	.000345	.000191	.0001	.0850	.0000	.000	3	1.0350
21	.000357	.000192	.0001	.0850	.0000	.000	4	1.0350
22	.000366	.000194	.0001	.0850	.0000	.000	5	1.0440
23	.000373	.000197	.0001	.0850	.0000	.000	6	1.0440
24	.000376	.000201	.0001	.0800	.0000	.000	7	1.0440
25	.000376	.000207	.0010	.0800	.0000	.000	8	1.0440
26	.000378	.000214	.0010	.0800	.0000	.000	9	1.0500
27	.000382	.000223	.0010	.0700	.0000	.000	10	1.0500
28	.000393	.000235	.0010	.0700	.0000	.000	11	1.0420
29	.000412	.000248	.0010	.0700	.0000	.000	12	1.0420
30	.000444	.000264	.0020	.0700	.0000	.000	13	1.0420
31	.000499	.000307	.0020	.0600	.0000	.000	14	1.0420
32	.000562	.000350	.0020	.0600	.0000	.000	15	1.0420
33	.000631	.000394	.0020	.0600	.0000	.000	16	1.0420
34	.000702	.000435	.0020	.0600	.0000	.000	17	1.0420
35	.000773	.000475	.0020	.0600	.0000	.000	18	1.0420
36	.000841	.000514	.0020	.0500	.0000	.000	19	1.0500
37	.000904	.000554	.0020	.0500	.0000	.000	20	1.0500
38	.000964	.000598	.0030	.0500	.0000	.000	21	1.0600
39	.001021	.000648	.0030	.0360	.0000	.000	22	1.0550
40	.001079	.000706	.0030	.0360	.0000	.000	23	1.0550
41	.001142	.000774	.0030	.0360	.0000	.000	24	1.0550
42	.001215	.000852	.0030	.0360	.0000	.000	25	1.0550
43	.001299	.000937	.0030	.0360	.0000	.000	26	1.0600
44	.001397	.001029	.0030	.0360	.0000	.000	27	1.0500
45	.001508	.001124	.0030	.0360	.0000	.045	28	1.0500
46	.001616	.001223	.0030	.0360	.0000	.045	29	1.0500
47	.001734	.001326	.0010	.0400	.2500	.045	30	1.0500
48	.001860	.001434	.0010	.0400	.2500	.045	31	1.0400
49	.001995	.001550	.0010	.0400	.2500	.045	32	1.0400
50	.002138	.001676	.0035	.0500	.2700	.045	33	1.0400
51	.002449	.001852	.0050	.0500	.2700	.070	34	1.0400
52	.002667	.002018	.0050	.0500	.2700	.050	35	1.0400
53	.002916	.002207	.0025	.0500	.2700	.050	36	1.0400
54	.003196	.002424	.0025	.0500	.3000	.065	37	1.0400
55	.003624	.002717	.0025	.0500	.4500	.025	38	1.0400
56	.004200	.003090	.0025	.0500	.2500	.025	39	1.0400
57	.004693	.003478	.0025	.0500	.2500	.080	40	1.0400
58	.005273	.003923	.0010	.0500	.2500	.080	41	0.0000
59	.005945	.004441	.0010	.0500	.2500	.060	42	0.0000
60	.006747	.005055	.0010	.0500	.3000	.040	43	0.0000
61	.007676	.005814	.0010	.0500	.3000	.040	44	0.0000
62	.008757	.006657	.0010	.0500	.3000	.040	45	0.0000
63	.010012	.007648	.0010	.0500	.3000	.040	46	0.0000
64	.011280	.008619	.0010	.0000	.3000	.040	47	0.0000
65	.012737	.009706	.0000	.0500	.3000	.040	48	0.0000
66	.014409	.010954	.0000	.0500	.3000	.040	49	0.0000
67	.016075	.012163	.0000	.0000	.9900	.040	50	0.0000
68	.017871	.013445	.0000	.0000	.9900	.000	51	0.0000
69	.019802	.014860	.0000	.0000	.9900	.000	52	0.0000
70	.022206	.016742	.0000	.0000	.9900	.000	53	0.0000
71	.024570	.018579	.0000	.0000	.9900	.000	54	0.0000
72	.027281	.020665	.0000	.0000	.9900	.000	55	0.0000
73	.030387	.022970	.0000	.0000	.9900	.000	56	0.0000
74	.033900	.025458	.0000	.0000	.9900	.000	57	0.0000

EXHIBIT 7
DEVELOPMENT OF TARGET RATIO

Funded Ratio of the System as of the 1986 fiscal year end .93194

Number of years elapsed since the 1986 fiscal year end multiplied by
1/30th of the difference between 100% and the Initial Funded Ratio .05218

Changes in Funded Ratio after the 1986 fiscal year end:

<u>Date of Change</u>	<u>Change in funded Ratio</u>
<u>6/30/87</u>	<u>-.08841</u>
<u>6/30/88</u>	<u>.12270</u>
<u>6/30/91</u>	<u>-.00911</u>
<u>6/30/93</u>	<u>-.01350</u>
<u>6/30/96</u>	<u>-.01671</u>
<u>6/30/99</u>	<u>-.00572</u>
<u>6/30/00</u>	<u>-.05719</u>
<u>6/30/04</u>	<u>-.00961</u>
<u>6/30/05</u>	<u>.03942</u>
<u>6/30/09</u>	<u>-.01087</u>

Total Change in Funded Ratio -.04900

Number of years elapsed since the date of each change multiplied by
1/30th of the amount of opposite arithmetic sign of such change:

<u>Date of Change</u>	<u>Amortization of Change</u>
<u>6/30/87</u>	<u>.06778</u>
<u>6/30/88</u>	<u>-.08998</u>
<u>6/30/91</u>	<u>.00577</u>
<u>6/30/93</u>	<u>.00765</u>
<u>6/30/96</u>	<u>.00780</u>
<u>6/30/99</u>	<u>.00210</u>
<u>6/30/00</u>	<u>.01906</u>
<u>6/30/04</u>	<u>.00192</u>
<u>6/30/05</u>	<u>-.00657</u>
<u>6/30/09</u>	<u>.00036</u>

Total Amortization of Changes .01553

Target Ratio as of the end of the just completed fiscal year .95647

Actual Funded Ratio of the system as of the just completed fiscal year .59868

This system has not met the target ratio required to grant a cost-of-living increase to current benefit recipients.

EXHIBIT A

**AMORTIZATION OF UNFUNDED
ACTUARIAL ACCRUED LIABILITY
VALUATION RATE 7.50%**

JUNE 30, 2010

<u>DATE</u> <u>6/30</u>	<u>DESCRIPTION</u>	<u>AMTZ.</u> <u>METHOD</u>	<u>AMTZ.</u> <u>PERIOD</u>	<u>INITIAL</u> <u>LIABILITY</u>	<u>YEARS</u> <u>REMAING</u>	<u>REMAINING</u> <u>BALANCE</u>	<u>MID-YEAR</u> <u>PAYMENT</u>
1996	Change in Liability	L	15	-27,209,779	1	-2,822,097	-2,926,013
1997	Change in Liability	L	15	7,807,987	2	1,566,230	841,299
1998	Change in Liability	L	15	-50,648,475	3	-14,742,789	-5,467,821
1999	Change in Liability	L	15	-45,292,161	4	-17,011,655	-4,898,745
2000	Change in Liability	L	15	-4,827,975	5	-2,194,501	-523,140
2001	Change in Liability	L	15	90,820,890	6	47,977,839	9,858,426
2002	Change in Liability	L	30 ¹	207,093,231	22	185,634,557	16,863,393
2003	Change in Liability	L	30	184,314,964	23	168,333,381	15,023,577
2004	Change in Liability	L	30	31,940,093	24	29,674,965	2,605,951
2005	Change in Liability	L	30	-99,765,418	25	-94,161,164	-8,147,262
2006	Change in Liability	L	30	-35,359,493	26	-33,829,888	-2,887,604
2007	Change in Liability	L	30	-84,963,993	27	-82,309,366	-6,938,516
2008	Change in Liability	L	30	63,387,672	28	62,115,620	5,176,503
2009	Change in Liability	L	30	448,280,459	29	443,945,033	36,608,461
2010	Change in Liability	L	30	113,378,069	30	<u>113,378,069</u>	<u>9,258,928</u>
TOTAL OUTSTANDING BALANCE						805,554,234	64,447,437
EMPLOYER'S CONTRIBUTION VARIANCE							
1996	Contribution Variance	L	15	227,328	1	23,578	24,446
1997	Contribution Variance	L	15	76,966	2	15,439	8,293
1998	Contribution Variance	L	15	-176,672	3	-51,426	-19,073
1999	Contribution Variance	L	15	89,574	4	33,644	9,688
2000	Contribution Variance	L	15	15,208	5	6,913	1,648
2001	Contribution Variance	L	15	-65,357	6	-34,526	-7,094
2002	Contribution Variance	L	15	-88,166	7	-52,646	-9,587
2003	Contribution Variance	L	15	-225,280	8	-149,011	-24,537
2004	Contribution Variance	L	15	13,640,571	9	9,841,861	1,488,086
2005	Contribution Variance	L	15	-2,113,182	10	-1,643,237	-230,895
2006	Contribution Variance	L	15	-2,889,137	11	-2,394,355	-315,678
2007	Contribution Variance	L	15	-4,778,013	12	-4,187,012	-522,064
2008	Contribution Variance	L	15	-11,106,672	13	-10,224,291	-1,213,558
2009	Contribution Variance	L	15	3,102,817	14	2,984,019	339,029
2010	Contribution Variance	L	15	36,539,742	15	<u>36,539,742</u>	<u>3,992,475</u>
TOTAL EMPLOYER CREDIT						30,708,692	3,521,176
TOTAL UNFUNDED ACTUARIAL ACCRUED LIABILITY						836,262,926	

¹Act 1079 of 2003 changed amortization period effective June 30, 2002