

REPORT

LOUISIANA CLERKS' OF COURT
RETIREMENT AND RELIEF FUND
(STATE OF LOUISIANA)

JUNE 30, 2012 AND 2011

LOUISIANA CLERKS' OF COURT
RETIREMENT AND RELIEF FUND
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INDEPENDENT AUDITOR'S REPORT

October 18, 2012

Louisiana Clerks' of Court
Retirement and Relief Fund
Board of Trustees
11745 Bricksome Ave., Suite B-1
Baton Rouge, LA 70816

We have audited the accompanying statements of plan net assets of the Louisiana Clerks' of Court Retirement and Relief Fund as of June 30, 2012 and 2011, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Fund'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 the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 Louisiana Clerks' of Court Retirement and Relief Fund as of June 30, 2012 and 2011 and changes in net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents, 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 operations, economic, or historical context. We have applied certain limited procedures, 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.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the Fund's financial statements as a whole. The other supplementary information as listed in the table of contents are presented for the purposes of additional analysis and are not a part of the basic financial statements. Such other supplemental information for the years ending June 30, 2012 and 2011, have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects 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 October 18, 2012 on our consideration of the Louisiana Clerks' of Court Retirement and Relief Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. 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

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

The Management's Discussion and Analysis of the Louisiana Clerks' of Court Retirement and Relief Fund financial performance presents a narrative overview and analysis of the Louisiana Clerks' of Court Retirement and Relief Fund's financial activities for the year ended June 30, 2012. 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 financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS:

- The Louisiana Clerks' of Court Retirement and Relief Fund's assets exceeded its liabilities at the close of fiscal year 2012 by \$390,272,342. The net assets held in trust for pension benefits increased by \$12,188,387 or 3.22%. The increase was due primarily to the slightly positive market conditions.
- Contributions to the plan by members and employers totaled \$21,923,886, a decrease of \$25,701 or .12% over the prior year. The minimal decrease is due to a decrease in salaries.
- Funds collected from ad valorem taxes within the respective parishes totaled \$8,098,368, an increase of \$38,766 or .48% from the prior year.
- Funds collected from state revenue sharing funds totaled \$321,427, a decrease of \$764 or .24% from the prior year.
- Net appreciation in the fair value of investments was \$469,829 as of June 30, 2012 as compared to a net appreciation of \$64,403,968 as of June 30, 2011. This is a result of relatively flat market for fiscal year 2012 and an extremely positive market for fiscal year 2011.
- The total return on the Fund's investments for the year ended June 30, 2012 was a positive 1.86%. The Fund's total return in fiscal year 2012 was due primarily to the fluctuation in the total portfolio. Real estate and Master Limited Partnerships (MLP's) were leading market increases while the international equity market had the largest declines.
- Pension benefits paid to retirees and beneficiaries increased by \$1,609,648 or 8.37%. This increase is primarily due to increased number of retirees.
- DROP benefits paid to participants increased by \$402,571 or 26.43% over the previous year. This increase is due to more DROP participants retiring.

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:

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

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 statement of plan net assets reports 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, 2012 and 2011.

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

Louisiana Clerks' of Court Retirement and Relief Fund provides benefits to the Clerk of the Supreme Court, each of the courts of appeal, each of the district courts and each of the city and traffic courts in cities having a population in excess of four hundred thousand and the employees of such clerks, whether full-time or part-time throughout the State of Louisiana, and the employees of the Louisiana Clerks' of Court Association. Employee contributions, employer contributions and earnings on investments fund these benefits.

	Statement of Plan Net Assets	
	<u>June 30, 2012 and 2011</u>	
	<u>2012</u>	<u>2011</u>
Cash and investments	\$ 388,393,484	\$ 375,262,595
Receivables	2,886,637	4,581,310
Property and equipment	<u>4,261</u>	<u>6,676</u>
Total assets	391,284,382	379,850,581
Total liabilities	<u>1,012,040</u>	<u>1,766,626</u>
Net Assets Held in Trust for Pension Benefits	<u>\$ 390,272,342</u>	<u>\$ 378,083,955</u>

Plan net assets increased by 3.22% (\$390,272,342 as compared to \$378,083,955) All of these assets are restricted in use to provide monthly retirement allowances to members who contributed to the System as employees and their beneficiaries. The increase in plan net assets was a result of the increase in the value of investments due to favorable market performance.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

FINANCIAL ANALYSIS OF THE FUND: (Continued)

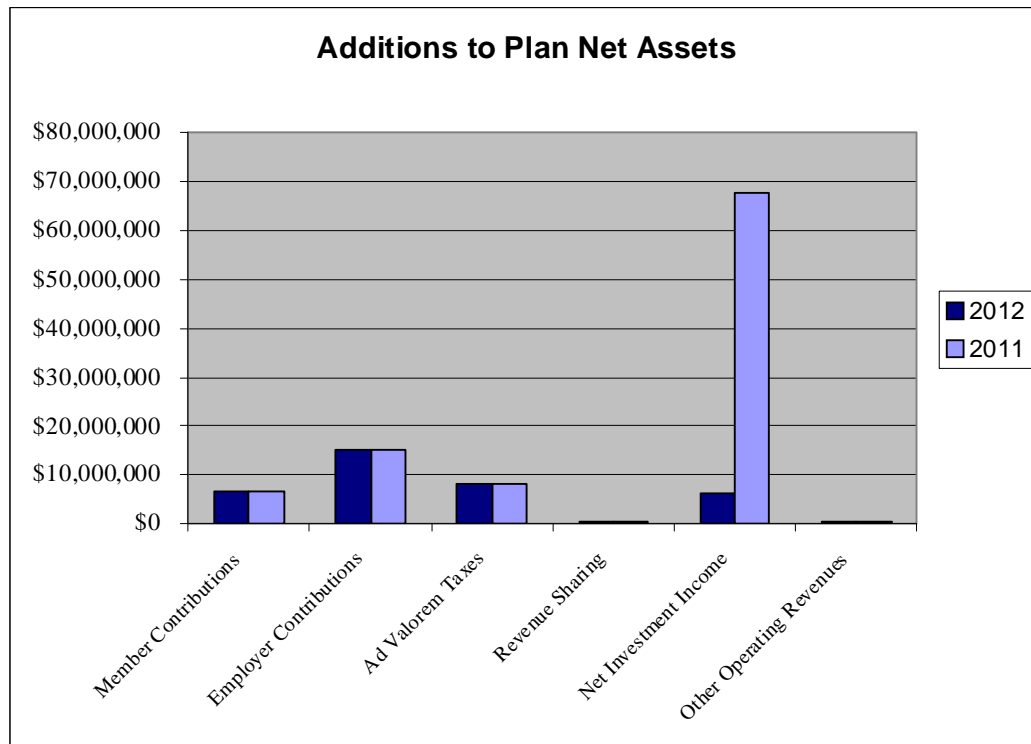
Statement of Changes in Plan Net Assets
June 30, 2012 and 2011

<u>Additions:</u>	<u>2012</u>	<u>2011</u>
Contributions	\$ 30,343,681	\$ 30,331,380
Net investment income	6,243,808	67,735,517
Other	<u>287,668</u>	<u>456,576</u>
Total	36,875,157	98,523,473
Total deductions	<u>24,686,770</u>	<u>22,131,991</u>
Net Increase in Plan Net Assets	<u>\$ 12,188,387</u>	<u>\$ 76,391,482</u>

Additions to Plan Net Assets

Additions to the Fund's plan net assets were derived from member and employer contributions in addition to investment income. Member contributions decreased \$22,820 or .34% and employer contributions decreased \$2,881 or .02%. The Fund experienced net investment income of \$6,243,808 and \$67,735,517 in fiscal years ended June 30, 2012 and June 30, 2011, respectively.

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease) Percentage</u>
Member contributions	\$ 6,697,694	\$ 6,720,514	(0.34) %
Employer contributions	15,226,192	15,229,073	(0.02) %
Ad valorem taxes	8,098,368	8,059,602	0.48 %
Revenue sharing	321,427	322,191	(0.24) %
Net investment income	6,243,808	67,735,517	(90.78) %
Other operating revenues	<u>287,668</u>	<u>456,576</u>	(36.99) %
Total	<u>\$ 36,875,157</u>	<u>\$ 98,523,473</u>	



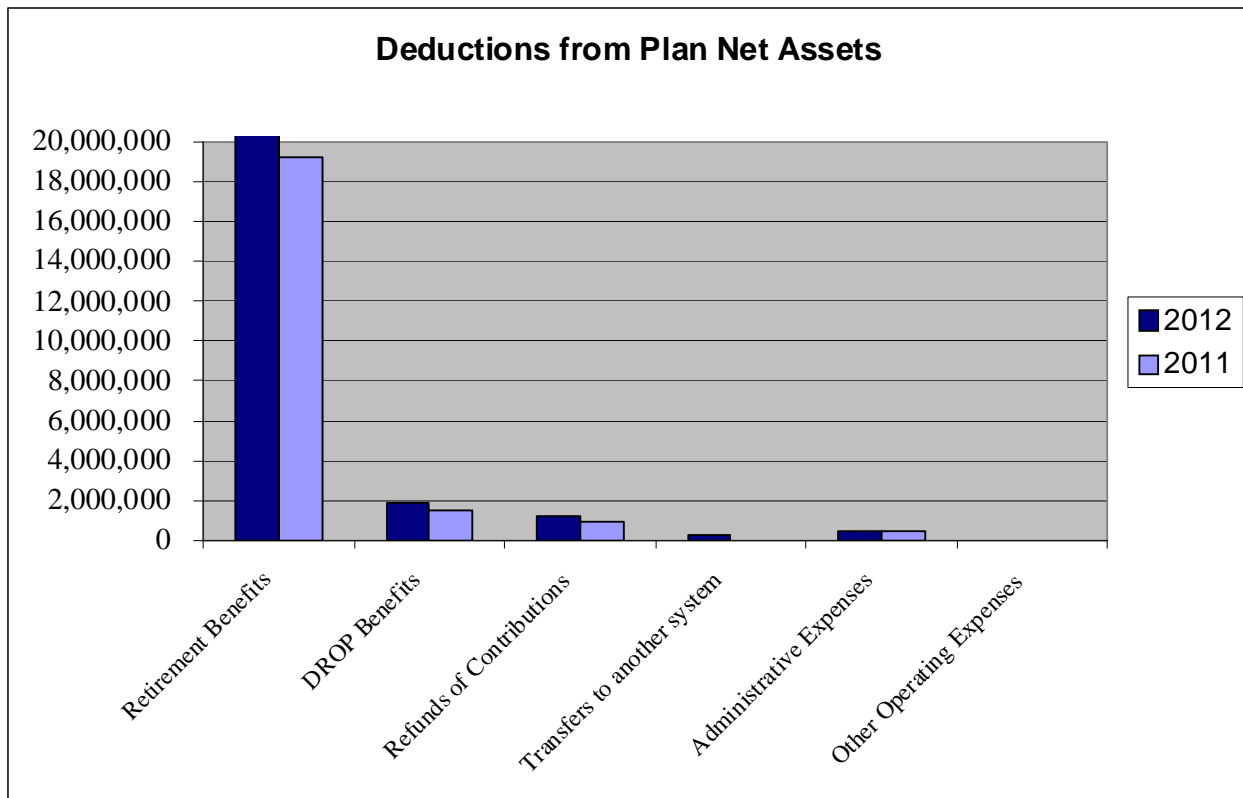
LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

FINANCIAL ANALYSIS OF THE FUND: (Continued)

Deductions from Plan Net Assets

Deductions from plan net assets include mainly retirement, death and survivor benefits and administrative expenses. Deductions from plan net assets totaled \$24,686,770 for fiscal year 2012 which is an increase of \$2,554,779 from fiscal year 2011. The increase was due to several factors including an increase in retirement benefits and refunds of contributions.

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u> <u>Percentage</u>
Retirement benefits	\$ 20,837,285	\$ 19,227,637	8.37%
DROP benefits	1,925,912	1,523,341	26.43%
Refunds of contributions	1,197,152	918,722	30.31%
Transfers to another system	282,282	-	100.00%
Administrative expenses	441,636	460,357	(4.07)%
Other operating expenses	<u>2,503</u>	<u>1,934</u>	29.42%
Total	<u>\$ 24,686,770</u>	<u>\$ 22,131,991</u>	



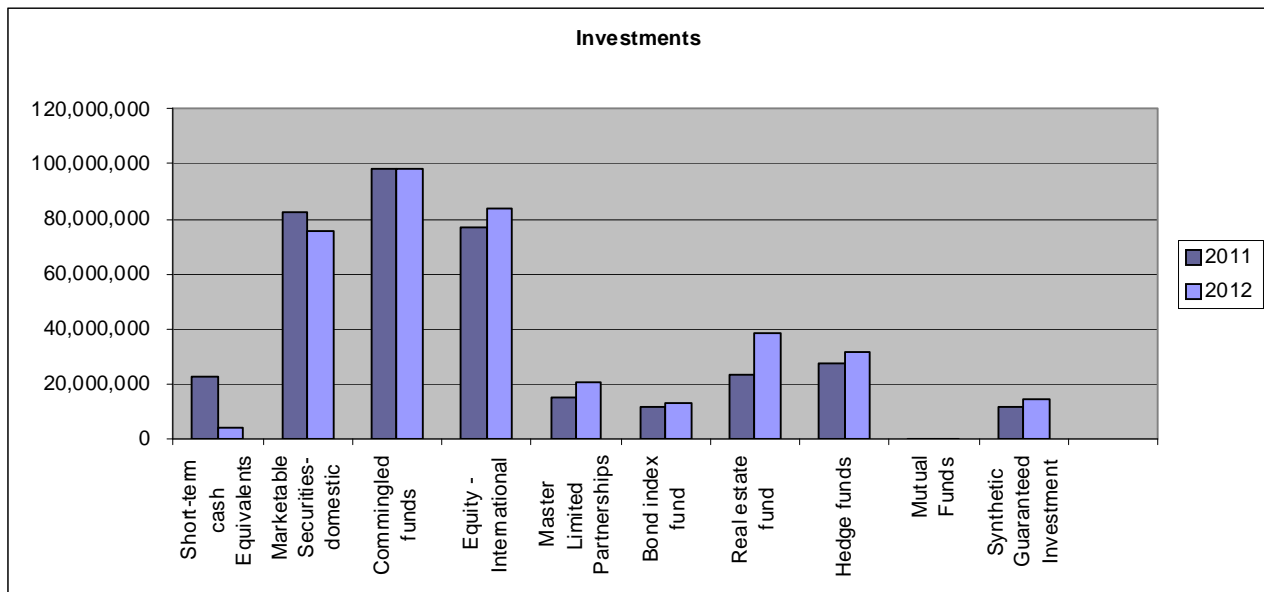
**LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012**

FINANCIAL ANALYSIS OF THE FUND: (Continued)

Investments

Louisiana Clerks of Court Retirement and Relief Fund 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 at June 30, 2012 amounted to \$379,148,303 as compared to \$369,672,023 at June 30, 2011, which is an increase of \$9,476,280 or 2.56%. The major contributing factor to this increase was a positive return in the markets. The Fund's investments in various markets at the end of the 2012 and 2011 fiscal years are indicated in the following table:

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>
Short-term cash equivalents	\$ 3,153,001	\$ 22,576,850	(86.03)%
Marketable securities-Domestic	76,197,270	82,448,670	(7.58)%
Commingled funds	98,010,635	98,497,966	(0.49)%
Equity funds – International	83,966,289	76,692,305	9.48%
Master limited partnerships	20,645,663	14,754,915	39.92%
Bond index fund	12,817,398	11,481,014	11.64%
Real estate fund	38,277,265	23,627,252	62.00%
Hedge funds	31,720,070	27,747,102	14.32%
Mutual funds	215,082	199,658	7.73%
Synthetic guaranteed investment contract (contract value)	<u>14,145,630</u>	<u>11,646,291</u>	21.00%
Total	<u>\$ 379,148,303</u>	<u>\$ 369,672,023</u>	



LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

Requests for Information

Questions concerning any of the information provided or requests for additional financial information should be addressed to Louisiana Clerks' of Court Retirement and Relief Fund, 11745 Bricksome Avenue, Suite B-1, Baton Rouge, Louisiana 70816, (225) 293-1162.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ASSETS:		
Cash:		
In bank	\$ <u>9,245,181</u>	\$ <u>5,590,572</u>
Receivables:		
Member contributions	411,692	523,453
Employer contributions	932,421	1,180,850
Investment receivable	1,033,542	2,015,131
Advalorem and revenue sharing	-	500,000
Miscellaneous receivable	-	338
Accrued interest and dividends	<u>508,982</u>	<u>361,538</u>
Total receivables	<u>2,886,637</u>	<u>4,581,310</u>
Investments at fair value:		
Short-term cash equivalents	3,153,001	22,576,850
Marketable securities - Domestic	76,197,270	82,448,670
Commingled funds	98,010,635	98,497,966
Equity funds - International	83,966,289	76,692,305
Master limited partnerships	20,645,663	14,754,915
Bond index fund	12,817,398	11,481,014
Real estate fund	38,277,265	23,627,252
Hedge funds	31,720,070	27,747,102
Mutual funds	<u>215,082</u>	<u>199,658</u>
Total investments at fair value	<u>365,002,673</u>	<u>358,025,732</u>
Investments at contract value:		
Synthetic Guaranteed Investment Contracts	<u>14,145,630</u>	<u>11,646,291</u>
Property, plant and equipment:		
Net of accumulated depreciation		
\$68,628 for 2012 and \$66,213 for 2011	<u>4,261</u>	<u>6,676</u>
Total assets	<u>391,284,382</u>	<u>379,850,581</u>
LIABILITIES:		
Accounts payable	376,225	366,059
Investment payable	<u>635,815</u>	<u>1,400,567</u>
Total liabilities	<u>1,012,040</u>	<u>1,766,626</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 390,272,342</u>	<u>\$ 378,083,955</u>

See accompanying notes.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ADDITIONS:		
Contributions:		
Member	\$ 6,697,694	\$ 6,720,514
Employer	15,226,192	15,229,073
Ad valorem tax	8,098,368	8,059,602
Revenue sharing	321,427	322,191
Total contributions	<u>30,343,681</u>	<u>30,331,380</u>
Investment income:		
Net appreciation in fair value of investments	469,829	64,403,968
Interest income	472,133	417,527
Dividend income	7,153,996	4,432,045
	<u>8,095,958</u>	<u>69,253,540</u>
Less: Investment expense:		
Custodial fees	35,438	32,752
Money manager fees	1,716,712	1,382,780
Consultant fees	100,000	102,491
	<u>1,852,150</u>	<u>1,518,023</u>
Net investment income	<u>6,243,808</u>	<u>67,735,517</u>
Other additions:		
Transfer fees collected	280	320
Refund pay back	62,074	39,182
Transfers from another system	225,314	417,074
Total other additions	<u>287,668</u>	<u>456,576</u>
Total additions	<u>36,875,157</u>	<u>98,523,473</u>
DEDUCTIONS:		
Annuity benefits	20,618,235	18,983,957
Disability benefits	219,050	243,680
Refunds to terminated employees	1,197,152	918,722
DROP benefits	1,925,912	1,523,341
Transfer to another system	282,282	-
Reimbursement to affiliate for administrative expenses	300,000	300,000
Administrative expenses	141,636	160,357
Depreciation	2,415	1,824
Miscellaneous	88	110
Total deductions	<u>24,686,770</u>	<u>22,131,991</u>
NET INCREASE	12,188,387	76,391,482
NET ASSETS HELD IN TRUST FOR PENSION		
BENEFITS - BEGINNING OF YEAR	<u>378,083,955</u>	<u>301,692,473</u>
END OF YEAR	<u>\$ 390,272,342</u>	<u>\$ 378,083,955</u>

See accompanying notes.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

The Louisiana Clerks' of Court Retirement and Relief Fund (Fund) was established and provided for by R.S. 11:1501 of the Louisiana Revised Statutes (LRS). The Fund is administered by a board of trustees made up of ten members composed of three directors of the Clerks' Association, one retired clerk, the immediate past president, the president, first vice-president and treasurer of the Clerks' Association, the chairman of the Retirement Committee of the Louisiana House of Representatives, and the chairman of the Finance Committee of the Senate, or their designees.

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 GASB Number 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* and related standards. This standard provides for inclusion of a management discussion and analysis as supplementary information and other changes.

Basis of Accounting:

Louisiana Clerks' of Court Retirement and Relief Fund's 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. Ad valorem taxes and revenue sharing monies are recognized in the year appropriated by the Legislature.

Method Used to Value Investments:

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The Fund invests in short-term highly liquid external investment pools. Shares in external investment pools are reported at cost value of the external investment pool which approximates fair value. Synthetic Guaranteed Investment Contracts are carried at contract value as required by GASB Statement 53.

Equipment and Fixtures:

Equipment and fixtures of the Louisiana Clerks' of Court Retirement and Relief Fund 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 depreciated using the straight-line method of depreciation.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

2. PLAN DESCRIPTION:

The Louisiana Clerks' of Court Retirement and Relief Fund is the administrator of a cost sharing multiple-employer plan. The Fund is a statewide retirement plan for the Clerk of the Supreme Court, each of the courts of appeal, each of the district courts, and each of the city and traffic courts in cities having a population in excess of four hundred thousand at the time of their entrance into the Fund. The Fund includes the employees of such clerks, whether full-time or part-time, and the employees of the Louisiana Clerks' of Court Association. Employer and employee membership data as of June 30, 2012 and 2011 consists of:

	<u>2012</u>	<u>2011</u>
<u>Employer Members - Contributing</u>		
Parish courts	63	63
Supreme Court	1	1
Circuit Courts of Appeals	5	5
City courts of New Orleans	2	2
Louisiana Clerks' of Court Association	1	1
Civil Court of New Orleans	1	1
Criminal Court of New Orleans	1	1
Louisiana House of Representatives (reverse application by one member before the law changed)	<u>1</u>	<u>1</u>
TOTAL EMPLOYER MEMBERS - CONTRIBUTING	<u>75</u>	<u>75</u>
	<u>2012</u>	<u>2011</u>
<u>Employee Members</u>		
Current retirees and survivors	1,000	975
Terminated due a deferred benefit	92	88
Terminated due a refund	387	372
DROP members	134	132
Fully vested, partially and non-vested active employees covered	<u>2,135</u>	<u>2,194</u>
TOTAL PARTICIPANTS AS OF THE VALUATION DATE	<u>3,748</u>	<u>3,761</u>

Those employees considered eligible for membership to the Louisiana Clerks' of Court Retirement and Relief Fund include all regular employees who work more than an average of 20 hours per week. Members are vested after 12 years of service time.

A member or former member shall be eligible for regular retirement benefits upon attaining twelve or more years of credited service, attaining the age of fifty-five years or more, and terminating employment. Regular retirement benefits, payable monthly for life, equal 3-1/3 percent of the member's average final compensation multiplied by the number of years of credited service, not to exceed one hundred percent of the monthly average final compensation. Monthly average

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

2. PLAN DESCRIPTION: (Continued)

final compensation is based on the highest compensated thirty-six consecutive months, with a limit of increase of 10% in each of the last three years of measurement. For those members hired on or after July 1, 2006, compensation is based on the highest compensated sixty consecutive months with a limit of 10% increase in each of the last six years of measurement. Act 273 of the 2010 regular session applied the sixty consecutive months to all members. This Act has a transition period for those members who retire on or after January 1, 2011 and before December 31, 2012. Additionally, Act 273 of the 2010 regular session increased a member's retirement to age 60 with an accrual rate of 3% for all members hired on or after January 1, 2011.

A member leaving covered employment before attaining early retirement age but after completing twelve years' credited service becomes eligible for a deferred allowance provided the member lives to the minimum service retirement age and does not withdraw his or her accumulated contributions.

Effective through June 30, 2008, a member who has been officially certified as totally and permanently disabled by the State Medical Disability Board shall be paid disability retirement benefits determined and computed as follows:

- 1) A member who is totally and permanently disabled solely as the result of injuries sustained in the performance of his official duties shall be paid monthly benefits equal to the greater of one-half of his monthly average final compensation or, at the option of the disability retiree, two and one-half percent of his monthly average final compensation multiplied by the number of his years of credited service; however, such monthly benefit shall not exceed twenty-five dollars for each year of his credited service or two-thirds of his monthly average final compensation, whichever is less.
- 2) A member who has ten or more years of credited service and who is totally and permanently disabled due to any cause not the result of injuries sustained in the performance of his official duties shall be paid monthly benefits equal to three percent of his monthly average final compensation multiplied by the number of his years of credited service; however, such monthly benefit shall not exceed thirty-five dollars for each year of his credited service or eighty percent of his monthly average final compensation, whichever is less.

The following is effective for any disability retiree whose application for disability retirement is approved on or after July 1, 2008. The provisions related to the calculation of benefits will apply to any disability retiree whose application for disability retirement was approved before July 1, 2008, for benefits due and payable on or after January 1, 2008.

A member is eligible to receive disability retirement benefits from the Fund if he or she is certified to be totally and permanently disabled pursuant to R.S. 11:218 and one of the following applies:

- 1) The member's disability was caused solely as a result of injuries sustained in the performance of their official duties.
- 2) The member has at least ten years of service credit.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

2. PLAN DESCRIPTION: (Continued)

A member who has been certified as totally and permanently disabled will be paid monthly disability retirement benefits equal to the greater of:

- 1) Forty percent of their monthly average final compensation
- 2) Seventy-five percent of their monthly regular retirement benefit computed pursuant to R.S. 11:1521(c)

If a member who has less than five years of credited service dies, his accumulated contributions are paid to his designated beneficiary. If the member has five or more years of credited service, automatic option 2 benefits are payable to the surviving spouse. These benefits are based on the retirement benefits accrued at the member's date of death with option factors used as if the member had continued in service to earliest normal retirement age. Benefit payments are to commence on the date a member would have first become eligible for normal retirement assuming continued service until that time. In lieu of a deferred survivor benefit, the surviving spouse may elect benefits payable immediately with benefits reduced 1/4 of 1% for each month by which payments commence in advance of member's earliest normal retirement age. If a member has no surviving spouse, the surviving minor children under 18 or disabled children shall be paid 1/2 of the member's accrued retirement benefit in equal shares. Upon the death of any former member with 12 or more years of service, automatic option 2 benefits are payable to the surviving spouse with payments to commence on the member's retirement eligibility date. In lieu of periodic payments, the surviving spouse or children may receive a refund of the member's accumulated contributions.

In lieu of terminating employment and accepting a service retirement allowance, any member of the Fund who is eligible for a service retirement allowance may elect to participate in the Deferred Retirement Option Plan (DROP) for up to thirty-six months and defer the receipt of benefits. During the year ended June 30, 2007 participants had to have been an active contributing member for one full year before becoming eligible for DROP. Upon commencement of participation in the plan, active membership in the Fund terminates and the participant's contributions cease; however, employer contributions continue. Compensation and creditable service remain as they existed on the effective date of commencement of participation in the plan. The monthly retirement benefits that would have been payable, had the member elected to cease employment and receive a service retirement allowance, are paid into the Deferred Retirement Option Plan account. Upon termination of employment at the end of the specified period of participation, a participant in the program may receive, at his option, a lump sum payment from the Fund. If employment is not terminated at the end of the participation period, payments into the account cease and the member resumes active contributing membership in the Fund. Upon termination, the member receives a lump sum payment from the DROP fund equal to the payments made to that fund on his behalf, or a true annuity based on his account (subject to approval by the Board of Trustees). The monthly benefit payments that were being paid into the DROP fund are paid to the retiree and an additional benefit based on his additional service rendered since termination of DROP participation is calculated using the normal method of benefit computation. The average compensation used to calculate the additional benefit is that used to calculate

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

2. PLAN DESCRIPTION: (Continued)

the original benefit unless his period of additional service is at least thirty-six months. In no event can the entire monthly benefit amount paid to the retiree exceed 100% of the average compensation used to compute the additional benefit. If a participant dies during the period of participation in the program, a lump sum payment equal to his account balance is paid to his named beneficiary or, if none, to his estate.

The Board of Trustees is authorized to provide a cost of living increase to members who have been retired for at least one full calendar year. The increase cannot exceed the lesser of 2.5% of the retiree's benefit or an increase of forty dollars per month. The Louisiana statutes allows the Board to grant an additional cost of living increase to all retirees and beneficiaries over age 65 equal to 2% of the benefit paid on October 1, 1977 or the member's retirement date if later. The increase may only be granted from investment earnings in excess of the valuation interest rate of 8%.

In lieu of granting a cost of living increase as described above, Louisiana statutes allows the board to grant a cost of living increase where the benefits shall be calculated using the number of years of service at retirement or at death plus the number of years since retirement or death multiplied by the cost of living amount which cannot exceed \$1.

In order to grant any cost of living increase, the ratio of the actuarial value of assets to the pension benefit obligation must equal or exceed a statutory target ratio.

3. CONTRIBUTIONS, RESERVES AND FUNDS:

Contributions:

Contributions for all members are established by state statute at 8.25% of earnable compensation. The contribution is deducted from the member's salary and remitted by the participating parish or court.

According to state statute, contributions for all employers are actuarially determined each year. The actuarially determined employer contribution rate for fiscal years ending June 30, 2012 and 2011 was 16.21% and 16.98%, respectively. The actual employer contribution rate for fiscal years ending June 30, 2012 and 2011 was 17.25% and 17.25%, respectively.

In accordance with state statute the Fund also receives ¼ of 1% of ad valorem taxes collected by each parish and state revenue sharing funds. These additional sources of income are used as additional employer contributions.

Administrative costs of the Fund are financed through employer contributions.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

3. CONTRIBUTIONS, RESERVES AND FUNDS: (Continued)

Reserves:

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

A) Annuity Savings Fund:

The Annuity Savings Fund is credited with contributions made by members of the Fund. When a member terminates his service, or upon his death before qualifying for a benefit, the refund of his contributions is made from this fund. 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 Fund to the Annuity Reserve Fund. When a member retires, the amount of his accumulated contributions is transferred to the Annuity Reserve Fund to provide part of the benefits payable. The Annuity Savings Fund as of June 30, 2012 and 2011 is \$62,362,285 and \$61,337,284, respectively. The Annuity Savings Fund is fully funded.

B) Employer Reserve Fund:

The Employer Reserve Fund consists of contributions paid by employers, interest earned on investments and any other income not covered by other accounts. This fund is charged annually with an amount, determined by the actuary, to be transferred to the Annuity Reserve Fund to fund retirement benefits for existing recipients. It is also relieved when expenditures are not covered by other accounts. The Employer Reserve Fund as of June 30, 2012 and 2011 is \$200,910,376 and \$215,237,914, respectively. The Employer Reserve Fund is 51% and 54% funded as of June 30, 2012 and 2011, respectively.

C) Annuity Reserve Fund:

The Annuity Reserve Fund consists of the reserves for all pensions, excluding cost-of-living increases, granted to members and is the fund from which such pensions and annuities are paid. Survivors of deceased beneficiaries also receive benefits from this fund. The Annuity Reserve Fund as of June 30, 2012 and 2011 is \$200,670,669 and \$179,133,245, respectively. The Annuity Reserve Fund is fully funded.

D) Deferred Retirement Option Account:

The Deferred Retirement Option Account consists of the reserves for all members who upon 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, at which time the member may receive his benefits in a lump sum payment or by a true annuity. The Deferred Retirement Option Account balance as of June 30, 2012 and 2011 is \$23,459,131 and \$19,939,146, respectively. The Deferred Retirement Option Account is fully funded.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

3. CONTRIBUTIONS, RESERVES AND FUNDS: (Continued)

E) Funding Deposit Account:

The Funding Deposit Account consists of excess contribution collected by the Fund. The excess funds earn interest at the board approved actuarial valuation rate and are credited to the fund at least once a year. These funds are due to the Fund freezing the employer rate at a higher rate than actuarially required. The excess funds can be used for the following purposes: (1) reduce the unfunded accrued liability, (2) reduce the present value of future normal, and/or (3) pay all or a portion of any future net direct employer contributions. The Funding Deposit Account was established as of January 1, 2009 and has a balance as of June 30, 2012 and 2011 of \$1,505,286 and \$603,658, respectively. The Funding Deposit Account is fully funded.

4. ACTUARIAL COST METHOD:

The "Frozen Attained Age Normal" cost method was used to calculate the funding requirements of the Fund. Funding of pension plans under this method consists of two components. The first of these components is the Employer Normal Cost of the plan. In addition, amortization payments on the Fund's unfunded liability must be made. The actuarial present value of future normal cost is called the actuarial accrued liability. Act 81 of the 1988 legislative session requires that the unfunded accrued liability be amortized over a forty-year period beginning on July 1, 1989 with payments increasing at 4.75% per year.

5. REQUIRED SUPPLEMENTARY SCHEDULES:

Information in the required supplemental schedules is designed to provide information about the Fund's progress made in accumulating sufficient assets to pay benefits and is presented on pages 27 – 28.

6. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS:

Following are the components of the Fund's deposits, cash equivalents and investments at June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Deposits (bank balance)	\$ 5,824,592	\$ 5,008,471
Short-term cash equivalents	3,153,001	22,576,850
Investments	<u>375,995,302</u>	<u>347,095,173</u>
	<u>\$ 384,972,895</u>	<u>\$ 374,680,494</u>

Deposits:

The Fund's bank deposits were entirely covered by federal depository insurance and securities pledged. The pledged securities are held in joint custody with the Fund's bank.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

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

Cash Equivalents:

The Fund invested in cash equivalents at June 30, 2012 and 2011 in the amount of \$3,153,001 and \$22,576,850, respectively. Cash equivalents in the amount of \$1,638,003 and \$20,063,879 as of June 30, 2012 and 2011, respectively, consist of a government money market fund which is held in the nominee name.

Cash equivalents at June 30, 2012 and 2011 in the amount of \$1,514,998 and \$2,512,971, respectively, consist of governmental pooled investments. The funds are managed by the Louisiana Asset Management Pool (LAMP), held by a custodial bank and are in the name of the Fund.

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 AAAM by Standard & Poor's.

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

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

Investments:

Statutes authorize the Fund 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 the Fund to act with 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 Fund shall invest sixty percent of the total portfolio in equities but in no event shall equities exceed sixty-five percent of the total portfolio. Also, at least ten percent of the equity allocation must remain indexed to the S&P 500 index.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

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

Concentration of Credit Risk:

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

The Fund's investment policy states that no more than 30% of the equity portfolio market value may be invested in any one economic sector. Generally, the equity holdings in any single corporation shall not exceed 5% of the market value of the equity portfolio. In addition, no more than 7% of any fixed income portfolio based on market value at the time of purchase may be invested in any one issuer's securities (exclusive of issues of the U.S. Treasury or other Federal agencies). At June 30, 2012 and 2011, there were no investment holdings that exceeded the Fund's concentration of credit risk investment policy.

The investment policy states that the allocation to international equities will be made by investing in a commingled or mutual fund. Exposure to emerging market countries within developed international funds should not exceed 20% of the portfolio. In addition, investments in international large cap equity, small cap equity and emerging markets cannot exceed 19%, 12.5% and 12.5%, respectively, of the portfolio. The Fund invested in several international equity funds which had a total market value of \$83,966,289 and \$76,692,305 at June 30, 2012 and 2011, respectively. The Fund is in compliance with the investment policy limits of emerging market countries.

Custodial Credit Risk:

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the Fund will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Fund is not exposed to custodial credit risk at June 30, 2012 and 2011 for investments in the amount of \$377,510,300 and \$349,608,144, respectively, since investments are in the name of the Fund. The Fund was exposed to custodial credit risk in the amount of \$1,638,003 and \$20,063,897 at June 30, 2012 and 2011, respectively, as these funds are held in nominee name and not in the name of the fund. The fund has no formal investment policy regarding custodial credit risk.

Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment.

At June 30, 2012 and 2011, the Fund held shares of bond index fund with a market value of \$12,817,398 and \$11,481,014, respectively. The average maturity of bonds held by the Fund for the years ended June 30, 2012 and 2011 were 9.27 and 9.04 years, respectively.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

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

Interest Rate Risk (Continued)

For the years ended June 30, 2012 and 2011, the System invested in two commingled funds in the amount of \$98,010,635 and \$98,497,966 for the years ended June 30, 2012 and 2011 respectively. The average maturity for assets held in the amount of \$60,706,987 and \$62,963,642 for the years ending June 30, 2012 and 2011 was 14.87 and 13.66, respectively. The average maturity for assets in the amount of \$37,303,648 and \$35,534,324 for the years ending June 30, 2012 and 2011 was not available.

The Fund has no formal policy regarding interest rate risk.

Credit Risk

For the years ended June 30, 2012 and 2011, the System invested in a bond fund in the amount of \$12,817,398 and \$11,481,014, respectively. This bond fund had holdings with an average credit rating of AAA for the years ended June 30, 2012 and 2011.

For the years ended June 30, 2012 and 2011, the System invested in two commingled funds in the amount of \$98,010,635 and \$98,497,966 for the years ended June 30, 2012 and 2011, respectively. The average credit quality rating for assets held in the amount of \$60,706,987 and \$62,963,642 for the years ending June 30, 2012 and 2011, respectively, was A+. The average credit quality rating for assets in the amount of \$37,303,648 and \$35,534,324 for the years ended June 30, 2012 and 2011, respectively, was not available.

The Fund's policy regarding credit risk states that fixed income securities shall be limited to those with an S&P/Moody's rating of BBB/Baa or better.

Other Investments:

The Fund invested in hedge funds with market values as of June 30, 2012 and 2011 in the amount of \$31,720,070 and \$27,747,102, respectively. The objective of the hedge fund managers is to manage a portfolio of alternative or non-traditional managers that will seek to earn above-average, risk-adjusted, long-term returns.

During the year ended June 30, 2011, the Fund entered into subscription agreements with two master limited partnerships. At June 30, 2012 and 2011, the market value of the master limited partnerships was \$20,645,663 and \$11,481,014, respectively. The fund currently has no additional commitments to the partnerships. These master limited partnerships invest in equities of other limited partnerships which are publically traded.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

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

Other Investments: (Continued)

The Fund provides a fully benefit-responsive Synthetic Guaranteed Investment Contract option for members of the Deferred Retirement Option Plan. This investment consists of two parts: an asset owned directly by the Fund and a wrap contract providing book value protection for participant withdrawals prior to maturity. The investment objective of this investment is to protect members from loss of their original investment and to provide a competitive interest rate. This investment is reported at contract value in the amount of \$14,145,630 and \$11,646,291 as of June 30, 2012 and 2011, respectively. The market value is unknown as of June 30, 2012 and 2011.

7. REIMBURSEMENT TO LOUISIANA CLERKS' OF COURT ASSOCIATION:

The Fund shares an office building, equipment, an automobile and other office expenses with the Clerks' of Court Association and Clerks of Court Insurance Trust, two related parties. Most of the expenses, including the salaries of employees of all three funds, are paid out of the Association. The Fund reimbursed the Association for shared expenses for the years ended June 30, 2012 and 2011 in the amount of \$300,000 and \$300,000, respectively, paid by the Association. There is no formal lease between the related parties.

8. 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.

9. PROPERTY, PLANT AND EQUIPMENT:

Changes in property, plant and equipment are as follows:

	<u>2012</u>	<u>2011</u>
Beginning balance	\$ 72,889	\$ 72,889
Additions	-	-
Disposals	-	-
	<u>72,889</u>	<u>72,889</u>
Less accumulated depreciation	<u>(68,628)</u>	<u>(66,213)</u>
	<u>\$ 4,261</u>	<u>\$ 6,676</u>

Depreciation expense for the years ended June 30, 2012 and 2011 was \$2,415 and \$1,824, respectively.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

10. TAX QUALIFICATION:

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

11. FUNDED STATUS AND FUNDING PROGRESS – RETIREMENT PLAN:

The funded status of the Fund as of June 30, 2012, the most recent actuarial valuation date, is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
June 30, 2012	\$401,136,469	\$488,907,747	\$87,771,278	82.05	\$87,238,557	100.61

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

Valuation Date	June 30, 2012
Actuarial Cost Method	Frozen Attained Age Normal Method with allocation based on earnings. The actuarial accrued liabilities utilized to calculate the frozen unfunded accrued liability were calculated on the Projected Unit Credit Cost Method.
Amortization Method	In accordance with Louisiana R. S. 11:103, the payment amounts increase at 4.75% each year for the remaining amortization period. The amortization period is for a specific number of years. (Closed Basis)
Remaining Amortization Period	17 years
Asset Valuation Method	Based on the market value of investment securities adjusted to average in asset earnings above or below the assumed rate of return over a five-year period with limits set at 85% and 115% of the market value of assets. When the adjusted value falls outside of the limits, the actuarial value is set equal to the average of the limited and adjusted value.
Actuarial Assumptions:	
Investment Rate of Return	7.5% net of investment expense

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

11. FUNDED STATUS AND FUNDING PROGRESS – RETIREMENT PLAN: (Continued)

Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.
Changes in Normal Costs	For the year ended June 30, 2012, the System incurred an increase in normal cost in the amount of \$2,855,188 due to asset experience. The System incurred increase in normal cost in the amount of \$997,157 due to changes in actuarial assumptions. The increase was offset by a decrease in normal cost in the amount of \$893,184 due liability experience.
Changes in Actuarial Assumptions	For the year ended June 30, 2012, valuation interest rate was reduced from 8% to 7.5%, salary scale assumption was reduced from 6% to 5.75% and DROP participants are assumed to retire after one year of post-DROP service. The net effect of these changes in assumptions was to increase the normal cost accrual rate by 1.1758%.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
SUPPLEMENTARY INFORMATION
STATEMENTS OF CHANGES IN RESERVE BALANCES
JUNE 30, 2012 AND 2011

	2012					
	ANNUITY SAVINGS	DROP	FUNDING DEPOSIT ACCOUNT	ANNUITY RESERVE	EMPLOYER RESERVE	UNFUNDED ACTUARIAL LIABILITY
BALANCE - BEGINNING	\$ 61,337,284	\$ 19,939,146	\$ 603,658	\$ 179,133,245	\$ 215,237,914	\$ (98,167,292)
REVENUES AND TRANSFERS:						
Employee contributions	6,697,694	-	-	-	-	-
Employer contributions	-	-	853,335	-	14,372,857	-
Net investment gain	-	-	48,293	-	6,195,515	-
Tax collector contributions	-	-	-	-	8,098,368	-
Revenue sharing contributions	-	-	-	-	321,427	-
Repayment of refund	29,283	-	-	-	32,791	-
Miscellaneous income	-	-	-	-	280	-
Transfer from Annuity Savings	-	-	-	4,502,290	-	-
Transfer from Annuity Reserve	-	5,445,897	-	-	-	-
Transfer from Employer Reserve	-	-	-	-	-	-
Transfer from another System	70,264	-	-	-	155,050	-
Actuarial transfer	-	-	-	43,318,316	-	(468,113)
	<u>6,797,241</u>	<u>5,445,897</u>	<u>901,628</u>	<u>47,820,606</u>	<u>29,176,288</u>	<u>(468,113)</u>
EXPENDITURES AND TRANSFERS:						
Refunds to terminated employees	1,197,152	-	-	-	-	-
Transfer to Annuity Reserve	4,502,290	-	-	-	-	-
Transfer to Funding Deposit Account	-	-	-	-	-	-
Transfer to DROP	-	-	-	5,445,897	-	-
Pensions paid	-	-	-	20,837,285	-	-
Administrative	-	-	-	-	441,724	-
Depreciation	-	-	-	-	2,415	-
DROP benefits	-	1,925,912	-	-	-	-
Transfers to another system	72,798	-	-	-	209,484	-
Actuarial transfer	-	-	-	-	42,850,203	-
	<u>5,772,240</u>	<u>1,925,912</u>	<u>-</u>	<u>26,283,182</u>	<u>43,503,826</u>	<u>-</u>
NET INCREASE	<u>1,025,001</u>	<u>3,519,985</u>	<u>901,628</u>	<u>21,537,424</u>	<u>(14,327,538)</u>	<u>(468,113)</u>
BALANCE - ENDING	<u>\$ 62,362,285</u>	<u>\$ 23,459,131</u>	<u>\$ 1,505,286</u>	<u>\$ 200,670,669</u>	<u>\$ 200,910,376</u>	<u>\$ (98,635,405)</u>

2011

<u>TOTAL</u>	<u>ANNUITY SAVINGS</u>	<u>DROP</u>	<u>FUNDING DEPOSIT ACCOUNT</u>	<u>ANNUITY RESERVE</u>	<u>EMPLOYER RESERVE</u>	<u>UNFUNDED ACTUARIAL LIABILITY</u>	<u>TOTAL</u>
\$ 378,083,955	\$ 58,933,500	\$ 16,482,780	\$ 558,943	\$ 167,079,868	\$ 202,880,437	\$ (144,243,055)	\$ 301,692,473
6,697,694	6,720,514	-	-	-	-	-	6,720,514
15,226,192	-	-	-	-	15,229,073	-	15,229,073
6,243,808	-	-	44,715	-	67,690,802	-	67,735,517
8,098,368	-	-	-	-	8,059,602	-	8,059,602
321,427	-	-	-	-	322,191	-	322,191
62,074	26,642	-	-	-	12,540	-	39,182
280	-	-	-	-	320	-	320
4,502,290	-	-	-	3,512,782	-	-	3,512,782
5,445,897	-	4,979,707	-	-	-	-	4,979,707
-	-	-	-	-	-	-	-
225,314	88,132	-	-	-	328,942	-	417,074
42,850,203	-	-	-	32,747,939	-	46,075,763	78,823,702
89,673,547	6,835,288	4,979,707	44,715	36,260,721	91,643,470	46,075,763	185,839,664
1,197,152	918,722	-	-	-	-	-	918,722
4,502,290	3,512,782	-	-	-	-	-	3,512,782
-	-	-	-	-	-	-	-
5,445,897	-	-	-	4,979,707	-	-	4,979,707
20,837,285	-	-	-	19,227,637	-	-	19,227,637
441,724	-	-	-	-	460,467	-	460,467
2,415	-	-	-	-	1,824	-	1,824
1,925,912	-	1,523,341	-	-	-	-	1,523,341
282,282	-	-	-	-	-	-	-
42,850,203	-	-	-	-	78,823,702	-	78,823,702
77,485,160	4,431,504	1,523,341	-	24,207,344	79,285,993	-	109,448,182
12,188,387	2,403,784	3,456,366	44,715	12,053,377	12,357,477	46,075,763	76,391,482
\$ 390,272,342	\$ 61,337,284	\$ 19,939,146	\$ 603,658	\$ 179,133,245	\$ 215,237,914	\$ (98,167,292)	\$ 378,083,955

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
 SUPPLEMENTARY INFORMATION
 SCHEDULES OF ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
PERSONAL SERVICES:		
Board Member - per diem	\$ <u>3,000</u>	\$ <u>3,900</u>
PROFESSIONAL SERVICES:		
Accountant	16,720	16,720
Actuarial	35,220	33,960
Legal	30,201	51,450
Program consultant	<u>5,245</u>	<u>9,000</u>
	<u>87,386</u>	<u>111,130</u>
COMMUNICATION:		
Travel	<u>5,871</u>	<u>4,805</u>
OTHER:		
Archival	3,501	7,944
Bank charges	7,830	1,815
Insurance	18,960	19,027
Meetings and seminars	10,749	8,954
Miscellaneous	2,188	1,326
Office supplies	<u>2,151</u>	<u>1,456</u>
	<u>45,379</u>	<u>40,522</u>
TOTAL EXPENSES	\$ <u><u>141,636</u></u>	\$ <u><u>160,357</u></u>

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
 SUPPLEMENTARY INFORMATION
 SCHEDULES OF PER DIEM PAID TO TRUSTEES
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

The per diem paid to the trustees is an expenditure of the Fund. For 2012 and 2011, the trustees received per diem at the rate of \$75.00 for attendance of a regularly scheduled meeting of the Board of Trustees. Per diem paid to the trustees for the years ended June 30, 2012 and 2011 are as follows:

<u>Trustee</u>	<u>2012</u>	<u>2011</u>
Ann Ardoin	\$ 225	\$ 525
Andy Barousse	-	-
Robert Barousse	-	75
Louie Bernard	300	525
Kermit Bourque	300	450
Dianne Brossard	75	-
Cliff Dressel	375	450
Tammy Foster	375	525
Mark Graffeo	300	450
H. Lynn Jones	375	450
Gary Loftin	300	450
Jim Martin	<u>375</u>	<u>-</u>
	<u>\$ 3,000</u>	<u>\$ 3,900</u>

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF CONTRIBUTIONS – EMPLOYERS AND OTHER SERVICES
FOR THE YEARS ENDED JUNE 30, 2007 THROUGH 2012

<u>Fiscal Year</u>	<u>Actuarial Required Contributions Employer</u>	<u>Actuarial Required Contributions Other Sources</u>	<u>Percent Contributed Employer</u>	<u>Percent Contributed Other Sources</u>
2007	\$ 8,966,665	\$ 5,811,504	141.21%	100.33%
2008	9,196,784	6,142,133	108.61	106.61
2009	10,032,170	6,897,827	101.59	104.74
2010	15,145,456	7,985,608	85.39	95.01
2011	15,058,335	8,219,879	101.13	101.97
2012	14,500,247	8,327,179	105.01	101.11

For the year ended June 30, 2012 the actual contribution differs from the actuarially required due to the rates being frozen at a higher rate than was required. For the years ending June 30, 2007 through 20121, 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.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2007 THROUGH 2012

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2007	\$ 325,278,452	\$ 409,351,418	\$ 84,072,966	79.46	\$ 78,384,249	107.26
June 30, 2008	356,502,864	441,718,760	85,215,896	80.71	83,637,009	101.89
June 30, 2009	338,755,452	424,940,525	86,185,073	79.72	85,840,893	100.40
June 30, 2010	358,981,529	445,935,528	86,953,999	80.50	86,484,686	100.54
June 30, 2011	388,757,787	476,251,247	87,493,460	81.63	87,403,148	100.10
June 30, 2012	401,136,469	488,907,747	87,771,278	82.05	87,238,557	100.61



DUPLANTIER, HRAPMANN,
HOGAN & MAHER, L.L.P.

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

October 18, 2012

Louisiana Clerks' of Court
Retirement and Relief Fund
Board of Trustees
11745 Bricksome Ave., Suite B-1
Baton Rouge, LA 70816

We have audited the financial statements of Louisiana Clerks' of Court Retirement and Relief Fund, as of and for the year ended June 30, 2012, and have issued our report thereon dated October 18, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Louisiana Clerks' of Court Retirement and Relief Fund is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Louisiana Clerks' of Court Retirement and Relief Fund's 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 the Louisiana Clerks' of Court Retirement and Relief Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Louisiana Clerks' of Court Retirement and Relief Fund's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, detect or correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana Clerks' of Court Retirement and Relief Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 or other matters that are required to be reported under *Government Auditing Standards*.

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

Duplantier, Hrapmann, Hogan & Maher, LLP

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

SUMMARY OF AUDITORS RESULTS:

1. The opinion issued on the financial statements of Louisiana Clerks' of Court Retirement and Relief Fund for the year ended June 30, 2012 was unqualified.
2. Internal Control
Significant deficiencies/Material weaknesses: None noted
3. Compliance and Other Matters
Noncompliance material to financial statements: None noted

SUMMARY OF PRIOR YEAR FINDINGS:

None