

REPORT

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

JUNE 30, 2014

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

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INDEPENDENT AUDITOR'S REPORT

November 7, 2014

Louisiana Clerks' of Court
Retirement and Relief Fund
Board of Trustees
10202 Jefferson Highway, Bldg A
Baton Rouge, LA 70809

Report on the Financial Statements

We have audited the accompanying financial statements of the Louisiana Clerks' of Court Retirement and Relief Fund which comprise the statement of fiduciary net position as of June 30, 2014, and the statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Clerks' of Court Retirement and Relief Fund as of June 30, 2014 and the results of its operations and changes in net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As disclosed in Note 4 to the financial statements, the total pension liability for the Louisiana Clerks' of Court Retirement and Relief Fund was \$653,879,624 at June 30, 2014. The actuarial valuations were based on various assumptions made by the Fund's actuary. Because actual experience may differ from the assumptions used in the actuarial valuation, there is a risk that the total pension liability at June 30, 2014 could be understated or overstated.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information as listed in the index to report, 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 to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Fund's basic financial statements. The other supplementary information as listed in the index to report is presented for the purposes of additional analysis and is not a part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 7, 2014 on our consideration of the Louisiana Clerks' of Court Retirement and Relief Fund's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, 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* in considering the Louisiana Clerks' of Court Retirement and Relief Fund's internal control over financial reporting and compliance.

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, 2014

The Management's Discussion and Analysis of the Louisiana Clerks' of Court Retirement and Relief Fund (the Fund) financial performance presents a narrative overview and analysis of the Fund's financial activities for the year ended June 30, 2014. This document focuses on the current year's activities, resulting changes, and 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 10.

FINANCIAL HIGHLIGHTS:

- The Fund's assets exceeded its liabilities at the close of fiscal year 2014 by \$518,993,448. The net position restricted for pension benefits increased by \$75,562,667 or 17.04%. The increase was due primarily to the increase in investments due to stronger financial markets.
- Contributions to the plan by members and employers totaled \$23,492,994, an increase of \$1,555,883 or 7.09% over the prior year. The increase is due to an increase in salaries and an increase in the employer rate.
- Funds collected from ad valorem taxes within the respective parishes totaled \$9,367,131, an increase of \$558,424 or 6.34% from the prior year.
- Funds collected from state revenue sharing funds totaled \$320,091, a decrease of \$768 or .24% from the prior year.
- Net appreciation in the fair value of investments was \$66,266,836 as of June 30, 2014 as compared to a net appreciation of \$43,665,465 as of June 30, 2013. This is a result of an extremely positive market for fiscal year 2014 and 2013.
- The total return on the Fund's investments for the year ended June 30, 2014 was 17.71%. The Fund's total return was due primarily to the fluctuation in the total portfolio. Equities and Master Limited Partnerships (MLP's) were largest market increases.
- Pension benefits paid to retirees and beneficiaries increased by \$1,871,506 or 8.01%. This increase is primarily due to increased number of retirees and a cost of living adjustment was paid in 2014.
- DROP benefits paid to participants decreased by \$812,391 or 19.33% over the previous year.
- Property and equipment increased by \$78,878 over the prior year. This is due to the purchase of office furniture and equipment for the new building.
- The annual cost per member was \$121 for the year ended June 30, 2014 and \$117 for the year ended June 30, 2013.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

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:

- Statement of fiduciary net position,
- Statement of changes in fiduciary net position, and
- Notes to the financial statements.

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

The statement of fiduciary net position reports the Fund's assets, liabilities, and results in net position restricted for pension benefits. It discloses the financial position of the Fund as of June 30, 2014.

The statement of changes in fiduciary net position reports the results of the Fund's operations during the year, disclosing the additions to and deductions from fiduciary net position. It supports the change that has occurred to the prior year's net position on the statement of fiduciary net position.

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.

	<u>Statements of Fiduciary Net Position</u> <u>June 30, 2014 and 2013</u>	
	<u>2014</u>	<u>2013</u>
Cash and investments	\$ 516,931,982	\$ 441,058,226
Receivables	2,391,799	3,171,740
Property and equipment	<u>863,365</u>	<u>784,487</u>
Total assets	520,187,146	445,014,453
Total liabilities	<u>1,193,698</u>	<u>1,583,672</u>
Net Position Restricted for Pension Benefits	<u>\$ 518,993,448</u>	<u>\$ 443,430,781</u>

Fiduciary net position increased by 17.04% (\$518,993,448 as compared to \$443,430,781) 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 fiduciary net position 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, 2014

FINANCIAL ANALYSIS OF THE FUND: (Continued)

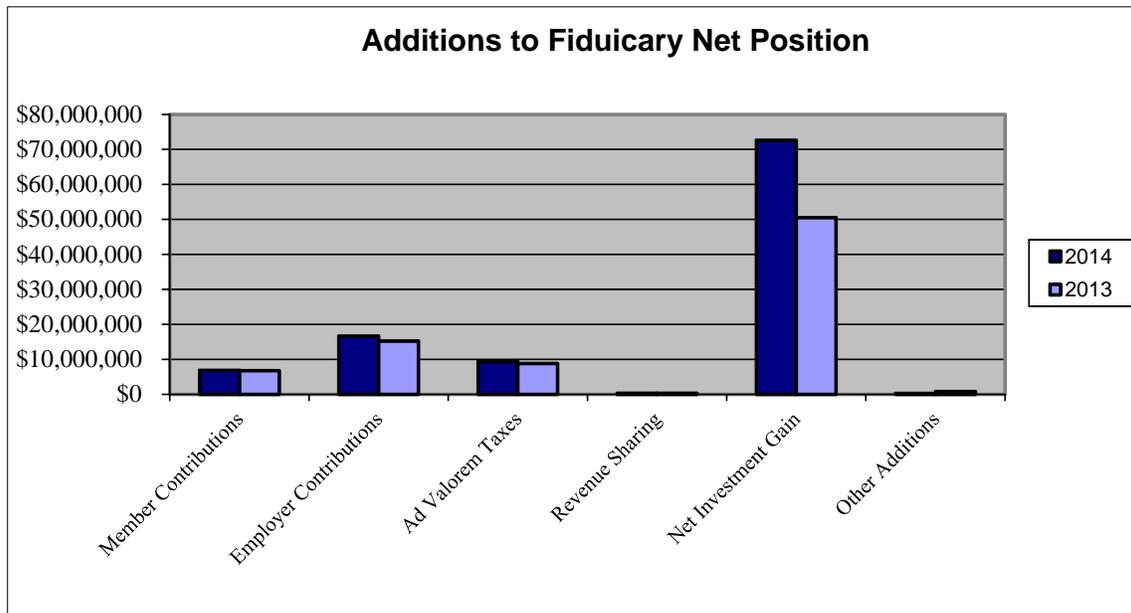
Statements of Changes in Fiduciary Net Position
June 30, 2014 and 2013

<u>Additions:</u>	<u>2014</u>	<u>2013</u>
Contributions	\$ 33,180,216	\$ 31,066,677
Net investment income	72,622,374	50,509,836
Other	<u>256,598</u>	<u>793,458</u>
Total additions	106,059,188	82,369,971
Total deductions	<u>30,496,521</u>	<u>29,211,532</u>
Increase in Net Position	<u>\$ 75,562,667</u>	<u>\$ 53,158,439</u>

Additions to Fiduciary Net Position

Additions to the Fund's fiduciary net position were derived from member and employer contributions and net investment income. Member contributions increased \$114,114 or 1.69% and employer contributions increased \$1,441,769 or 9.48%. The Fund experienced net investment income of \$72,622,374 and \$50,509,836 in fiscal years ended June 30, 2014 and June 30, 2013, respectively.

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease) Percentage</u>
Member contributions	\$ 6,850,006	\$ 6,735,892	1.69 %
Employer contributions	16,642,988	15,201,219	9.48 %
Ad valorem taxes	9,367,131	8,808,707	6.34 %
Revenue sharing	320,091	320,859	(0.24) %
Net investment gain	72,622,374	50,509,836	43.78%
Other additions	<u>256,598</u>	<u>793,458</u>	(67.66) %
Total additions	<u>\$ 106,059,188</u>	<u>\$ 82,369,971</u>	



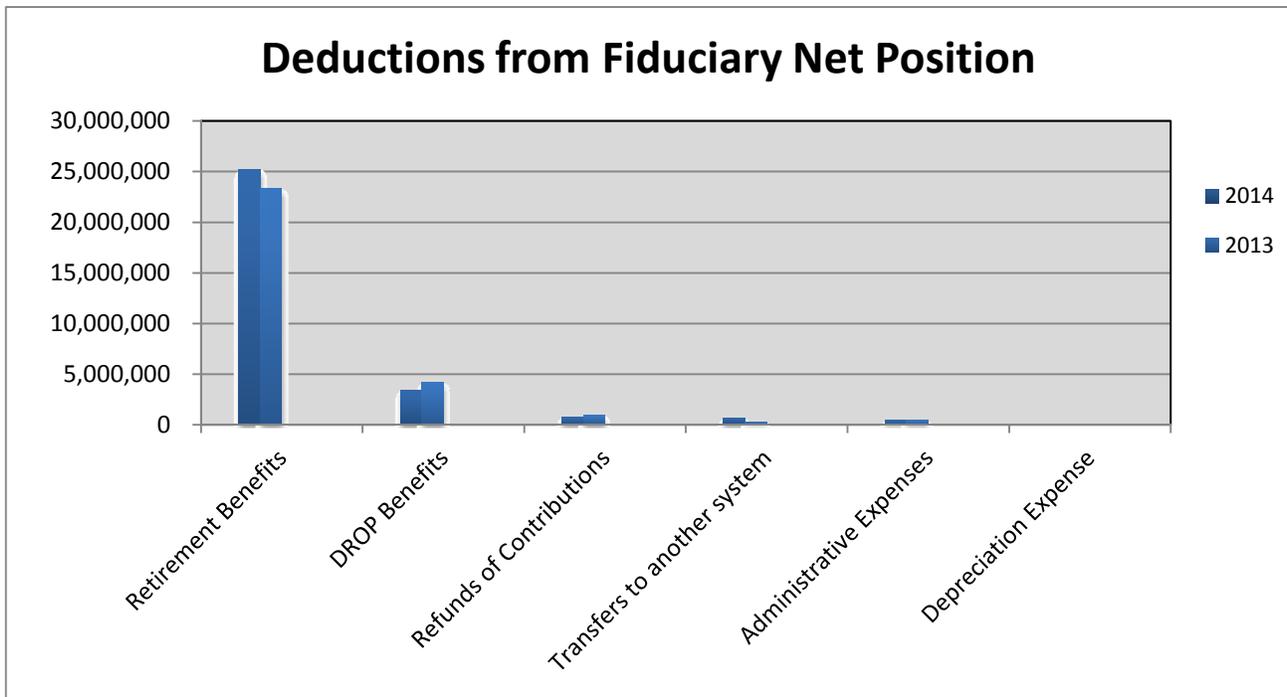
LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

FINANCIAL ANALYSIS OF THE FUND: (Continued)

Deductions from Fiduciary Net Position

Deductions from fiduciary net position consist mainly of retirement, death and survivor benefits and administrative expenses. Deductions from fiduciary net position totaled \$30,496,521 for fiscal year 2014 which is an increase of \$1,284,989, from fiscal year 2013. The increase was primarily due to the increase in retirement benefits.

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u> <u>Percentage</u>
Retirement benefits	\$ 25,239,803	\$ 23,368,297	8.01%
DROP benefits	3,389,688	4,202,079	(19.33)%
Refunds of contributions	730,697	907,758	(19.51)%
Transfers to another system	670,694	286,975	133.71%
Administrative expenses	442,405	444,008	(0.36)%
Depreciation	<u>23,234</u>	<u>2,415</u>	862.07%
Total deductions	<u>\$ 30,496,521</u>	<u>\$ 29,211,532</u>	



LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

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, 2014 amounted to \$511,200,184 as compared to \$435,669,411 at June 30, 2013, which is an increase of \$75,530,773 or 17.34%. 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 2014 and 2013 fiscal years are as follows:

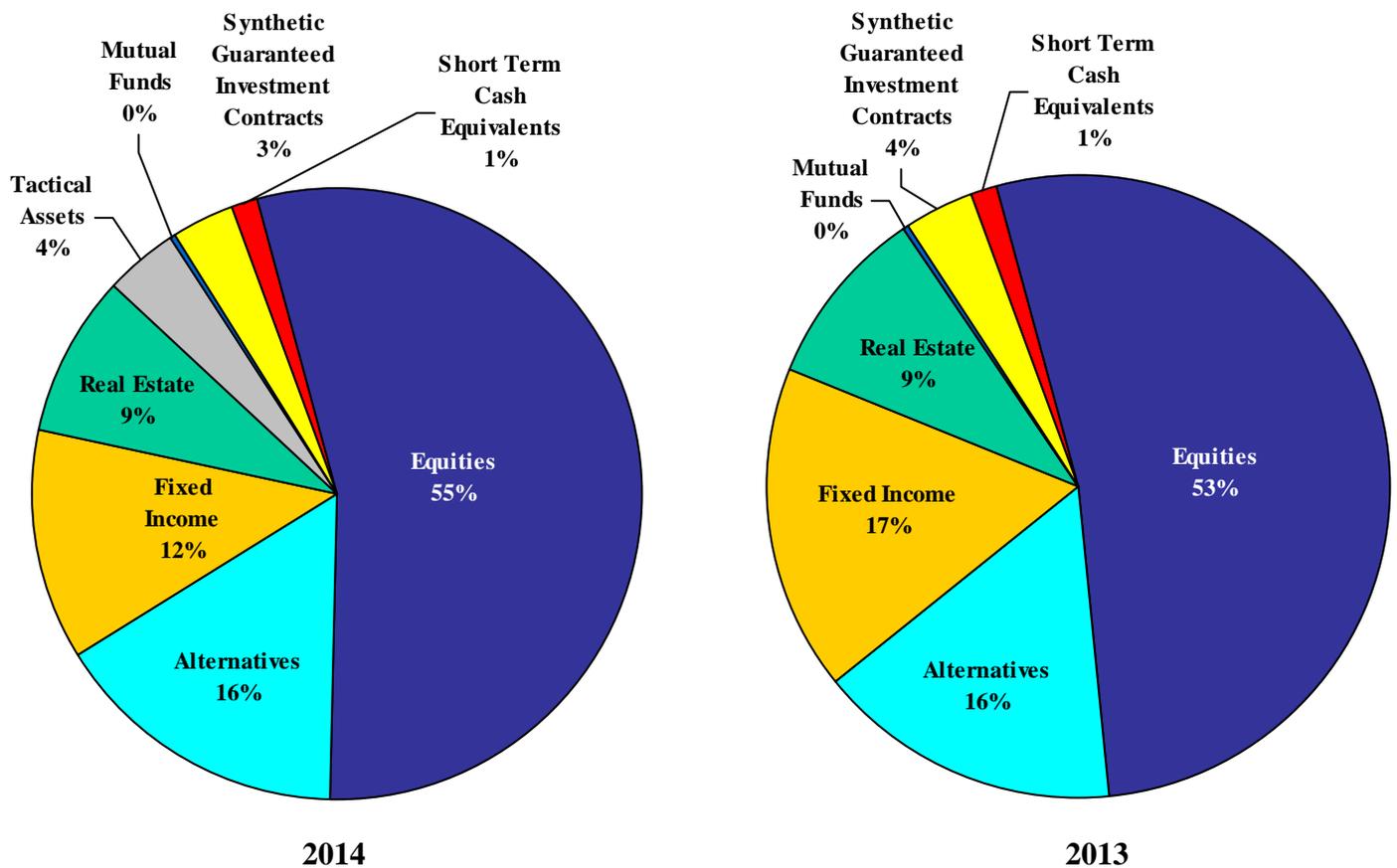
	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>
Investments – fair value:			
Short-term cash equivalents	\$ 7,644,210	\$ 5,900,719	29.55%
Equities	277,333,676	228,329,259	21.46%
Alternatives	81,752,047	69,734,863	17.23%
Fixed income	62,053,577	73,746,285	(15.86)%
Real estate fund	43,700,648	41,042,518	6.48%
Tactical asset allocation	20,079,846	-	
Mutual funds	<u>972,568</u>	<u>685,846</u>	41.81%
	493,536,572	419,439,490	
Investments – contract value:			
Synthetic guaranteed investment contracts	<u>17,663,612</u>	<u>16,229,921</u>	8.83%
Total Investments	<u>\$ 511,200,184</u>	<u>\$ 435,669,411</u>	

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
 MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

FINANCIAL ANALYSIS OF THE FUND: (Continued)

Investments: (Continued)

INVESTMENTS



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, 10202 Jefferson Highway, Bldg. A., Baton Rouge, Louisiana 70809, (225) 293-1162.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014

ASSETS

CASH:	
In bank	\$ <u>5,731,798</u>
RECEIVABLES:	
Member contributions	441,950
Employer contributions	1,074,552
Investment receivable	320,202
Accrued interest and dividends	552,334
Miscellaneous receivables	2,761
Total receivables	<u>2,391,799</u>
INVESTMENTS AT FAIR VALUE:	
Short term cash equivalents	7,644,210
Equities	277,333,676
Fixed income	62,053,577
Real estate	43,700,648
Alternative investments	81,752,047
Tactical asset allocation investments	20,079,846
Mutual funds	972,568
Total investments at fair value	<u>493,536,572</u>
INVESTMENTS AT CONTRACT VALUE:	
Synthetic guaranteed investment contracts	<u>17,663,612</u>
Total investments at contract value	<u>17,663,612</u>
PROPERTY AND EQUIPMENT, NET	<u>863,365</u>
Total assets	<u>520,187,146</u>

LIABILITIES AND NET POSITION

LIABILITIES:	
Accounts payable	638,274
Investment payable	330,724
Deferred rent	224,700
Total liabilities	<u>1,193,698</u>
NET POSITION - RESTRICTED FOR PENSION BENEFITS	<u>\$ 518,993,448</u>

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

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

ADDITIONS:	
Contributions:	
Member	\$ 6,850,006
Employer	16,642,988
Ad valorem tax	9,367,131
Revenue sharing	320,091
Total contributions	<u>33,180,216</u>
Investment income:	
Net appreciation in fair value of investments	66,266,836
Interest income	595,926
Dividend income	8,293,302
	<u>75,156,064</u>
Less: Investment expense:	
Custodial fees	44,958
Money manager fees	2,373,280
Consultant fees	115,452
	<u>2,533,690</u>
Net investment income	<u>72,622,374</u>
Other additions:	
Transfer fees collected	440
Refund pay back	47,302
Transfers from another system	179,401
Miscellaneous	29,455
Total other additions	<u>256,598</u>
Total additions	<u>106,059,188</u>
DEDUCTIONS:	
Annuity benefits	25,052,037
Disability benefits	187,766
Refunds to terminated employees	730,697
DROP benefits	3,389,688
Transfer to another system	670,694
Reimbursement to affiliate for administrative expenses	300,000
Administrative expenses	142,405
Depreciation	23,234
Total deductions	<u>30,496,521</u>
NET INCREASE	75,562,667
NET POSITION - RESTRICTED FOR PENSION BENEFITS:	
Beginning of year	<u>443,430,781</u>
END OF YEAR	<u>\$ 518,993,448</u>

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

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

The Louisiana Clerks' of Court Retirement and Relief Fund (the Fund) was established and provided for by R.S. 11:1501 of the Louisiana Revised Statutes (LRS). In accordance with this law, the Fund is administered by a board of trustees made up of ten members composed of the president, first vice-president, treasurer, second vice-president and immediate past president of the Clerks' Association, one retired clerk elected by the Clerk's Association, two additional members elected by the Clerk's 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). The financial statements include GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* and related standards. This standard provides for inclusion of a management discussion and analysis as supplementary information and other changes.

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

Basis of Accounting:

Louisiana Clerks' of Court Retirement and Relief Fund's financial statements are prepared using the accrual basis of accounting.

Accounting Policies:

The Fund's significant accounting policies related to the following financial statement categories are summarized below:

Cash and cash equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Investments:

Investments are reported at fair value. Fair value of short-term investments approximates cost. Fair value of securities traded on a national or international exchange is calculated using the last reported sales price at current exchange rates. Fair value of mutual funds not traded on a national or international exchange is calculated using the net asset value reported by the mutual funds. Fair value of investments in partnerships is calculated as the Fund's percentage of ownership of the partner's capital reported by the partnership. 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.

Property and Equipment:

Land, building, furniture and equipment are reported at historical cost. Depreciation is computed using the straight-line method based on useful lives.

Revenue and Expenditures:

- a) Employer and employee contributions are recognized in the period in which the employee is compensated for services performed.
- b) Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.
- c) Interest income is recognized when earned and dividends are recognized at the declaration date.
- d) Ad valorem taxes and revenue sharing monies are recognized in the year appropriated by the Legislature.
- e) Expenditures are recognized in the period incurred.

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.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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.

As of June 30, 2014 employer members contributing consisted of the following:

Parish courts	63
Supreme Court	1
Circuit Courts of Appeals	5
City courts of New Orleans	2
Louisiana Clerks' of Court Association	1
Civil Court of New Orleans	1
Criminal Court of New Orleans	1
Louisiana House of Representatives (reverse application by one member before the law changed)	<u>1</u>
 TOTAL EMPLOYER MEMBERS - CONTRIBUTING	 <u><u>75</u></u>

As of June 30, 2014 plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	1,108
Inactive plan members entitle to but not yet receiving benefits	532
Active plan members	<u>2,219</u>
 TOTAL PLAN MEMBERSHIP	 <u><u>3,859</u></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.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

2. PLAN DESCRIPTION: (Continued)

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 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.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

2. PLAN DESCRIPTION: (Continued)

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.

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.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

2. PLAN DESCRIPTION: (Continued)

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 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 allow 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.

In lieu of granting a cost of living increase as described above, Louisiana statutes allow 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.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

3. CONTRIBUTIONS AND RESERVES:

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 year ending June 2014 was 18.43%. The actual employer contribution rate for fiscal year ended June 30, 2014 was 18.5%.

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 and are considered support from non-employer contributing entities.

Administrative costs of the Fund are financed through employer contributions.

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, 2014 was \$64,068,947.

B) Pension Accumulation Fund:

The Pension Accumulation 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 Pension Accumulation Fund as of June 30, 2014 was \$175,337,091.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

3. CONTRIBUTIONS AND RESERVES: (Continued)

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, 2014 was \$251,250,187.

D) Deferred Retirement Option Account:

The Deferred Retirement Option Account was created by state law and 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, 2014 was \$26,601,723.

E) Funding Deposit Account:

The Funding Deposit Account was created by state law and 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, 2014 of \$1,735,500.

4. NET PENSION LIABILITY OF EMPLOYERS:

Components of net pension liability for the Fund's employers determined in accordance with GASB No. 67 as of June 30, 2014 is as follows:

Total Pension Liability	\$ 653,879,624
Plan Fiduciary Net Position	<u>518,993,448</u>
Employers' Net Pension Liability	\$ <u>134,886,176</u>
Plan Fiduciary Net Position as a % of the Total Pension Liability	79.37%

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

4. NET PENSION LIABILITY OF EMPLOYERS: (Continued)

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

The actuarial assumptions used in the June 30, 2014 valuation (excluding mortality) was based on actuarial funding valuation and results of an actuarial experience study for the period July 1, 2006 – June 30, 2010 unless otherwise specified. In cases where benefits structures were changed after the study period, assumptions were based on estimates of future experience. The required Schedules of Employers' Net Pension Liability located in Required Supplementary Information following the *Notes to the Financial Statements* presents multi-year trend information regarding whether the plan fiduciary net positions are increasing or decreasing over time relative to the total pension liability. The Total Pension Liability as of June 30, 2014 is based on actuarial valuations for the same period, updated using generally accepted actuarial procedures.

Information on the actuarial valuation and assumptions is as follows:

Valuation date	June 30, 2014
Actuarial cost method	Entry Age
Investment rate of return	7.25%
Inflation rate	2.75%
Salary increases	5.75%
Mortality rates	RP 2000 Combined Health Mortality Table set back 3 years for males and 1 year for females
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.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

4. NET PENSION LIABILITY OF EMPLOYERS: (Continued)

The long-term expected real rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The long term expected rate of return was 7.90% as of June 30, 2014. Best estimates of geometric real rates of return for each major asset class included in the Fund's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed Income:		
Core fixed income	5.0%	1.75%
Core plus fixed income	15.0%	2.25%
Domestic Equity:		
Large cap domestic equity	21.0%	4.50%
Non-large cap domestic equity	7.0%	4.25%
International Equity:		
Large cap international equity	14.0%	5.25%
Small cap international equity	6.5%	5.25%
Emerging markets	6.5%	6.75%
Real Estate	10.0%	5.00%
Master Limited Partnerships	5.0%	6.00%
Hedge Funds	10.0%	4.25%
	<u>100.0%</u>	

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

4. NET PENSION LIABILITY OF EMPLOYERS: (Continued)

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the Fund's actuary. Based on these assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In accordance with GASB 67, regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the following presents the net pension liability of the participating employers calculated using the discount rate of 7.25%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.25% or one percentage point higher 8.25% than the current rate.

	2014		
	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	\$ 206,720,582	\$ 134,886,176	\$ 73,798,479

5. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS:

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

Deposits (bank balance)	\$ 5,544,319
Short-term cash equivalents	7,644,210
Investments	<u>503,555,974</u>
	<u>\$ 516,744,503</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, 2014

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

Cash Equivalents:

The Fund invested in cash equivalents at June 30, 2014 in the amount of \$7,644,210. Cash equivalents in the amount of \$6,127,228 as of June 30, 2014, consist of federated U.S. treasury cash reserves held in the nominee name.

Cash equivalents at June 30, 2014 in the amount of \$1,516,982, 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. Also, at least ten percent of the equity allocation must remain indexed to the S&P 500 index.

The Fund's policy regarding investments is established and amended by the Fund's Board. The Fund shall be managed at all times in accordance with Louisiana statutes and any other applicable law. The policy states that the investment of the Fund's assets shall be for the exclusive purpose of providing benefits for the participants and their beneficiaries, and paying the Fund's administrative expenses. The Fund's investment shall be prudently selected and properly diversified so as to minimize the risk of large losses.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

Alternative Investments:

The Fund invested in hedge funds with market values as of June 30, 2014 in the amount of \$43,677,700. 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.

The Fund entered into subscription agreements with two master limited partnerships. At June 30, 2014, the market value of the master limited partnerships was \$38,074,347. 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.

Synthetic Guaranteed Investment Contract:

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 \$17,663,612 as of June 30, 2014. The market value is unknown as of June 30, 2014.

Money-Weighted Rate of Return:

During the year ended June 30, 2014, the annual money-weighted rate of return on the Fund's investments, net of investment expense, was 17.34%. The money-weighted rate of return expresses investment performance, net of investment, adjusted for the changing amounts actually invested.

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, 2014, there were no investment holdings that exceeded the Fund's concentration of credit risk investment policy.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

Concentration of Credit Risk: (Continued)

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%, 11.5% and 11.5%, respectively, of the portfolio. The Fund invested in several international equity funds which had a total market value of \$117,521,580 at June 30, 2014. The Fund is in compliance with the investment policy limits of emerging market countries.

The Fund has no investments of any single organization (other than those issued or guaranteed by the U.S. Government) that represents 5% or more of the Fund's net plan assets, nor does the Fund hold more than 5% of any corporations stock.

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, 2014 for investments in the amount of \$503,555,974, since these investments are in the name of the Fund. The Fund was exposed to custodial credit risk in the amount of \$6,127,228 at June 30, 2014, 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 and Credit Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. The Fund has no formal policy on interest rate risk.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. 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.

At June 30, 2014, the Fund had the following investments subject to interest rate risk and credit risk:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Average Maturity</u>
SSGA Bond Index Fund	\$20,728,585	A+	7.86 years
Pyramis Core Commingled Fund	\$41,324,992	AA2	7.68 years
Pyramis Tactical Plus Commingled Bond Pool	\$20,079,846	A-	7.71 years

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

6. RELATED PARTIES:

The Fund's board of trustees includes five trustees from the Clerks of Court Association (Association) and one additional trustee elected by the Association. The Association also appoints the board members of the Clerks of Court Insurance Trust (Insurance Trust). The Fund, Association and Insurance Trust share employees and office space.

In 2013, the Fund constructed a new building. The new facility is also occupied by the Association and the Insurance Trust. In June 2013, the Board passed a resolution approving the recoup of construction costs through the Association and Insurance trust prepaying eight years of rent to the Retirement and Relief Fund. The Association's and Insurance Trust's share of rent totaled \$170,000 and \$85,000, respectively. These amounts were recorded as deferred rent in the accompanying financial statements and are being amortized over eight years. Rental income for the year ended June 30, 2014 was \$30,300. There is no formal lease between the related parties.

The Fund shares equipment and other office expenses with the Association and Insurance Trust. 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 year ended June 30, 2014 in the amount of \$300,000.

7. PROPERTY AND EQUIPMENT:

Changes in property and equipment are as follows:

	<u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2014</u>
Land	\$ 274,818	\$ 9,205	\$ -	\$ 284,023
Office Building	-	493,061	-	493,061
Office Equipment	72,889	3,795	-	76,684
Furniture & Fixtures	-	80,674	-	80,674
Software	23,200	-	-	23,200
Less: accumulated depreciation	<u>(71,043)</u>	<u>(23,234)</u>	<u>-</u>	<u>(94,277)</u>
Property and equipment, net	299,864	563,501	-	863,365
Construction in Progress	<u>484,623</u>	<u>-</u>	<u>(484,623)</u>	<u>-</u>
Total Property and Equipment	<u>\$ 784,487</u>	<u>\$ 563,501</u>	<u>\$ (484,623)</u>	<u>\$ 863,365</u>

Depreciation expense for the year ended June 30, 2014 was \$23,234.

8. TAX QUALIFICATION:

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

REQUIRED SUPPLEMENTARY INFORMATION

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
STATE OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2014

Total Pension Liability	
Service Cost	\$ 14,108,218
Interest	45,607,263
Changes of Benefit Terms	3,790,830
Differences Between Expected and Actual Experience	(3,418,653)
Changes of Assumptions	14,959,618
Retirement Benefits	-
Refunds and Transfers of Member Contributions	(29,360,188)
Other	(414,096)
Net Change in Total Pension Liability	<u>45,272,992</u>
Total Pension Liability - Beginning	<u>608,606,632</u>
Total Pension Liability - Ending (a)	<u>\$ 653,879,624</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 16,642,988
Contributions - Member	6,850,006
Contributions - Non-Employer Contributing Entities	9,687,222
Net Investment Income	72,622,374
Retirement Benefits	(28,629,491)
Refunds and Transfers of Member Contributions	(730,697)
Administrative Expenses	(465,639)
Other	(414,096)
Net Change in Plan Fiduciary Net Position	<u>75,562,667</u>
Plan Fiduciary Net Position - Beginning	<u>443,430,781</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 518,993,448</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 134,886,176</u>
Plan Fiduciary Net Position as a % of Total Pension Liability	79.37%
Covered Employee Payroll	\$ 89,962,097
Net Pension Liability as a % of Covered Employee Payroll	149.94%

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

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
STATE OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2014

<u>Total Pension Liability</u>	<u>Plan's Fiduciary Net Postion</u>	<u>Employers' Net Pension Liability</u>	<u>Plan's Fiduciary Net Position as a % of Total Pension Liability</u>	<u>Covered Employee Payroll</u>	<u>Pension Liability as a % of Covered Employee Payroll</u>
2014 \$ 653,879,624	\$ 518,993,448	\$ 134,886,176	79.37%	\$ 89,962,097	149.94%

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

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
STATE OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
EMPLOYER AND NON-EMPLOYER CONTRIBUTING ENTITIES
FOR THE YEAR ENDED JUNE 30, 2014

<u>Year</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in Relation to the Actuarially Determined Liability</u>	<u>Contribution (Excess) Deficiency</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2014	\$ 26,231,039	\$ 26,330,210	\$ (99,171)	\$ 89,962,097	29.27%

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

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
STATE OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURN
FOR THE YEAR ENDED JUNE 30, 2014

	Annual Money-Weighted <u>Rate of Return*</u>
2014	17.34%

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

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

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2014

1. SCHEDULE OF CHANGES IN NET PENSION LIABILITY:

The total pension liability contained in this schedule was provided by the Fund's actuary, G. S. Curran & Company, Ltd. The net pension liability is measured as the total pension liability less the amount of the fiduciary net position of the Fund.

2. SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY:

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

3. SCHEDULE OF CONTRIBUTIONS - EMPLOYER AND NON-EMPLOYER CONTRIBUTING ENTITIES

The difference between the actuarially determined contributions for employers and non-employer contributing entities and the contributions reported from employer and non-employer contributing entities, and the percentage of contributions reported to covered employee payroll is presented in this schedule. Ad valorem and state revenue sharing is support from non-employer contributing entities.

4. SCHEDULE OF INVESTMENT RETURNS:

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

5. ACTUARIAL ASSUMPTIONS:

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

OTHER SUPPLEMENTARY INFORMATION

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
SUPPLEMENTARY INFORMATION
STATEMENT OF CHANGES IN RESERVE BALANCES
JUNE 30, 2014

	ANNUITY SAVINGS	DROP	FUNDING DEPOSIT ACCOUNT	ANNUITY RESERVE	PENSION ACCUMULATION	TOTAL
BALANCE - BEGINNING	\$ 62,896,291	\$ 24,510,408	\$ 1,618,182	\$ 224,981,867	\$ 129,424,033	\$ \$ 443,430,781
REVENUES AND TRANSFERS:						
Employee contributions	6,850,006	-	-	-	-	6,850,006
Employer contributions	-	-	-	-	16,642,988	16,642,988
Net investment income	-	-	117,318	-	72,505,056	72,622,374
Tax collector contributions	-	-	-	-	9,367,131	9,367,131
Revenue sharing contributions	-	-	-	-	320,091	320,091
Repayment of refund	18,030	-	-	-	29,272	47,302
Miscellaneous income	-	-	-	-	29,895	29,895
Transfer from Annuity Savings	-	-	-	4,912,740	-	4,912,740
Transfer from Annuity Reserve	-	5,481,003	-	-	-	5,481,003
Transfer from another System	65,625	-	-	-	113,776	179,401
Actuarial transfer	-	-	-	52,076,386	-	52,076,386
	<u>6,933,661</u>	<u>5,481,003</u>	<u>117,318</u>	<u>56,989,126</u>	<u>99,008,209</u>	<u>168,529,317</u>
EXPENDITURES AND TRANSFERS:						
Refunds to terminated employees	730,697	-	-	-	-	730,697
Transfer to Annuity Reserve	4,912,740	-	-	-	-	4,912,740
Transfer to DROP	-	-	-	5,481,003	-	5,481,003
Pensions paid	-	-	-	25,239,803	-	25,239,803
Administrative	-	-	-	-	442,405	442,405
Depreciation	-	-	-	-	23,234	23,234
DROP benefits	-	3,389,688	-	-	-	3,389,688
Transfers to another system	117,568	-	-	-	553,126	670,694
Actuarial transfer	-	-	-	-	52,076,386	52,076,386
	<u>5,761,005</u>	<u>3,389,688</u>	<u>-</u>	<u>30,720,806</u>	<u>53,095,151</u>	<u>92,966,650</u>
NET INCREASE (DECREASE)	<u>1,172,656</u>	<u>2,091,315</u>	<u>117,318</u>	<u>26,268,320</u>	<u>45,913,058</u>	<u>75,562,667</u>
BALANCE - ENDING	\$ <u>64,068,947</u>	\$ <u>26,601,723</u>	\$ <u>1,735,500</u>	\$ <u>251,250,187</u>	\$ <u>175,337,091</u>	\$ \$ <u>518,993,448</u>

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014

PERSONAL SERVICES:

Board Member - per diem	\$ <u>2,325</u>
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PROFESSIONAL SERVICES:

Accountant	26,809
Actuarial	41,100
Legal	11,911
Program consultant	<u>15,033</u>
	<u>94,853</u>

COMMUNICATION:

Travel	<u>6,042</u>
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OTHER:

Bank charges	8,892
Insurance	19,301
Meetings and seminars	5,630
Miscellaneous	1,200
Postage and office supplies	<u>4,162</u>
	<u>39,185</u>

TOTAL EXPENSES

	\$ <u><u>142,405</u></u>
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LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF PER DIEM PAID TO TRUSTEES
FOR THE YEAR ENDED JUNE 30, 2014

The per diem paid to the trustees is an expenditure of the Fund. For 2014 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 year ended June 30, 2014 are as follows:

Trustee

Tammy Foster	\$ 300
Carl Broussard	300
Diane Meaux Broussard	225
Cliff Dressel	300
Hart Bourque	225
Kay Bolding	150
Mark Graffeo	300
William Hodge	75
H. Lynn Jones	150
Gary Loftin	<u>300</u>
	\$ <u>2,325</u>



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

CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM G. STAMM, C.P.A.
LINDSAY J. CALUB, C.P.A., L.L.C.
GUY L. DUPLANTIER, C.P.A.
MICHELLE H. CUNNINGHAM, C.P.A.
DENNIS W. DILLON, C.P.A.
GRADY C. LLOYD, III, C.P.A.

HEATHER M. JOVANOVIH, C.P.A.
TERRI L. KITTO, C.P.A.

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

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

November 7, 2014

Louisiana Clerks' of Court
Retirement and Relief Fund
Board of Trustees
10202 Jefferson Highway, Building A
Baton Rouge, LA 70809

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statement of fiduciary net position and the related statement of changes in fiduciary net position of Louisiana Clerks' of Court Retirement and Relief Fund, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Louisiana Clerks' of Court Retirement and Relief Fund's basic financial statements, and have issued our report thereon dated November 7, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Duplantier, Hrapmann, Hogan & Maher, LLP

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

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, 2014 was unmodified.
2. Internal Control
Significant deficiencies/Material weaknesses: None noted
3. Compliance and Other Matters
Noncompliance material to financial statements: None noted

FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED GOVERNMENT
AUDITING STANDARDS:

NONE

SUMMARY OF PRIOR YEAR FINDINGS:

NONE