

Louisiana Clerks' of Court  
Retirement and Relief Fund

Financial Report  
2015 and 2014



10202 Jefferson Highway, Building A  
Baton Rouge, LA 70809

[www.laclerksofcourt.org](http://www.laclerksofcourt.org)

LOUISIANA CLERKS' OF COURT  
RETIREMENT AND RELIEF FUND

JUNE 30, 2015 AND 2014

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Duplantier  
Hrapmann  
Hogan &  
Maher, LLP

INDEPENDENT AUDITOR'S REPORT

November 5, 2015

William G. Stamm, CPA  
Lindsay J. Calub, CPA, LLC  
Guy L. Duplantier, CPA  
Michelle H. Cunningham, CPA  
Dennis W. Dillon, CPA  
Grady C. Lloyd, III CPA

Heather M. Jovanovich, CPA  
Terri L. Kitto, CPA

Michael J. O'Rourke, CPA  
David A. Burgard, CPA  
Clifford J. Giffin, Jr., CPA

A.J. Duplantier, Jr., CPA  
(1919-1985)

Felix J. Hrapmann, Jr., CPA  
(1919-1990)

William R. Hogan, Jr., CPA  
(1920-1996)

James Maher, Jr., CPA  
(1921-1999)

**New Orleans**

1615 Poydras Street,  
Suite 2100  
New Orleans, LA 70112  
Phone: (504) 586-8866  
Fax: (504) 525-5888

**Northshore**

1290 Seventh Street  
Slidell, LA 70458  
Phone: (985) 641-1272  
Fax: (985) 781-6497

**Houma**

247 Corporate Drive  
Houma, LA 70360  
Phone: (985) 868-2630  
Fax: (985) 872-3833

**Napoleonville**

5047 Highway 1  
P.O. Box 830  
Napoleonville, LA 70390  
Phone: (985) 369-6003  
Fax: (985) 369-9941

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 statements of fiduciary net position as of June 30, 2015 and 2014, and the statements of changes in fiduciary net position for the years 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 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 audits 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 opinions.

## **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, 2015 and 2014 and the results of its operations and changes in net position for the years 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 \$685,856,837 and \$653,879,624 at June 30, 2015 and 2014, respectively. 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, 2015 and 2014 could be understated or overstated.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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 5, 2015 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***

New Orleans, Louisiana

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

The Management's Discussion and Analysis of the Louisiana Clerks' of Court Retirement and Relief Fund's (the Fund) financial performance presents a narrative overview and analysis of the Fund's financial activities for the year ended June 30, 2015. 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 11.

FINANCIAL HIGHLIGHTS:

- The Fund's assets exceeded its liabilities at the close of fiscal year 2015 by \$535,853,689. The net position restricted for pension benefits increased by \$16,860,241 or 3.25%.
- Contributions to the plan by members and employers totaled \$24,090,160, an increase of \$597,166 or 2.54% 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 \$9,937,779, an increase of \$570,648 or 6.09% from the prior year.
- Funds collected from state revenue sharing funds totaled \$320,141, an increase of \$50 or .02% from the prior year.
- Net appreciation in the fair value of investments was \$6,909,438 as of June 30, 2015 as compared to a net appreciation of \$66,266,836 as of June 30, 2014. During fiscal year 2015, the market was re-balanced resulting in significantly lower returns than in the previous year. Fiscal year 2014 had an extremely positive market.
- The total return on the Fund's investments for the year ended June 30, 2015 was 3.50%. The Fund's total return was due primarily to the fluctuation in the total portfolio. Equities and hedge funds were largest market increases.
- Pension benefits paid to retirees and beneficiaries increased by \$2,144,636 or 8.50%. This increase is primarily due to increased number of retirees with higher wages.
- DROP benefits paid to participants decreased by \$702,504 or 20.72% over the previous year.
- The annual cost per member was \$137 for the year ended June 30, 2015 and \$121 for the year ended June 30, 2014.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEARS ENDED JUNE 30, 2015 AND 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:

- Statements of fiduciary net position,
- Statements 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 statements of fiduciary net position report 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, 2015 and 2014.

The statements of changes in fiduciary net position report the results of the Fund's operations during the years, 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, 2015 and 2014</u>	
	<u>2015</u>	<u>2014</u>
Cash and investments	\$ 533,605,398	\$ 516,931,982
Receivables	3,210,808	2,391,799
Property and equipment	<u>840,015</u>	<u>863,365</u>
Total assets	537,656,221	520,187,146
Total liabilities	<u>1,802,532</u>	<u>1,193,698</u>
Net Position Restricted for Pension Benefits	<u>\$ 535,853,689</u>	<u>\$ 518,993,448</u>

Fiduciary net position increased by 3.25% (\$535,853,689 as compared to \$518,993,448) 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 YEARS ENDED JUNE 30, 2015 AND 2014

FINANCIAL ANALYSIS OF THE FUND: (Continued)

Statements of Changes in Fiduciary Net Position  
June 30, 2015 and 2014

<u>Additions:</u>	<u>2015</u>	<u>2014</u>
Contributions	\$ 34,348,080	\$ 33,180,216
Net investment gain	14,165,659	72,622,374
Other	<u>129,888</u>	<u>256,598</u>
Total additions	48,643,627	106,059,188
Total deductions	<u>31,783,386</u>	<u>30,496,521</u>
Increase in Net Position	<u>\$ 16,860,241</u>	<u>\$ 75,562,667</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 \$45,021 or .66% and employer contributions increased \$552,145 or 3.32%. The Fund experienced net investment income of \$14,165,659 and \$72,622,374 in fiscal years ended June 30, 2015 and June 30, 2014, respectively.

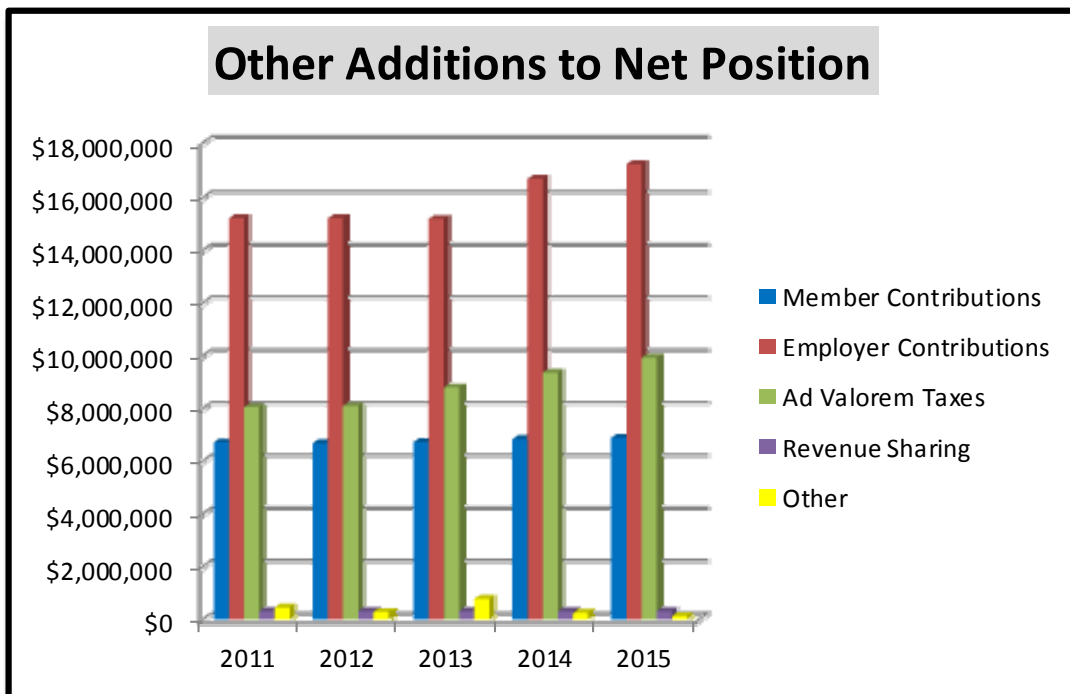
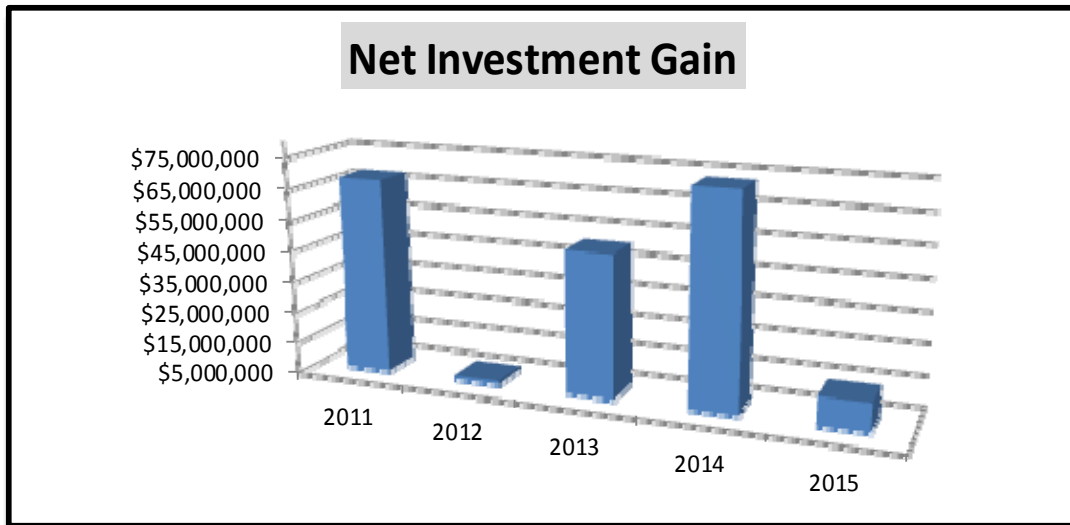
	<u>2015</u>	<u>2014</u>	Increase (Decrease) <u>Percentage</u>
Member contributions	\$ 6,895,027	\$ 6,850,006	0.66 %
Employer contributions	17,195,133	16,642,988	3.32 %
Ad valorem taxes	9,937,779	9,367,131	6.09 %
Revenue sharing	320,141	320,091	0.02 %
Net investment gain	14,165,659	72,622,374	(80.49)%
Other additions	<u>129,888</u>	<u>256,598</u>	(49.38) %
Total additions	<u>\$ 48,643,627</u>	<u>\$ 106,059,188</u>	



LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

FINANCIAL ANALYSIS OF THE FUND: (Continued)

Additions to Fiduciary Net Position: (Continued)



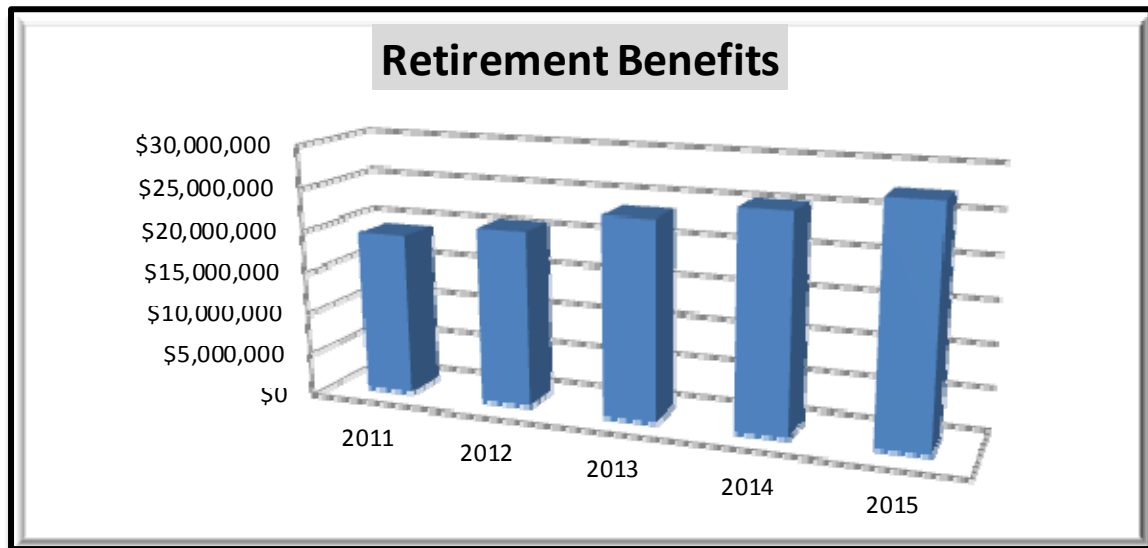
LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

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 \$31,783,386 for fiscal year 2015 which is an increase of \$1,286,865, from fiscal year 2014. The increase was primarily due to the increase in retirement benefits.

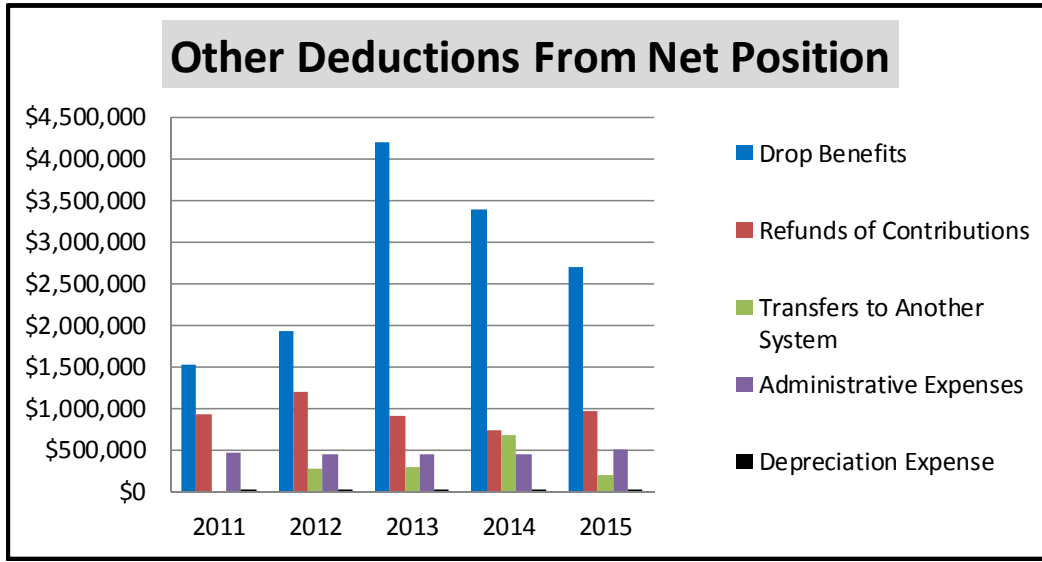
	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u> <u>Percentage</u>
Retirement benefits	\$ 27,384,439	\$ 25,239,803	8.50%
DROP benefits	2,687,184	3,389,688	(20.72)%
Refunds of contributions	963,484	730,697	31.86%
Transfers to another system	206,527	670,694	(69.21)%
Administrative expenses	511,578	442,405	15.64%
Depreciation	<u>30,174</u>	<u>23,234</u>	29.87%
Total deductions	<u>\$ 31,783,386</u>	<u>\$ 30,496,521</u>	



LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

FINANCIAL ANALYSIS OF THE FUND: (Continued)

Deductions from Fiduciary Net Position: (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, 2015 amounted to \$525,308,965 as compared to \$511,200,184 at June 30, 2014, which is an increase of \$14,108,781 or 2.76%. 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 2015 and 2014 fiscal years are as follows:

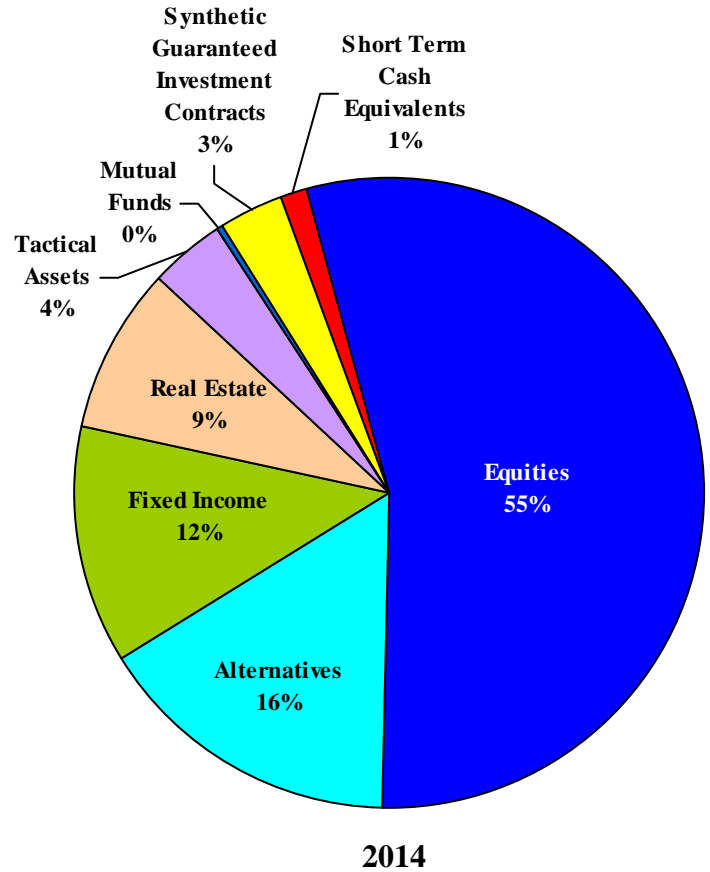
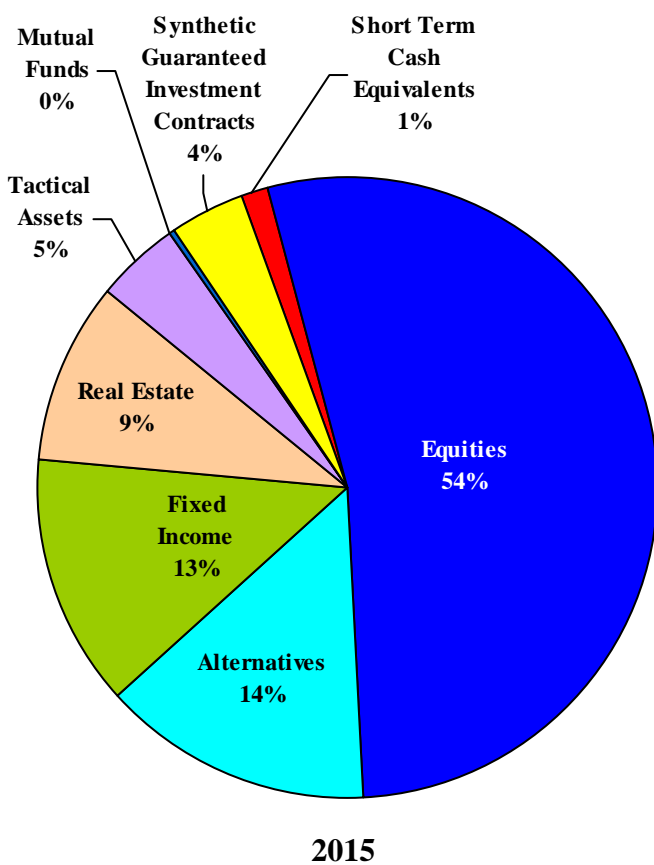
	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>
Investments – fair value:			
Short-term cash equivalents	\$ 7,025,374	\$ 7,644,210	(8.10)%
Equities	280,838,322	277,333,676	1.26%
Alternative investments	74,230,390	81,752,047	(9.20)%
Fixed income	68,888,480	62,053,577	11.01%
Real estate fund	49,247,848	43,700,648	12.69%
Tactical asset allocation	23,629,969	20,079,846	17.68%
Mutual funds	<u>1,309,220</u>	<u>972,568</u>	34.61%
	505,169,603	493,536,572	
Investments – contract value:			
Synthetic guaranteed investment contract	<u>20,139,362</u>	<u>17,663,612</u>	14.02%
Total Investments	<u>\$ 525,308,965</u>	<u>\$ 511,200,184</u>	

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEARS ENDED JUNE 30, 2015 AND 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 Debbie Hudnall, Executive Director of the 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  
STATEMENTS OF FIDUCIARY NET POSITION  
JUNE 30, 2015 AND 2014

	<u>ASSETS</u>	
	<u>2015</u>	<u>2014</u>
CASH:		
In bank	\$ 8,296,433	\$ 5,731,798
RECEIVABLES:		
Member contributions	479,019	441,950
Employer contributions	1,182,976	1,074,552
Investment receivable	989,235	320,202
Accrued interest and dividends	559,578	552,334
Miscellaneous receivables	-	2,761
Total receivables	<u>3,210,808</u>	<u>2,391,799</u>
INVESTMENTS AT FAIR VALUE:		
Short term cash equivalents	7,025,374	7,644,210
Equities	280,838,322	277,333,676
Fixed income	68,888,480	62,053,577
Real estate	49,247,848	43,700,648
Alternative investments	74,230,390	81,752,047
Tactical asset allocation investments	23,629,969	20,079,846
Mutual funds	1,309,220	972,568
Total investments at fair value	<u>505,169,603</u>	<u>493,536,572</u>
INVESTMENTS AT CONTRACT VALUE:		
Synthetic guaranteed investment contracts	<u>20,139,362</u>	<u>17,663,612</u>
Total investments at contract value	<u>20,139,362</u>	<u>17,663,612</u>
PROPERTY AND EQUIPMENT, NET	<u>840,015</u>	<u>863,365</u>
Total assets	<u>537,656,221</u>	<u>520,187,146</u>
	<u>LIABILITIES AND NET POSITION</u>	
LIABILITIES:		
Accounts payable	667,855	638,274
Investment payable	940,883	330,724
Deferred rent	193,794	224,700
Total liabilities	<u>1,802,532</u>	<u>1,193,698</u>
NET POSITION - RESTRICTED FOR PENSION BENEFITS	<u>\$535,853,689</u>	<u>\$518,993,448</u>

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

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ADDITIONS:		
Contributions:		
Member	\$ 6,895,027	\$ 6,850,006
Employer	17,195,133	16,642,988
Ad valorem tax	9,937,779	9,367,131
Revenue sharing	320,141	320,091
Total contributions	<u>34,348,080</u>	<u>33,180,216</u>
Investment income:		
Net appreciation in fair value of investments	6,909,438	66,266,836
Interest income	579,686	595,926
Dividend income	9,565,106	8,293,302
	<u>17,054,230</u>	<u>75,156,064</u>
Less: Investment expense:		
Custodial fees	49,077	44,958
Money manager fees	2,710,295	2,373,280
Consultant fees	129,199	115,452
	<u>2,888,571</u>	<u>2,533,690</u>
Net investment income	<u>14,165,659</u>	<u>72,622,374</u>
Other additions:		
Transfer fees collected	500	440
Refund pay back	63,788	47,302
Transfers from another system	33,462	179,401
Miscellaneous	32,138	29,455
Total other additions	<u>129,888</u>	<u>256,598</u>
Total additions	<u>48,643,627</u>	<u>106,059,188</u>
DEDUCTIONS:		
Annuity benefits	27,181,920	25,052,037
Disability benefits	202,519	187,766
Refunds to terminated employees	963,484	730,697
DROP benefits	2,687,184	3,389,688
Transfer to another system	206,527	670,694
Reimbursement to affiliate for administrative expenses	300,000	300,000
Administrative expenses	211,578	142,405
Depreciation	30,174	23,234
Total deductions	<u>31,783,386</u>	<u>30,496,521</u>
NET INCREASE	16,860,241	75,562,667
NET POSITION - RESTRICTED FOR PENSION BENEFITS:		
Beginning of year	<u>518,993,448</u>	<u>443,430,781</u>
END OF YEAR	<u>\$ 535,853,689</u>	<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, 2015 AND 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, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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:

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 and dividends are recognized at the declaration date.

Ad valorem taxes and revenue sharing monies are recognized in the year appropriated by the Legislature.

Expenditures are recognized in the period incurred.



LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
 NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates. The fund utilizes various investment instruments, which by nature, are exposed to a variety of risk levels and risk types, such as interest rate risk, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term, and those changes could materially affect the amounts reported in the statements of fiduciary net position.

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 and the employees of the Louisiana Clerks' of Court Association.

As of June 30, 2015 and 2014, participating employers consisted of the following:

	<u>2015</u>	<u>2014</u>
Parish Courts	63	63
Supreme Court	1	1
Circuit Courts of Appeals	5	5
City Courts of New Orleans	2	2
Civil Court of New Orleans	1	1
Criminal Court of New Orleans	1	1
Louisiana Clerks' of Court Association	1	1
Louisiana House of Representatives (reverse application by one member before the law changed)	1	1
Total Participating Employers	75	75

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
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2. PLAN DESCRIPTION: (Continued)

As of June 30, 2015 and 2014, plan membership consisted of the following:

	<u>2015</u>	<u>2014</u>
Inactive plan members or beneficiaries currently receiving benefits	1,173	1,108
Inactive plan members entitle to but not yet receiving benefits	549	532
Active plan members	<u>2,234</u>	<u>2,219</u>
 Total Plan Membership	 <u>3,956</u>	 <u>3,859</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.

Retirement Benefits:

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 (age sixty-five if hired on or after January 1, 2011), and terminating employment. Regular retirement benefits, payable monthly for life, is equal to three percent of the member's monthly average final compensation multiplied by the number of years of credited service, not to exceed one hundred percent of the monthly average final compensation. The retirement benefit accrual rate is increased to 3 1/3 % for all service credit accrued after June 30, 1999 (for members hired prior to January 1, 2011). For members hired before July 1, 2006 and who retire prior to January 1, 2011, monthly average final compensation is based on the highest thirty-six consecutive months, with a limit increase of 10% in each of the last three years of measurement. For members hired after July 1, 2006, monthly average final compensation is based on the highest compensated sixty consecutive months, or successive joined months if service was interrupted, with a limit increase of 10% in each of the last five years of measurement. For members who were employed prior to July 1, 2006 and who retire after December 31, 2010, the period of final average compensation is thirty-six months plus the number of whole months elapsed since January 1, 2011, not to exceed sixty months.

Disability Benefits:

Disability benefits are awarded to active members who are totally and permanently disabled as a result of injuries sustained in the line of duty or to active members with ten or more years of credible service who are totally disabled due to any cause. A member who is officially certified as totally or permanently disabled by the State Medical Disability Board will be paid monthly disability retirement benefits equal to the greater of forty percent of their monthly average final compensation or seventy-five percent of their monthly regular retirement benefit computed as per R.S. 11:1521 (C).

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014

2. PLAN DESCRIPTION: (Continued)

Survivor Benefits:

Upon the death of any active contributing member with less than five years of credited service, his/her accumulated contributions are paid to his/her designated beneficiary. Upon the death of any active contributing member with 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 less than 12 years of service, the designated beneficiary may receive his/her accumulated contributions. 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.

Deferred Retirement Option Plan (DROP):

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. 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 DROP 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 DROP account equal to the payments to the account, or a true annuity based upon his account (subject to approval by the Board of Trustees). In addition, the member receives the monthly benefits that were paid into the DROP fund during his period of participation.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
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2. PLAN DESCRIPTION: (Continued)

Deferred Retirement Option Plan (DROP): (Continued)

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. Interest is paid on DROP account balances for members who complete their DROP participation but do not terminate employment. The interest earnings are based on the actual rate of return on funds in such accounts. These interest accruals cease upon termination of employment. Upon termination, the member receives a lump sum payments from the DROP fund equal to the payments made to that fund on his behalf, or a true annuity based in 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. Prior to January 1, 2011, 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. Effective January 1, 2011, the average compensation for members whose additional service is less than thirty-six months is equal to the lesser amount used to calculate his original benefit or the compensation earned in the period of additional service divided by the number of months of additional service. For former DROP participants who retire after December 30, 2010, the period used to determine final average compensation for post-DROP service is thirty-six months plus the number of whole months elapsed from January 1, 2011 to the date of DROP entry. 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.

Cost of Living Increases (COLAs):

The Board of Trustees is authorized to grant retired members and widows of members who have been retired for at least one full calendar year an annual cost of 2.5% of their benefit (not to exceed forty dollars per month), and all retired members and widows who are sixty-five years of age or older a 2% increase in their original benefit (or their benefit as of October 1, 1977, if they retired prior to that time). In order to grant the 2.5% COLA, the increase in the consumer price index must have exceeded 3% since the last COLA granted. In order for the Board to grant either of these increases, the Fund must meet certain other criteria as detailed in the Louisiana statute relating to funding status. In lieu of granting the above cost of living increases, 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.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
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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 the fiscal years ended June 30, 2015 and 2014 was 17.3% and 18.43%, respectively. The actual employer contribution rate for the fiscal years ended June 30, 2015 and 2014 was 19% and 18.5%, 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 and are considered support from non-employer contributing entities.

Administrative costs of the Fund are financed through employer contributions.

Upon withdrawal from service, members not entitled to a retirement allowance are paid a refund of accumulated contributions upon request. Receipt of such a refund cancels all accrued rights in the Fund.

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, 2015 and 2014 was \$64,880,529 and \$64,068,947, respectively.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
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3. CONTRIBUTIONS AND RESERVES: (Continued)

Reserves: (Continued)

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, 2015 and 2014 was \$161,945,265 and \$175,337,091, 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, 2015 and 2014 was \$276,334,399 and \$251,250,187, respectively.

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, 2015 and 2014 was \$29,244,156 and \$26,601,723, respectively.

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 balance as of June 30, 2015 and 2014 was \$3,449,340 and \$1,735,500, respectively.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
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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, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Total Pension Liability	\$ 685,856,837	\$ 653,879,624
Plan Fiduciary Net Position	<u>535,853,689</u>	<u>518,993,448</u>
Employers' Net Pension Liability	<u>\$ 150,003,148</u>	<u>\$ 134,886,176</u>
 Plan Fiduciary Net Position as a% of the Total Pension Liability	78.13%	79.37%

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

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 valuations (excluding mortality) were based on actuarial funding valuation and the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014 for the year ended June 30, 2015 and for the period July 1, 2006-June 30, 2010 for the year ended June 30, 2014, unless otherwise specified. In cases where benefits structures were changed after the experience study period, assumptions were based on estimates of future experiences.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
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4. NET PENSION LIABILITY OF EMPLOYERS: (Continued)

Information on the actuarial methods and assumptions used in determining the total net pension liability as of June 30, 2015 and 2014 is as follows:

2015 Assumptions are as follows:

Valuation Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.00%
Inflation Rate	2.50%
Salary Increases	5.00%
Mortality Rate - Active Members	RP 2000 employee table set back 4 years for males and 3 years for females
Mortality Rate - Annuitant and Beneficiary	RP 2000 healthy annuitant table set forward 1 year for males and projected to 2030 for males and 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  
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4. NET PENSION LIABILITY OF EMPLOYERS: (Continued)

2014 Assumptions are as follows:

Valuation Date	June 30, 2014
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.25%
Inflation Rate	2.75%
Salary Increases	5.75%
Mortality Rate - Active Members, Annuitant and Beneficiary	RP2000 combined healthy 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.

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%, for each of the years ended June 30, 2015 and 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, 2015 and 2014 are summarized in the following table:

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
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4. NET PENSION LIABILITY OF EMPLOYERS: (Continued)

Asset Class	2015		2014	
	Target Asset Allocation	Long -Term Expected Real Rate of Return	Target Asset Allocation	Long -Term Expected Real Rate of Return
Fixed Income:				
Core fixed income	5.0%	1.75%	5.0%	1.75%
Core plus fixed income	15.0%	2.25%	15.0%	2.25%
Domestic Equity:				
Large cap domestic equity	21.0%	4.50%	21.0%	4.50%
Non-large cap domestic equity	7.0%	4.25%	7.0%	4.25%
International Equity:				
Large cap international equity	14.0%	5.25%	14.0%	5.25%
Small cap international equity	6.5%	5.00%	6.5%	5.25%
Emerging markets	6.5%	7.25%	6.5%	6.75%
Real Estate	10.0%	5.50%	10.0%	5.00%
Master Limited Partnerships	5.0%	6.50%	5.0%	6.00%
Hedge Funds	10.0%	4.50%	10.0%	4.25%
	<u>100.0%</u>		<u>100.0%</u>	

The discount rate used to measure the total pension liability was 7.00% for the year ended June 30, 2015 and 7.25% for the year ended June 30, 2014. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at current contribution rates, and that contributions from participating employers and non-employer contributing entities will be made at actuarially determined contribution rates approved by the Board of Trustees and the Public Retirement System's Actuarial Committee (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.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
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4. NET PENSION LIABILITY OF EMPLOYERS: (Continued)

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, 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 or one percentage point higher than the current rate.

	Changes in Discount Rate		
	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
2015 Net Pension Liability	<u>\$ 225,984,137</u>	<u>\$ 150,003,148</u>	<u>\$ 85,520,345</u>
	1% Decrease <u>6.25%</u>	Discount Rate <u>7.25%</u>	1% Increase <u>8.25%</u>
2014 Net Pension Liability	<u>\$ 206,720,582</u>	<u>\$ 134,886,176</u>	<u>\$ 73,798,479</u>

5. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS:

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

	<u>2015</u>	<u>2014</u>
Deposits (bank balance)	\$ 8,337,469	\$ 5,544,319
Cash equivalents	7,025,374	7,644,210
Investments	<u>518,283,591</u>	<u>503,555,974</u>
	<u>\$ 533,646,434</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  
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5. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Cash Equivalents:

The Fund invested in cash equivalents at June 30, 2015 and 2014 in the amount of \$7,025,374 and \$7,644,210, respectively. Cash equivalents in the amount of \$5,507,956 and \$6,127,228 as of June 30, 2015 and 2014, respectively, consist of federated U.S. treasury cash reserves held in the nominee name. Cash equivalents at June 30, 2015 and 2014 in the amount of \$1,517,418 and \$1,516,982, 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. 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  
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5. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Alternative Investments:

The Fund invested in hedge funds with market values as of June 30, 2015 and 2014 in the amount of \$46,236,860 and \$43,677,700, 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.

The Fund entered into subscription agreements with two master limited partnerships. At June 30, 2015 and 2014, the market value of the master limited partnerships was \$27,993,530 and \$38,074,347, 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.

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 \$20,139,362 and \$17,663,612 as of June 30, 2015 and 2014, respectively. The market value is unknown as of June 30, 2015 and 2014.

Money-Weighted Rate of Return:

During the years ended June 30, 2015 and 2014, the annual money-weighted rate of return on the Fund's investments, net of investment expense, was 3.15% and 17.34%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, 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, 2015 and 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  
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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 \$123,847,217 and \$117,521,580 at June 30, 2015 and 2014, respectively. 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, 2015 and 2014 for investments in the amount of \$518,283,591 and \$503,555,974, respectively, since these investments are in the name of the Fund. The Fund was exposed to custodial credit risk in the amount of \$5,507,956 and \$6,127,228 at June 30, 2015 and 2014, 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 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, 2015, 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	\$21,121,943	AA2	7.86 years
Pyramis Core Commingled Fund	\$47,766,537	A	8.18 years
Pyramis Tactical Plus Commingled Bond Pool	\$23,629,969	BBB	9.89 years

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

Interest Rate Risk and Credit Risk: (Continued)

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

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, 2015 and 2014 was \$30,906 and \$30,300, respectively. 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 \$300,000 for shared expenses for each of the years ended June 30, 2015 and 2014.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014

7. PROPERTY AND EQUIPMENT:

Changes in property and equipment for the year ended June 30, 2015 are as follows:

	<u>07/01/14</u>	<u>Additions</u>	<u>Deletions</u>	<u>06/30/15</u>
Land	\$ 284,023	-	-	\$ 284,023
Office Building	493,061	1,025	-	494,086
Office Equipment	76,684	-	(60,341)	16,343
Furniture & Fixtures	80,674	-	-	80,674
Software	23,200	5,799	-	28,999
Subtotal	<u>957,642</u>	<u>6,824</u>	<u>(60,341)</u>	<u>904,125</u>
Accumulated Depreciation	<u>(94,277)</u>	<u>(30,174)</u>	<u>60,341</u>	<u>(64,110)</u>
Net Property and Equipment	<u>\$ 863,365</u>	<u>\$ (23,350)</u>	<u>-</u>	<u>\$ 840,015</u>

Changes in property and equipment for the year ended June 30, 2014 are as follows:

	<u>07/01/13</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/2014</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
Subtotal	<u>370,907</u>	<u>586,735</u>	<u>-</u>	<u>957,642</u>
Accumulated Depreciation	<u>(71,043)</u>	<u>(23,234)</u>	<u>-</u>	<u>(94,277)</u>
Net Property and Equipment	<u>299,864</u>	<u>563,501</u>	<u>-</u>	<u>863,365</u>
Construction in Progress	<u>484,623</u>	<u>-</u>	<u>(484,623)</u>	<u>-</u>
Total Property & Equipment	<u>\$ 784,487</u>	<u>\$ 563,501</u>	<u>\$ (484,623)</u>	<u>\$ 863,365</u>

Depreciation expense for the years ended June 30, 2015 and 2014 was \$30,174 and \$23,234, respectively.

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  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULES OF CHANGES IN NET PENSION LIABILITY  
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Total Pension Liability		
Service Cost	\$ 14,909,285	\$ 14,108,218
Interest	47,379,127	45,607,263
Changes of Benefit Terms	-	3,790,830
Differences Between Expected and Actual Experience	(8,215,690)	(3,418,653)
Changes of Assumptions	9,016,237	14,959,618
Retirement Benefits	(30,071,623)	(28,629,491)
Refunds of Member Contributions	(963,484)	(730,697)
Other	(76,639)	(414,096)
Net Change in Total Pension Liability	<u>31,977,213</u>	<u>45,272,992</u>
Total Pension Liability - Beginning	<u>653,879,624</u>	<u>608,606,632</u>
Total Pension Liability - Ending (a)	<u>\$ 685,856,837</u>	<u>\$ 653,879,624</u>
Plan Fiduciary Net Position		
Contributions - Member	\$ 6,895,027	\$ 6,850,006
Contributions - Employer	17,195,133	16,642,988
Contributions - Non-Employer Contributing Entities	10,257,920	9,687,222
Net Investment Income	14,165,659	72,622,374
Retirement Benefits	(30,071,623)	(28,629,491)
Refunds of Member Contributions	(963,484)	(730,697)
Administrative Expenses	(541,752)	(465,639)
Other	(76,639)	(414,096)
Net Change in Plan Fiduciary Net Position	<u>16,860,241</u>	<u>75,562,667</u>
Plan Fiduciary Net Position - Beginning	<u>518,993,448</u>	<u>443,430,781</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 535,853,689</u>	<u>\$ 518,993,448</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 150,003,148</u>	<u>\$ 134,886,176</u>
Plan Fiduciary Net Position as a % of Total Pension Liability	78.13%	79.37%
Covered Employee Payroll	\$ 90,500,700	\$ 89,962,097
Net Pension Liability as a % of Covered Employee Payroll	165.75%	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  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULES OF EMPLOYERS' NET PENSION LIABILITY  
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>Total Pension Liability</u>	<u>Plan's Fiduciary Net Postion</u>	<u>Employers' Net Pension Liability</u>	Plan's Fiduciary Net Position as a % of Total Pension <u>Liability</u>	<u>Covered Employee Payroll</u>	Net Pension Liability as a % of Covered <u>Employee Payroll</u>
2015	\$ 685,856,837	\$ 535,853,689	\$ 150,003,148	78.13%	\$90,500,700	165.75%
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  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULES OF CONTRIBUTIONS  
 EMPLOYER AND NON-EMPLOYER CONTRIBUTING ENTITIES  
FOR THE YEARS ENDED JUNE 30, 2015 AND 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>
2015	\$ 26,913,363	\$ 27,453,053	\$ (539,691)	\$ 90,500,700	30.33%
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  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF INVESTMENT RETURN  
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	Annual Money-Weighted <u>Rate of Return*</u>
2015	3.15%
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, 2015 AND 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.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2015 AND 2014

6. CHANGES IN ACTUARIAL ASSUMPTIONS:

For the year ended June 30, 2015, retirement, DROP entry, and withdrawal rates were changed based on the results of the actuarial experience study for the period July 1, 2009 – June 30, 2014 and expectations of future experience. Family statistics were also updated based on more recent measures available from the United States Census Bureau. Other changes are as follows:

Valuation Date	June 30, 2015	June 30, 2014
Investment Rate of Return	7.00%	7.25%
Inflation Rate	2.50%	2.75%
Salary Increases	5.00%	5.75%
Mortality Rate - Active Members	RP 2000 employee table set back 4 years for males and 3 years for females	--
Mortality Rate - Annuitant and Beneficiary	RP 2000 healthy annuitant table set forward 1 year for males and projected to 2030 for males and females	--
Mortality Rate - Active Members, Annuitant and Beneficiary	--	RP2000 combined healthy mortality table set back 3 years for males and 1 year for females

For the year ended June 30, 2014, the valuation interest rate was reduced from 7.5% to 7.25%.

OTHER SUPPLEMENTARY INFORMATION



LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
SUPPLEMENTARY INFORMATION  
STATEMENT OF CHANGES IN RESERVE BALANCES  
JUNE 30, 2015

	ANNUITY SAVINGS	DROP	FUNDING DEPOSIT ACCOUNT	ANNUITY RESERVE	PENSION ACCUMULATION	TOTAL
BALANCE - BEGINNING	\$ 64,068,947	\$ 26,601,723	\$ 1,735,500	\$ 251,250,187	\$ 175,337,091	\$ 518,993,448
REVENUES AND TRANSFERS:						
Employee contributions	6,895,027	-	-	-	-	6,895,027
Employer contributions	-	-	1,587,723	-	15,607,410	17,195,133
Net investment income	-	-	126,117	-	14,039,542	14,165,659
Tax collector contributions	-	-	-	-	9,937,779	9,937,779
Revenue sharing contributions	-	-	-	-	320,141	320,141
Repayment of refund	8,792	-	-	-	54,996	63,788
Miscellaneous income	-	-	-	-	32,638	32,638
Transfer from Annuity Savings	-	-	-	5,069,281	-	5,069,281
Transfer from Annuity Reserve	-	5,329,617	-	-	-	5,329,617
Transfer from another System	10,301	-	-	-	23,161	33,462
Actuarial transfer	-	-	-	52,728,987	-	52,728,987
	<u>6,914,120</u>	<u>5,329,617</u>	<u>1,713,840</u>	<u>57,798,268</u>	<u>40,015,667</u>	<u>111,771,512</u>
EXPENDITURES AND TRANSFERS:						
Refunds to terminated employees	963,484	-	-	-	-	963,484
Transfer to Annuity Reserve	5,069,281	-	-	-	-	5,069,281
Transfer to DROP	-	-	-	5,329,617	-	5,329,617
Pensions paid	-	-	-	27,384,439	-	27,384,439
Administrative	-	-	-	-	511,578	511,578
Depreciation	-	-	-	-	30,174	30,174
DROP benefits	-	2,687,184	-	-	-	2,687,184
Transfers to another system	69,773	-	-	-	136,754	206,527
Actuarial transfer	-	-	-	-	52,728,987	52,728,987
	<u>6,102,538</u>	<u>2,687,184</u>	<u>-</u>	<u>32,714,056</u>	<u>53,407,493</u>	<u>94,911,271</u>
NET INCREASE (DECREASE)	<u>811,582</u>	<u>2,642,433</u>	<u>1,713,840</u>	<u>25,084,212</u>	<u>(13,391,826)</u>	<u>16,860,241</u>
BALANCE - ENDING	<u>\$ 64,880,529</u>	<u>\$ 29,244,156</u>	<u>\$ 3,449,340</u>	<u>\$ 276,334,399</u>	<u>\$ 161,945,265</u>	<u>\$ 535,853,689</u>

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  
 SCHEDULES OF ADMINISTRATIVE EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
PERSONAL SERVICES:		
Board Member - per diem	\$ <u>2,850</u>	\$ <u>2,325</u>
PROFESSIONAL SERVICES:		
Accountant	39,273	26,809
Actuarial	71,302	41,100
Legal	21,842	11,911
Program consultant	<u>13,201</u>	<u>15,033</u>
	<u>145,618</u>	<u>94,853</u>
COMMUNICATION:		
Travel	<u>13,056</u>	<u>6,042</u>
OTHER:		
Bank charges	9,361	8,892
Insurance	24,510	19,301
Meetings and seminars	5,829	5,630
Miscellaneous	1,540	1,200
Postage and office supplies	1,616	4,162
Repairs and maintenance	<u>7,198</u>	<u>-</u>
	<u>50,054</u>	<u>39,185</u>
 TOTAL EXPENSES	 \$ <u><u>211,578</u></u>	 \$ <u><u>142,405</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, 2015 AND 2014

The per diem paid to the trustees is an expenditure of the Fund. For 2015 and 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 years ended June 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Rick Arceneaux	\$ 75	\$ -
Kay Bolding	300	150
Hart Bourque	150	225
Carl Broussard	225	300
Diane Meaux Broussard	300	225
David Dart	150	-
Cliff Dressel	300	300
Tammy Foster	300	300
Mark Graffeo	300	300
William Hodge	-	75
Robin Hooter	75	-
H. Lynn Jones	-	150
Gary Loftin	300	300
Holli Vining	375	-
	<u>\$ 2,850</u>	<u>\$ 2,325</u>

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS  
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER  
FOR THE YEAR ENDED JUNE 30, 2015

Agency Head: Debbie Hudnall

Salary	\$ 85,000
Travel	1,029
Registration fees	100
Conference travel	479
Special meals	360
Total	<u>\$ 86,968</u>



Duplantier  
Hrapmann  
Hogan &  
Maher, LLP

William G. Stamm, CPA  
Lindsay J. Calub, CPA, LLC  
Guy L. Duplantier, CPA  
Michelle H. Cunningham, CPA  
Dennis W. Dillon, CPA  
Grady C. Lloyd, III CPA

Heather M. Jovanovich, CPA  
Terri L. Kitto, CPA

Michael J. O'Rourke, CPA  
David A. Burgard, CPA  
Clifford J. Giffin, Jr., CPA

A.J. Duplantier, Jr., CPA  
(1919-1985)

Felix J. Hrapmann, Jr., CPA  
(1919-1990)

William R. Hogan, Jr., CPA  
(1920-1996)

James Maher, Jr., CPA  
(1921-1999)

**New Orleans**

1615 Poydras Street,  
Suite 2100  
New Orleans, LA 70112  
Phone: (504) 586-8866  
Fax: (504) 525-5888

**Northshore**

1290 Seventh Street  
Slidell, LA 70458  
Phone: (985) 641-1272  
Fax: (985) 781-6497

**Houma**

247 Corporate Drive  
Houma, LA 70360  
Phone: (985) 868-2630  
Fax: (985) 872-3833

**Napoleonville**

5047 Highway 1  
P.O. Box 830  
Napoleonville, LA 70390  
Phone: (985) 369-6003  
Fax: (985) 369-9941

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 5, 2015

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 (the Fund), as of and for the year ended June 30, 2015, 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 5, 2015.

**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***

New Orleans, Louisiana

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
SUMMARY SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

SUMMARY OF AUDITORS RESULTS:

1. The opinion issued on the financial statements of Louisiana Clerks' of Court Retirement and Relief Fund for the years ended June 30, 2015 and 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