

Louisiana Clerks' of Court
Retirement and Relief Fund

Financial Report
2016 and 2015



10202 Jefferson Highway, Building A
Baton Rouge, LA 70809

www.laclerksofcourt.org

**LOUISIANA CLERKS' OF COURT
RETIREMENT AND RELIEF FUND**

JUNE 30, 2016 AND 2015

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INDEPENDENT AUDITOR'S REPORT

November 28, 2016

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, as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the index to the report.

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, 2016 and 2015 and the respective 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 \$716,218,412 and \$685,856,837 at June 30, 2016 and 2015, 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, 2016 and 2015 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 the 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 operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fund's basic financial statements. The other supplementary information as listed in the index to the report is presented for the purposes of additional analysis and is not a required 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 28, 2016 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* 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, 2016 AND 2015**

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, 2016. 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 2016 by \$531,220,994. The net position restricted for pension benefits decreased by \$4,632,695 or .86%.
- Contributions to the plan by members and employers totaled \$24,239,454, an increase of \$149,294 or .62% over the prior year. The increase is due to an increase in salaries.
- Funds collected from ad valorem taxes within the respective parishes totaled \$10,177,239, an increase of \$239,460 or 2.41% from the prior year.
- Funds collected from state revenue sharing funds totaled \$312,307, a decrease of \$7,834 or 2.45% from the prior year.
- Net depreciation in the fair value of investments was \$(9,953,624) as of June 30, 2016 as compared to a net appreciation of \$6,909,438 as of June 30, 2015. During fiscal year 2016, the market was re-balanced resulting in significantly lower returns than in the previous year.
- The total return on the Fund's investments for the year ended June 30, 2016 was (.46)%. The Fund's total return was due primarily to the fluctuation in the total portfolio.
- Pension benefits paid to retirees and beneficiaries increased by \$2,169,226 or 7.92%. This increase is primarily due to increased number of retirees with higher wages.
- DROP benefits paid to participants increased by \$791,556 or 29.46% over the previous year.
- The annual cost per member was \$141 for the year ended June 30, 2016 and \$137 for the year ended June 30, 2015.

**LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

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, 2016 and 2015.

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.

Condensed Statements of Fiduciary Net Position
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash and investments	\$ 528,754,203	\$ 533,605,398
Receivables	3,075,270	3,094,944
Property and equipment	<u>810,799</u>	<u>840,015</u>
Total assets	532,640,272	537,540,357
Total liabilities	<u>1,419,278</u>	<u>1,686,668</u>
Net position restricted for pension benefits	<u>\$ 531,220,994</u>	<u>\$ 535,853,689</u>

Fiduciary net position decreased by .86% (\$531,220,994 as compared to \$535,853,689) All of these assets are restricted in use to provide monthly retirement allowances to members who contributed to the Fund as employees and their beneficiaries. The decrease in fiduciary net position was a result of the decrease in the value of investments due to an unfavorable market performance.

**LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

FINANCIAL ANALYSIS OF THE FUND: (Continued)

**Condensed Statements of Changes in Fiduciary Net Position
June 30, 2016 and 2015**

<u>Additions:</u>	<u>2016</u>	<u>2015</u>
Contributions	\$ 34,729,000	\$ 34,348,080
Net investment gain (loss)	(4,357,804)	14,165,659
Other	<u>179,794</u>	<u>129,888</u>
Total additions	<u>30,550,990</u>	<u>48,643,627</u>
Total deductions	<u>35,183,685</u>	<u>31,783,386</u>
Increase (decrease) in net position	<u>\$ (4,632,695)</u>	<u>\$ 16,860,241</u>

Additions to Fiduciary Net Position

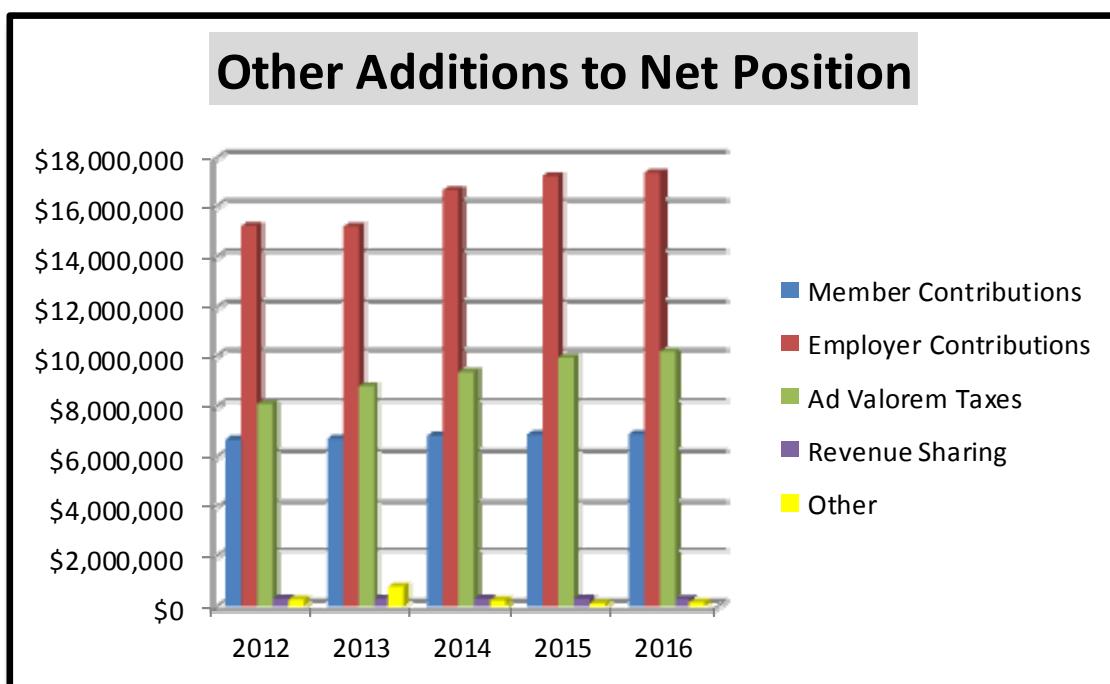
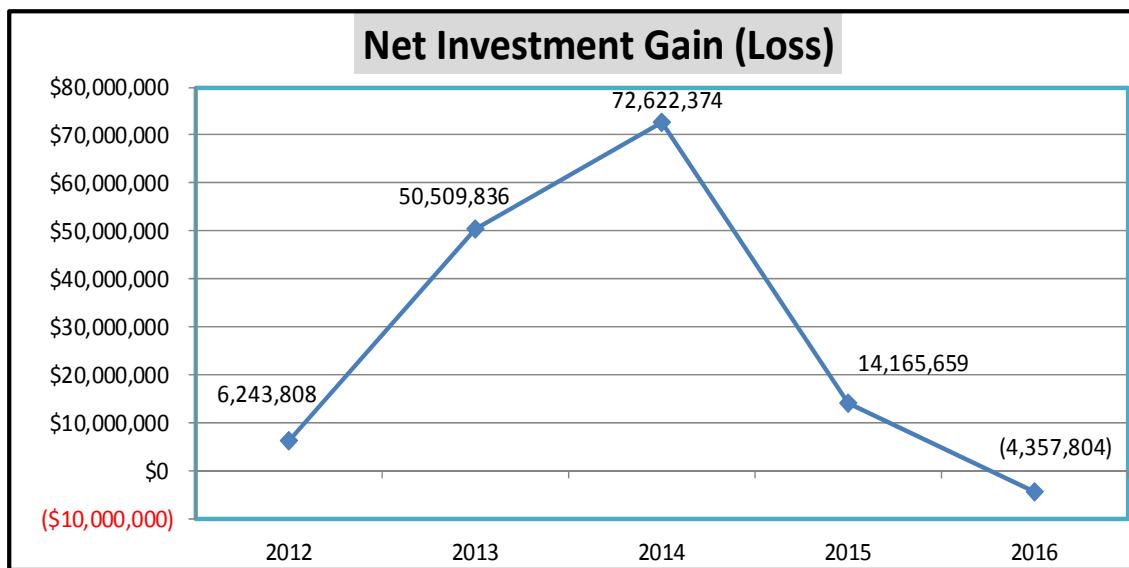
Additions to the Fund's fiduciary net position were derived from member and employer contributions and net investment income. Member contributions increased \$19,417 or .28% and employer contributions increased \$129,877 or .76%. The Fund experienced net investment (loss) income of \$(4,357,804) and \$14,165,659 in fiscal years ended June 30, 2016 and June 30, 2015, respectively.

	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>
			<u>Percentage</u>
Member contributions	\$ 6,914,444	\$ 6,895,027	0.28 %
Employer contributions	17,325,010	17,195,133	0.76 %
Ad valorem taxes	10,177,239	9,937,779	2.41 %
Revenue sharing	312,307	320,141	(2.45) %
Net investment gain (loss)	(4,357,804)	14,165,659	(130.76)%
Other additions	<u>179,794</u>	<u>129,888</u>	38.42 %
Total additions	<u>\$ 30,550,990</u>	<u>\$ 48,643,627</u>	

**LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

FINANCIAL ANALYSIS OF THE FUND: (Continued)

Additions to Fiduciary Net Position: (Continued)



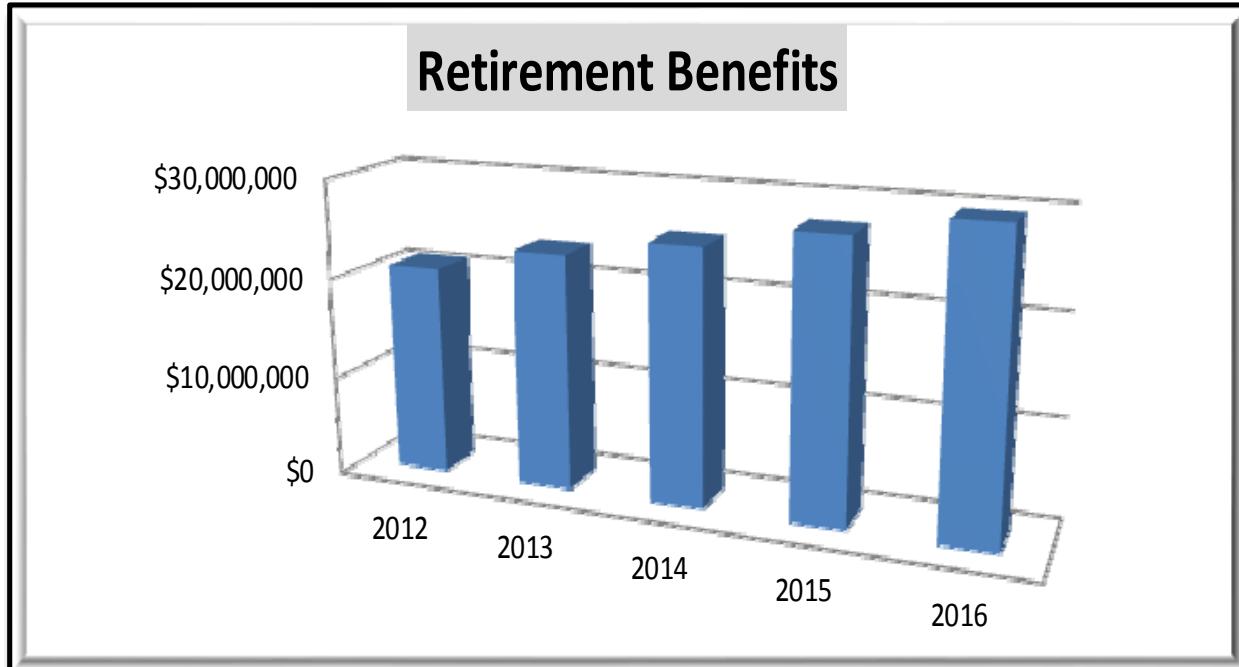
**LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

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 \$35,183,685 for fiscal year 2016 which is an increase of \$3,400,299, from fiscal year 2015. The increase was primarily due to the increase in retirement benefits.

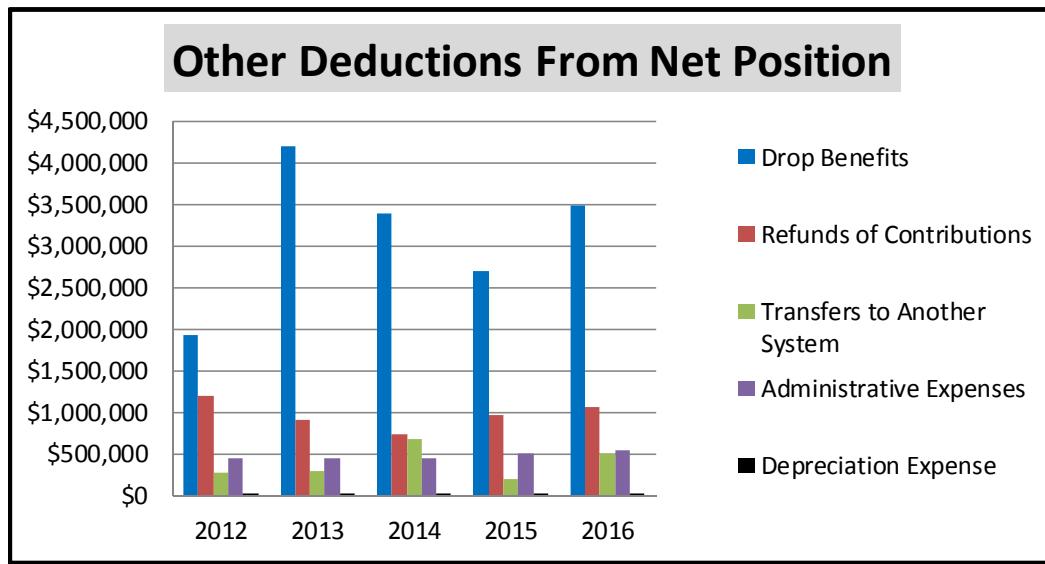
	<u>2016</u>	<u>2015</u>	Increase (Decrease) Percentage
Retirement benefits	\$ 29,553,665	\$ 27,384,439	7.92%
DROP benefits	3,478,740	2,687,184	29.46%
Refunds of contributions	1,068,211	963,484	10.87%
Transfers to another system	513,941	206,527	148.85%
Administrative expenses	539,912	511,578	5.54%
Depreciation	29,216	30,174	(3.17)%
Total deductions	<u>\$ 35,183,685</u>	<u>\$ 31,783,386</u>	



**LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

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, 2016 amounted to \$519,414,472 as compared to \$525,308,965 at June 30, 2015, which is a decrease of \$5,894,493 or 1.12%. The major contributing factor to this decrease was an unfavorable return in the markets. The Fund's investments in various markets at the end of the 2016 and 2015 fiscal years are as follows:

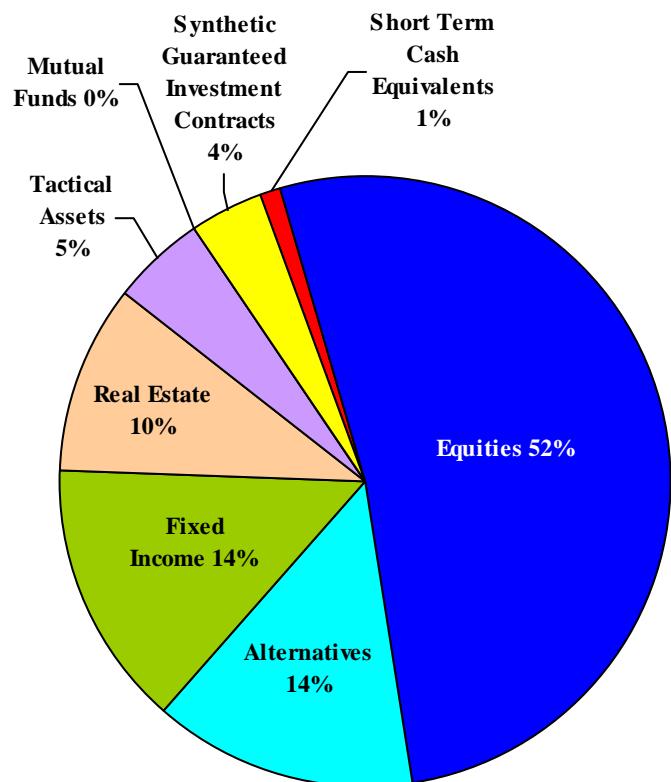
	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>
Investments – fair value:			
Short-term cash equivalents	\$ 5,403,865	\$ 7,025,374	(23.08)%
Equities	271,831,874	280,838,322	(3.21)%
Alternative investments	69,244,882	74,230,390	(6.72)%
Fixed income	72,780,758	68,888,480	5.65%
Real estate fund	53,284,848	49,247,848	8.20%
Tactical asset allocation	24,671,511	23,629,969	4.41%
Mutual funds	<u>1,406,746</u>	<u>1,309,220</u>	7.45%
	498,624,484	505,169,603	
Investments – contract value:			
Synthetic guaranteed investment contract	<u>20,789,988</u>	<u>20,139,362</u>	3.23%
Total Investments	\$ 519,414,472	\$ 525,308,965	

**LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

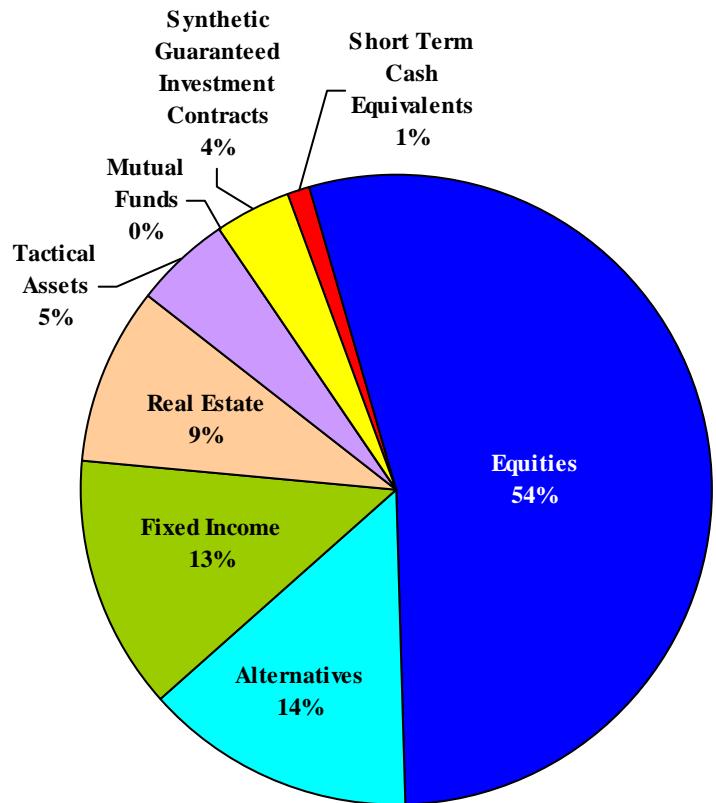
FINANCIAL ANALYSIS OF THE FUND: (Continued)

Investments: (Continued)

INVESTMENTS



2016



2015

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, 2016 AND 2015

	<u>ASSETS</u>	
	<u>2016</u>	<u>2015</u>
CASH:		
In bank	<u>\$ 9,339,731</u>	<u>\$ 8,296,433</u>
RECEIVABLES:		
Member contributions	508,440	479,019
Employer contributions	1,282,508	1,182,976
Investment receivable	1,200,584	1,346,618
Accrued interest and dividends	81,721	86,331
Miscellaneous receivables	<u>2,017</u>	-
Total receivables	<u>3,075,270</u>	<u>3,094,944</u>
INVESTMENTS AT FAIR VALUE:		
Short term cash equivalents	5,403,865	7,025,374
Equities	271,831,874	280,838,322
Fixed income	72,780,758	68,888,480
Real estate	53,284,848	49,247,848
Alternative investments	69,244,882	74,230,390
Tactical asset allocation investments	24,671,511	23,629,969
Mutual funds	<u>1,406,746</u>	<u>1,309,220</u>
Total investments at fair value	<u>498,624,484</u>	<u>505,169,603</u>
INVESTMENTS AT CONTRACT VALUE:		
Synthetic guaranteed investment contracts	<u>20,789,988</u>	<u>20,139,362</u>
Total investments at contract value	<u>20,789,988</u>	<u>20,139,362</u>
PROPERTY AND EQUIPMENT, NET	<u>810,799</u>	<u>840,015</u>
Total assets	<u>532,640,272</u>	<u>537,540,357</u>
	<u>LIABILITIES AND NET POSITION</u>	
LIABILITIES:		
Accounts payable	491,776	551,991
Investment payable	765,232	940,883
Deferred rent	162,270	193,794
Total liabilities	<u>1,419,278</u>	<u>1,686,668</u>
NET POSITION - RESTRICTED FOR PENSION BENEFITS	<u>\$531,220,994</u>	<u>\$535,853,689</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, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
ADDITIONS:		
Contributions:		
Member	\$ 6,914,444	\$ 6,895,027
Employer	17,325,010	17,195,133
Ad valorem tax	10,177,239	9,937,779
Revenue sharing	312,307	320,141
Total contributions	<u>34,729,000</u>	<u>34,348,080</u>
Investment income (loss):		
Net appreciation (depreciation) in fair value of investments	(9,953,624)	6,909,438
Interest income	440,536	579,686
Dividend income	<u>7,908,836</u>	<u>9,565,106</u>
	<u>(1,604,252)</u>	<u>17,054,230</u>
Less: Investment expense:		
Custodial fees	48,629	49,077
Money manager fees	2,576,556	2,710,295
Consultant fees	<u>128,367</u>	<u>129,199</u>
	<u>2,753,552</u>	<u>2,888,571</u>
Net investment income (loss)	<u>(4,357,804)</u>	<u>14,165,659</u>
Other additions:		
Transfer fees collected	200	500
Refund pay back	50,404	63,788
Transfers from another system	97,682	33,462
Miscellaneous	<u>31,508</u>	<u>32,138</u>
Total other additions	<u>179,794</u>	<u>129,888</u>
Total additions	<u>30,550,990</u>	<u>48,643,627</u>
DEDUCTIONS:		
Annuity benefits	29,299,157	27,181,920
Disability benefits	254,508	202,519
Refund to terminated employees	1,068,211	963,484
DROP benefits	3,478,740	2,687,184
Transfer to another system	513,941	206,527
Reimbursement to affiliate for administrative expenses	330,000	300,000
Administrative expenses	209,912	211,578
Depreciation	<u>29,216</u>	<u>30,174</u>
Total deductions	<u>35,183,685</u>	<u>31,783,386</u>
NET (DECREASE) INCREASE	<u>(4,632,695)</u>	<u>16,860,241</u>
NET POSITION - RESTRICTED FOR PENSION BENEFITS:		
Beginning of year	535,853,689	518,993,448
END OF YEAR	<u>\$ 531,220,994</u>	<u>\$ 535,853,689</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, 2016 AND 2015

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 Retirement 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.

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.

New Accounting Standard:

During the year ended June 30, 2016, the Fund adopted the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*. As noted above, GASB Statement No. 72 established new standards on reporting fair value using the fair value hierarchy including inputs used to determine the fair value. GASB 72 is retroactive and has been applied to the June 30, 2015 financial statements and footnotes.

Investments:

As required by GASB 72, investments are reported at fair value. Fair value is described as an exit price. This statement requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (Continued)

Accounting Policies: (Continued)

Investments: (Continued)

value. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. This statement establishes a hierarchy of inputs to valuation techniques used to measure fair value. That hierarchy has three levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs – other than quoted prices – included within Level 1 that are observable for the asset or liability, whether directly or indirectly. Finally, Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security. This statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. These disclosures are organized by type of asset or liability. GASB 72 also requires additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent). These disclosures are located in Note 5.

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.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Revenue and Expenditures: (Continued)

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.

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, 2016 and 2015, participating employers consisted of the following:

	<u>2016</u>	<u>2015</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	<u>75</u>	<u>75</u>

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

2. PLAN DESCRIPTION: (Continued)

As of June 30, 2016 and 2015, plan membership consisted of the following:

	<u>2016</u>	<u>2015</u>
Inactive plan members or beneficiaries currently receiving benefits	1,235	1,173
Inactive plan members entitled to but not yet receiving benefits	581	549
Active plan members	<u>2,208</u>	<u>2,234</u>
 Total Plan Membership	 <u>4,024</u>	 <u>3,956</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, 2016 AND 2015

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.

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

**LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

2. PLAN DESCRIPTION: (Continued)

Deferred Retirement Option Plan (DROP): (Continued)

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.

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.

**LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

3. **CONTRIBUTIONS AND RESERVES:** (Continued)

Contributions: (Continued)

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, 2016 and 2015 was 14.37% and 17.3%, respectively. The actual employer contribution rate for the fiscal years ended June 30, 2016 and 2015 was 19%.

In accordance with state statute the Fund also receives $\frac{1}{4}$ 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, 2016 and 2015 was \$63,386,213 and \$64,880,529, respectively.

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, 2016 and 2015 was \$126,396,704 and \$161,945,265, respectively.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

3. **CONTRIBUTIONS AND RESERVES:** (Continued)

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, 2016 and 2015 was \$302,393,394 and \$276,334,399, 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, 2016 and 2015 was \$31,303,257 and \$29,244,156, 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, 2016 and 2015 was \$7,741,426 and \$3,449,340, respectively.

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, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Total Pension Liability	\$ 716,218,412	\$ 685,856,837
Plan Fiduciary Net Position	<u>531,220,994</u>	<u>535,853,689</u>
Employers' Net Pension Liability	<u>\$ 184,997,418</u>	<u>\$ 150,003,148</u>

Plan Fiduciary Net Position as a % of
the Total Pension Liability 74.17% 78.13%

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

4. NET PENSION LIABILITY OF EMPLOYERS: (Continued)

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, 2016 and 2015 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 years ended June 30, 2016 and 2015, unless otherwise specified. In cases where benefits structures were changed after the experience study period, assumptions were based on estimates of future experiences.

Information on the actuarial methods and assumptions used in determining the total net pension liability as of June 30, 2016 and 2015 is as follows:

Valuation Date	June 30, 2016	June 30, 2015
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.00%	7.00%
Inflation Rate	2.50%	2.50%
Salary Increases	5.00%	5.00%
Mortality Rate - Active Members	RP 2000 employee table set back 4 years for males and 3 years for females	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	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.	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, 2016 AND 2015

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 7.20%, for the year ended June 30, 2016 and 7.90% for the year ended June 30, 2015. 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, 2016 and 2015 are summarized in the following table:

Asset Class	2016		2015	
	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%	1.00%	5.0%	1.75%
Core plus fixed income	15.0%	1.50%	15.0%	2.25%
Domestic Equity:				
Large cap domestic equity	21.0%	4.25%	21.0%	4.50%
Non-large cap domestic equity	7.0%	4.00%	7.0%	4.25%
International Equity:				
Large cap international equity	15.5%	5.25%	14.0%	5.25%
Small cap international equity	5.00%	5.00%	6.5%	5.00%
Emerging markets	6.5%	7.25%	6.5%	7.25%
Real Estate	10.0%	4.75%	10.0%	5.50%
Master Limited Partnerships	5.0%	6.50%	5.0%	6.50%
Hedge Funds	10.0%	3.50%	10.0%	4.50%
	100.0%		100.0%	

The discount rate used to measure the total pension liability was 7.00% for the years ended June 30, 2016 and 2015. 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

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

4. NET PENSION LIABILITY OF EMPLOYERS: (Continued)

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, 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.

	<u>Changes in Discount Rate</u>		
	Current		
	1% Decrease <u>6.00%</u>	Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
2016 Net Pension Liability	<u>\$ 263,247,880</u>	<u>\$ 184,997,418</u>	<u>\$ 118,578,494</u>
2015 Net Pension Liability	<u>\$ 225,984,137</u>	<u>\$ 150,003,148</u>	<u>\$ 85,520,345</u>

5. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS:

Following are the components of the Fund's deposits, cash equivalents and investments at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Deposits (bank balance)	\$ 9,347,940	\$ 8,337,469
Cash equivalents	5,403,865	7,025,374
Investments	<u>514,010,607</u>	<u>518,283,591</u>
	<u>\$ 528,762,412</u>	<u>\$ 533,646,434</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, 2016 AND 2015

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

Cash Equivalents:

The Fund invested in cash equivalents at June 30, 2016 and 2015 in the amount of \$5,403,865 and \$7,025,374, respectively. Cash equivalents in the amount of \$3,882,828 and \$5,507,956 as of June 30, 2016 and 2015, respectively, consist of federated U.S. treasury cash reserves held in the nominee name. Cash equivalents at June 30, 2016 and 2015 in the amount of \$1,521,037 and \$1,517,418, 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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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

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 \$20,789,988 and \$20,139,362 as of June 30, 2016 and 2015, respectively. The market value is unknown as of June 30, 2016 and 2015.

Fair Value Disclosures:

Louisiana Clerks' of Court Retirement and Relief Fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Fund has the following recurring fair value measurements as of June 30, 2016 and 2015, respectively:

	6/30/2016	Fair Value Measurements Using		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
Cash Equivalents	\$ 5,403,865	\$ -	\$ 5,403,865	\$ -
Equity Securities				
Large Cap	62,974,858	62,974,858	-	-
Small Cap	33,819,178	33,819,178	-	-
Total Equity Securities	<u>96,794,036</u>	<u>96,794,036</u>	-	-
Mutual funds	1,406,746	1,406,746	-	-
Total Investments at FV Level	<u>\$ 103,604,647</u>	<u>\$ 98,200,782</u>	<u>\$ 5,403,865</u>	<u>\$ -</u>
Investments measured at the Net Asset Value (NAV):				
Aggregate Bond Index Fund	\$ 22,395,100			
Commingled Pools	75,057,169			
Hedge Funds	44,982,705			
International Equity	175,037,838			
Private Equity -				
Master Limited Partnerships	24,262,177			
Real Estate	53,284,848			
Total Investments at NAV	<u>\$ 395,019,837</u>			
Total Investments at Fair Value	<u>\$ 498,624,484</u>			

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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

Fair Value Disclosures: (Continued)

	6/30/2015	Fair Value Measurements Using		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
Cash Equivalents	\$ 7,025,374	\$ -	\$ 7,025,374	\$ -
Equity Securities				
Large Cap	68,598,976	68,598,976	-	-
Small Cap	35,909,859	35,909,859	-	-
Total Equity Securities	<u>104,508,835</u>	<u>104,508,835</u>	<u>-</u>	<u>-</u>
Mutual funds	<u>1,309,220</u>	<u>1,309,220</u>	<u>-</u>	<u>-</u>
Total Investments at FV Level	<u>\$ 112,843,429</u>	<u>\$ 105,818,055</u>	<u>\$ 7,025,374</u>	<u>\$ -</u>
Investments measured at the Net Asset Value (NAV):				
Aggregate Bond Index Fund	\$ 21,121,943			
Commingled Pools	71,396,506			
Hedge Funds	46,236,860			
International Equity	176,329,487			
Private Equity -				
Master Limited Partnerships	27,993,530			
Real Estate	49,247,848			
Total Investments at NAV	<u>\$ 392,326,174</u>			
Total Investments at Fair Value	<u>\$ 505,169,603</u>			

Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Cash equivalents classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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

Fair Value Disclosures: (Continued)

The unfunded commitments and redemption terms for investments measured at the net asset value (NAV) per share (or its equivalents) as of June 30, 2016 is presented in the following table:

	Fair Value 2016	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Aggregate Bond Index Fund	\$ 22,395,100	-	Daily	2 days
Commingled Pools	75,057,169	-	Daily	5 days
Hedge Funds	44,982,705	-	Quarterly, Bi-Annually	65-95 days
International Equity	175,037,838	-	Daily, Monthly	None - 30 days
Private Equity - Master				
Limited Partnerships	24,262,177	-	Daily	Not required
Real Estate	53,284,848	-	Quarterly	90 days
Total Investments at NAV	<u>\$ 395,019,837</u>			

The unfunded commitments and redemption terms for investments measured at the net asset value (NAV) per share (or its equivalents) as of June 30, 2015 is presented in the following table.

	Fair Value 2015	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Aggregate Bond Index Fund	\$ 21,121,943	-	Daily	2 days
Commingled Pools	71,396,506	-	Daily	5 days
Hedge Funds	46,236,860	-	Quarterly, Bi-Annually	65-95 days
International Equity	176,329,487	-	Daily, Monthly	None - 30 days
Private Equity - Master				
Limited Partnerships	27,993,530	-	Daily	Not required
Real Estate	49,247,848	-	Quarterly	90 days
Total Investments at NAV	<u>\$ 392,326,174</u>			

Aggregate Bond Index Fund:

This type includes investments in one SSgA U.S. Aggregate Bond Index Non-Lending Fund. State Street Fund is a passive mandate managed around the Barclays US Aggregate Index utilizing stratified sampling replication methodologies. The Fund attempts to achieve its investment objective by investing in other collective investment funds. The fair value of the investments in these funds has been determined using the NAV per share (or equivalent) of the investments. The redemption notice period is 2 days with daily redemptions available.

Commingled Pools:

This type includes investments in two commingled pool funds. The strategy of Pyramis Core Plus is a duration neutral approach focused on bottom-up, fundamental credit analysis. It is a

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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

Fair Value Disclosures: (Continued)

Commingled Pools: (Continued)

benchmark aware strategy with the ability to add value through constrained allocations to a broad opportunity set of “plus” sectors. Pyrmais Tactical fund has a flexible strategy with ability to add value through managing duration and allowing a broader allowable opportunity set than more traditional, benchmark constrained managers resulting in a true “best idea” fixed income portfolio. The fair value of the investments in these funds has been determined using the NAV per share (or equivalent) of the investments. The redemption notice period is 5 days with daily redemptions available.

Hedge Funds:

This type includes investments in three hedge funds. 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. Blackstone fund is a diversified global multi-strategy hedge fund of funds. The product has investments in 100+ managers across different sub-styles typically. The portfolio is designed to target superior risk-adjusted returns with an emphasis on capital preservation. Magnitude fund is a diversified global multi-strategy hedge fund of funds with a relative value orientation. The investment strategy is to identify managers with an uncommon opportunity set and tangible edge in their strategy, while exhibiting low passive risks and providing diversification to market shocks as well as other strategies in the portfolio. UBP fund (Selectinvest) is a non-directional product and its 30-40 managers are positioned to exploit pricing anomalies and value opportunities, not directional market moves. UBP Fund invests in arbitrage (convertible, merger, fixed income, event-driven, and distressed) strategies. UBP fund seeks to produce consistent above-average, risk-adjusted long-term rates of return with low correlation relative to the traditional equity and fixed-income markets. UBP fund has been fully liquidated March 2016. The fair value of the investments in these funds has been determined using the NAV per share (or equivalent) of the investments.

International Equity:

This type includes investments in six international equity funds. AJO fund uses disciplined, valuation-based, quantitative approach which utilizes its nimble asset base to target companies with improving fundamentals and price momentum. The strategy targets securities deemed attractive based on valuation, management track-record, and momentum. The portfolio of LSV fund is country neutral to the index and value is added through stock selection. The portfolio decision-making process is primarily quantitative and driven by a proprietary model that consists of three groups of factors: value multiples (cash flow-to-price and book-to-market), long-term past performance (changes in stock price and earnings over the previous five years; poor performance ranked highly), and price momentum factors (near-term performance expectations; is the market beginning to change its assessment). At least 65% of the model will consist of value-related factors. Mondrian fund executes a value-oriented fundamental strategy, with macro/country selection

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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

Fair Value Disclosures: (Continued)

International Equity: (Continued)

secondary; deep team resource and stable growth along with steady returns in segment. The strategy is closed to new investors. Mondrian fund was redeemed from in August 2015. QMA's US core Equity team employs an active, systematic, bottom-up investment process based on company fundamentals to determine the relative attractiveness of all stocks within a broad universe using their proprietary stock selection model. Vontobel fund uses bottom-up, fundamental process that looks for well-managed quality companies, exhibiting high ROE, and good track records of cash flow allocation. The strategy is heavily invested in companies exposed to emerging markets consumption. William Blair (Small Cap) fund Quality growth focus, blending quantitative tools and qualitative analysis. Quant tools help guide overall factor exposures and narrow the team's universe. Analysts are tasked with identifying companies with sustainable earnings growth, high ROE and strong management track records. The fair value of the investments in these funds has been determined using the NAV per share (or equivalent) of the investments.

Private Equity – Master Limited Partnerships:

This type includes investments in two master limited partnerships. Private equity is an asset class consisting of equity securities and debt in operating companies that are not publicly traded on a stock exchange. Private equity funds employ a combination of strategies to earn superior risk-adjusted returns. 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. The redemption notice period for Harvest fund is not explicitly required, but is preferred 2 days in advance with daily redemptions available. The redemption notice period for Tortoise fund is not required, settlement for withdrawal is T+3 with daily redemptions available. The fair value of the investments in these funds has been determined using the NAV per share (or equivalent) of the investments.

Real Estate Fund:

This type includes investments in one real estate fund. Clarion (Core Real Estate) is an open-ended, private perpetual life comingled investment fund. The investment strategy is diversified primarily institutional quality real estate assets and real estate-related investments within the United States. Clarion seeks to actively manage investments through continuous examination of real estate cycles, national and regional market fundamentals, and property characteristics to emphasize sectors of relative value. The fair value of the investments in these funds has been determined using the NAV per share (or equivalent) of the investments.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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

Money-Weighted Rate of Return:

During the years ended June 30, 2016 and 2015, the annual money-weighted rate of return on the Fund's investments, net of investment expense, was (.54)% and 2.62%, 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, 2016 and 2015, there were no investment holdings that exceeded the Fund's concentration of credit risk investment policy.

The investment policy states that the allocation to international equities will be made by investing in a commingled or mutual fund. Exposure to emerging market countries within developed international funds should not exceed 20% of the portfolio. In addition, investments in international large cap equity, small cap equity and emerging markets cannot exceed 20.5%, 10% and 11.5%, respectively, of the portfolio. The Fund invested in several international equity funds which had a total market value of \$126,472,631 and \$123,847,217 at June 30, 2016 and 2015, 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, 2016 and 2015 for investments in the amount of \$514,010,607 and \$518,283,591, respectively, since these investments are in the name of the Fund. The Fund was exposed to custodial credit risk in the amount of \$3,882,828 and \$5,507,956 at June 30, 2016 and 2015, 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.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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

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, 2016, 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	\$22,395,100	AA2	7.78 years
Pyramis Core Commingled Fund	\$50,385,658	A	8.42 years
Pyramis Tactical Plus Commingled Bond Pool	\$24,671,511	BBB	9.48 years

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

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, 2016 and 2015 was \$31,524 and \$30,906, respectively. There is no formal lease between the related parties.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

6. RELATED PARTIES: (Continued)

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 \$330,000 and \$300,000 for shared expenses for the years ended June 30, 2016 and 2015, respectively.

7. PROPERTY AND EQUIPMENT:

Changes in property and equipment for the year ended June 30, 2016 are as follows:

	<u>07/01/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>06/30/16</u>
Land	\$ 284,023	\$ -	\$ -	\$ 284,023
Office Building	494,086	-	-	494,086
Office Equipment	16,343	-	-	16,343
Furniture & Fixtures	80,674	-	-	80,674
Software	28,999	-	-	28,999
Subtotal	904,125	-	-	904,125
Accumulated Depreciation	(64,110)	(29,216)	-	(93,326)
Net Property and Equipment	<u>\$ 840,015</u>	<u>\$ (29,216)</u>	<u>\$ -</u>	<u>\$ 810,799</u>

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>6/30/2015</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	957,642	6,824	(60,341)	904,125
Accumulated Depreciation	(94,277)	(30,174)	60,341	(64,110)
Net Property and Equipment	<u>\$ 863,365</u>	<u>\$ (23,350)</u>	<u>\$ -</u>	<u>\$ 840,015</u>

Depreciation expense for the years ended June 30, 2016 and 2015 was \$29,216 and \$30,174, respectively.

8. TAX QUALIFICATION:

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

9. RECLASSIFICATIONS:

Certain reclassifications have been made to the 2015 comparative information to conform to the 2016 presentation. Such reclassifications had no effect on the change in net assets.

REQUIRED SUPPLEMENTARY INFORMATION

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF CHANGES IN NET PENSION LIABILITY
FOR THE THREE YEARS ENDED JUNE 30, 2016

	<u>2016</u>	<u>2015</u>	<u>2014</u>	
Total Pension Liability:				
Service Cost	\$ 14,583,080	\$ 14,909,285	\$ 14,108,218	
Interest	47,846,207	47,379,127	45,607,263	
Changes of Benefit Terms	-	-	3,790,830	
Differences Between Expected and Actual Experience	2,359,911	(8,215,690)	(3,418,653)	
Changes of Assumptions	-	9,016,237	14,959,618	
Retirement Benefits	(33,032,405)	(30,071,623)	(28,629,491)	
Refunds of Member Contributions	(1,068,211)	(963,484)	(730,697)	
Other	(327,007)	(76,639)	(414,096)	
Net Change in Total Pension Liability	30,361,575	31,977,213	45,272,992	
 Total Pension Liability - Beginning	 685,856,837	 653,879,624	 608,606,632	
Total Pension Liability - Ending (a)	\$ 716,218,412	\$ 685,856,837	\$ 653,879,624	
 Plan Fiduciary Net Position:				
Contributions - Member	\$ 6,914,444	\$ 6,895,027	\$ 6,850,006	
Contributions - Employer	17,325,010	17,195,133	16,642,988	
Contributions - Non-Employer Contributing Entities	10,489,546	10,257,920	9,687,222	
Net Investment Income (Loss)	(4,357,804)	14,165,659	72,622,374	
Retirement Benefits	(33,032,405)	(30,071,623)	(28,629,491)	
Refunds of Member Contributions	(1,068,211)	(963,484)	(730,697)	
Administrative Expenses	(569,128)	(541,752)	(465,639)	
Other	(334,147)	(76,639)	(414,096)	
Net Change in Plan Fiduciary Net Position	(4,632,695)	16,860,241	75,562,667	
 Plan Fiduciary Net Position - Beginning	 535,853,689	 518,993,448	 443,430,781	
Plan Fiduciary Net Position - Ending (b)	\$ 531,220,994	\$ 535,853,689	\$ 518,993,448	
 Net Pension Liability - Ending (a) - (b)	 \$ 184,997,418	 \$ 150,003,148	 \$ 134,886,176	
 Plan Fiduciary Net Position as a % of Total Pension Liability		74.17%	78.13%	79.37%
 Covered Employee Payroll	 \$ 91,184,263	 \$ 90,500,700	 \$ 89,962,097	
 Net Pension Liability as a % of Covered Employee Payroll		 202.88%	 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 THREE YEARS ENDED JUNE 30, 2016

	Total Pension Liability	Plan's Fiduciary Net Postion	Employers' Net Pension Liability	Plan's Fiduciary Net Position as a % of Total Pension Liability	Covered Employee Payroll	Net Pension Liability as a % of Covered Employee Payroll
2016	\$ 716,218,412	\$ 531,220,994	\$ 184,997,418	74.17%	\$91,184,263	202.88%
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.

SCHEDULES OF CONTRIBUTIONS
EMPLOYER AND NON-EMPLOYER CONTRIBUTING ENTITIES
FOR THE THREE YEARS ENDED JUNE 30, 2016

<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>
2016	\$ 26,457,181	\$ 27,814,556	\$(1,357,375)	\$ 91,184,263	30.50%
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 THREE YEARS ENDED JUNE 30, 2016**

Annual Money-Weighted <u>Rate of Return*</u>	
2016	-0.54%
2015	2.62%
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, 2016, 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, 2016, 2015 AND 2014

6. CHANGES IN ACTUARIAL ASSUMPTIONS:

For the year ended June 30, 2016, 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, 2016	June 30, 2015	June 30, 2014
Investment Rate of Return	7.00%	7.00%	7.25%
Inflation Rate	2.50%	2.50%	2.75%
Salary Increases	5.00%	5.00%	5.75%
Mortality Rate - Active Members	RP 2000 employee table set back 4 years for males and 3 years for females	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	RP 2000 healthy annuitant table set forward 1 year for males and projected to 2030 for males and	--
Mortality Rate - Active Members, Annuitant and Beneficiary	--	--	RP2000 combined healthy mortality table set back 3 years for males and 1 year for females

OTHER SUPPLEMENTARY INFORMATION

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
SUPPLEMENTARY INFORMATION
STATEMENT OF CHANGES IN RESERVE BALANCES
JUNE 30, 2016

	FUNDING						<u>TOTAL</u>
	<u>ANNUITY SAVINGS</u>	<u>DROP</u>	<u>DEPOSIT ACCOUNT</u>	<u>ANNUITY RESERVE</u>	<u>PENSION ACCUMULATION</u>		
BALANCE - BEGINNING	\$ 64,880,529	\$ 29,244,156	\$ 3,449,340	\$ 276,334,399	\$ 161,945,265		\$ 535,853,689
REVENUES AND TRANSFERS:							
Employee contributions	6,914,444	-	-	-	-		6,914,444
Employer contributions	-	-	4,050,632	-	13,274,378		17,325,010
Net investment income (loss)	-	-	241,454	-	(4,599,258)		(4,357,804)
Tax collector contributions	-	-	-	-	10,177,239		10,177,239
Revenue sharing contributions	-	-	-	-	312,307		312,307
Repayment of refund	5,009	-	-	-	45,395		50,404
Miscellaneous income	-	-	-	-	31,708		31,708
Transfer from Annuity Savings	-	-	-	7,249,992	-		7,249,992
Transfer from Annuity Reserve	-	5,537,841	-	-	-		5,537,841
Transfer from another System	27,937	-	-	-	69,745		97,682
Actuarial transfer	-	-	-	53,900,509	-		53,900,509
	<u>6,947,390</u>	<u>5,537,841</u>	<u>4,292,086</u>	<u>61,150,501</u>	<u>19,311,514</u>		<u>97,239,332</u>
EXPENDITURES AND TRANSFERS:							
Refunds to terminated employees	1,068,211	-	-	-	-		1,068,211
Transfer to Annuity Reserve	7,249,992	-	-	-	-		7,249,992
Transfer to DROP	-	-	-	5,537,841	-		5,537,841
Pensions paid	-	-	-	29,553,665	-		29,553,665
Administrative	-	-	-	-	539,912		539,912
Depreciation	-	-	-	-	29,216		29,216
DROP benefits	-	3,478,740	-	-	-		3,478,740
Transfers to another system	123,503	-	-	-	390,438		513,941
Actuarial transfer	-	-	-	-	53,900,509		53,900,509
	<u>8,441,706</u>	<u>3,478,740</u>	<u>-</u>	<u>35,091,506</u>	<u>54,860,075</u>		<u>101,872,027</u>
NET INCREASE (DECREASE)	<u>(1,494,316)</u>	<u>2,059,101</u>	<u>4,292,086</u>	<u>26,058,995</u>	<u>(35,548,561)</u>		<u>(4,632,695)</u>
BALANCE - ENDING	<u>\$ 63,386,213</u>	<u>\$ 31,303,257</u>	<u>\$ 7,741,426</u>	<u>\$ 302,393,394</u>	<u>\$ 126,396,704</u>		<u>\$ 531,220,994</u>

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

	FUNDING					
	<u>ANNUITY</u>	<u>DEPOSIT</u>	<u>ANNUITY</u>	<u>PENSION</u>		
	<u>SAVINGS</u>	<u>DROP</u>	<u>ACCOUNT</u>	<u>RESERVE</u>	<u>ACCUMULATION</u>	<u>TOTAL</u>
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
	6,914,120	5,329,617	1,713,840	57,798,268	40,015,667	111,771,512
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
	6,102,538	2,687,184	-	32,714,056	53,407,493	94,911,271
NET INCREASE (DECREASE)	811,582	2,642,433	1,713,840	25,084,212	(13,391,826)	16,860,241
BALANCE - ENDING	\$ 64,880,529	\$ 29,244,156	\$ 3,449,340	\$ 276,334,399	\$ 161,945,265	\$ 535,853,689

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
SUPPLEMENTARY INFORMATION
SCHEDULES OF ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
PERSONAL SERVICES:		
Board Member - per diem	\$ <u>3,000</u>	\$ <u>2,850</u>
PROFESSIONAL SERVICES:		
Accountant	41,842	39,273
Actuarial	68,720	71,302
Legal	18,366	21,842
Program consultant	<u>12,544</u>	<u>13,201</u>
	<u>141,472</u>	<u>145,618</u>
COMMUNICATION:		
Travel	<u>5,772</u>	<u>13,056</u>
OTHER:		
Bank charges	9,674	9,361
Insurance	25,496	24,510
Meetings and seminars	6,801	5,829
Miscellaneous	6,247	1,540
Postage and office supplies	3,743	1,616
Repairs and maintenance	<u>7,707</u>	<u>7,198</u>
	<u>59,668</u>	<u>50,054</u>
TOTAL EXPENSES	<u>\$ 209,912</u>	<u>\$ 211,578</u>

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
SUPPLEMENTARY INFORMATION
SCHEDULES OF PER DIEM PAID TO TRUSTEES
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

The per diem paid to the trustees is an expenditure of the Fund. For 2016 and 2015 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, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Steve Andrews	\$ 75	\$ -
Rick Arceneaux	300	75
Kay Bolding	300	300
Hart Bourque	-	150
Carl Broussard	-	225
Diane Meaux Broussard	225	300
David Dart	375	150
Cliff Dressel	300	300
Tammy Foster	-	300
Mark Graffeo	375	300
Robin Hooter	375	75
Gary Loftin	-	300
Jim Martin	300	-
Holli Vining	375	375
	<u><u>\$ 3,000</u></u>	<u><u>\$ 2,850</u></u>

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO THE AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2016

Agency Head: Holli Vining, President of the Board of Trustees
(July 1, 2015 - April 30, 2016)

Per diem	\$	300
Registration fees		100
Conference travel		660
Special meals		<u>270</u>
 Total	\$	<u>1,330</u>

Agency Head: David Dart, President of the Board of Trustees
(May 1, 2016 - June 30, 2016)

Per diem	\$	75
Registration fees		100
Conference travel		-
Special meals		<u>112</u>
 Total	\$	<u>287</u>



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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 28, 2016

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 financial statements of Louisiana Clerks' of Court Retirement and Relief Fund (the Fund), as of and for the year ended June 30, 2016, 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 28, 2016.

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, contracts, and grant agreements, 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, 2016 AND 2015**

SUMMARY OF AUDITORS RESULTS:

1. The opinions issued on the financial statements of Louisiana Clerks' of Court Retirement and Relief Fund for the years ended June 30, 2016 and 2015 were 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