

## R E P O R T

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

JUNE 30, 2004 AND 2003

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12-22-04

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

JUNE 30, 2004 AND 2003

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## INDEPENDENT AUDITOR'S REPORT

August 18, 2004

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

We have audited the accompanying statements of plan net assets of the Louisiana Clerks' of Court Retirement and Relief Fund as of June 30, 2004 and 2003, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Clerks' of Court Retirement and Relief Fund as of June 30, 2004 and 2003 and the results of operations and changes in net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the Louisiana Clerks' of Court Retirement & Relief Fund adopted the provisions of the Governmental Accounting Standards Board Statement Number 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, during the year ended June 30, 2003.

Management's discussion and analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

We have audited the financial statements of the Fund for the years ending June 30, 2004 and 2003 and issued our unqualified opinion on such financial statements. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The required statistical information on pages 25 – 27 and the supplemental schedules listed on pages 21 - 24 are presented for the purposes of additional analysis and are not a part of the basic financial statements. However, such required statistical information for the years ending June 30, 1999 – 2004 and supplemental schedules for the years ending June 30, 2004 and 2003 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 18, 2004 on our consideration of the Louisiana Clerks' of Court Retirement and Relief Fund's internal control over financial reporting and on its compliance with laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

**Duplantier, Hrapmann, Hogan & Maher, L.L.P.**

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2004

The Management's Discussion and Analysis of the Louisiana Clerks' of Court Retirement and Relief Fund financial performance presents a narrative overview and analysis of the Louisiana Clerks' of Court Retirement and Relief Fund's financial activities for the year ended June 30, 2004. This document focuses on the current year's activities, resulting changes, currently known facts in comparison with the prior year's information. Please read this document in conjunction with the information contained in the financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS:

- The Louisiana Clerks' of Court Retirement and Relief Fund's assets exceeded its liabilities at the close of fiscal year 2004 by \$234,052,785 which represents an increase from last fiscal year. The net assets held in trust for pension benefits increased by \$30,785,673 or 15.1%. The increase was due primarily to the positive return in the markets.
- Contributions to the plan by members and employers totaled \$13,712,016, an increase of \$1,662,196 or 13.81% over the prior year.
- Funds collected from ad valorem taxes within the respective parishes totaled \$4,584,685, an increase of \$265,314 or 6.14% over the prior year.
- Funds collected from state revenue sharing funds totaled \$320,675, an increase of \$1,628 or 0.51% from the prior year.
- Net change in the fair value of investments reflected a net increase of \$2,151,446. The increase was due primarily to the positive return in the markets.
- The rate of return on the System's investments for the year ended June 30, 2004 was a positive 12.3% based on the market value. This is due primarily to a positive return in the markets.
- Pension benefits paid to retirees and beneficiaries increased by \$623,736 or 5.63%. This increase is due to an increase in the number of retirees.
- DROP benefits paid to participants decreased by \$29,418 or 3.60% from the previous year. This decrease is due to less withdrawals made by participants.
- Administrative expenses totaled \$263,712, a increase of \$48,798 or 22.70%. The cost of administering the System per member during 2004 was \$77 per individual compared to \$65 per individual in 2003.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Fund's basic financial statements, which are comprised of three components:

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2004

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

- Statement of plan net assets,
- Statement of changes in plan net assets, and
- Notes to the financial statements.

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

The statement of plan net assets reports the system's assets, liabilities, and resultant net assets held in trust for pension benefits. It discloses the financial position of the System as of June 30, 2004 and 2003.

The statement of changes in plan net assets reports the results of the system's operations during the year disclosing the additions to and deductions from the plan net assets. It supports the change that has occurred to the prior year's net asset value on the statement of plan net assets.

FINANCIAL ANALYSIS OF THE FUND

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

Statement of Plan Net Assets  
June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Cash and investments	\$ 247,165,156	\$ 216,836,314
Receivables	1,986,611	1,577,589
Property and equipment	<u>14,797</u>	<u>20,361</u>
Total assets	<u>249,166,564</u>	<u>218,434,264</u>
Total liabilities	<u>15,113,779</u>	<u>15,167,152</u>
Net Assets Held in Trust		
For Pension Benefits	<u>\$ 234,052,785</u>	<u>\$ 203,267,112</u>

Plan net assets increased by 15.14% (\$234,052,785 compared to \$203,267,112). All of these assets are restricted in use to provide monthly retirement allowances to members who contributed to the System as employees and their beneficiaries. The increase in plan net assets was a result of the incline in the value of investments due to favorable market conditions.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2004

FINANCIAL ANALYSIS OF THE FUND: (Continued)

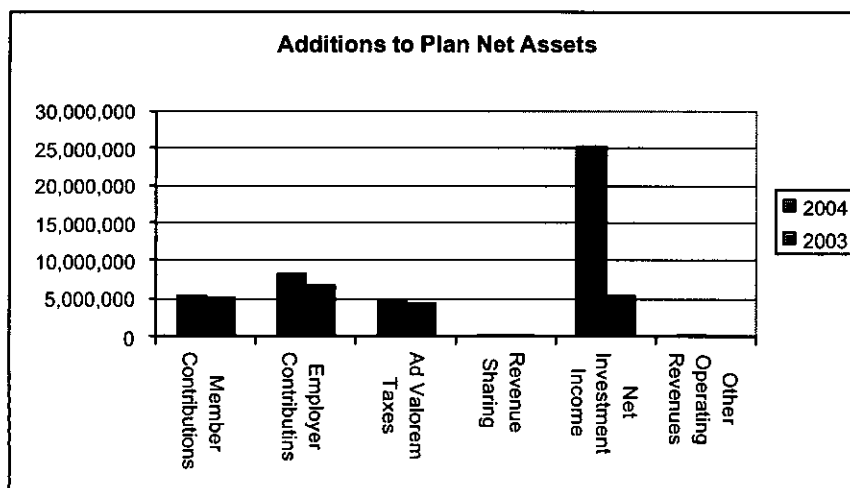
Statement of Changes in Plan Net Assets  
June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<b>Additions:</b>		
Contributions	\$ 18,617,376	\$ 16,688,238
Net investment income (loss)	25,243,983	5,598,982
Other	<u>364,554</u>	<u>65,525</u>
Total additions	44,225,913	22,352,745
Total Deductions	<u>13,440,240</u>	<u>12,982,951</u>
Increase (decrease) in Plan Net Assets	<u>\$ 30,785,673</u>	<u>\$ 9,369,794</u>

Additions to Plan Net Assets

Additions to the System's plan net assets were derived from member and employer contributions. Member contributions increased \$249,679 or 4.73% while employer contributions increased \$1,412,517 or 20.86%. The System experienced a net investment gain of \$25,243,983 as compared to a net investment gain of \$5,598,982 in the previous year. The increase in investment income was mainly due to the positive return in world equity markets.

	<u>2004</u>	<u>2003</u>	<u>Increase (Decrease)</u> <u>Percentage</u>
Member Contributions	\$ 5,527,138	\$ 5,277,459	4.73 %
Employer Contributions	8,184,878	6,772,361	20.86 %
Ad Valorem Taxes	4,584,685	4,319,371	6.14 %
Revenue Sharing	320,675	319,047	0.51 %
Net Investment Income	25,243,983	5,598,982	350.87 %
Other Operating Revenues	<u>364,554</u>	<u>65,525</u>	456.36 %
Total	<u>\$ 44,225,913</u>	<u>\$ 22,352,745</u>	



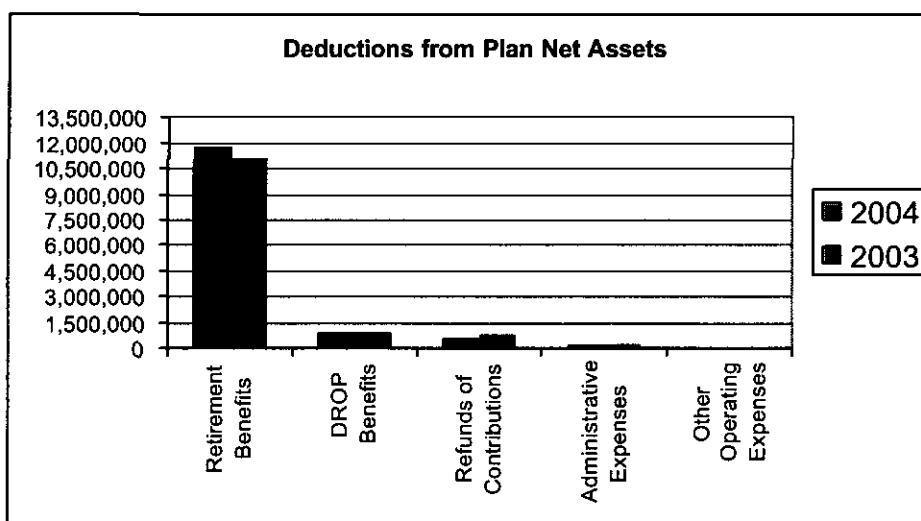
**LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2004**

**FINANCIAL ANALYSIS OF THE FUND:** (Continued)

**Deductions from Plan Net Assets**

Deductions from plan net assets include mainly retirement, death and survivor benefit and administrative expenses. Deductions from plan net assets totaled \$13,440,240 in fiscal year 2004. This increase of \$457,289 was primarily due to an increase in retirement benefit payments. The increase in retirement benefit payments is mainly the result of an increase in the number of retirees. The cost of administering the System's benefits per member during 2004 was \$77 per individual compared to \$65 per individual in 2003.

	<u>2004</u>	<u>2003</u>	<u>Increase (Decrease) Percentage</u>
Retirement Benefits	\$ 11,709,933	\$ 11,086,197	5.63 %
DROP Benefits	843,147	872,565	(3.37) %
Refunds of Contributions	617,885	798,971	(22.66) %
Administrative Expenses	263,712	214,914	22.71 %
Other Operating Expenses	5,563	10,304	(46.01) %
Total	<u>\$ 13,440,240</u>	<u>\$ 12,982,951</u>	





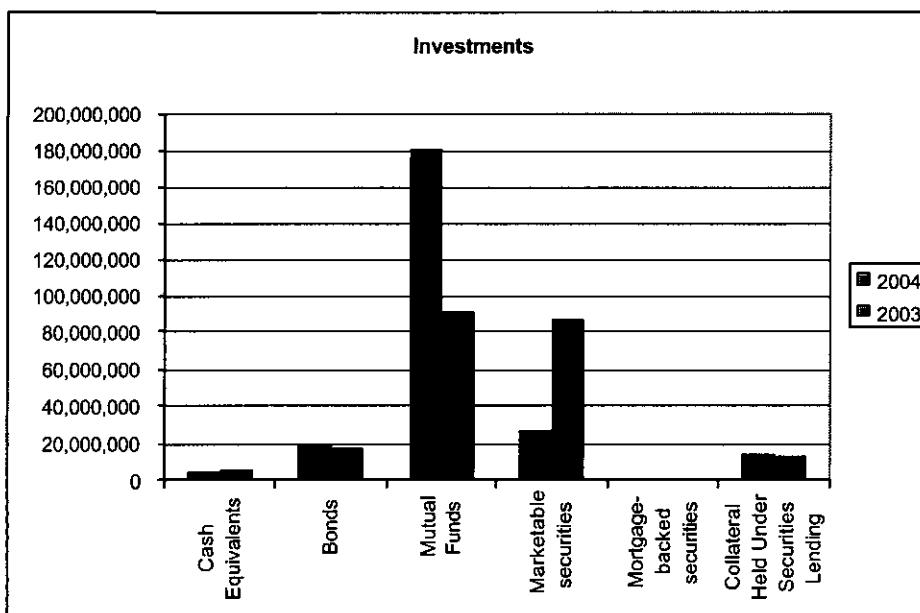
**LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2004**

**FINANCIAL ANALYSIS OF THE FUND:** (Continued)

**Investments**

Louisiana Clerks of Court Retirement and Relief Fund is responsible for the prudent management of funds held in trust for the exclusive benefits of their members' pension benefits. Funds are invested to achieve maximum returns without exposing retirement assets to unacceptable risks. Total investments at June 30, 2004 amounted to \$245,077,964 as compared to \$214,960,133 at June 30, 2003, which is an increase of \$30,117,831 or 14%. The major contributing factor to this increase is the positive return in the markets. The System's investments in various markets at the end of the 2004 and 2003 fiscal years are indicated in the following table:

	<u>2004</u>	<u>2003</u>	<u>Increase (Decrease) Percentage</u>
Cash equivalents	\$ 4,991,600	\$ 5,951,072	(16.12) %
Bonds	18,242,945	17,375,634	4.99 %
Mutual funds	180,786,321	91,254,085	98.11 %
Marketable securities	26,880,220	86,887,418	(69.06) %
Collateral Held Under Securities Lending	<u>14,176,878</u>	<u>13,491,924</u>	5.08 %
<b>Total</b>	<b><u>\$ 245,077,964</u></b>	<b><u>\$ 214,960,133</u></b>	



LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2004

Requests for Information

Questions concerning any of the information provided or requests for additional financial information should be addressed to Charlotte A. Massey, Executive Director, Louisiana Clerks' of Court Retirement and Relief Fund, 11745 Bricksome Avenue, Suite B1, Baton Rouge, Louisiana 70816, (225) 293-1162.

LOUISIANA CLERKS OF COURT RETIREMENT AND RELIEF FUND  
STATEMENT OF PLAN NET ASSETS  
JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
<b>ASSETS:</b>		
Cash:		
In bank	\$ <u>2,087,192</u>	\$ <u>1,876,181</u>
Receivables:		
Member contributions	456,840	432,831
Employer contributions	678,017	559,990
Miscellaneous receivable	5,050	6,966
Ad valorem taxes receivable	641	641
Investment receivable	627,096	383,533
Accrued interest and dividends	<u>218,967</u>	<u>193,628</u>
Total receivables	<u>1,986,611</u>	<u>1,577,589</u>
Investments at fair value: (Notes 1 and 6) (Page 22)		
Short-term cash equivalents	4,991,600	5,951,072
Corporate bonds	18,242,945	17,375,634
Marketable securities	26,880,220	86,887,418
Mutual fund	180,786,321	91,254,085
Collateral under securities lending	<u>14,176,878</u>	<u>13,491,924</u>
Total investments at fair value	<u>245,077,964</u>	<u>214,960,133</u>
Property, plant and equipment:		
Net of accumulated depreciation \$85,185 in 2004 and \$79,621 in 2003	<u>14,797</u>	<u>20,361</u>
Total assets	<u>249,166,564</u>	<u>218,434,264</u>
<b>LIABILITIES:</b>		
Accounts payable	180,314	181,712
Withholding taxes payable	94,717	-
Investment payable	661,870	1,493,516
Obligations under securities lending	<u>14,176,878</u>	<u>13,491,924</u>
Total liabilities	<u>15,113,779</u>	<u>15,167,152</u>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	<b>\$ <u>234,052,785</u></b>	<b>\$ <u>203,267,112</u></b>
(A schedule of funding progress for the plan is presented on page 26)		

See accompanying notes.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
STATEMENTS OF CHANGES IN PLAN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
ADDITIONS: (Note 1)		
Contributions:		
Member	\$ 5,516,920	\$ 5,277,459
Employer	8,184,878	6,772,361
Ad valorem tax	4,584,685	4,319,371
Revenue sharing	320,675	319,047
Total contributions	<u>18,607,158</u>	<u>16,688,238</u>
Investment income: (Note 1)		
Net appreciation in fair value of investments	23,253,344	614,156
Interest income	1,501,065	3,975,839
Dividend income	1,291,152	1,622,998
Securities lending income	166,487	240,896
	<u>26,212,048</u>	<u>6,453,889</u>
Less: Investment expense:		
Custodial fees	82,326	84,221
Money manager fees	670,745	486,121
Consultant fees	75,000	69,842
Securities lending	139,994	214,723
	<u>968,065</u>	<u>854,907</u>
Net investment income	<u>25,243,983</u>	<u>5,598,982</u>
Other additions:		
Transfer fees collected	480	160
Refund pay back	75,342	48,567
Refunded interest pay back	89,787	-
Transfer from another system employee/interest	10,218	13,181
Transfer from another system employer/interest	198,945	-
Miscellaneous	-	3,617
Total other additions	<u>374,772</u>	<u>65,525</u>
Total additions	<u>44,225,913</u>	<u>22,352,745</u>
DEDUCTIONS: (Note 1)		
Annuity benefits	11,621,051	10,995,800
Disability benefits	88,882	90,397
Refunds to terminated employees	617,885	798,971
DROP benefits	843,147	872,565
Reimbursement to affiliate for administrative expenses (Note 8)	103,200	103,200
Administrative expenses (Page 23)	160,512	111,714
Transfer to another system	-	4,588
Depreciation	5,563	5,716
Total deductions	<u>13,440,240</u>	<u>12,982,951</u>
NET INCREASE	30,785,673	9,369,794
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - BEGINNING OF YEAR	<u>203,267,112</u>	<u>193,897,318</u>
END OF YEAR	<u>\$ 234,052,785</u>	<u>\$ 203,267,112</u>

See accompanying notes.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004 AND 2003

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements are prepared in accordance with the standards established by the Governmental Accounting Standards Board (GASB) as the successor to the National Council on Governmental Accounting (NCGA).

In addition, these financial statements include the implementation of GASB Number 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* and related standards. This new standard provides for inclusion of a management discussion and analysis as supplementary information and other changes.

Basis of Accounting:

Louisiana Clerks' of Court Retirement and Relief Fund's financial statements are prepared using the accrual basis of accounting. Employer and employee contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Interest income is recognized when earned. Ad valorem taxes and revenue sharing monies are recognized in the year appropriated by the Legislature.

Method Used to Value Investments:

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Shares in external investment pools are equivalent to the cost value of the external investment pool.

Equipment and Fixtures:

Equipment and fixtures of the Louisiana Clerks' of Court Retirement and Relief Fund are accounted for and capitalized in the Pension Fund. Depreciation of fixed assets is recorded as an expense in the Pension Fund. All fixed assets are valued on the basis of historical cost and depreciated using the straight-line method of depreciation.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004 AND 2003

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, and the employees of such clerks, whether full-time or part-time, and the employees of the Louisiana Clerks' of Court Association. Employer and employee membership data as of June 30, 2004 and 2003 consists of:

	<u>2004</u>	<u>2003</u>
<u>Employer Members - Contributing</u>		
Parish courts	64	64
Supreme Court	1	1
Circuit Courts of Appeals	5	5
City courts of New Orleans	2	2
Traffic court of New Orleans	1	1
Louisiana Clerks' of Court Association	1	1
Civil Court of New Orleans	1	1
Criminal Court of New Orleans	1	1
Louisiana House of Representatives	<u>1</u>	<u>1</u>
TOTAL EMPLOYER MEMBERS - CONTRIBUTING	<u>77</u>	<u>77</u>
<u>Employee Members</u>		
Current retirees and survivors	743	716
Terminated, nonvested, vested members not yet receiving benefits	304	255
DROP members	91	94
Fully vested, partially and nonvested active employees covered	<u>2,265</u>	<u>2,239</u>
TOTAL PARTICIPANTS AS OF THE VALUATION DATE	<u>3,403</u>	<u>3,304</u>

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

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

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004 AND 2003

2. PLAN DESCRIPTION: (Continued)

based on the highest compensated thirty-six consecutive months, with a limit of increase of 10% in each of the last three years of measurement.

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

A member who has been officially certified as disabled by the State Medical Disability Board shall be paid disability retirement benefits determined and computed as follows:

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

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

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

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004 AND 2003

2. PLAN DESCRIPTION: (Continued)

In lieu of terminating employment and accepting a service retirement allowance, any member of the Fund who has been an active contributing member for one full year after becoming eligible for a service retirement allowance may elect to participate in the Deferred Retirement Option Plan 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 Deferred Retirement Option Plan account. Upon termination of employment at the end of the specified period of participation, a participant in the program may receive, at his option, a lump sum payment from the Fund. If employment is not terminated at the end of the participation period, payments into the account cease and the member resumes active contributing membership in the Fund. Upon termination, the member receives a lump sum payment from the DROP fund equal to the payments made to that fund on his behalf, or a true annuity based on his account (subject to approval by the Board of Trustees). The monthly benefit payments that were being paid into the DROP fund are paid to the retiree and an additional benefit based on his additional service rendered since termination of DROP participation is calculated using the normal method of benefit computation. The average compensation used to calculate the additional benefit is that used to calculate the original benefit unless his period of additional service is at least thirty-six months. In no event can the entire monthly benefit amount paid to the retiree exceed 100% of the average compensation used to compute the additional benefit. If a participant dies during the period of participation in the program, a lump sum payment equal to his account balance is paid to his named beneficiary or, if none, to his estate.

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

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

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



LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004 AND 2003

3. CONTRIBUTIONS, RESERVES AND FUNDS:

Contributions:

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

According to state statute, contributions for all employers are actuarially determined each year. The actuarially determined employer contribution rate for fiscal years ending June 30, 2004 and 2003 was 14.32% and 11.36%, respectively. The actual employer contribution rate for fiscal years ending June 30, 2004 and 2003 was 11.5% and 10%, respectively.

In accordance with state statute the Fund also receives  $\frac{1}{4}$  of 1% of ad valorem taxes collected by each parish, except Orleans Parish, for which the fund receives  $\frac{1}{2}$  of 1% of ad valorem taxes collected, and state revenue sharing funds. These additional sources of income are used as additional employer contributions.

Administrative costs of the Fund are financed through employer contributions.

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, 2004 and 2003 is \$46,571,230 and \$43,114,415, respectively. The Annuity Savings Fund is fully funded.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004 AND 2003

3. CONTRIBUTIONS, RESERVES AND FUNDS: (Continued)

B) Employer Reserve Fund:

The Employer Reserve Fund consists of contributions paid by employers, interest earned on investments and any other income not covered by other accounts. This fund is charged annually with an amount, determined by the actuary, to be transferred to the Annuity Reserve Fund to fund retirement benefits for existing recipients. It is also relieved when expenditures are not covered by other accounts. The Employer Reserve Fund as of June 30, 2004 and 2003 is \$143,767,301 and \$139,784,334, respectively. The Employer Reserve Fund is 55.03 percent and 40.83 percent funded as of June 30, 2004 and 2003, 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, 2004 and 2003 is \$100,490,695 and \$97,084,700, respectively. The Annuity Reserve Fund is fully funded.

D) Deferred Retirement Option Account:

The Deferred Retirement Option Account consists of the reserves for all members who upon eligibility elect to deposit into this account an amount equal to the member's monthly benefit if he had retired. A member can only participate in the program for three years, at which time the member may receive his benefits in a lump sum payment or by a true annuity. The Deferred Retirement Option Account as of June 30, 2004 and 2003 is \$7,874,259 and \$5,987,180, respectively. The Deferred Retirement Option Account is fully funded.

4. ACTUARIAL COST METHOD:

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

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
 NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004 AND 2003

5. REQUIRED SUPPLEMENTARY SCHEDULES:

Information in the required supplemental schedules is designed to provide information about the Fund's progress made in accumulating sufficient assets to pay benefits and is presented on pages 25-27.

6. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS:

Following are the components of the Fund's deposits, cash equivalents and investments at June 30, 2004 and 2003:

	<u>2004</u>	<u>2003</u>
Deposits (Bank balance)	\$ 2,087,192	\$ 1,876,181
Cash equivalents	4,991,600	5,951,072
Investments	<u>240,086,364</u>	<u>209,009,061</u>
	<u>\$ 247,165,156</u>	<u>\$ 216,836,314</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.

Cash Equivalents:

Cash equivalents at June 30, 2004 and 2003 in the amount of \$4,165,590 and \$3,612,206, respectively, consist of government 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.

Additionally, the Fund has cash equivalents at June 30, 2004 and 2003 in the amount of \$826,010 and \$2,338,866, respectively, which consists of government-pooled investments. These funds are managed and held by a separate money manager and are in the name of the Fund.

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 system 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 not invest more than fifty-five percent of the total portfolio in

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004 AND 2003

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

Investments: (Continued)

common stock. In 2004, the Prudent-Man Rule was amended to allow for investment of sixty-five percent of the total portfolio in equities and at least ten percent of the total equity portfolio in one or more index funds. However, the Fund's internal investment policy states that the Fund shall not invest more than fifty percent of the total portfolio in common stock, with a permissible range of plus or minus 5%.

The Fund's investments are categorized below to give an indication of the level of risk assumed by the entity at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Fund or its agents in the Fund's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Fund's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the Fund's name.

	2004		2003	
	<u>Market Value</u>	<u>Category</u>	<u>Market Value</u>	<u>Category</u>
U.S. corporate bonds	\$ 10,988,292	1	\$ 11,827,679	1
Marketable securities	20,058,081	1	79,316,100	1
Mutual fund	180,786,321	N/A	91,254,085	N/A
Investments held by broker-dealers in which collateral may be reinvested:				
Marketable securities	6,660,504	N/A	7,571,318	N/A
U.S. corporate bonds	7,254,653	N/A	5,547,955	N/A
Investments held by broker-dealers in which collateral may not be reinvested:				
Marketable securities	161,635	1	--	--
Collateral held under securities lending program - short term investment pool	<u>14,176,878</u>	N/A	<u>13,491,924</u>	N/A
	<u>\$ 240,086,364</u>		<u>\$ 209,009,061</u>	

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
 NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004 AND 2003

7. SECURITY LENDING AGREEMENTS:

State statutes and board of trustee policies permit the Fund to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The Fund entered into a contract with a company which acts as their third-party securities lending agent. The lending agent has access to the Fund's lendable portfolio or available assets, such as U.S. and non-U.S. equities, corporate bonds, and non U.S. government securities. Securities are loaned versus collateral that may include cash, U.S. government securities, and irrevocable letters of credit. U.S. securities are loaned versus collateral valued at 102% of the market value of the securities plus any accrued interest. Non U.S. securities are loaned versus collateral valued at 105% of the market value of the securities plus any accrued interest. At year-end, the Fund has no credit risk exposure to borrowers because the amounts the Fund owes the agent exceed the amounts the borrowers owe the Fund. The contract with the Fund's agent requires it to provide borrower identification. The custodian's responsibility includes performing appropriate borrower and collateral investment credit analyses, demanding adequate types and level of collateral and complying with applicable Department of Labor and Federal Financial Institutions Examination Council regulations concerning securities lending. All security loans can be terminated on demand by either the Fund or the borrower. Cash collateral is invested in one or more of the lending agent's investment pool, or separately in the case of Term Loans, in which the investments match the loan term. These loans can be terminated on demand by either lender or borrower. The relationship between the maturities of the investment pool and the Fund's loans is affected by the maturities of the security loans made by other entities that use the agent's pool, which the Fund cannot determine. The Fund cannot pledge or sell collateral securities received unless the borrower defaults. There were no significant violations of legal or contractual provisions, or no borrower or lending agent default losses known to the securities lending agent.

The Fund has the following securities on loan:

	<u>June 30, 2004</u>	<u>June 30, 2003</u>
	Market (Carrying Value)	Market (Carrying Value)
Corporate bonds	\$ 7,254,653	\$ 5,547,955
Marketable securities	<u>6,660,504</u>	<u>7,571,318</u>
	<u>\$ 13,915,157</u>	<u>\$ 13,119,273</u>

Securities on loan at June 30, 2004 and 2003, for which the Fund received cash collateral, are presented as unclassified under footnote 6. Securities on loan as of June 30, 2004 and 2003 for which the Plan received noncash collateral are presented as classified under footnote 6.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
 NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004 AND 2003

8. REIMBURSEMENT TO LOUISIANA CLERKS' OF COURT ASSOCIATION:

The Fund shares an office building, equipment, an automobile and other office expenses with the Clerks' of Court Association and Insurance Trust, two related parties. Most of the expenses, including the salaries of employees of all three funds, are paid out of the Association. The Fund reimbursed the Association for shared expenses for the years ended June 30, 2004 and 2003 in the amount of \$103,200 and \$103,200, respectively. The building is owned by the Association. There is no formal lease between the related parties.

9. USE OF ESTIMATES:

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

10. PROPERTY, PLANT AND EQUIPMENT:

Changes in property, plant and equipment are as follows:

	<u>2004</u>	<u>2003</u>
Beginning balance	\$ 99,982	\$ 98,739
Additions	<u>          --</u>	<u>      1,243</u>
	99,982	99,982
Less accumulated depreciation	<u>(85,185)</u>	<u>(79,621)</u>
	<u>\$ 14,797</u>	<u>\$ 20,361</u>

Depreciation expense for the years ended June 30, 2004 and 2003 was \$5,563 and \$5,716, respectively.

11. TAX QUALIFICATION:

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

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
 SUPPLEMENTARY INFORMATION  
 STATEMENTS OF CHANGES IN RESERVE BALANCES  
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

2004

	<u>ANNUITY SAVINGS</u>	<u>DROP</u>	<u>ANNUITY RESERVE</u>	<u>EMPLOYER RESERVE</u>	<u>UNFUNDED ACTUARIAL LIABILITY</u>
BALANCE - BEGINNING	\$ 43,114,415	\$ 5,987,180	\$ 97,084,700	\$ 139,784,334	\$ (82,703,517)
REVENUES AND TRANSFERS:					
Employee contributions	5,527,138	-	-	-	-
Employer contributions	-	-	-	8,184,878	-
Net investment income	-	-	-	25,243,983	-
Tax collector contributions	-	-	-	4,584,685	-
Revenue sharing contributions	-	-	-	320,675	-
Repayment of refund	75,342	-	-	90,267	-
Miscellaneous income	-	-	-	-	-
Transfer from Annuity Savings	-	-	1,527,780	-	-
Transfer from Annuity Reserve	-	2,730,226	-	-	-
Transfers from another system	-	-	-	198,945	-
Actuarial transfer	-	-	16,318,374	-	18,052,817
	<u>5,602,480</u>	<u>2,730,226</u>	<u>17,846,154</u>	<u>38,623,433</u>	<u>18,052,817</u>
EXPENDITURES AND TRANSFERS:					
Refunds to terminated employees	617,885	-	-	-	-
Transfer to Annuity Reserve	1,527,780	-	-	-	-
Transfer to DROP	-	-	2,730,226	-	-
Transfers to other systems	-	-	-	-	-
Pensions paid	-	-	11,709,933	-	-
Administrative	-	-	-	263,712	-
Depreciation	-	-	-	5,563	-
DROP benefits	-	843,147	-	-	-
Actuarial transfer	-	-	-	34,371,191	-
	<u>2,145,665</u>	<u>843,147</u>	<u>14,440,159</u>	<u>34,640,466</u>	<u>-</u>
NET INCREASE (DECREASE)	<u>3,456,815</u>	<u>1,887,079</u>	<u>3,405,995</u>	<u>3,982,967</u>	<u>18,052,817</u>
BALANCE - ENDING	\$ <u>46,571,230</u>	\$ <u>7,874,259</u>	\$ <u>100,490,695</u>	\$ <u>143,767,301</u>	\$ <u>(64,650,700)</u>

2003

<u>TOTAL</u>	<u>ANNUITY SAVINGS</u>	<u>DROP</u>	<u>ANNUITY RESERVE</u>	<u>EMPLOYER RESERVE</u>	<u>UNFUNDED ACTUARIAL LIABILITY</u>	<u>TOTAL</u>
\$ 203,267,112	\$ 41,896,564	\$ 4,333,178	\$ 91,152,669	\$ 145,429,752	\$ (88,914,845)	\$ 193,897,318
5,527,138	5,277,459	-	-	-	-	5,277,459
8,184,878	-	-	-	6,772,361	-	6,772,361
25,243,983	-	-	-	5,598,982	-	5,598,982
4,584,685	-	-	-	4,319,371	-	4,319,371
320,675	-	-	-	319,047	-	319,047
165,609	-	-	-	-	-	-
-	-	-	-	52,344	-	52,344
1,527,780	-	-	3,273,818	-	-	3,273,818
2,730,226	-	2,526,567	-	-	-	2,526,567
198,945	13,181	-	-	-	-	13,181
34,371,191	-	-	16,270,977	-	6,211,328	22,482,305
<u>82,855,110</u>	<u>5,290,640</u>	<u>2,526,567</u>	<u>19,544,795</u>	<u>17,062,105</u>	<u>6,211,328</u>	<u>50,635,435</u>
617,885	798,971	-	-	-	-	798,971
1,527,780	3,273,818	-	-	-	-	3,273,818
2,730,226	-	-	2,526,567	-	-	2,526,567
-	-	-	-	4,588	-	4,588
11,709,933	-	-	11,086,197	-	-	11,086,197
263,712	-	-	-	214,914	-	214,914
5,563	-	-	-	5,716	-	5,716
843,147	-	872,565	-	-	-	872,565
34,371,191	-	-	-	22,482,305	-	22,482,305
<u>52,069,437</u>	<u>4,072,789</u>	<u>872,565</u>	<u>13,612,764</u>	<u>22,707,523</u>	<u>-</u>	<u>41,265,641</u>
30,785,673	1,217,851	1,654,002	5,932,031	(5,645,418)	6,211,328	9,369,794
<u>\$ 234,052,785</u>	<u>\$ 43,114,415</u>	<u>\$ 5,987,180</u>	<u>\$ 97,084,700</u>	<u>\$ 139,784,334</u>	<u>\$ (82,703,517)</u>	<u>\$ 203,267,112</u>



LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
 SUPPLEMENTARY INFORMATION  
 SCHEDULES OF INVESTMENTS  
JUNE 30, 2004 AND 2003

	JUNE 30, 2004		
	<u>Par Value</u>	<u>Original Cost Value</u>	<u>Market Value</u>
<b>BONDS:</b>			
Corporate bonds	\$ <u>18,715,000</u>	\$ <u>17,177,727</u>	\$ <u>18,242,945</u>
 <b>STOCKS:</b>			
Common stocks		\$ <u>22,876,650</u>	\$ <u>26,880,220</u>
 <b>MUTUAL FUNDS:</b>			
Capital Guardian Equity Fund		\$ 73,385,889	\$ 74,062,490
Index Bond Fund		54,541,840	57,711,551
Real Estate Fund		23,000,000	23,000,007
Wellington Trust		<u>24,573,442</u>	<u>26,012,273</u>
<b>TOTAL MUTUAL FUNDS</b>		\$ <u>175,501,171</u>	\$ <u>180,786,321</u>

	JUNE 30, 2003		
	<u>Par Value</u>	<u>Original Cost Value</u>	<u>Market Value</u>
<b>BONDS:</b>			
Corporate bonds	\$ <u>20,580,000</u>	\$ <u>16,737,348</u>	\$ <u>17,375,634</u>
 <b>STOCKS:</b>			
Common stocks		\$ <u>79,652,983</u>	\$ <u>86,887,418</u>
 <b>MUTUAL FUNDS:</b>			
Index Bond Fund		\$ 65,035,647	\$ 69,585,252
Wellington Trust		<u>25,888,667</u>	<u>21,668,833</u>
<b>TOTAL MUTUAL FUNDS</b>		\$ <u>90,924,314</u>	\$ <u>91,254,085</u>

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
 SUPPLEMENTARY INFORMATION  
 SCHEDULES OF ADMINISTRATIVE EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
PERSONAL SERVICES:		
Board Member - per diem	\$ <u>3,075</u>	\$ <u>2,025</u>
PROFESSIONAL SERVICES:		
Accountant	13,716	31,955
Actuarial	23,460	23,679
Legal	79,814	22,317
Program consultant	<u>4,300</u>	<u>5,233</u>
	<u>121,290</u>	<u>83,184</u>
COMMUNICATION:		
Travel	<u>3,253</u>	<u>912</u>
OTHER:		
Auto expense	500	500
Office supplies	2,001	2,565
Bank charges	4,138	3,945
Miscellaneous	550	321
Repair and maintenance	1,028	600
Meetings and seminars	8,612	3,437
Insurance	<u>16,065</u>	<u>14,225</u>
	<u>32,894</u>	<u>25,593</u>
TOTAL EXPENSES	\$ <u>160,512</u>	\$ <u>111,714</u>

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
 SUPPLEMENTARY INFORMATION  
 SCHEDULES OF PER DIEM PAID TO TRUSTEES  
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

The per diem paid to the trustees is an expenditure of the Fund. For 2004 and 2003, 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, 2004 and 2003 are as follows:

<u>Trustee</u>	2004	
	<u>No. of Meetings</u>	<u>Amount</u>
Jon Gegenheimer	4	\$ 300
Gerald Harrington	5	375
Charlie Jagneaux	5	375
Carolyn Ryland	2	150
Robert Barouse	1	75
Cliff Dressel	5	375
Michael Thibodaux	5	375
Mark Graffeo	5	375
Gary Loftin	5	375
Orres LeBlanc	4	<u>300</u>
		<u>\$ 3,075</u>

<u>Trustee</u>	2003	
	<u>No. of Meetings</u>	<u>Amount</u>
Jon Gegenheimer	2	\$ 150
Gerald Harrington	1	75
Charlie Jagneaux	4	300
Carolyn Ryland	4	300
Janet Payne	2	150
Cliff Dressel	3	225
Tom LeBlanc	2	150
Mark Graffeo	4	300
Gary Loftin	4	300
Orres LeBlanc	1	<u>75</u>
		<u>\$ 2,025</u>

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS - EMPLOYER AND OTHER SOURCES  
JUNE 30, 1999 THROUGH 2004

<u>Fiscal Year</u>	<u>Actuarial Required Contributions Employer</u>	<u>Actuarial Required Contributions Other Sources</u>	<u>Percent Contributed Employer</u>	<u>Percent Contributed Other Sources</u>
1999	\$3,733,045	\$3,853,775	147.05%	96.20%
2000	4,170,640	3,923,685	144.42	98.30
2001	4,210,101	4,027,007	145.51	102.79
2002	5,490,665	4,366,882	117.27	101.09
2003	7,515,917	4,694,048	90.11	98.81
2004	10,028,784	4,912,419	81.16	99.86

For years ending June 30, 1999 through June 30, 2002, the actuarially required contribution differs significantly from actual contributions made due to the board of trustees' election to freeze the employer contribution rate at a higher level (10%) than required. The effect of this election is to reduce the number of years over which payments on the frozen unfunded accrued liability will be required.

For the years ending June 30, 2004 and 2003, the actuarially required contribution differs from actual contributions made due to state statute that requires the contribution rate be calculated and set two years prior to the year effective.

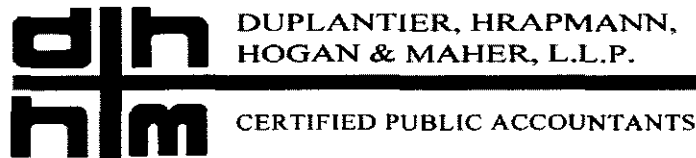
LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS  
JUNE 30, 1999 THROUGH 2004

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED AAL (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF <u>COVERED PAYROLL</u>
June 30, 1999	\$168,274,548	\$246,060,781	\$77,786,233	68.38%	\$55,025,037	141.36%
June 30, 2000	191,573,966	269,431,122	77,857,156	71.10	58,317,401	133.51
June 30, 2001	202,157,690	279,638,113	77,480,423	72.29	61,034,631	126.95
June 30, 2002	204,897,570	282,812,163	77,914,593	72.45	64,135,719	121.48
June 30, 2003	206,768,548	285,970,629	79,202,081	72.30	67,515,714	117.31
June 30, 2004	218,345,837	298,703,485	80,357,648	73.10	70,699,191	113.66

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
 SUPPLEMENTARY INFORMATION  
 NOTES TO SCHEDULE OF CONTRIBUTIONS AND  
 SCHEDULE OF FUNDING PROGRESS  
JUNE 30, 1999 THROUGH 2004

The information presented in the Schedule of Contributions - Employer and Other and the Schedule of Funding Progress was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	June 30, 2004
Actuarial Cost Method	Frozen Attained Age Normal Method
Amortization Method	In accordance with state statute, the payment amounts increase at 4.75% each year for the remaining amortization period. The amortization period is for a specific number of years. (Closed Basis) The required payment amount under the parameters of the current accounting standards produces a payment in the amount of \$4,980,106. This amount is approximately 1.38% higher than the amount required by state statute. The difference is not accounted for in the required supplemental schedules.
Remaining Amortization Period	24 years
Asset Valuation Method	Based on the market value of investment securities adjusted to smooth realized and unrealized capital gains or losses over a three-year period by deferring one-third of such gains or losses accrued in the prior fiscal year and two-thirds of such gains and losses accrued in the current fiscal year.
Actuarial Assumptions:	
Investment Rate of Return	8%
Projected Salary Increases	6.00%(3.25% Inflation, 2.75 Merit)
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. Future cost of living increases are only granted if specific target ratios and inflation indexes are met. General cost of living increases granted to all participants are financed through employer contributions. Cost of living increases granted to participants over age 65 are financed through investment earnings in excess of the valuation interest rate of 8%.
Change in Normal Cost	The System incurred an increase in normal cost in the amount of \$1,210,074 for the year ending June 30, 2004 due to the decline in investment markets. The effect of the change in normal cost for years ending subsequent to June 30, 2004 has not been determined.



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

August 18, 2004

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

We have audited the financial statements of Louisiana Clerks' of Court Retirement and Relief Fund, as of and for the year ended June 30, 2004, and have issued our report thereon dated August 18, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Fund's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in the amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended for the information of the Louisiana Clerks of Court Retirement and Relief Fund's Board of Trustees, Office of the Legislative Auditor of the State of Louisiana, and management of the Fund and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

**Duplantier, Hrapmann, Hogan & Maher, L.L.P.**





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

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August 18, 2004

Legislative Auditor  
Engagement Processing  
Post Office Box 94397  
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## SCHEDULES AND DATA COLLECTION FORM

### SECTION 1: SUMMARY OF AUDITOR'S REPORT

#### A. FINANCIAL STATEMENT AUDIT OPINION:

We have audited the financial statements of Louisiana Clerks' of Court Retirement and Relief Fund as of June 30, 2004 and 2003 and have issued our report thereon dated August 18, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit as of June 30, 2004 resulted in an unqualified opinion.

#### B. REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL STATEMENTS:

##### Internal Control:

Material weakness – None noted.

Reportable conditions – None noted.

##### Compliance:

Noncompliance material to financial statements – None noted.

SECTION 2: FINANCIAL STATEMENTS FINDINGS

- A. CURRENT YEAR FINDINGS: – NONE NOTED
- B. STATUS OF PRIOR YEAR FINDINGS: – NONE NOTED