

Louisiana Clerks' of Court  
Retirement and Relief Fund

Financial Report  
2022 and 2021



10202 Jefferson Highway, Building A  
Baton Rouge, LA 70809

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

LOUISIANA CLERKS' OF COURT  
 RETIREMENT AND RELIEF FUND  
 JUNE 30, 2022 AND 2021

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## INDEPENDENT AUDITOR'S REPORT

November 15, 2022

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### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the Louisiana Clerks' of Court Retirement and Relief Fund (the Fund), as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

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, 2022 and 2021, 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.

#### *Basis for Opinions*

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Louisiana Clerks' of Court Retirement and Relief Fund and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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## ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Louisiana Clerks' of Court Retirement and Relief Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Louisiana Clerks' of Court Retirement and Relief Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***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 \$935,610,461 and \$911,412,187 at June 30, 2022 and 2021, 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, 2022 and 2021 could be understated or overstated.

### ***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 table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### ***Supplementary 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 table of contents is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such 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. The 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 15, 2022 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 solely 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, Sharpner, Hogan and Gruber, 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, 2022 AND 2021

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, 2022. 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 12.

FINANCIAL HIGHLIGHTS:

- The Fund's assets exceeded its liabilities at the close of fiscal year 2022 by \$693,234,084. The net position restricted for pension benefits decreased by \$85,154,259 or 10.94%. The Fund's assets exceeded its liabilities at the close of fiscal year 2021 by \$778,388,343. The net position restricted for pension benefits increased by \$156,846,557 or 25.24%.
- Contributions to the plan by members and employers totaled \$30,404,235, an increase of \$1,547,208 or 5.36% over the prior year. Fiscal year 2021 contributions to the plan by members and employers totaled \$28,857,027, an increase of 2,653,307 or 10.13% over the prior year.
- Funds collected from ad valorem taxes within the respective parishes totaled \$11,785,523, an increase of \$73,819 from the prior year. Funds collected in fiscal year 2021 from ad valorem taxes within the respective parishes totaled \$11,711,704, an increase of \$457,699 from the prior year.
- Funds collected from state revenue sharing funds totaled \$319,666, an increase of \$86 from the prior year. Funds collected in fiscal year 2021 from state revenue sharing funds totaled \$319,580, an increase of \$17 from the prior year.
- Net depreciation in the fair value of investments was \$(78,021,153) as of June 30, 2022 as compared to a net appreciation of \$165,114,798 as of June 30, 2021. Net depreciation in the fair value of investments was \$(17,857,787) as of June 30, 2020.
- The total return on the Fund's investments for the year ended June 30, 2022 was (9.86)%.
- Pension benefits paid to retirees and beneficiaries increased by \$2,248,349 or 5.11%. Pension benefits paid to retirees and beneficiaries for fiscal year 2021 increased by \$3,290,495 or 8.08% from the prior year.
- DROP benefits paid to participants decreased by \$2,047,295 or 32.95% over the previous year. DROP benefits paid to participants in fiscal year 2021 increased by \$2,125,758 or 52% over the previous year.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

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, 2022 and 2021.

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 Statement of Fiduciary Position**  
**As of June 30, 2022, 2021 and 2020**

|   | <u>2022</u>    | <u>2021</u>    | <u>2020</u>    |
|---|----------------|----------------|----------------|
| Cash and investments                            | \$ 690,554,046 | \$ 774,609,599 | \$ 618,733,163 |
| Receivables                                     | 3,381,034      | 5,752,412      | 3,191,590      |
| Property and equipment, net                     | 689,530        | 680,498        | 695,062        |
| Total assets                                    | 694,624,610    | 781,042,509    | 622,619,815    |
| Total liabilities                               | 1,390,526      | 2,654,166      | 1,078,029      |
| Net position restricted<br>for pension benefits | \$ 693,234,084 | \$ 778,388,343 | \$ 621,541,786 |

Fiduciary net position decreased by \$85,154,259, or 10.94%, for fiscal year 2022. Assets are used 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 less favorable market performance.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

FINANCIAL ANALYSIS OF THE FUND: (Continued)

**Condensed Statement of Changes in Fiduciary Position**  
**For the Years Ending June 30, 2022, 2021 and 2020**

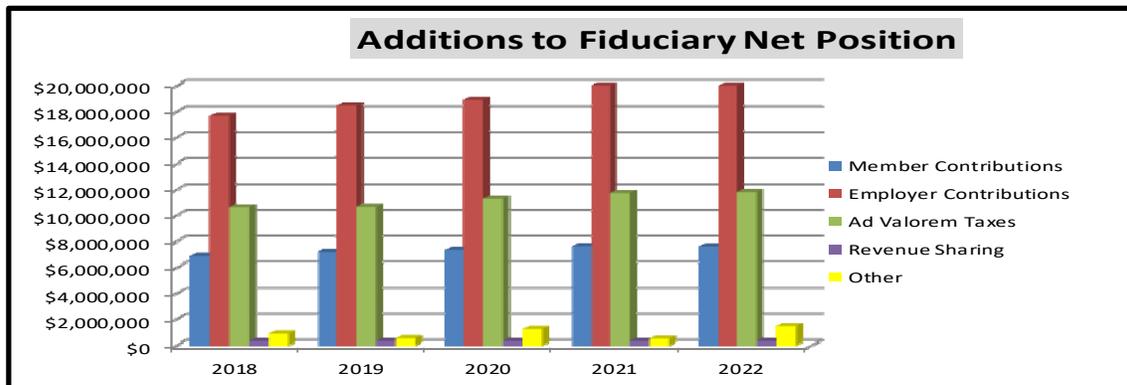
|                                     | <u>2022</u>            | <u>2021</u>           | <u>2020</u>            |
|-------------------------------------|------------------------|-----------------------|------------------------|
| Additions:                          |                        |                       |                        |
| Contributions                       | \$ 42,509,424          | \$ 40,888,311         | \$ 37,777,288          |
| Net investment income (loss)        | (75,593,162)           | 167,823,074           | (12,246,469)           |
| Other                               | 1,498,472              | 491,369               | 1,263,838              |
| Total additions                     | <u>(31,585,266)</u>    | <u>209,202,754</u>    | <u>26,794,657</u>      |
| Less: deductions                    | <u>53,568,993</u>      | <u>52,356,197</u>     | <u>46,457,629</u>      |
| Increase (decrease) in net position | <u>\$ (85,154,259)</u> | <u>\$ 156,846,557</u> | <u>\$ (19,662,972)</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 decreased by \$21,129, or 0.28% and employer contributions increased by \$1,568,337, or 7.39%, for fiscal year 2022. The Fund experienced net investment income (loss) of \$(75,593,162) and \$167,823,074 during the years ended June 30, 2022 and 2021, respectively.

**Additions to Fiduciary Net Position**

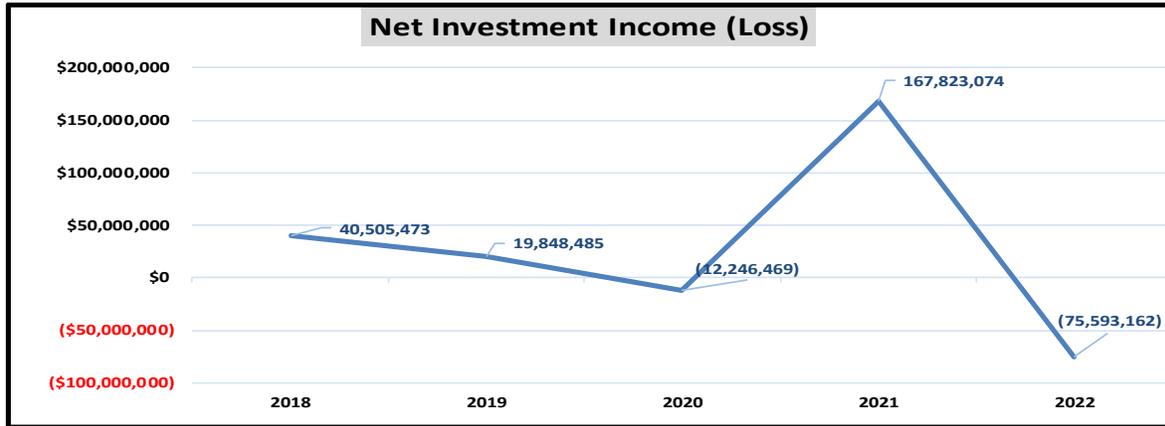
|                              | <u>June 30, 2022, 2021 and 2020</u> |                       |                      |
|------------------------------|-------------------------------------|-----------------------|----------------------|
|                              | <u>2022</u>                         | <u>2021</u>           | <u>2020</u>          |
| Member Contributions         | \$ 7,618,687                        | \$ 7,639,816          | \$ 7,344,588         |
| Employer Contributions       | 22,785,548                          | 21,217,211            | 18,859,132           |
| Ad valorem taxes             | 11,785,523                          | 11,711,704            | 11,254,005           |
| Revenue sharing              | 319,666                             | 319,580               | 319,563              |
| Net investment income (loss) | (75,593,162)                        | 167,823,074           | (12,246,469)         |
| Other additions              | 1,498,472                           | 491,369               | 1,263,838            |
| Total additions              | <u>\$ (31,585,266)</u>              | <u>\$ 209,202,754</u> | <u>\$ 26,794,657</u> |



LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

FINANCIAL ANALYSIS OF THE FUND: (Continued)

Additions to Fiduciary Net Position: (Continued)

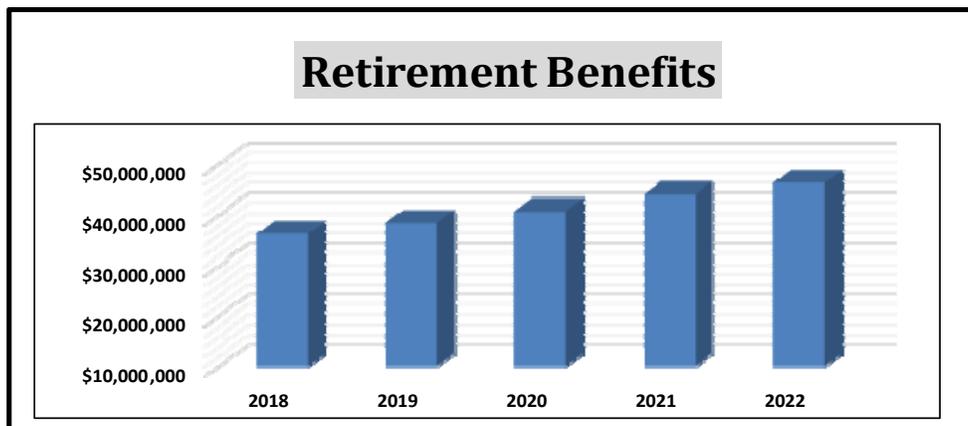


Deductions from Fiduciary Net Position:

Deductions from fiduciary net position consist mainly of retirement, death and survivor benefits and administrative expenses. Deductions from fiduciary net position totaled \$53,568,993 for fiscal year 2022, which is an increase of \$1,212,796 from fiscal year 2021. The increase was primarily due to the increase in retirement benefits. Deductions from fiduciary net position totaled \$46,457,629 for fiscal year 2020.

**Deductions from Fiduciary Net Position**

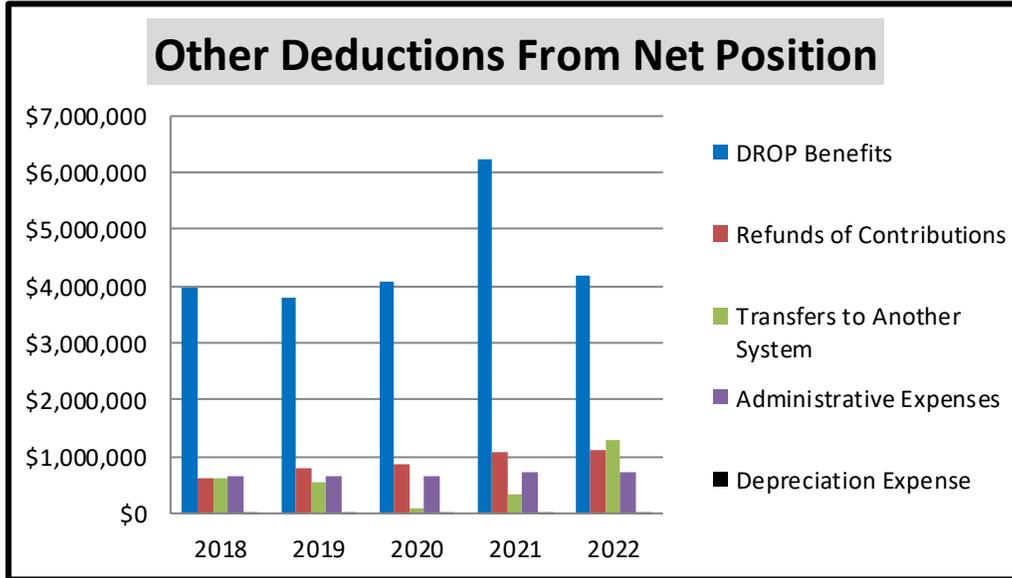
|                             | <u>2022</u>          | <u>2021</u>          | <u>2020</u>          |
|-----------------------------|----------------------|----------------------|----------------------|
| Retirement Benefits         | \$ 46,244,503        | \$ 43,996,154        | \$ 40,705,659        |
| DROP Benefits               | 4,166,738            | 6,214,033            | 4,088,275            |
| Refunds of contributions    | 1,115,016            | 1,064,011            | 871,015              |
| Transfers to another system | 1,299,170            | 335,437              | 105,512              |
| Administrative expenses     | 730,584              | 731,998              | 658,698              |
| Depreciation                | 12,982               | 14,564               | 28,470               |
| Total deductions            | <u>\$ 53,568,993</u> | <u>\$ 52,356,197</u> | <u>\$ 46,457,629</u> |



LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

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, 2022 amounted to \$690,085,286 as compared to \$773,394,125 at June 30, 2021, which is a decrease of \$83,308,839 or 10.77%. Total investments at June 30, 2020 amounted to \$618,291,740.

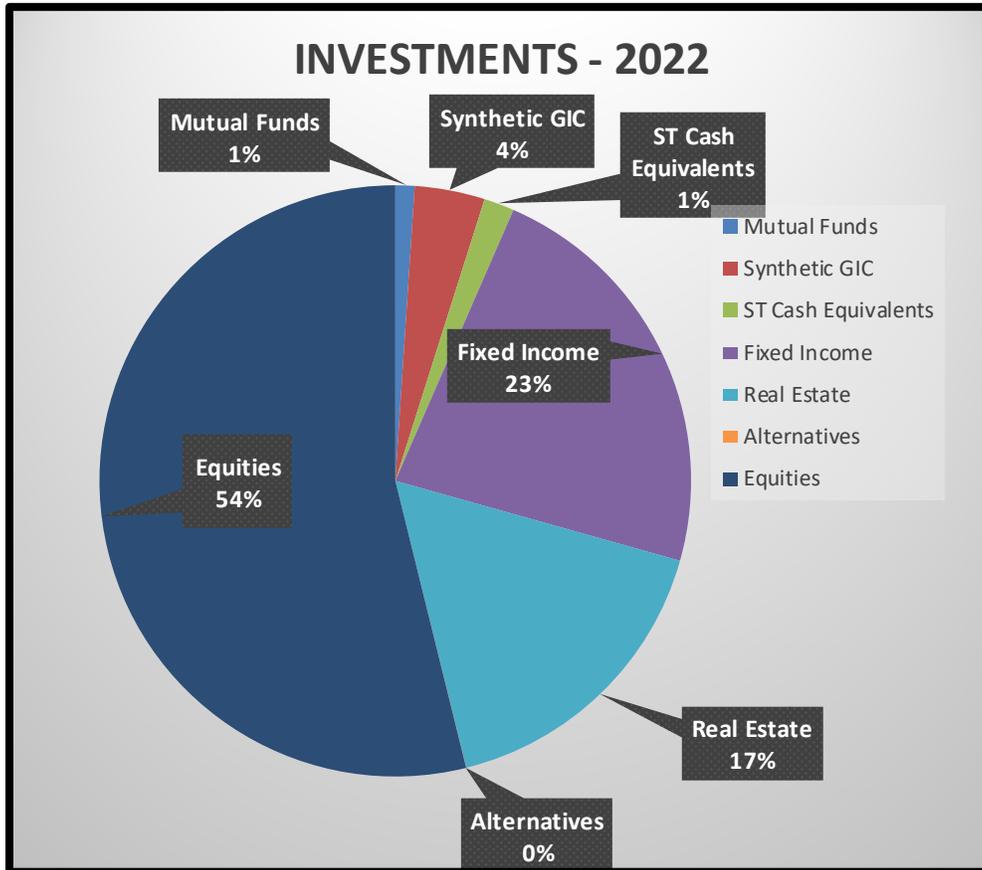
The Fund's investments in various markets at the end of the 2022, 2021, and 2020 fiscal years are as follows:

| <u>Investments</u>                       | <u>2022</u>           | <u>2021</u>           | <u>2020</u>           |
|--|-----------------------|-----------------------|-----------------------|
| Investments - fair value:                |                       |                       |                       |
| Short-term cash equivalents              | \$ 11,433,343         | \$ 9,327,887          | \$ 43,419,820         |
| Equities                                 | 371,610,768           | 489,460,944           | 332,276,751           |
| Alternative investments                  | 100,357               | 54,755                | 50,620,014            |
| Fixed income                             | 157,410,713           | 177,751,175           | 131,550,561           |
| Real estate fund                         | 115,829,960           | 64,767,760            | 30,479,978            |
| Mutual funds                             | 7,234,990             | 6,758,614             | 4,918,739             |
|  | <u>663,620,131</u>    | <u>748,121,135</u>    | <u>593,265,863</u>    |
| Investments - contract value:            |                       |                       |                       |
| Synthetic guaranteed investment contract | 26,465,155            | 25,272,990            | 25,025,877            |
|  | <u>26,465,155</u>     | <u>25,272,990</u>     | <u>25,025,877</u>     |
| Total investments                        | <u>\$ 690,085,286</u> | <u>\$ 773,394,125</u> | <u>\$ 618,291,740</u> |

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

FINANCIAL ANALYSIS OF THE FUND: (Continued)

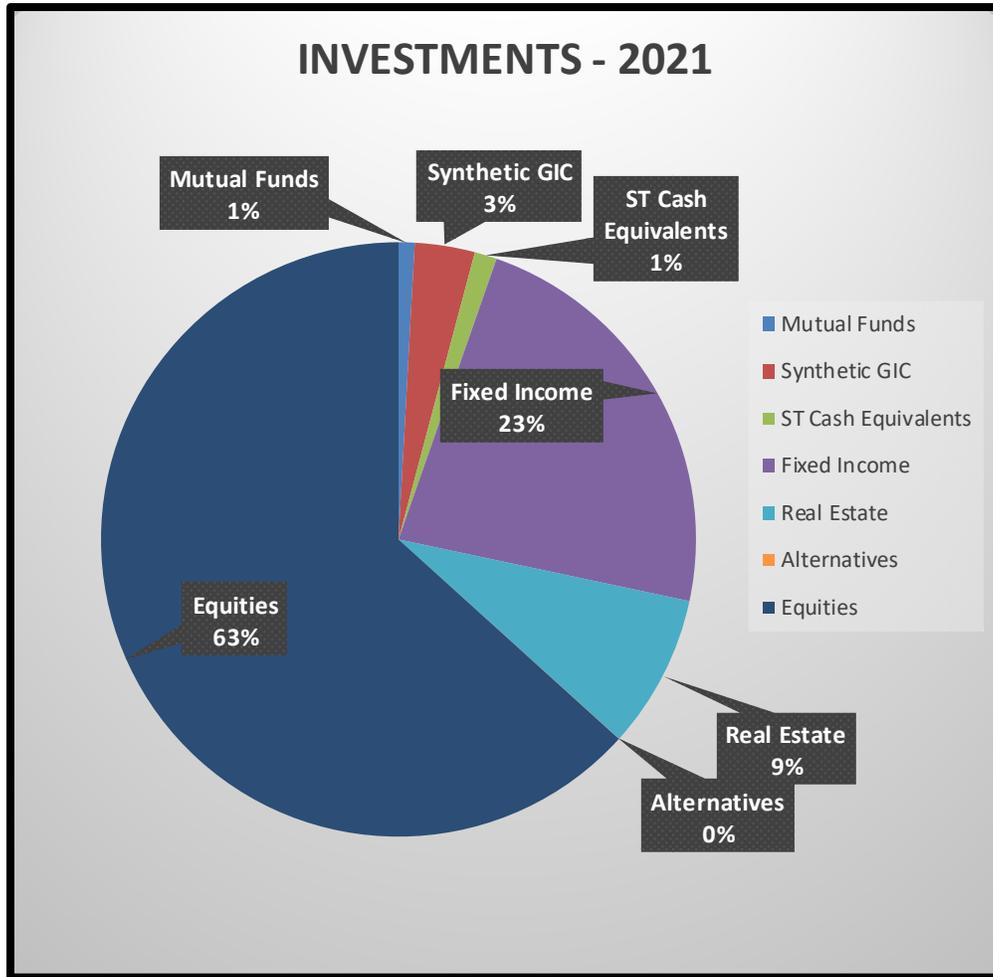
Investments: (Continued)



LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

FINANCIAL ANALYSIS OF THE FUND: (Continued)

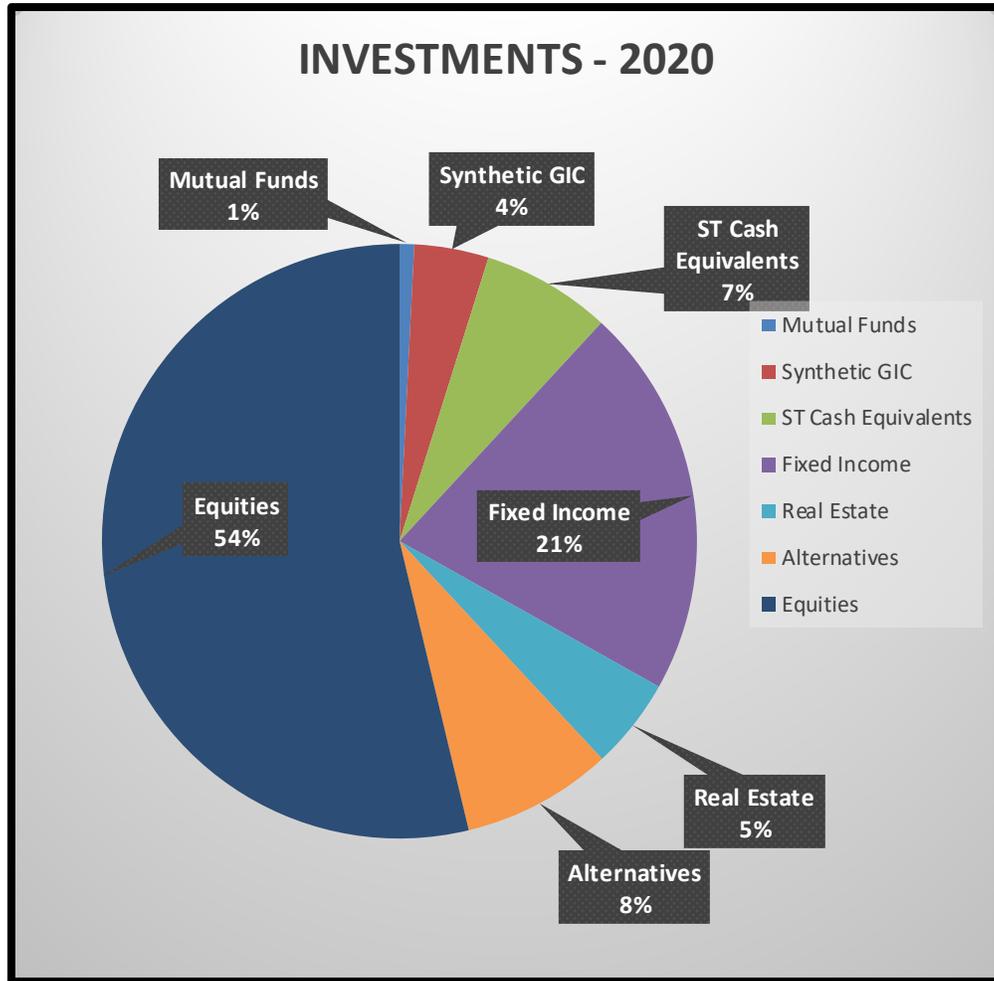
Investments: (Continued)



LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

FINANCIAL ANALYSIS OF THE FUND: (Continued)

Investments: (Continued)



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, 2022 AND 2021

|  | <u>ASSETS</u>                       |                      |
|--|-------------------------------------|----------------------|
|  | <u>2022</u>                         | <u>2021</u>          |
| CASH:  |                                     |                      |
| In bank  | \$ 468,760                          | \$ 1,215,474         |
| RECEIVABLES:                                   |                                     |                      |
| Member contributions                           | 518,730                             | 560,378              |
| Employer contributions                         | 1,562,719                           | 1,570,688            |
| Investment receivable                          | 577,613                             | 3,072,962            |
| Accrued interest and dividends                 | 637,385                             | 547,887              |
| Revenue sharing funds receivable               | 45,672                              | 497                  |
| Miscellaneous receivables                      | 38,915                              | -                    |
| Total receivables                              | <u>3,381,034</u>                    | <u>5,752,412</u>     |
| INVESTMENTS AT FAIR VALUE:                     |                                     |                      |
| Short term cash equivalents                    | 11,433,343                          | 9,327,887            |
| Equities                                       | 371,610,768                         | 489,460,944          |
| Fixed income                                   | 157,410,713                         | 177,751,175          |
| Real estate                                    | 115,829,960                         | 64,767,760           |
| Alternative investments                        | 100,357                             | 54,755               |
| Mutual funds                                   | 7,234,990                           | 6,758,614            |
| Total investments at fair value                | <u>663,620,131</u>                  | <u>748,121,135</u>   |
| INVESTMENTS AT CONTRACT VALUE:                 |                                     |                      |
| Synthetic guaranteed investment contracts      | 26,465,155                          | 25,272,990           |
| Total investments at contract value            | <u>26,465,155</u>                   | <u>25,272,990</u>    |
| PROPERTY AND EQUIPMENT, NET                    | 689,530                             | 680,498              |
| Total assets                                   | <u>\$694,624,610</u>                | <u>\$781,042,509</u> |
|  | <u>LIABILITIES AND NET POSITION</u> |                      |
| LIABILITIES:                                   |                                     |                      |
| Accounts payable                               | \$ 574,977                          | \$ 705,295           |
| Investment payable                             | 815,549                             | 1,910,184            |
| Miscellaneous payables                         | -                                   | 38,687               |
| Total liabilities                              | <u>1,390,526</u>                    | <u>2,654,166</u>     |
| NET POSITION - RESTRICTED FOR PENSION BENEFITS | <u>\$693,234,084</u>                | <u>\$778,388,343</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, 2022 AND 2021

|  | <u>2022</u>    | <u>2021</u>    |
|--|----------------|----------------|
| ADDITIONS:   |                |                |
| Contributions:   |                |                |
| Member   | \$ 7,618,687   | \$ 7,639,816   |
| Employer   | 22,785,548     | 21,217,211     |
| Ad valorem tax   | 11,785,523     | 11,711,704     |
| Revenue sharing  | 319,666        | 319,580        |
| Total contributions  | 42,509,424     | 40,888,311     |
| Investment income:   |                |                |
| Net appreciation (depreciation) in fair value of investments | (78,021,153)   | 165,114,798    |
| Interest income  | 438,174        | 410,485        |
| Dividend income  | 5,850,725      | 5,264,633      |
|  | (71,732,254)   | 170,789,916    |
| Less investment expense:                                     |                |                |
| Custodial fees   | 72,635         | 65,900         |
| Money manager fees   | 3,663,273      | 2,775,942      |
| Consultant fees  | 125,000        | 125,000        |
|  | 3,860,908      | 2,966,842      |
| Net investment income (loss)                                 | (75,593,162)   | 167,823,074    |
| Other additions:   |                |                |
| Transfer fees collected                                      | 1,100          | 600            |
| Refund pay back  | 230,993        | 168,872        |
| Transfers from another system                                | 1,213,243      | 189,509        |
| Miscellaneous  | 53,136         | 132,388        |
| Total other additions  | 1,498,472      | 491,369        |
| Total additions  | (31,585,266)   | 209,202,754    |
| DEDUCTIONS:  |                |                |
| Annuity benefits   | 46,056,843     | 43,810,478     |
| Disability benefits  | 187,660        | 185,676        |
| Refund to terminated employees                               | 1,115,016      | 1,064,011      |
| DROP benefits  | 4,166,738      | 6,214,033      |
| Transfer to another system                                   | 1,299,170      | 335,437        |
| Reimbursement to affiliate for administrative expenses       | 498,000        | 498,000        |
| Administrative expenses                                      | 232,584        | 233,998        |
| Depreciation   | 12,982         | 14,564         |
| Total deductions   | 53,568,993     | 52,356,197     |
| NET INCREASE (DECREASE)                                      | (85,154,259)   | 156,846,557    |
| NET POSITION - RESTRICTED FOR PENSION BENEFITS:              |                |                |
| Beginning of year  | 778,388,343    | 621,541,786    |
| END OF YEAR  | \$ 693,234,084 | \$ 778,388,343 |

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, 2022 AND 2021

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 11 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, three additional members elected by the Clerk's Association, a member of the House Committee on Retirement, appointed by the Speaker of the House Representatives or his designee, and the chairman of the Senate Committee on Retirement or his designee.

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.

The System's basic financial statements were prepared in conformity with the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans*. GASB Statement No. 67 established new standards of financial reporting for defined pension plans. Significant changes included an actuarial calculation of total and net pension liability, increased footnote disclosures regarding the pension liabilities and other related information, and provided for additional required supplementary information schedules.

Basis of Accounting:

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

Accounting Policies:

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

Cash and Cash Equivalents:

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

Investments:

In accordance with GASB Statement No. 72 (GASB 72), investments are reported at fair value which is described as an exit price. GASB 72 requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. GASB 72 established a hierarchy of

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Accounting Policies: (Continued)

Investments: (Continued)

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.

GASB 72 requires disclosures to be made about fair value measurements within 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 No. 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, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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.

New Accounting Standard:

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*, which became effective in the fiscal year ended June 30, 2022. This Statement outlines a single model for certain leases based on the foundational principle that leases are financings of the right to use an underlying asset. Other than short term leases, under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Fund has analyzed the provisions of GASB Statement No. 87, *Leases*, and has concluded that there are no leasing arrangements which qualify for adjustment or disclosure under the new statement. Therefore, no restatement of prior periods or cumulative effect adjustment recorded in the year of adoption, was considered necessary.

2. PLAN DESCRIPTION:

The Louisiana Clerks' of Court Retirement and Relief Fund is the administrator of a cost-sharing, multiple-employer defined benefit 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

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
 NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

2. PLAN DESCRIPTION: (Continued)

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, 2022 and 2021, participating employers consisted of the following:

|  | <u>2022</u> | <u>2021</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           |
| Total Participating Employers          | 74          | 74          |

As of June 30, 2022 and 2021, plan membership consisted of the following:

|   | <u>2022</u>  | <u>2021</u>  |
|---|--------------|--------------|
| Inactive plan members or beneficiaries currently receiving benefits | 1,570        | 1,513        |
| Inactive plan members entitled to but not yet receiving benefits    | 909          | 831          |
| Active plan members   | <u>2,134</u> | <u>2,186</u> |
| Total Plan Membership   | 4,613        | 4,530        |

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 12 or more years of credited service, attaining the age of 55 years (age 60 if hired on or after January 1, 2011), and terminating employment. Regular retirement benefits, payable monthly for life, is equal to 3% percent of the member's monthly average final compensation multiplied by the number of years of credited service, not to exceed 100% of the monthly average final compensation. The retirement benefit accrual rate is increased to 3½% 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 36 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 60 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 36 months plus the number of whole months elapsed since January 1, 2011, not to exceed 60 months.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

2. PLAN DESCRIPTION: (Continued)

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 10 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 75% of their monthly regular retirement benefit computed as per R.S. 11:1521 (C).

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  $\frac{1}{4}$  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  $\frac{1}{2}$  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 36 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

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

2. PLAN DESCRIPTION: (Continued)

Deferred Retirement Option Plan (DROP): (Continued)

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 payment from the DROP fund equal to the payments made to that fund on his behalf or a true annuity based in his account (subject to approval by the Board of Trustees). The monthly benefit payments that were being paid into the DROP fund are paid to the retiree and an additional benefit based on his additional service rendered since termination of DROP participation is calculated using the normal method of benefit computation. Prior to January 1, 2011, the average compensation used to calculate the additional benefit is that used to calculate the original benefit unless his period of additional service is at least 36 months. Effective January 1, 2011, the average compensation for members whose additional service is less than 36 months is equal to the lesser amount used to calculate the 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 36 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 \$40 per month), and all retired members and widows who are 65 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. Effective January 1, 2021, the Fund granted a COLA to their retirees.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

3. CONTRIBUTIONS AND RESERVES:

Contributions:

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

According to state statute, contributions for all employers are actuarially determined each year. The actuarially determined employer contribution rate for the fiscal years ended June 30, 2022 and 2021 was 21.28% and 21.24%, respectively. The actual employer contribution rate for the fiscal years ended June 30, 2022 and 2021 was 22.25% and 21.00%, respectively.

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 balance as of June 30, 2022 and 2021 was \$65,823,672 and \$65,542,198, 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

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

3. CONTRIBUTIONS AND RESERVES: (Continued)

Reserves: (Continued)

B) Pension Accumulation Fund: (Continued)

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 balance as of June 30, 2022 and 2021 was \$92,671,783 and \$194,329,632, 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 balance as of June 30, 2022 and 2021 was \$482,744,789 and \$469,159,532, 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, 2022 and 2021 was \$44,379,794 and \$43,138,314, 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 or (4) to provide for cost of living increases, in accordance with applicable law. The Funding Deposit Account balance as of June 30, 2022 and 2021 was \$7,614,046 and \$6,218,667, respectively.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
 NOTES TO FINANCIAL STATEMENTS  
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4. NET PENSION LIABILITY OF EMPLOYERS:

Components of net pension liability for the Fund's employers determined in accordance with GASB No. 67 as of June 30, 2022 and 2021 is as follows:

|  | <u>2022</u>           | <u>2021</u>           |
|--|-----------------------|-----------------------|
| Total Pension Liability  | \$ 935,610,461        | \$ 911,412,187        |
| Plan Fiduciary Net Position  | <u>693,234,084</u>    | <u>778,388,343</u>    |
| Employers' Net Pension Liability                                     | <u>\$ 242,376,377</u> | <u>\$ 133,023,844</u> |
| Plan Fiduciary Net Position as a % of<br>the Total Pension Liability | 74.09%                | 85.40%                |

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, 2022 and 2021 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, 2014 – June 30, 2019 for the years ended June 30, 2022 and 2021, 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, 2022 and 2021 is as follows:

| Valuation Date                    | June 30, 2022                                       | June 30, 2021                                       |
|-----------------------------------|---|---|
| Actuarial Cost Method             | Entry Age Normal                                    | Entry Age Normal                                    |
| Investment Rate of Return         | 6.55%   | 6.55%   |
| Inflation Rate                    | 2.40%   | 2.40%   |
| Estimated remaining service lives | 5 years   | 5 years   |
| Salary Increases                  | 1-5 years of service - 6.2%<br>5 years or more - 5% | 1-5 years of service - 6.2%<br>5 years or more - 5% |

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
 NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

4. NET PENSION LIABILITY OF EMPLOYERS: (Continued)

|  |  |  |
|--|--|--|
| Mortality Rate - Active Members            | Pub-2010 Public Retirement Plans multiplied by 120%. Mortality Table with full generational projection using the appropriate MP-2019 improvement scale   | Pub-2010 Public Retirement Plans multiplied by 120%. Mortality Table with full generational projection using the appropriate MP-2019 improvement scale   |
| Mortality Rate - Annuitant and Beneficiary | Pub-2010 Public Retirement Plans multiplied by 120%. Mortality Table with full generational projection using the appropriate MP-2019 improvement scale   | Pub-2010 Public Retirement Plans multiplied by 120%. Mortality Table with full generational projection using the appropriate MP-2019 improvement scale   |
| 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. |

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 6.02%, for each of the years ended June 30, 2022 and June 30, 2021. 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, 2022 and 2021 are summarized in the following tables:

| <u>Asset Class</u>   | <b>2022</b>             |  |
|----------------------|-------------------------|--|
|                      | Target Asset Allocation | Long-Term Expected Real Rate of Return |
| Fixed Income:        |                         |  |
| Domestic Bonds       | 25.0%                   | 2.50%                                  |
| International Bonds  | 38.0%                   | 7.50%                                  |
| Domestic Equity      | 22.0%                   | 8.50%                                  |
| International Equity | 15.0%                   | 4.50%                                  |
| Real Estate          | 100.0%                  |  |

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

| Asset Class          | <b>2021</b>             |  |
|----------------------|-------------------------|--|
|                      | Target Asset Allocation | Long-Term Expected Real Rate of Return |
| Fixed Income:        |                         |  |
| Domestic Bonds       | 25.0%                   | 2.50%                                  |
| International Bonds  |                         | 3.50%                                  |
| Domestic Equity      | 38.0%                   | 7.50%                                  |
| International Equity | 22.0%                   | 8.50%                                  |
| Real Estate          | 15.0%                   | 4.50%                                  |
|                      | 100.0%                  |  |

The discount rate used to measure the total pension liability was 6.55% and 6.55%, respectively, for the years ended June 30, 2022 and 2021. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at current contribution rates, and that contributions from participating employers and non-employer contributing entities will be made at actuarially determined contribution rates approved by the Board of Trustees and the Public Retirement System's Actuarial Committee (PRSAC) taking into consideration the recommendation of the Fund's actuary. Based on these assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

|                            | Changes in Discount Rate       |   |                                |
|----------------------------|--------------------------------|---|--------------------------------|
|                            | 1%<br>Decrease<br><u>5.55%</u> | Current<br>Discount<br>Rate<br><u>6.55%</u> | 1%<br>Increase<br><u>7.55%</u> |
| 2022 Net Pension Liability | \$ 345,959,345                 | \$ 242,376,377                              | \$ 155,106,676                 |
|                            | 1%<br>Decrease<br><u>5.55%</u> | Discount<br>Rate<br><u>6.55%</u>            | 1%<br>Increase<br><u>7.55%</u> |
| 2021 Net Pension Liability | \$ 234,483,284                 | \$ 133,023,844                              | \$ 47,561,057                  |

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
 NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

5. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS:

Following are the components of the Fund's deposits, cash equivalents, and investments at June 30, 2022 and 2021:

|                         |    | <u>2022</u>        |    | <u>2021</u>        |
|-------------------------|----|--------------------|----|--------------------|
| Deposits (bank balance) | \$ | 569,642            | \$ | 1,341,718          |
| Cash equivalents        |    | 11,433,343         |    | 9,327,887          |
| Investments             |    | <u>678,651,943</u> |    | <u>764,066,238</u> |
|                         |    | <u>690,654,928</u> |    | <u>774,735,843</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:

The Fund invested in cash equivalents at June 30, 2022 and 2021 in the amount of \$11,433,343 and \$9,327,887, respectively. Cash equivalents in the amount of \$5,109,830 and \$4,217,720 as of June 30, 2022 and 2021, respectively, consist of federated U.S. treasury cash reserves held in the nominee name. Cash equivalents at June 30, 2022 and 2021 in the amount of \$6,323,513 and \$5,110,167, 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 90 days, and consists of no securities with a maturity in excess of 141 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.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
 NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

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

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 60% of the total portfolio. Also, at least 10% 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.

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 \$26,465,155 and \$25,272,990 as of June 30, 2022 and 2021, respectively. The market value is unknown as of June 30, 2022 and 2021.

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, 2022 and 2021, respectively:

|                                  | 6/30/2022     | Fair Value Measurements Using                   |   |   |
|----------------------------------|---------------|---|---|---|
|                                  |               | Quoted Prices in<br>Active Markets<br>(Level 1) | Significant Other<br>Observable Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs (Level 3) |
| Investments by Fair Value Level: |               |   |   |   |
| Cash Equivalents                 | \$ 11,433,343 | \$ -  | \$ 11,433,343                                       | \$ -  |
| Fixed Income:                    |               |   |   |   |
| U.S. Government Obligations      | 14,003,775    | -   | 14,003,775  | -   |
| Corporate Bonds                  | 25,281,925    | -   | 25,281,925  | -   |
| Total Fixed Income               | 39,285,700    | -   | 39,285,700  | -   |

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

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

Fair Value Disclosures: (Continued)

|  | 6/30/2022             | Fair Value Measurements Using                   |   |   |
|--|-----------------------|---|---|---|
|  |                       | Quoted Prices in<br>Active Markets<br>(Level 1) | Significant Other<br>Observable Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs (Level 3) |
| Equity Securities:                                 |                       |   |   |   |
| Large Cap  | 105,881,710           | 105,881,710                                     | -   | -   |
| Small Cap  | 63,365,844            | 63,365,844                                      | -   | -   |
| Total Equity Securities                            | <u>169,247,554</u>    | <u>169,247,554</u>                              | <u>-</u>  | <u>-</u>  |
| Mutual funds                                       | <u>7,234,990</u>      | <u>7,234,990</u>                                | <u>-</u>  | <u>-</u>  |
| Total Investments at<br>Fair Value Level           | <u>\$ 227,201,587</u> | <u>\$ 176,482,544</u>                           | <u>\$ 50,719,043</u>                                | <u>\$ -</u>                                     |
| Investments measured at the Net Asset Value (NAV): |                       |   |   |   |
| Fixed Income:                                      |                       |   |   |   |
| Commingled Pools                                   | \$ 118,125,013        |   |   |   |
| Domestic Equity Fund                               | 63,178,658            |   |   |   |
| International Equity Funds                         | 139,184,556           |   |   |   |
| Alternative Investments:                           |                       |   |   |   |
| Hedge Funds  | 100,357               |   |   |   |
| Real Estate Funds                                  | 115,829,960           |   |   |   |
| Total Investments at NAV                           | <u>\$ 436,418,544</u> |   |   |   |
| Total Investments at Fair Value                    | <u>\$ 663,620,131</u> |   |   |   |

|                                       | 6/30/2021             | Fair Value Measurements Using                   |   |   |
|---------------------------------------|-----------------------|---|---|---|
|                                       |                       | Quoted Prices in<br>Active Markets<br>(Level 1) | Significant Other<br>Observable Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs (Level 3) |
| Investments by Fair Value Level:      |                       |   |   |   |
| Cash Equivalents                      | \$ 9,327,887          | \$ -  | \$ 9,327,887  | \$ -  |
| Fixed Income:                         |                       |   |   |   |
| U.S. Government Obligations           | 12,773,456            | -   | 12,773,456  | -   |
| Corporate Bonds                       | <u>33,384,565</u>     | <u>-</u>  | <u>33,384,565</u>                                   | <u>-</u>  |
| Total Fixed Income                    | <u>46,158,021</u>     | <u>-</u>  | <u>46,158,021</u>                                   | <u>-</u>  |
| Equity Securities:                    |                       |   |   |   |
| Large Cap                             | 137,470,691           | 137,470,691                                     | -   | -   |
| Small Cap                             | <u>86,478,530</u>     | <u>86,478,530</u>                               | <u>-</u>  | <u>-</u>  |
| Total Equity Securities               | <u>223,949,221</u>    | <u>223,949,221</u>                              | <u>-</u>  | <u>-</u>  |
| Mutual funds                          | <u>6,758,614</u>      | <u>6,758,614</u>                                | <u>-</u>  | <u>-</u>  |
| Total Investments at Fair Value Level | <u>\$ 286,193,743</u> | <u>\$ 230,707,835</u>                           | <u>\$ 55,485,908</u>                                | <u>\$ -</u>                                     |

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

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

Fair Value Disclosures: (Continued)

|  | <u>6/30/2021</u>      | <u>Fair Value Measurements Using</u>                     |  |  |
|--|-----------------------|--|--|--|
|  |                       | <u>Quoted Prices in<br/>Active Markets<br/>(Level 1)</u> | <u>Significant Other<br/>Observable Inputs<br/>(Level 2)</u> | <u>Significant<br/>Unobservable<br/>Inputs (Level 3)</u> |
| Investments measured at the Net Asset Value (NAV): |                       |  |  |  |
| Fixed Income:                                      |                       |  |  |  |
| Commingled Pools                                   | \$ 131,593,154        |  |  |  |
| Domestic Equity Fund                               | 83,821,696            |  |  |  |
| International Equity Funds                         | 181,690,027           |  |  |  |
| Alternative Investments:                           |                       |  |  |  |
| Hedge Funds  | 54,755                |  |  |  |
| Real Estate Funds                                  | <u>64,767,760</u>     |  |  |  |
| Total Investments at NAV                           | <u>\$ 461,927,392</u> |  |  |  |
| Total Investments at Fair Value                    | <u>\$ 748,121,135</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 and debt investments 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.

The unfunded commitments and redemption terms for investments measured at the net asset value (NAV) per share (or its equivalents) as of June 30, 2022 is presented in the following table:

|                            | <u>Fair Value<br/>2022</u> | <u>Unfunded<br/>Commitments</u> | <u>Redemption<br/>Frequency<br/>(If Currently Eligible)</u> | <u>Redemption<br/>Notice<br/>Period</u> |
|----------------------------|----------------------------|---------------------------------|---|---|
| Commingled Pools           | \$ 118,125,013             | -                               | Daily   | 5 days                                  |
| Domestic Equity Fund       | 63,178,658                 | -                               | Daily   | 5 days                                  |
| International Equity Funds | 139,184,556                | -                               | Daily, Monthly  | 2 - 30 days                             |
| Hedge Funds                | 100,357                    | -                               | Quarterly   | 95 days                                 |
| Real Estate Fund           | <u>115,829,960</u>         | -                               | Quarterly   | 90 days                                 |
| Total Investments at NAV   | <u>\$ 436,418,544</u>      |                                 |   |   |

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

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, 2021 is presented in the following table.

|                            | Fair Value<br>2021    | Unfunded<br>Commitments | Redemption<br>Frequency<br>(If Currenty Eligible) | Redemption<br>Notice<br>Period |
|----------------------------|-----------------------|-------------------------|---|--------------------------------|
| Commingled Pools           | \$ 131,593,154        | -                       | Daily   | 5 days                         |
| Domestic Equity Fund       | 83,821,696            | -                       | Daily   | 5 days                         |
| International Equity Funds | 181,690,027           | -                       | Daily, Monthly                                    | 2 - 30 days                    |
| Hedge Funds                | 54,755                | -                       | Quarterly   | 95 days                        |
| Real Estate Fund           | 64,767,760            | -                       | Quarterly   | 90 days                        |
| Total Investments at NAV   | <u>\$ 461,927,392</u> |                         |   |                                |

Fixed Income:

Comingled Pools:

Pyramis Core Plus - has a strategy with a duration neutral approach focused on bottom-up, fundamental credit analysis. It is a benchmark aware strategy with the ability to add value through constrained allocations to a broad opportunity set of “plus” sectors.

Pyramis 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.

Domestic Equity Fund:

During the year ended June 30, 2022, this fund includes Spartan S&P 500 Index fund, which seeks to provide investment results that correspond to the total return performance of common stocks publicly traded in the United States. The fund invests 80% of its assets in common stocks included in the S&P 500 Index, which broadly represents the performance of common stocks publicly traded in the United States.

During the year ended June 30, 2021, this fund included QMA US Core Equity, which 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.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

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

Fair Value Disclosures: (Continued)

Hedge Funds:

The objective of the hedge fund is to manage a portfolio of alternative or non-traditional managers that will seek to earn above-average, risk-adjusted, long-term returns. The hedge fund consisted of the following:

Summit Solutions fund - is diversified global multi-strategy hedge fund of funds. The product invests in 15-20 direct hedge fund strategies across different sub-styles typically. The portfolio is designed to target superior risk-adjusted returns with an emphasis on capital preservation. The redemption notice period is 95 days with quarterly redemptions available.

International Equity Funds:

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. The redemption notice period is seven days with monthly redemptions available.

TS&W - this portfolio utilizes a bottom-up, value-driven, risk-managed approach to international investing and invests in a diversified portfolio of common stocks of primarily non-U.S. issuer. The redemption notice period is two days with daily redemptions available.

Segall Bryant & Hamill - uses disciplined, valuation-based, quantitative approach targeting companies with improving fundamentals and price momentum. The strategy targets securities deemed attractive on valuation and momentum. The redemption notice period is 30 days with monthly redemptions available.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

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

Fair Value Disclosures: (Continued)

International Equity Funds: (Continued)

Driehaus International Small Cap Fund - this portfolio utilizes a bottom-up, growth oriented, risk managed approach to international investing and invests in a diversified portfolio of small company common stocks of primarily non-U.S. issuers. Holdings will be a blend of companies in both developed and emerging markets. The redemption notice period is two days with daily redemptions available.

WCM – this portfolio utilizes a bottom-up approach that seeks to identify companies with attractive fundamentals, such as long-term growth in revenue, earnings and show a high probability for superior future growth. The fund invests primarily in equity securities of non-U.S. companies. The fund may invest in companies of any size but generally focuses on companies with large capitalization.

Real Estate Funds:

Clarion (Core Real Estate) – this fund is an open-ended, private perpetual life commingled 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.

Principal (Enhanced Property Fund) – this is an open-end, commingled fund which pursues nationally diverse portfolio of high-quality real estate assets. The fund pursues an enhanced or core plus investment strategy and seeks to provide market competitive total returns.

IFM (Global Infrastructure Fund) – this fund manages investments in infrastructure on behalf of more than 574 institutional investors, investing together in this long-term asset class. The fund targets core infrastructure in developed markets globally on behalf of like-minded institutions such as superannuation and pension funds, sovereign wealth funds, insurers, endowments, foundations and universities.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

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

Money-Weighted Rate of Return:

During the years ended June 30, 2022 and 2021, the annual money-weighted rate of return on the Fund's investments, net of investment expense, was (9.92)% and 29.67%, 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, 2022 and 2021, 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 17%, 10%, and 7.5%, respectively, of the portfolio. 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 fiduciary net position, nor does the Fund hold more than 5% of any corporation's stock.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

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

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, 2022 and 2021 for investments in the amount of \$684,975,456 and \$769,176,405, respectively, since these investments are in the name of the Fund. The Fund was exposed to custodial credit risk in the amount of \$5,109,830 and \$4,217,720 at June 30, 2022 and 2021, respectively, as these funds are held in nominee name and not in the name of the Fund. The Fund has no formal investment policy regarding custodial credit risk.

Interest Rate Risk and Credit Risk:

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

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Fund's policy regarding credit risk states that fixed income securities shall be limited to those with an S&P/Moody's rating of BBB/Baa or better.

At June 30, 2022, the Fund had the following investments subject to interest rate risk and credit risk:

| <u>Investments in Fixed Income Funds</u>   | <u>Fair Value</u> | <u>Rating</u> | <u>Average Maturity</u> |
|--|-------------------|---------------|-------------------------|
| Pyramis Core Commingled Fund               | \$78,768,138      | A+            | 10.62 years             |
| Pyramis Tactical Plus Commingled Bond Pool | \$39,356,875      | BBB+          | 11.39 years             |

Fixed Income Investments - Interest Rate Risk

|                     | <u>Total</u>         | <u>&lt;1 yr</u>     | <u>1-5 yrs</u>       | <u>5-10yrs</u>      | <u>&gt;10 yrs</u>    |
|---------------------|----------------------|---------------------|----------------------|---------------------|----------------------|
| US Treasury         | \$ 967,404           | \$ -                | \$ -                 | \$ 393,504          | \$ 573,900           |
| US Govt Obligations | 13,036,371           | -                   | -                    | 1,352,139           | 11,684,232           |
| Corporate Bonds     | 25,281,925           | 1,496,295           | 10,595,573           | 7,004,814           | 6,185,243            |
| Total               | <u>\$ 39,285,700</u> | <u>\$ 1,496,295</u> | <u>\$ 10,595,573</u> | <u>\$ 8,750,457</u> | <u>\$ 18,443,375</u> |

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

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

Interest Rate Risk and Credit Risk: (Continued)

Fixed Income Investments – Credit Risk

|       | US Govt Agency<br>Obligations | Corporate<br>Bonds   | Total                |
|-------|-------------------------------|----------------------|----------------------|
| A+    | \$ -                          | \$ 1,332,427         | \$ 1,332,427         |
| A     | -                             | 3,444,844            | 3,444,844            |
| A-    | -                             | 6,697,726            | 6,697,726            |
| AA+   | 980,993                       | 746,475              | 1,727,468            |
| AA    | -                             | 744,735              | 744,735              |
| BBB+  | -                             | 8,253,917            | 8,253,917            |
| BBB   | -                             | 4,061,801            | 4,061,801            |
| NR    | 13,022,782                    | -                    | 13,022,782           |
| Total | <u>\$ 14,003,775</u>          | <u>\$ 25,281,925</u> | <u>\$ 39,285,700</u> |

At June 30, 2021, the Fund had the following investments subject to interest rate risk and credit risk:

| <u>Investments in Fixed Income Funds</u>   | <u>Fair<br/>Value</u> | <u>Rating</u> | <u>Average<br/>Maturity</u> |
|--|-----------------------|---------------|-----------------------------|
| Pyramis Core Commingled Fund               | \$88,026,534          | A             | 8.63 years                  |
| Pyramis Tactical Plus Commingled Bond Pool | \$43,566,620          | BBB+          | 11.61 years                 |

Fixed Income Investments - Interest Rate Risk

|                     | <u>Total</u>         | <u>&lt;1 yr</u>   | <u>1-5 yrs</u>       | <u>5-10yrs</u>      | <u>&gt;10 yrs</u>    |
|---------------------|----------------------|-------------------|----------------------|---------------------|----------------------|
| US Govt Obligations | \$ 12,773,456        | \$ -              | \$ -                 | \$ 450,267          | \$ 12,323,189        |
| Corporate Bonds     | 33,384,565           | 760,882           | 12,522,023           | 11,971,698          | 8,129,962            |
| Total               | <u>\$ 46,158,021</u> | <u>\$ 760,882</u> | <u>\$ 12,522,023</u> | <u>\$12,421,965</u> | <u>\$ 20,453,151</u> |

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

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

Interest Rate Risk and Credit Risk: (Continued)

Fixed Income Investments – Credit Risk

|       | <u>US Treasury</u>   | <u>Corporate<br/>Bonds</u> | <u>Total</u>         |
|-------|----------------------|----------------------------|----------------------|
| A+    | \$ -                 | \$ 1,543,924               | \$ 1,543,924         |
| A     | -                    | 3,582,753                  | 3,582,753            |
| A-    | -                    | 9,924,383                  | 9,924,383            |
| AA+   | 450,267              | 778,110                    | 1,228,377            |
| AA    | -                    | 798,030                    | 798,030              |
| AA-   | -                    | 1,641,600                  | 1,641,600            |
| BBB+  | -                    | 9,566,164                  | 9,566,164            |
| BBB   | -                    | 5,549,601                  | 5,549,601            |
| NR    | 12,323,189           | -                          | 12,323,189           |
| Total | <u>\$ 12,773,456</u> | <u>\$ 33,384,565</u>       | <u>\$ 46,158,021</u> |

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 recoupment of construction costs through the Association and Insurance Trust's share of rent. Rental income for the years ended June 30, 2022 and 2021 was \$32,400 and \$29,742, respectively. There is no formal lease between the related parties.

The Fund shares equipment and other office expenses with the Association and Insurance Trust. Most of the expenses, including the salaries of employees of all three funds, are paid out of the Association. The Fund reimbursed the Association \$498,000 for shared expenses for each of the years ended June 30, 2022 and 2021.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
 NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

7. PROPERTY AND EQUIPMENT:

Changes in property and equipment for the year ended June 30, 2022 are as follows:

|                            | <u>07/01/21</u>   | <u>Additions</u> | <u>Deletions</u> | <u>06/30/22</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                   | <u>904,125</u>    | <u>-</u>         | <u>-</u>         | <u>904,125</u>    |
| Accumulated Depreciation   | (223,627)         | (12,982)         | -                | (236,609)         |
| Deposit on equipment       | -                 | 22,014           | -                | 22,014            |
| Net Property and Equipment | <u>\$ 680,498</u> | <u>\$ 9,032</u>  | <u>\$ -</u>      | <u>\$ 689,530</u> |

During the year ended June 30, 2022, the Fund made a deposit on a new generator for the building. This will be moved to the Office Building category and depreciated once installed and placed in service. It is expected to be completed during the year ending June 30, 2023.

Changes in property and equipment for the year ended June 30, 2021 are as follows:

|                            | <u>07/01/20</u>   | <u>Additions</u>   | <u>Deletions</u> | <u>06/30/21</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                   | <u>904,125</u>    | <u>-</u>           | <u>-</u>         | <u>904,125</u>    |
| Accumulated Depreciation   | <u>(209,063)</u>  | <u>(14,564)</u>    | <u>-</u>         | <u>(223,627)</u>  |
| Net Property and Equipment | <u>\$ 695,062</u> | <u>\$ (14,564)</u> | <u>\$ -</u>      | <u>\$ 680,498</u> |

Depreciation expense for the years ended June 30, 2022 and 2021 was \$12,982 and \$14,564, respectively.

8. TAX QUALIFICATION:

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

9. RECLASSIFICATION:

Certain 2021 amounts were reclassified to conform to 2022 presentation.

REQUIRED SUPPLEMENTARY INFORMATION

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF CHANGES IN NET PENSION LIABILITY  
FOR THE NINE YEARS ENDED JUNE 30, 2022

|   | <u>2022</u>           | <u>2021</u>           | <u>2020</u>           |
|---|-----------------------|-----------------------|-----------------------|
| Total Pension Liability:                                      |                       |                       |                       |
| Service Cost  | \$ 17,246,407         | \$ 16,062,391         | \$ 15,447,744         |
| Interest  | 59,172,840            | 57,580,800            | 55,104,417            |
| Changes of benefit terms                                      | -                     | 5,543,283             | -                     |
| Differences between expected and actual experience            | (894,018)             | 2,904,257             | (3,719,950)           |
| Changes of assumptions  | -                     | 18,311,429            | 16,998,759            |
| Retirement benefits   | (50,411,241)          | (50,210,187)          | (44,793,934)          |
| Refunds of member contributions                               | (1,115,016)           | (1,064,011)           | (871,015)             |
| Other   | 199,302               | 155,932               | 1,158,326             |
| Net Change in Total Pension Liability                         | <u>24,198,274</u>     | <u>49,283,894</u>     | <u>39,324,347</u>     |
| Total Pension Liability - Beginning                           | <u>911,412,187</u>    | <u>862,128,293</u>    | <u>822,803,946</u>    |
| Total Pension Liability - Ending (a)                          | <u>\$ 935,610,461</u> | <u>\$ 911,412,187</u> | <u>\$ 862,128,293</u> |
| Plan Fiduciary Net Position:                                  |                       |                       |                       |
| Contributions - member  | \$ 7,618,687          | \$ 7,639,816          | \$ 7,344,588          |
| Contributions - employer                                      | 22,785,548            | 21,217,211            | 18,859,132            |
| Contributions - non-employer contributing entities            | 12,105,189            | 12,031,284            | 11,573,568            |
| Net investment income (loss)                                  | (75,593,162)          | 167,823,074           | (12,246,469)          |
| Retirement benefits   | (50,411,241)          | (50,210,187)          | (44,793,934)          |
| Refunds of member contributions                               | (1,115,016)           | (1,064,011)           | (871,015)             |
| Administrative expenses                                       | (743,566)             | (746,562)             | (687,168)             |
| Other   | 199,302               | 155,932               | 1,158,326             |
| Net Change in Plan Fiduciary Net Position                     | <u>(85,154,259)</u>   | <u>156,846,557</u>    | <u>(19,662,972)</u>   |
| Plan Fiduciary Net Position - Beginning                       | <u>778,388,343</u>    | <u>621,541,786</u>    | <u>641,204,758</u>    |
| Plan Fiduciary Net Position - Ending (b)                      | <u>\$ 693,234,084</u> | <u>\$ 778,388,343</u> | <u>\$ 621,541,786</u> |
| Net Pension Liability - Ending (a) - (b)                      | <u>\$ 242,376,377</u> | <u>\$ 133,023,844</u> | <u>\$ 240,586,507</u> |
| Plan Fiduciary Net Position as a % of Total Pension Liability | 74.09%                | 85.40%                | 72.09%                |
| Covered Payroll   | \$ 102,406,957        | \$ 101,034,338        | \$ 99,258,589         |
| Net Pension Liability as a % of Covered Payroll               | 236.68%               | 131.66%               | 242.38%               |

Continued

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULES OF CHANGES IN NET PENSION LIABILITY  
FOR THE NINE YEARS ENDED JUNE 30, 2022

|   | <u>2019</u>           | <u>2018</u>           | <u>2017</u>           |
|---|-----------------------|-----------------------|-----------------------|
| Total Pension Liability:                                      |                       |                       |                       |
| Service Cost  | \$ 15,088,408         | \$ 14,069,093         | \$ 14,334,517         |
| Interest  | 53,235,561            | 51,717,617            | 49,785,613            |
| Changes of benefit terms                                      | -                     | 4,422,397             | -                     |
| Differences between expected and actual experience            | 2,777,735             | 1,369,822             | 3,957,320             |
| Changes of assumptions  | -                     | 19,347,376            | -                     |
| Retirement benefits   | (42,230,723)          | (40,191,708)          | (38,299,160)          |
| Refunds of member contributions                               | (803,328)             | (620,524)             | (916,974)             |
| Other   | (31,409)              | (317,355)             | (108,744)             |
| Net Change in Total Pension Liability                         | <u>28,036,244</u>     | <u>49,796,718</u>     | <u>28,752,572</u>     |
| Total Pension Liability - Beginning                           | <u>794,767,702</u>    | <u>744,970,984</u>    | <u>716,218,412</u>    |
| Total Pension Liability - Ending (a)                          | <u>\$ 822,803,946</u> | <u>\$ 794,767,702</u> | <u>\$ 744,970,984</u> |
| Plan Fiduciary Net Position:                                  |                       |                       |                       |
| Contributions - member  | \$ 7,169,254          | \$ 6,865,645          | \$ 6,804,087          |
| Contributions - employer                                      | 18,486,301            | 17,644,700            | 17,149,329            |
| Contributions - non-employer contributing entities            | 10,995,780            | 10,969,148            | 10,704,574            |
| Net investment income (loss)                                  | 19,848,485            | 41,112,500            | 67,770,696            |
| Retirement benefits   | (42,230,723)          | (40,191,708)          | (38,299,160)          |
| Refunds of member contributions                               | (803,328)             | (620,524)             | (916,974)             |
| Administrative expenses                                       | (667,253)             | (702,337)             | (647,220)             |
| Other   | (31,409)              | (317,355)             | (108,744)             |
| Net Change in Plan Fiduciary Net Position                     | <u>12,767,107</u>     | <u>34,760,069</u>     | <u>62,456,588</u>     |
| Plan Fiduciary Net Position - Beginning                       | <u>628,437,651</u>    | <u>593,677,582</u>    | <u>531,220,994</u>    |
| Plan Fiduciary Net Position - Ending (b)                      | <u>\$ 641,204,758</u> | <u>\$ 628,437,651</u> | <u>\$ 593,677,582</u> |
| Net Pension Liability - Ending (a) - (b)                      | <u>\$ 181,599,188</u> | <u>\$ 166,330,051</u> | <u>\$ 151,293,402</u> |
| Plan Fiduciary Net Position as a % of Total Pension Liability | 77.93%                | 79.07%                | 79.69%                |
| Covered Payroll   | \$ 97,296,321         | \$ 92,866,842         | \$ 90,259,626         |
| Net Pension Liability as a % of Covered Payroll               | 186.65%               | 179.11%               | 167.62%               |

Continued

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF CHANGES IN NET PENSION LIABILITY  
FOR THE NINE YEARS ENDED JUNE 30, 2022

|   | <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   | <u>(327,007)</u>      | <u>(76,639)</u>       | <u>(414,096)</u>      |
| Net Change in Total Pension Liability                         | 30,361,575            | 31,977,213            | 45,272,992            |
| Total Pension Liability - Beginning                           | <u>685,856,837</u>    | <u>653,879,624</u>    | <u>608,606,632</u>    |
| Total Pension Liability - Ending (a)                          | <u>\$ 716,218,412</u> | <u>\$ 685,856,837</u> | <u>\$ 653,879,624</u> |
| 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   | <u>(334,147)</u>      | <u>(76,639)</u>       | <u>(414,096)</u>      |
| Net Change in Plan Fiduciary Net Position                     | (4,632,695)           | 16,860,241            | 75,562,667            |
| Plan Fiduciary Net Position - Beginning                       | <u>535,853,689</u>    | <u>518,993,448</u>    | <u>443,430,781</u>    |
| Plan Fiduciary Net Position - Ending (b)                      | <u>\$ 531,220,994</u> | <u>\$ 535,853,689</u> | <u>\$ 518,993,448</u> |
| Net Pension Liability - Ending (a) - (b)                      | <u>\$ 184,997,418</u> | <u>\$ 150,003,148</u> | <u>\$ 134,886,176</u> |
| Plan Fiduciary Net Position as a % of Total Pension Liability | 74.17%                | 78.13%                | 79.37%                |
| Covered Payroll   | \$ 91,184,263         | \$ 90,500,700         | \$ 89,962,097         |
| Net Pension Liability as a % of Covered 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 NINE YEARS ENDED JUNE 30, 2022

|      | <u>Total Pension Liability</u> | <u>Fund's Fiduciary Net Position</u> | <u>Employers' Net Pension Liability</u> | <u>Fund's Fiduciary Net Position as a % of Total Pension Liability</u> | <u>Covered Payroll</u> | <u>Net Pension Liability as a % of Covered Payroll</u> |
|------|--------------------------------|--------------------------------------|---|--|------------------------|--|
| 2022 | \$ 935,610,461                 | \$ 693,234,084                       | \$ 242,376,377                          | 74.09%   | \$ 102,406,957         | 236.68%  |
| 2021 | 911,412,187                    | 778,388,343                          | 133,023,844                             | 85.40%   | 101,034,338            | 131.66%  |
| 2020 | 862,128,293                    | 621,541,786                          | 240,586,507                             | 72.09%   | 99,258,589             | 242.38%  |
| 2019 | 822,803,946                    | 641,204,758                          | 181,599,188                             | 77.93%   | 97,296,321             | 186.65%  |
| 2018 | 794,767,702                    | 628,437,651                          | 166,330,051                             | 79.07%   | 92,866,842             | 179.11%  |
| 2017 | 744,970,984                    | 593,677,582                          | 151,293,402                             | 79.69%   | 90,259,626             | 167.62%  |
| 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.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULES OF CONTRIBUTIONS  
 EMPLOYER AND NON-EMPLOYER CONTRIBUTING ENTITIES  
FOR THE NINE YEARS ENDED JUNE 30, 2022

| <u>Year</u> | <u>Actuarially<br/>Determined<br/>Contribution</u> | <u>Contributions<br/>in Relation to<br/>the Actuarially<br/>Determined<br/>Contribution</u> | <u>Contribution<br/>(Excess)<br/>Deficiency</u> | <u>Covered<br/>Payroll</u> | <u>Contributions<br/>as a Percentage<br/>of Covered<br/>Payroll</u> |
|-------------|--|---|---|----------------------------|---|
| 2022        | \$ 34,170,080                                      | \$ 34,890,737   | \$ (720,657)                                    | \$ 102,406,957             | 34.07%  |
| 2021        | 31,257,852   | 33,248,495  | (1,990,643)                                     | 101,034,338                | 32.91%  |
| 2020        | 29,883,991   | 30,432,700  | (548,709)                                       | 99,258,589                 | 30.66%  |
| 2019        | 27,635,177   | 29,482,081  | (1,846,904)                                     | 97,296,321                 | 30.30%  |
| 2018        | 27,181,553   | 28,613,848  | (1,432,295)                                     | 92,866,842                 | 30.81%  |
| 2017        | 23,688,306   | 27,853,903  | (4,165,597)                                     | 90,259,626                 | 30.86%  |
| 2016        | 26,457,181   | 27,814,556  | (1,357,375)                                     | 91,184,263                 | 30.50%  |
| 2015        | 26,913,363   | 27,453,053  | (539,690)                                       | 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 NINE YEARS ENDED JUNE 30, 2022

|      | Annual<br>Money-Weighted<br><u>Rate of Return*</u> |
|------|--|
| 2022 | -9.92%   |
| 2021 | 29.67%   |
| 2020 | -1.85%   |
| 2019 | 3.56%  |
| 2018 | 8.80%  |
| 2017 | 15.18%   |
| 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  
FOR THE NINE YEARS ENDED JUNE 30, 2022

1. SCHEDULE OF CHANGES IN NET PENSION LIABILITY:

The total pension liability contained in this schedule was provided by the Fund's actuary, Curran Actuarial Consulting, 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 Fund's employers' net pension liability as a percentage of covered payroll. The employers' net pension liability is the liability of contributing employers to members for benefits provided through the Fund. Covered payroll is the payroll on which contributions to the Fund are based.

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 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  
FOR THE NINE YEARS ENDED JUNE 30, 2022

6. CHANGES IN ACTUARIAL ASSUMPTIONS:

Actuarial assumption changes over the last nine years are as follow:

| Valuation Date | Investment Rate of Return | Inflation Rate | Estimated Remaining Service Lives | Salary Increases              | Mortality Rate Active Members  | Mortality Rate Annuitant and Beneficiary   |
|----------------|---------------------------|----------------|-----------------------------------|-------------------------------|--|--|
| June 30, 2022  | 6.55%                     | 2.40%          | 5 years                           | 1-5 years 6.2%<br>5+ years 5% | Pub-2010 Public Retirement Plans Mortality Table with full generational projection using the appropriate MP-2019 improvement scale | Pub-2010 Public Retirement Plans Mortality Table for with full generational projection using the appropriate MP-2019 improvement scale |
| June 30, 2021  | 6.55%                     | 2.40%          | 5 years                           | 1-5 years 6.2%<br>5+ years 5% | Pub-2010 Public Retirement Plans Mortality Table with full generational projection using the appropriate MP-2019 improvement scale | Pub-2010 Public Retirement Plans Mortality Table for with full generational projection using the appropriate MP-2019 improvement scale |
| June 30, 2020  | 6.75%                     | 2.50%          | 5 years                           | 1-5 years 6.2%<br>5+ years 5% | Pub-2010 Public Retirement Plans Mortality Table with full generational projection using the appropriate MP-2019 improvement scale | Pub-2010 Public Retirement Plans Mortality Table for with full generational projection using the appropriate MP-2019 improvement scale |
| June 30, 2019  | 6.75%                     | 2.50%          | 5 years                           | 5.00%                         | RP 2000 employee table set back 4 years for males and 3 years for females  | RP 2000 healthy annuitant table set forward 1 year for males and projected to 2030 using scale AA for males and females                |
| June 30, 2018  | 6.75%                     | 2.50%          | 5 years                           | 5.00%                         | RP 2000 employee table set back 4 years for males and 3 years for females  | RP 2000 healthy annuitant table set forward 1 year for males and projected to 2030 using scale AA for males and females                |

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE NINE YEARS ENDED JUNE 30, 2022

6. CHANGES IN ACTUARIAL ASSUMPTIONS: (Continued)

| Valuation Date | Investment Rate of Return | Inflation Rate | Estimated Remaining Service Lives | Salary Increases | Mortality Rate Active Members  | Mortality Rate Annuitant and Beneficiary  |
|----------------|---------------------------|----------------|-----------------------------------|------------------|--|---|
| June 30, 2017  | 7.00%                     | 2.50%          | 5 years                           | 5.00%            | RP 2000 employee table set back 4 years for males and 3 years for females                  | RP 2000 healthy annuitant table set forward 1 year for males and projected to 2030 using scale AA for males and females |
| June 30, 2016  | 7.00%                     | 2.50%          | 5 years                           | 5.00%            | RP 2000 employee table set back 4 years for males and 3 years for females                  | RP 2000 healthy annuitant table set forward 1 year for males and projected to 2030 for males and females                |
| June 30, 2015  | 7.00%                     | 2.50%          | 5 years                           | 5.00%            | RP 2000 employee table set back 4 years for males and 3 years for females                  | RP 2000 healthy annuitant table set forward 1 year for males and projected to 2030 for males and females                |
| June 30, 2014  | 7.25%                     | 2.50%          | 5 years                           | 5.75%            | RP 2000 combined healthy mortality table set back 3 years for males and 1 year for females | RP 2000 combined healthy mortality table set back 3 years for males and 1 year for females                              |

7. CHANGES IN BENEFIT TERMS:

A cost of living adjustment (COLA) was granted effective January 1, 2018 and January 1, 2021. There were no other changes in benefits.

OTHER SUPPLEMENTARY INFORMATION

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
SUPPLEMENTARY INFORMATION  
STATEMENT OF CHANGES IN RESERVE BALANCES  
JUNE 30, 2022

|                                       | ANNUITY<br>SAVINGS   | DROP                 | FUNDING<br>DEPOSIT<br>ACCOUNT | ANNUITY<br>RESERVE    | PENSION<br>ACCUMULATION | TOTAL                 |
|---------------------------------------|----------------------|----------------------|-------------------------------|-----------------------|-------------------------|-----------------------|
| BALANCE - BEGINNING OF YEAR           | \$ 65,542,198        | \$ 43,138,314        | \$ 6,218,667                  | \$ 469,159,532        | \$ 194,329,632          | \$ 778,388,343        |
| REVENUES AND TRANSFERS:               |                      |                      |                               |                       |                         |                       |
| Employee contributions                | 7,618,687            | -                    | -                             | -                     | -                       | 7,618,687             |
| Employer contributions                | -                    | -                    | 988,056                       | -                     | 21,797,492              | 22,785,548            |
| Net investment income (loss)          | -                    | -                    | 407,323                       | -                     | (76,000,485)            | (75,593,162)          |
| Tax collector contributions           | -                    | -                    | -                             | -                     | 11,785,523              | 11,785,523            |
| Revenue sharing contributions         | -                    | -                    | -                             | -                     | 319,666                 | 319,666               |
| Repayment of refund                   | 45,869               | -                    | -                             | -                     | 185,124                 | 230,993               |
| Miscellaneous income                  | -                    | -                    | -                             | -                     | 54,236                  | 54,236                |
| Transfer from another system          | 235,889              | -                    | -                             | -                     | 977,354                 | 1,213,243             |
| Transfer from Annuity Savings         | -                    | -                    | -                             | 6,267,609             | -                       | 6,267,609             |
| Transfer from Annuity Reserve         | -                    | 5,408,218            | -                             | -                     | -                       | 5,408,218             |
| Transfer from Funding Deposit Account | -                    | -                    | -                             | -                     | -                       | -                     |
| Actuarial transfer                    | -                    | -                    | -                             | 58,970,369            | -                       | 58,970,369            |
|                                       | <u>7,900,445</u>     | <u>5,408,218</u>     | <u>1,395,379</u>              | <u>65,237,978</u>     | <u>(40,881,090)</u>     | <u>39,060,930</u>     |
| EXPENDITURES AND TRANSFERS:           |                      |                      |                               |                       |                         |                       |
| Refunds to terminated employees       | 1,115,016            | -                    | -                             | -                     | -                       | 1,115,016             |
| Pensions paid                         | -                    | -                    | -                             | 46,244,503            | -                       | 46,244,503            |
| Administrative                        | -                    | -                    | -                             | -                     | 730,584                 | 730,584               |
| Depreciation                          | -                    | -                    | -                             | -                     | 12,982                  | 12,982                |
| DROP benefits                         | -                    | 4,166,738            | -                             | -                     | -                       | 4,166,738             |
| Transfers to another system           | 236,346              | -                    | -                             | -                     | 1,062,824               | 1,299,170             |
| Transfer to Annuity Reserve           | 6,267,609            | -                    | -                             | -                     | -                       | 6,267,609             |
| Transfer to DROP                      | -                    | -                    | -                             | 5,408,218             | -                       | 5,408,218             |
| Actuarial transfer                    | -                    | -                    | -                             | -                     | 58,970,369              | 58,970,369            |
|                                       | <u>7,618,971</u>     | <u>4,166,738</u>     | <u>-</u>                      | <u>51,652,721</u>     | <u>60,776,759</u>       | <u>124,215,189</u>    |
| NET INCREASE (DECREASE)               | <u>281,474</u>       | <u>1,241,480</u>     | <u>1,395,379</u>              | <u>13,585,257</u>     | <u>(101,657,849)</u>    | <u>(85,154,259)</u>   |
| BALANCE - END OF YEAR                 | <u>\$ 65,823,672</u> | <u>\$ 44,379,794</u> | <u>\$ 7,614,046</u>           | <u>\$ 482,744,789</u> | <u>\$ 92,671,783</u>    | <u>\$ 693,234,084</u> |

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
 SUPPLEMENTARY INFORMATION  
 STATEMENT OF CHANGES IN RESERVE BALANCES  
JUNE 30, 2021

|                                       | ANNUITY<br>SAVINGS   | DROP                 | FUNDING<br>DEPOSIT<br>ACCOUNT | ANNUITY<br>RESERVE    | PENSION<br>ACCUMULATION | TOTAL                 |
|---------------------------------------|----------------------|----------------------|-------------------------------|-----------------------|-------------------------|-----------------------|
| BALANCE - BEGINNING OF YEAR           | \$ 64,174,484        | \$ 42,517,185        | \$ 10,803,791                 | \$ 422,883,734        | \$ 81,162,592           | \$ 621,541,786        |
| REVENUES AND TRANSFERS:               |                      |                      |                               |                       |                         |                       |
| Employee contributions                | 7,639,816            | -                    | -                             | -                     | -                       | 7,639,816             |
| Employer contributions                | -                    | -                    | 228,903                       | -                     | 20,988,308              | 21,217,211            |
| Net investment income                 | -                    | -                    | 729,256                       | -                     | 167,093,818             | 167,823,074           |
| Tax collector contributions           | -                    | -                    | -                             | -                     | 11,711,704              | 11,711,704            |
| Revenue sharing contributions         | -                    | -                    | -                             | -                     | 319,580                 | 319,580               |
| Repayment of refund                   | 31,703               | -                    | -                             | -                     | 137,169                 | 168,872               |
| Miscellaneous income                  | -                    | -                    | -                             | -                     | 132,988                 | 132,988               |
| Transfer from another system          | 49,032               | -                    | -                             | -                     | 140,477                 | 189,509               |
| Transfer from Annuity Savings         | -                    | -                    | -                             | 5,235,939             | -                       | 5,235,939             |
| Transfer from Annuity Reserve         | -                    | 6,835,162            | -                             | -                     | -                       | 6,835,162             |
| Transfer from Funding Deposit Account | -                    | -                    | -                             | 5,543,283             | -                       | 5,543,283             |
| Actuarial transfer                    | -                    | -                    | -                             | 86,327,892            | -                       | 86,327,892            |
|                                       | <u>7,720,551</u>     | <u>6,835,162</u>     | <u>958,159</u>                | <u>97,107,114</u>     | <u>200,524,044</u>      | <u>313,145,030</u>    |
| EXPENDITURES AND TRANSFERS:           |                      |                      |                               |                       |                         |                       |
| Refunds to terminated employees       | 1,064,011            | -                    | -                             | -                     | -                       | 1,064,011             |
| Pensions paid                         | -                    | -                    | -                             | 43,996,154            | -                       | 43,996,154            |
| Administrative                        | -                    | -                    | -                             | -                     | 731,998                 | 731,998               |
| Depreciation                          | -                    | -                    | -                             | -                     | 14,564                  | 14,564                |
| DROP benefits                         | -                    | 6,214,033            | -                             | -                     | -                       | 6,214,033             |
| Transfers to another system           | 52,887               | -                    | -                             | -                     | 282,550                 | 335,437               |
| Transfer to Annuity Reserve           | 5,235,939            | -                    | 5,543,283                     | -                     | -                       | 10,779,222            |
| Transfer to DROP                      | -                    | -                    | -                             | 6,835,162             | -                       | 6,835,162             |
| Actuarial transfer                    | -                    | -                    | -                             | -                     | 86,327,892              | 86,327,892            |
|                                       | <u>6,352,837</u>     | <u>6,214,033</u>     | <u>5,543,283</u>              | <u>50,831,316</u>     | <u>87,357,004</u>       | <u>156,298,473</u>    |
| NET INCREASE (DECREASE)               | <u>1,367,714</u>     | <u>621,129</u>       | <u>(4,585,124)</u>            | <u>46,275,798</u>     | <u>113,167,040</u>      | <u>156,846,557</u>    |
| BALANCE - END OF YEAR                 | <u>\$ 65,542,198</u> | <u>\$ 43,138,314</u> | <u>\$ 6,218,667</u>           | <u>\$ 469,159,532</u> | <u>\$ 194,329,632</u>   | <u>\$ 778,388,343</u> |

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
 SUPPLEMENTARY INFORMATION  
 SCHEDULES OF ADMINISTRATIVE EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

|                               | <u>2022</u>              | <u>2021</u>              |
|-------------------------------|--------------------------|--------------------------|
| PERSONAL SERVICES:            |                          |                          |
| Board Member - per diem       | \$ <u>2,550</u>          | \$ <u>1,800</u>          |
| PROFESSIONAL SERVICES:        |                          |                          |
| Accountant                    | 51,657                   | 45,569                   |
| Actuarial                     | 75,709                   | 76,158                   |
| Legal                         | 18,016                   | 31,146                   |
| Program consultant            | <u>17,385</u>            | <u>16,260</u>            |
|                               | <u>162,767</u>           | <u>169,133</u>           |
| COMMUNICATION:                |                          |                          |
| Travel                        | <u>229</u>               | <u>-</u>                 |
| OTHER:                        |                          |                          |
| Bank charges                  | 15,123                   | 11,206                   |
| Insurance                     | 30,646                   | 30,433                   |
| Meetings and seminars         | 8,512                    | 6,345                    |
| Postage and office supplies   | 4,212                    | 3,813                    |
| Repairs and maintenance       | <u>8,545</u>             | <u>11,268</u>            |
|                               | <u>67,038</u>            | <u>63,065</u>            |
| TOTAL ADMINISTRATIVE EXPENSES | \$ <u><u>232,584</u></u> | \$ <u><u>233,998</u></u> |

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
 SUPPLEMENTARY INFORMATION  
 SCHEDULES OF PER DIEM PAID TO TRUSTEES  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

The per diem paid to the Trustees is an expenditure of the Fund. For 2022 and 2021 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, 2022 and 2021 is as follows:

|                | <u>2022</u>     | <u>2021</u>     |
|----------------|-----------------|-----------------|
| Rick Arceneaux | \$ 300          | \$ 225          |
| David Dart     | 300             | 225             |
| Randy Deshotel | 300             | 150             |
| Mark Graffeo   | 300             | 150             |
| Bridget Hanna  | 300             | 225             |
| Robin Hooter   | 300             | 225             |
| Lynn Jones     | 300             | 150             |
| Brian Lestage  | 300             | 225             |
| Dot Lundin     | 150             | 225             |
|                | <u>\$ 2,550</u> | <u>\$ 1,800</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, 2022

Agency Head: Bridget Hanna, President of the  
Board of Trustees (July 1, 2021 - June 30, 2022)

|               |                      |
|---------------|----------------------|
| Per diem      | \$ 300               |
| Special meals | <u>402</u>           |
| Total         | <u><u>\$ 702</u></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 15, 2022

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 the Louisiana Clerks' of Court Retirement and Relief Fund (the Fund), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Louisiana Clerks' of Court Retirement and Relief Fund's basic financial statements, and have issued our report thereon dated November 15, 2022.

### Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana Clerks' of Court Retirement and Relief Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 or significant deficiencies may exist that have not been identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Louisiana Clerks' of Court Retirement and Relief Fund's financial statements are free 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 financial statements. 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, Sharpness, Hogan and Baker, LLP*

New Orleans, Louisiana

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
SUMMARY SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

SUMMARY OF AUDITORS RESULTS:

1. The opinions issued on the financial statements of the Louisiana Clerks' of Court Retirement and Relief Fund for the years ended June 30, 2022 and 2021 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

LOUISIANA CLERKS' OF COURT  
RETIREMENT AND RELIEF FUND

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

JULY 1, 2021 – JUNE 30, 2022

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND

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# Duplantier Hrapmann Hogan & Maher, LLP

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

October 14, 2022

Board of Directors of the  
Louisiana Clerks' of Court Retirement and Relief Fund  
and The Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Louisiana Clerks' of Court Retirement and Relief Fund (Fund) and the Louisiana Legislative Auditor, on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUPs) for the year ended June 30, 2022. Louisiana Clerks' of Court Retirement and Relief Fund's management is responsible for the control and compliance areas identified in the SAUPs.

The Louisiana Clerks' of Court Retirement and Relief Fund has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

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**Written Policies and Procedures**

1. Obtain and inspect the Fund's written policies and procedures and observe whether they addressed each of the following categories and subcategories if applicable to public funds and the Fund's operations:
  - a) Budgeting, including preparing, adopting, monitoring, and amending the budget.
  - b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) Disbursements, including processing, reviewing and approving.
  - d) Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
  - e) Payroll/Personnel, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
  - f) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
  - g) Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
  - h) Travel and Expense Reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
  - i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the Fund's ethics policy.
  - j) Debt Service, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
  - k) Information Technology Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
  - l) Sexual Harassment, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results:

The Fund has written policies and procedures for all applicable sections above, however, it was noted that the Fund's written sexual harassment policy does not include the annual reporting procedures.

Management's Response:

The Fund's written policies and procedures will be updated to include annual sexual harassment reporting procedures.

**Board or Finance Committee**

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the Fund's collections during the fiscal period.*
  - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Results:

No findings were noted.

**Bank Reconciliations**

3. Obtain a listing of Fund's bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the Fund's main operating account. Select the Fund's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each select account, and observe that:
  - a) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
  - b) Bank reconciliations included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results:

No findings were noted.

**Collections (excluding electronic funds transfers)**

4. Obtain a list of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site select, obtain a listing of collection locations and management's representation that the listing is complete. Select the one location that was identified in Step #5, obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at the collection location, and we observe that job duties are properly segregated at each collection location such that:
  - a) Employees responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

Results:

No findings were noted.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

Results:

No findings were noted.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliation" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
  - a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
  - e) Trace the actual deposit per the bank statement to the general ledger.

Results:

No findings were noted.

**Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)**

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Results:

No findings were noted.

10. For each location selected under #8 above, obtain the Fund's non-payroll disbursement transaction population (excluding cards and travel reimbursement) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
  - a) Observe the disbursement matched the related original itemized invoice and supporting documentation indicated deliverables included on the invoice were received by the Fund.
  - b) Observe the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results:

No findings were noted.

**Credit Cards/Debit Cards/Fuel Cards/P-Cards**

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Use the listing prepared by management and randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
  - a) Observe there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
  - b) Observe that finance charges and late fees were not assessed on the select statements.

Results:

No findings were noted.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement and obtain supporting documentation for the transactions. For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny. For each transaction, observe it is supported by:
- a) An original itemized receipt that identifies precisely what was purchased,
  - b) Written documentation of the business/public purpose,
  - c) Documentation of the individuals participating in meals (for meals charges only)

Results:

No findings were noted.

**Travel and Travel-Related Expense Reimbursement (excluding card transactions)**

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each select reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration.
  - b) If reimbursed using actual cost, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating and other documentation required by written policy (procedure #1h).
  - d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

Results:

No findings were noted.

**Contracts**

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe the contract was approved by the governing body/board, if required by policy or law.
- c) If the contract was amended, observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms. (e.g., if approval is required for any amendment, was approval documented).
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Results:

No findings were noted.

**Payroll and Personnel**

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results:

This section is not applicable. The Fund does not have employees. The Louisiana Clerks of Court Association provides management and other administrative services to the Fund for a fee.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials select under #16 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe all select employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observe supervisors approved the attendance and leave of the select employees or officials.
  - c) Observe any leave accrued or taken during the pay period is reflected in the Fund's cumulative leave records.
  - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Results:

The procedures in this section were not applicable.

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees

or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the Fund's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to Fund policy.

Results:

The procedures in this section were not applicable.

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results:

The procedures in this section were not applicable.

**Ethics**

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
  - a) Observe the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period
  - b) Observe the Fund maintains documentation which demonstrates each employee and official were notified of any changes to the Fund's ethics policy during the fiscal period, as applicable.

Results:

The Fund does not have employees. Louisiana Clerks of Court Association provides management and other administrative services to the Fund for a fee. However, we randomly selected five employees of the Louisiana Clerks Association and obtained ethics compliance documentation from management and determined whether the Fund maintained documentation to demonstrate that required ethics training was completed. No findings were noted.

**Debt Service**

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtained supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

Results:

This section is not applicable. The Fund does not have any debt.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results:

The procedures in this section were not applicable.

**Fraud Notice**

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the Fund reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the Fund is domiciled.

Results:

No misappropriations were noted.

24. Observe the Fund has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results:

No findings were noted.

**Information Technology Disaster Recovery/Business Continuity**

25. Performed the following procedures:

- a) Obtain and inspect the Fund's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
- b) Obtain and inspect the Fund's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

- c) Obtain a listing of the Fund's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the select computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Results:

We performed the procedures and discussed the results with management.

**Sexual Harassment**

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the fiscal period.

Results:

The Fund does not have employees. Louisiana Clerks of Court Association provides management and other administrative services to the Fund for a fee. However, we randomly selected five employees of the Louisiana Clerks Association and obtained sexual harassment compliance documentation from management and determined whether the Fund maintained documentation to demonstrate that required sexual harassment training was completed. No findings were noted.

27. Observe the Fund has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the Fund's premises if the Fund does not have a website).

Results:

No findings were noted.

28. Obtain the Fund's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

Results:

No findings were noted.

We were engaged by the Louisiana Clerks' of Court Retirement and Relief Fund to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to, and did not, conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Louisiana Clerks' of Court Retirement and Relief Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the results of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Duplantier, Sharpness, Hogan and Skater, LLP*

New Orleans, Louisiana