

R E P O R T

REGISTRAR OF VOTERS
EMPLOYEES' RETIREMENT SYSTEM
(STATE OF LOUISIANA)

JUNE 30, 2017 AND 2016

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
(STATE OF LOUISIANA)

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INDEPENDENT AUDITOR'S REPORT

December 8, 2017

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We have audited the accompanying financial statements of the Registrar of Voters Employees' Retirement System (System), as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Registrar of Voters Employees' Retirement System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Registrar of Voters Employees' Retirement System, as of June 30, 2017 and 2016 and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As disclosed in Note 4 to the financial statements, the total pension liability for the Registrar of Voters Employees' Retirement System was \$112,607,600 and \$109,058,931 as of June 30, 2017 and 2016, respectively. The actuarial valuations were based on various assumptions made by the System'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, 2017 and 2016 could be under or overstated.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Registrar of Voters Employees' Retirement System's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 our report dated December 8, 2017 on our consideration of the Registrar of Voters Employees' Retirement System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Registrar of Voters Employees' Retirement System's internal control over financial reporting and compliance.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

The Management's Discussion and Analysis of the Registrar of Voters Employees' Retirement System of Louisiana (System) presents a narrative overview and analysis of the System's financial activities for the year ended June 30, 2017. 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 Registrar of Voters Employees' Retirement System of Louisiana's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

- » The Registrar of Voters Employees' Retirement System's assets exceeded its liabilities as of June 30, 2017 by \$91,672,224, which represents an increase from the prior year. The net position held in trust for pension benefits increased by \$9,918,952 or 12.1%.
- » Contributions to the System by members, employers, and tax revenues totaled \$6,466,003, a decrease of \$330,244 or 4.9%.
- » Pension benefits paid to retirees and beneficiaries increased by \$674,167 or 11.9%.
- » Administrative expenses of the System totaled \$294,052, a decrease of \$11,592 or 3.8%.
- » Net investment gain was \$10,066,124 for the year ended June 30, 2017, which represents an increase of \$11,640,371 compared to the prior year. The increase was primarily attributable to favorable market conditions in the current year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the System'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 statement of fiduciary net position reports the System's assets, liabilities, and resultant net position held in trust for pension benefits. It discloses the financial position of the System as of June 30, 2017 and 2016.

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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

FINANCIAL ANALYSIS OF THE SYSTEM

Registrar of Voters Employees' Retirement System provides benefits for registrars of voters, their deputies and their permanent employees in each parish of the State of Louisiana. Member contributions, employer contributions, and earnings on investments fund these benefits.

Statements of Fiduciary Net Position
June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash	\$ 2,529,715	\$ 2,601,611
Receivables	701,443	658,382
Investments	88,859,577	78,629,974
Property and equipment	<u>25,875</u>	<u>2,803</u>
Total assets	92,116,610	81,892,770
Total liabilities	<u>444,386</u>	<u>139,498</u>
Net Position Held in Trust For Pension Benefits	\$ <u>91,672,224</u>	\$ <u>81,753,272</u>

Fiduciary net position increased by \$9,918,952 or 12.1%. The increase in fiduciary net position was primarily a result of gains on investments in 2017 as well as the collection of contributions in excess of benefit payments.

Statements of Changes in Fiduciary Net Position
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Additions:		
Contributions	\$ 6,466,003	\$ 6,796,247
Investment income (loss)	10,066,124	(1,574,247)
Other	<u>197,039</u>	<u>62,106</u>
Total additions	16,729,166	5,284,106
Total deductions	<u>(6,810,214)</u>	<u>(6,022,097)</u>
Increase (decrease) in Fiduciary Net Position	\$ <u>9,918,952</u>	\$ <u>(737,991)</u>

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

Additions to Fiduciary Net Position

Additions to the System's fiduciary net position were derived primarily from member contributions, employer contributions, ad valorem taxes, state revenue sharing funds, and investment income. The System experienced a net investment gain of \$10,066,124 during the fiscal year ended June 30, 2017. The investment gain was primarily attributable to strength in the overall market in the current year.

	<u>2017</u>	<u>2016</u>	<u>Change</u>
Member contributions	\$ 882,644	\$ 895,995	(1.5)%
Employer contributions	2,754,758	3,108,605	(11.4)
Ad valorem and state revenue sharing	2,828,601	2,791,647	1.3
Net investment income (loss)	10,066,124	(1,574,247)	739.4
Transfers from other systems	<u>197,039</u>	<u>62,106</u>	217.3
Total Additions	<u>\$ 16,729,166</u>	<u>\$ 5,284,106</u>	

Deductions from Fiduciary Net Position

Deductions from fiduciary net position include primarily retirement, death and survivor benefits and administrative expenses. Deductions from fiduciary net position totaled \$6,810,214 during the fiscal year ended June 30, 2017. This is an increase of \$788,117 from the prior year and was primarily attributable to an increase in benefit payments and an increase in the number of members requesting refunds during the fiscal year end June 30, 2017.

	<u>2017</u>	<u>2016</u>	<u>Change</u>
Retirement benefits	\$ 6,332,343	\$ 5,658,176	11.9%
Transfers to other systems	-	54,459	(100.0)
Refunds of contributions	182,890	2,890	6,228.4
Administrative expenses	294,052	305,644	(3.8)
Depreciation expense	<u>929</u>	<u>928</u>	-
Total Deductions	<u>\$ 6,810,214</u>	<u>\$ 6,022,097</u>	

Investments

The Registrar of Voters Employees' Retirement System 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 as of June 30, 2017 were valued at \$88,859,577 as compared to \$78,629,974 as of June 30, 2016.

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

Investments (Continued)

The System's investments in various markets at the end of the 2017 and 2016 fiscal years are indicated in the following table:

	<u>2017</u>	<u>2016</u>	<u>Change</u>
Cash equivalents	\$ 3,250,522	\$ 1,387,320	134.3%
Fixed income	27,419,275	26,390,954	3.9
Equities	51,279,257	43,588,065	17.6
Real estate	6,550,660	6,316,540	3.7
Alternative investments	<u>359,863</u>	<u>947,095</u>	(62.0)
Total Investments	<u>\$ 88,859,577</u>	<u>\$ 78,629,974</u>	

Requests for Information

Questions concerning any of the information provided or requests for additional financial information should be addressed to Lorraine Dees, Executive Director, Registrar of Voters Employees' Retirement System of Louisiana, P.O. Box 57, Jennings, LA 70546.

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2017 AND 2016

	2017			2016		
	Retirement System <u>Trust Fund</u>	Members' Supplemental Savings <u>Trust Fund</u>	Total (Memorandum Only)	Retirement System <u>Trust Fund</u>	Members' Supplemental Savings <u>Trust Fund</u>	Total (Memorandum Only)
<u>ASSETS</u>						
CASH:						
In bank	\$ 2,529,715	\$ -	\$ 2,529,715	\$ 2,601,611	\$ -	\$ 2,601,611
RECEIVABLES:						
Member contributions	85,226	-	85,226	76,286	-	76,286
Employer contributions	263,025	-	263,025	265,402	-	265,402
Investment receivable	189,723	-	189,723	150,057	-	150,057
Accrued interest and dividends	162,696	773	163,469	164,029	2,608	166,637
Total receivables	<u>700,670</u>	<u>773</u>	<u>701,443</u>	<u>655,774</u>	<u>2,608</u>	<u>658,382</u>
INVESTMENTS AT FAIR VALUE:						
Cash equivalents	3,175,658	74,864	3,250,522	1,334,023	53,297	1,387,320
Fixed income - domestic	22,663,883	536,401	23,200,284	21,941,898	569,693	22,511,591
Fixed income - international	4,218,991	-	4,218,991	3,814,686	64,677	3,879,363
Equities - domestic	37,096,165	356,733	37,452,898	32,135,889	331,193	32,467,082
Equities - international	13,779,473	46,886	13,826,359	11,082,154	38,829	11,120,983
Real estate	6,550,660	-	6,550,660	6,316,540	-	6,316,540
Alternative investments	359,863	-	359,863	937,881	9,214	947,095
Total investments	<u>87,844,693</u>	<u>1,014,884</u>	<u>88,859,577</u>	<u>77,563,071</u>	<u>1,066,903</u>	<u>78,629,974</u>
FURNITURE AND EQUIPMENT:						
Net of accumulated depreciation of \$29,961 and \$29,032 for 2017 and 2016	25,875	-	25,875	2,803	-	2,803
Total assets	<u>91,100,953</u>	<u>1,015,657</u>	<u>92,116,610</u>	<u>80,823,259</u>	<u>1,069,511</u>	<u>81,892,770</u>
<u>LIABILITIES</u>						
Accounts payable	50,730	-	50,730	38,610	-	38,610
Investment payable	393,656	-	393,656	100,888	-	100,888
Total liabilities	<u>444,386</u>	<u>-</u>	<u>444,386</u>	<u>139,498</u>	<u>-</u>	<u>139,498</u>
NET POSITION RESTRICTED FOR PENSION BENEFITS						
	<u>\$ 90,656,567</u>	<u>\$ 1,015,657</u>	<u>\$ 91,672,224</u>	<u>\$ 80,683,761</u>	<u>\$ 1,069,511</u>	<u>\$ 81,753,272</u>

See accompanying notes.

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017			2016		
	Retirement System <u>Trust Fund</u>	Members' Supplemental Savings <u>Trust Fund</u>	Total (Memorandum Only)	Retirement System <u>Trust Fund</u>	Members' Supplemental Savings <u>Trust Fund</u>	Total (Memorandum Only)
ADDITIONS:						
Contributions:						
Members	\$ 882,644	\$ -	\$ 882,644	\$ 895,995	\$ -	\$ 895,995
Employers	2,754,758	-	2,754,758	3,108,605	-	3,108,605
Tax revenue	2,828,601	-	2,828,601	2,791,647	-	2,791,647
Total contributions	<u>6,466,003</u>	<u>-</u>	<u>6,466,003</u>	<u>6,796,247</u>	<u>-</u>	<u>6,796,247</u>
Investment income:						
Net appreciation (depreciation) in fair value of investments	8,234,984	43,900	8,278,884	(3,356,949)	(4,392)	(3,361,341)
Interest	599,603	20,437	620,040	506,541	25,981	532,522
Dividends	1,315,045	-	1,315,045	1,383,568	-	1,383,568
Alternative investment income	242,106	-	242,106	180,390	-	180,390
Other investment income	3,395	-	3,395	11,253	-	11,253
	<u>10,395,133</u>	<u>64,337</u>	<u>10,459,470</u>	<u>(1,275,197)</u>	<u>21,589</u>	<u>(1,253,608)</u>
Less: Investment advisory fees	272,396	-	272,396	197,868	-	197,868
Investment consulting fees	86,875	-	86,875	85,000	-	85,000
Custodial fees	34,075	-	34,075	37,771	-	37,771
Net investment income (loss)	<u>10,001,787</u>	<u>64,337</u>	<u>10,066,124</u>	<u>(1,595,836)</u>	<u>21,589</u>	<u>(1,574,247)</u>
Other additions:						
Transfers from other systems - employee	43,680	-	43,680	11,715	-	11,715
Transfers from other systems - employer/interest	153,359	-	153,359	50,391	-	50,391
Total other additions	<u>197,039</u>	<u>-</u>	<u>197,039</u>	<u>62,106</u>	<u>-</u>	<u>62,106</u>
Total additions	<u>16,664,829</u>	<u>64,337</u>	<u>16,729,166</u>	<u>5,262,517</u>	<u>21,589</u>	<u>5,284,106</u>
DEDUCTIONS:						
Pensions payments	6,214,152	118,191	6,332,343	5,544,922	113,254	5,658,176
Transfers to other systems - employee	-	-	-	19,872	-	19,872
Transfers to other systems - employer/interest	-	-	-	34,587	-	34,587
Refund of contributions	182,890	-	182,890	2,890	-	2,890
Administrative expenses	294,052	-	294,052	305,644	-	305,644
Depreciation	929	-	929	928	-	928
Total deductions	<u>6,692,023</u>	<u>118,191</u>	<u>6,810,214</u>	<u>5,908,843</u>	<u>113,254</u>	<u>6,022,097</u>
NET INCREASE (DECREASE)	9,972,806	(53,854)	9,918,952	(646,326)	(91,665)	(737,991)
NET POSITION - RESTRICTED FOR PENSION BENEFITS:						
BEGINNING OF YEAR	80,683,761	1,069,511	81,753,272	81,330,087	1,161,176	82,491,263
END OF YEAR	<u>\$ 90,656,567</u>	<u>\$ 1,015,657</u>	<u>\$ 91,672,224</u>	<u>\$ 80,683,761</u>	<u>\$ 1,069,511</u>	<u>\$ 81,753,272</u>

See accompanying notes.

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

The Registrar of Voters Employees' Retirement System (System) was established as of January 1, 1955 by Act 215 of 1954, under R.S. Title 11:2032, as amended, for the purpose of providing retirement allowances and other benefits for registrars of voters, their deputies and their permanent employees in each parish of the State of Louisiana. The fund is administered by a board of trustees. Benefits, including normal retirement, early retirement, disability retirements and death benefits, are provided as specified in the plan.

The System is governed by a Board of Trustees composed of six elected members and four legislators, all of whom are voting members consisting of six active and contributing members who have at least ten years of creditable service, a member of the House Committee on Retirement appointed by the speaker of the House of Representatives, the chairman of the Senate Committee on Retirement, the Secretary of State, and the State Treasurer. The term of office of the six elected board members is four years, and no elected trustee may serve for more than two consecutive four-year terms.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Registrar of Voters Employees' Retirement System prepares its financial statements in accordance with the standards established by the Governmental Accounting Standards Board (GASB).

Basis of Accounting:

The Registrar of Voters Employees' Retirement System's financial statements are prepared using the accrual basis of accounting. Employee contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

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

The Fund reports under the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans*. GASB Statement No. 67 established standards of financial reporting for defined benefit pension plans. Significant changes included specifying the approach of contributing entities to measure pension liabilities for benefits provided through the pension plan, increased the note disclosure requirements, and provided for additional required supplementary information schedules.

Method Used to Value Investments:

The System implemented GASB Statement No. 72, *Fair Value Measurement and Application*, during the fiscal year ended June 30, 2016. As required by GASB Statement No. 72, investments are reported at fair value. This statement requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. Valuation techniques used to measure fair value maximize the use of relevant observable inputs and minimize the use of unobservable inputs. This statement establishes a hierarchy of inputs to valuation techniques used to measure fair value based on three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities.

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Method Used to Value Investments: (Continued)

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. Lastly, Level 3 inputs are unobservable inputs, such as management's assumptions or investment manager assumptions that are unobservable. This statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques used. These disclosures are organized by type of asset or liability. GASB Statement No. 72 also requires additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent).

Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The fair value of mutual funds and exchange traded funds not traded on a national or international exchange are calculated using the net asset value reported by the exchange trade funds and mutual funds. The fair value of investments in limited partnerships and limited liability companies were calculated as the System's percentage of ownership of the partner's capital reported by the limited partnership or limited liability company.

Furniture and Equipment:

Furniture and equipment of the System are capitalized and depreciated over the estimated future life of the asset. All fixed assets are valued on the basis of historical cost and depreciated using the straight-line method of depreciation over its estimated useful life.

Memorandum Only Column:

The total columns on the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position are captioned memorandum only to indicate that they are presented to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Inter-fund eliminations have not been made in the aggregation of this data.

2. PLAN DESCRIPTION:

The Registrar of Voters Employees' Retirement System is the administrator of a cost-sharing multiple-employer plan (Retirement System Trust Fund) and a savings plan (Members' Supplemental Savings Trust Fund). The System was established on January 1, 1955 for the purpose of providing retirement allowances and other benefits as stated under the provisions of R.S. Title 11:2032, as amended, for registrars of voters, their deputies, and their permanent employees in each parish. The total number of participating employers was 64 for the year ended June 30, 2017 and 2016.

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

2. PLAN DESCRIPTION: (Continued)

As of June 30, 2017 and 2016, statewide retirement membership consisted of the following:

	<u>2017</u>	<u>2016</u>
Inactive plan members or beneficiaries receiving benefits	163	154
Inactive plan members entitled to but not yet receiving benefits	24	38
Active plan members	<u>244</u>	<u>246</u>
Total number of members	<u>431</u>	<u>438</u>

Retirement System Trust Fund:

Any member hired prior to January 1, 2013 is eligible for normal retirement after he has 20 years of creditable service and is age 55 or has 10 years of creditable service and is age 60. Any member with 30 years of creditable service regardless of age may retire. Regular retirement benefits for members hired prior to January 1, 2013 are calculated at 3.33% of the average annual earned compensation for the highest consecutive 60 months multiplied by the number of years of creditable service, not to exceed 100% of average annual compensation.

Any member hired on or after January 1, 2013 is eligible for normal retirement after he has attained 30 years of creditable service and is age 55; has attained 20 years of creditable service and is age 60; or has attained 10 years of creditable service and is age 62. Regular retirement benefits for members hired on or after January 1, 2013 are calculated at 3.00% of the average annual earned compensation for the highest consecutive 60 months multiplied by the number of years of creditable service, not to exceed 100% of average annual compensation.

Any member whose withdrawal from service occurs prior to attaining the age of 60 years, who shall have completed 10 or more years of creditable service and shall not have received a refund of his accumulated contributions, shall become eligible for a deferred allowance beginning upon his attaining the age of 60 years.

Disability benefits are awarded to active contributing members with at least 10 years of service established in the System and who have been officially certified as disabled by the State Medical Disability Board. The disabled member who has attained the age of 60 years shall be entitled to a regular retirement allowance. The disabled member who has not yet attained age 60 shall be entitled to a disability benefit equal to the lesser of 3% of his average final compensation multiplied by the number of creditable years of service (not to be less than fifteen years) or 3½% of average final compensation multiplied by the years of service assuming continued service to age 60. Disability benefits may not exceed two-thirds of earnable compensation.

If a member who has less than five years of credited service dies due to any cause other than injuries sustained in the performance of his official duties, his accumulated contributions are paid to his designated beneficiary. If the member has five or more years of credited service, and is not eligible to retire, automatic Option 2 benefits are payable to the surviving spouse. These benefits

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

2. PLAN DESCRIPTION: (Continued)

Retirement System Trust Fund: (Continued)

are based on the retirement benefits accrued at the member's date of death with Option 2 factors used as if the member had continued in service to earliest normal retirement age. If a member has no surviving spouse and the member has five or more years of creditable service, the surviving minor children under 18 or disabled children shall be paid 80% of the accrued retirement benefit in equal shares until the age of majority or for the duration of the handicap for a handicapped child. Upon the death of any former member with 10 or more years of service, automatic Option 2 benefits are payable to the surviving spouse. In lieu of periodic payments, the surviving spouse or children may receive a refund of the member's accumulated contributions.

In lieu of terminating employment and accepting a service retirement allowance, any member with ten or more years of service at age 60, 20 or more years of service at age 55, or 30 or more years of service at any age may elect to participate in the Deferred Retirement Option Plan (DROP) for up to three years and defer the receipt of benefits. Upon commencement of participation in the plan, membership in the System terminates. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would have been payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP fund. This fund does not earn interest. In addition, no cost of living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the plan may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the Board of Trustees. The monthly benefits that were being paid into the Deferred Retirement Option Plan fund will begin to be paid to the retiree. If the participant dies during the participation in the plan, a lump sum equal to his account balance in the plan fund shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the plan fund cease and the person resumes active contributing membership in the System.

The Retirement System Trust Fund is financed by employee contributions of 7% of earnable compensation. In addition, each sheriff and ex-officio tax collector remits the employer's share of the actuarially required contribution to fund the System up to a maximum of one-sixteenth of 1% of the aggregate amount of the tax shown to be collected by the tax roll of each respective parish. Should employee contributions and tax monies be insufficient to fund the System as required by R.S. 11:22 employers contribute the additional amount.

Cost of living provisions for the System allow the board of trustees to provide an annual cost of living increase of 2% of the eligible retiree's original benefit for retirees and beneficiaries over age 65 and allows a 3% COLA to those retired at least two years, if certain funding criteria are met. Members are eligible to receive a cost of living adjustment once they have reached the age of 60

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

2. PLAN DESCRIPTION: (Continued)

Retirement System Trust Fund: (Continued)

and have been retired at least one year. Funding criteria for granting cost of living adjustments are as follows:

- Funding Criteria 1 - if the funded ratio is equal to or in excess of 90%, the System is eligible to grant a cost of living adjustment every other year.
- Funding Criteria 2 - if the funded ratio is equal to or in excess of 80%, the System is eligible to grant a cost of living adjustment every three years.
- Funding Criteria 3 - if the funded ratio is equal to or in excess of 70%, the System is eligible to grant a cost of living adjustment every four years.

If the funded ratio is less than 70%, the System is not eligible to grant a cost of living adjustment in any year.

Members' Supplemental Savings Trust Fund:

The Members' Supplemental Savings Trust Fund (Fund) was established by LRS 11:2139 as a defined contribution plan. All registrars of voters, their deputies and active permanent employees participate in the plan. As of June 30, 2017 and 2016, the number of participants in the plan was 102 and 122, respectively.

In accordance with state statute, funds contributed to the System in excess of those required contributions to the Retirement Fund employer reserve, as established by the Public Retirement Systems' Actuarial Committee, are deposited in the Members' Supplemental Savings Fund. The amount of funds deposited with the Members' Supplemental Savings Fund is three percent of the salaries paid during the preceding fiscal year to members who were still employed by the employer at the end of the fiscal year unless the Public Retirement Systems' Actuarial Committee recommends a lesser percentage based on available funds and the requirements of the Defined Benefit Plan. As of June 30, 2017 and 2016, there were 64 active employers participating in the Fund. There were no contributions to the Member's Supplemental Savings Fund for the years ending June 30, 2017 and 2016.

Should any member of the System terminate membership in the System due to resignation, retirement, disability, death, or for any other reason involving termination of employment, he shall be entitled to payment of all contributions and interest or other earnings or losses credited to his account as of the date of payment, provided he remains out of service until such time as the payments are required to be paid. Payment to the member is made at the end of the calendar quarter following the quarter in which the member terminates.

Interest, dividends, and realized gains or losses shall be allocated at least once each year on the valuation date or dates of the fund. Such earnings or losses shall be allocated to members in proportion to their account balances as of the first day of the period for which the earnings are credited, reduced by any distribution from such account during the valuation period.

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

3. CONTRIBUTIONS AND RESERVES:

Contributions:

Contributions for all members are established by state statute at not less than 7.0% and not more than 9.0% of earnable compensation, as determined by the Board in consultation with the System's actuary. The member contribution rate for June 30, 2017 and 2016 was 7.0%. The contributions are deducted from the member's salary and remitted by the participating registrar. Member contribution revenue for the years ended June 30, 2017 and 2016 were \$882,644 and \$895,995, respectively.

According to state statute, contribution requirements for all employers are actuarially determined each year. The actual employer contribution rate was 20.00% and 22.50% for the years ended June 30, 2017 and 2016, respectively. Employer contribution revenue for the years ended June 30, 2017 and 2016 were \$2,754,758 and \$3,108,605, respectively.

In accordance with state statute, the Fund receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities. Ad valorem tax and state revenue sharing funds received for the years ended June 30, 2017 and 2016 were \$2,828,601 and \$2,791,647, respectively.

Administrative costs of the System are financed through ad valorem taxes and state revenue sharing monies.

Reserves:

Use of the term "reserve" by the System indicates that a portion of the fund balance is legally restricted for a specific future use. The nature and purpose of the reserves are explained below:

A) Deferred Retirement Option Plan:

The Deferred Retirement Option Account consists of the reserves for all members who upon eligibility elect to deposit into this account an amount equal to the member's monthly benefit if he had retired. A member can only participate in the program for three years, and upon termination may receive his benefits in a lump sum payment or by a true annuity. The Deferred Retirement Option Account balance as of June 30, 2017 and 2016 was \$4,339,836 and \$4,829,369, respectively.

B) Annuity Savings:

The Annuity Savings is credited with contributions made by members of the System. 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 to the Annuity Reserve. When a

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

3. CONTRIBUTIONS AND RESERVES: (Continued)

Reserves: (Continued)

B) Annuity Savings: (Continued)

member retires, the amount of his accumulated contributions is transferred to the Annuity Reserve to provide part of the benefits payable from that fund. The Annuity Savings balance as of June 30, 2017 and 2016 was \$6,990,812 and \$6,885,192, respectively.

C) Pension Accumulation:

The Pension Accumulation consists of contributions paid by employers, interest earned on investments and any other income not covered by other accounts. This fund is charged annually with an amount, determined by the actuary, to be transferred to the Annuity Reserve to fund retirement benefits for existing recipients. It is also relieved when expenditures are not covered by other accounts. The Pension Accumulation balance as of June 30, 2017 and 2016 was \$28,867,668 and \$23,985,783, respectively.

D) Annuity Reserve:

The Annuity Reserve 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 balance as of June 30, 2017 and 2016 was \$47,537,357 and \$42,914,859, respectively.

E) Funding Deposit Account:

The Funding Deposit Account consists of excess contribution collected by the System. 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 System 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 costs, and/or (3) pay all or a portion of any future net direct employer contributions. The Funding Deposit Account as of June 30, 2017 and 2016 was \$2,920,894 and \$2,068,558, respectively.

F) Members' Supplemental Savings:

The Members' Supplemental Savings consists of contributions from the dedicated taxes to the System in excess of those required contributions to the Pension Accumulation, not to exceed three percent of the salaries paid during the fiscal year proceeding the year in which funds are received. Upon termination a member is entitled to payment of all contributions and earnings credited to his account in the fund. The Members' Supplemental Savings balance as of June 30, 2017 and 2016 was \$1,015,657 and \$1,069,511, respectively.

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

4. NET PENSION LIABILITY OF EMPLOYERS:

The components of the liability of the System's employers to plan members for benefits provided through the pension plan was as follows as of June 30, 2017 and 2016:

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Employers' Net Pension Liability</u>	<u>Plan Fiduciary Net Position as a % of Total Pension Liability</u>
2017	\$ 112,607,600	\$ 90,656,567	\$ 21,951,033	80.51 %
2016	109,058,931	80,683,761	28,375,170	73.98

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

The actuarial assumptions used in the June 30, 2017 and 2016 valuation were based on the results of an experience study for the period from July 1, 2009 and June 30, 2014. The required Schedule of Employers' Net Pension Liability located in the required supplementary information following the *Notes to the Financial Statements* presents multi-year trend information regarding whether the plan fiduciary net position is increasing or decreasing over time relative to the total pension liability. The total pension liability as of June 30, 2017 and 2016 is based on actuarial valuation for the same period, updated using generally accepted actuarial procedures.

Information on the actuarial methods and assumptions used as of the June 30, 2017 and 2016 actuarial valuation is as follows:

Valuation Date	June 30, 2017 and 2016
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.75% and 7.00% net of pension plan investment expense, as of June 30, 2017 and 2016, respectively.
Inflation Rate	2.50%
Mortality	RP-2000 Healthy Annuitant Table for active members, healthy annuitants and beneficiaries RP-2000 Disabled Lives Mortality Table for disabled annuitants
Salary Increases	6.00% (2.5% Inflation, 3.5% Merit)

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

4. NET PENSION LIABILITY OF EMPLOYERS: (Continued)

Cost of Living Adjustments The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. Future cost of living increases are only granted if specific target ratios are met and excess interest earnings are available to fund the cost of the benefit increase.

During the years ended June 30, 2017 and 2016, mortality assumptions were set after reviewing an experience study performed on plan data for the period from July 1, 2009 through June 30, 2014. The data was assigned credibility weightings and combined with a standard table to produce current levels of mortality. The mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The mortality tables selected were set forward or set back to approximate mortality improvement.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate 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 are 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 resulting long-term rate of return was 8.39% and 8.37% for the years ended June 30, 2017 and 2016, respectively.

The best estimates of arithmetic real rates of return for each major asset class based on the System's target asset allocation as of June 30, 2017 were as follows:

<u>Asset Class</u>	<u>Expected Rates of Return</u>		
	<u>Target Asset Allocation</u>	<u>Real Return Arithmetic Basis</u>	<u>Long-term Expected Portfolio Real Rate of Return</u>
Domestic Equities	40.0%	7.50%	3.00%
International Equities	15.0	8.50	1.28
Domestic Fixed Income	20.0	2.50	0.50
International Fixed Income	10.0	3.50	0.35
Alternative Investments	5.0	6.24	0.31
Real Estate	10.0	4.50	0.45
Cash and Cash Equivalents	<u>-</u>	-	<u>-</u>
Totals	<u>100%</u>		<u>5.89%</u>
Inflation			<u>2.50</u>
Expected Arithmetic Nominal Return			<u>8.39%</u>

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

4. NET PENSION LIABILITY OF EMPLOYERS: (Continued)

The best estimates of arithmetic real rates of return for each major asset class based on the System's target asset allocation as of June 30, 2016 were as follows:

<u>Asset Class</u>	<u>Expected Rates of Return</u>		
	<u>Target Asset Allocation</u>	<u>Real Return Arithmetic Basis</u>	<u>Long-term Expected Portfolio Real Rate of Return</u>
Domestic Equities	40.0%	7.50%	3.00%
International Equities	15.0	8.50	1.28
Domestic Fixed Income	20.0	2.50	0.50
International Fixed Income	10.0	3.50	0.35
Alternative Investments	5.0	5.87	0.29
Real Estate	10.0	4.50	0.45
Cash and Cash Equivalents	-	-	-
Totals	<u>100%</u>		<u>5.87%</u>
Inflation			<u>2.50</u>
Expected Arithmetic Nominal Return			<u>8.37%</u>

The discount rate used to measure the total pension liability was 6.75% and 7.0% as of June 30, 2017 and 2016, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System'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 as of June 30, 2017 and 2016:

	<u>Change in Discount Rate</u>		
	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net Pension Liability – June 30, 2017	\$ 33,551,857	\$ 21,951,033	\$ 11,966,795
Net Pension Liability – June 30, 2016	39,449,621	28,375,170	18,834,513

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

5. INVESTMENTS AT FAIR VALUE:

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The System has the following recurring fair value measurements as of June 30, 2017:

	June 30, 2017	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
Cash Equivalents	\$ 3,250,522	\$ 3,250,522	\$ -	\$ -
Fixed Income Investments:				
U.S. government agency obligations	4,741,305	108,369	4,632,936	-
Corporate bonds - domestic	10,101,193	-	10,101,193	-
Fixed income mutual funds - domestic	8,357,786	8,357,786	-	-
Fixed income mutual funds - international	4,218,991	4,218,991	-	-
Total fixed income investments	<u>27,419,275</u>	<u>12,685,146</u>	<u>14,734,129</u>	<u>-</u>
Equity Securities:				
Corporate stocks - domestic	20,307,047	20,307,047	-	-
Corporate stocks - international	2,781,583	2,781,583	-	-
Equity mutual funds - domestic	17,145,851	17,145,851	-	-
Equity mutual funds - international	11,044,776	11,044,776	-	-
Total equity securities	<u>51,279,257</u>	<u>51,279,257</u>	<u>-</u>	<u>-</u>
Real Estate	304,246	-	-	304,246
Total real estate	<u>304,246</u>	<u>-</u>	<u>-</u>	<u>304,246</u>
Total investments by fair value level	<u>82,253,300</u>	<u>\$ 67,214,925</u>	<u>\$ 14,734,129</u>	<u>\$ 304,246</u>
Investments measures at the Net Asset Value (NAV):				
Multi-asset strategies	25,937			
Private equity	333,926			
Real estate	6,246,414			
Total investments at NAV	<u>6,606,277</u>			
Total investments at fair value	<u>\$ 88,859,577</u>			

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

5. INVESTMENTS AT FAIR VALUE: (Continued)

The System had the following recurring fair value measurements as of June 30, 2016:

	June 30, 2016	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
Cash Equivalents	\$ 1,387,320	\$ 1,387,320	\$ -	\$ -
Fixed Income Investments:				
U.S. government agency obligations	4,894,144	199,503	4,694,641	-
Corporate bonds - domestic	9,970,759	-	9,970,759	-
Fixed income mutual funds - domestic	7,646,688	7,646,688	-	-
Fixed income mutual funds - international	3,879,363	3,879,363	-	-
Total fixed income investments	26,390,954	11,725,554	14,665,400	-
Equity Securities:				
Corporate stocks - domestic	21,299,175	21,299,175	-	-
Equity mutual funds - domestic	13,373,749	13,373,749	-	-
Equity mutual funds - international	8,915,141	8,915,141	-	-
Total equity securities	43,588,065	43,588,065	-	-
Real Estate	543,853	-	-	543,853
Total real estate	543,853	-	-	543,853
Total investments by fair value level	71,910,192	\$ 56,700,939	\$ 14,665,400	\$ 543,853
Investments measures at the Net Asset Value (NAV):				
Multi-asset strategies	9,214			
Private equity	937,881			
Real estate	5,772,687			
Total investments at NAV	6,719,782			
Total investments at fair value	\$ 78,629,974			

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities 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.

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

5. INVESTMENTS AT FAIR VALUE: (Continued)

Derivative instruments classified in Level 2 of the fair value hierarchy are valued using a market approach that considers benchmark interest rates and foreign exchange rates. Investments classified in Level 3 of the fair value hierarchy are valued using unobservable inputs and are not directly corroborated with market data.

The unfunded commitments and redemption terms for investments measured at the net asset value (NAV) per share or its equivalent as of June 30, 2017 is presented on the following table:

	<u>June 30, 2017</u>	<u>Commitments</u>	<u>Frequency</u>	<u>Notice Period</u>
Multi-asset strategies	\$ 25,937	\$ -	Monthly	30 days
Private equity	333,926	-	Monthly	30 days
Real estate	6,246,414	-	Quarterly	10 days
Total Investments at NAV	<u>\$ 6,606,277</u>	<u>\$ -</u>		

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

	<u>June 30, 2016</u>	<u>Commitments</u>	<u>Frequency</u>	<u>Period</u>
Multi-asset strategies	\$ 9,214	\$ -	Monthly	30 days
Private equity	937,881	-	Monthly	30 days
Real estate	5,772,687	-	Quarterly	10 days
Total Investments at NAV	<u>\$ 6,719,782</u>	<u>\$ -</u>		

Real Estate:

This investment type includes investments in real estate domiciled in the United States. These investments aim to benefit from higher economic growth and lower debt levels in the United States. The fair value of the investments in these funds has been determined using the NAV per share or equivalent of the investments. Units are valued quarterly and redemption requests received at least 10 business days prior to the end of a given calendar quarter are effective at the end of such calendar quarter. Any amount redeemed will be paid as soon as reasonably practical after the effective date.

Private Equity:

Private equity is an asset class consisting of equity securities and debt in operating companies that are not publicly traded on a stock exchange. This asset class includes investments in two private equity funds at June 30, 2017 and 2016, respectively. Private equity funds employ a combination of strategies to earn superior risk-adjusted returns. The fair values of the investments in this asset class have been determined using the NAV per share or equivalent of the private equity capital. Distributions from each fund will be received as the underlying investments of the funds are liquidated.

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

6. DEPOSITS, CASH EQUIVALENTS, AND INVESTMENTS:

The following are the components of the System's deposits, cash equivalents and investments as of June 30, 2017 and 2016:

	Retirement System <u>Trust Fund</u>	Members' Supplemental Savings <u>Trust Fund</u>	<u>Total</u>
<u>2017</u>			
Cash in bank	\$ 2,527,343	\$ -	\$ 2,527,343
Cash equivalents	3,175,658	74,864	3,250,522
Investments	<u>84,669,035</u>	<u>940,020</u>	<u>85,609,055</u>
	<u>\$ 90,372,036</u>	<u>\$ 1,014,884</u>	<u>\$ 91,386,920</u>
	Retirement System <u>Trust Fund</u>	Members' Supplemental Savings <u>Trust Fund</u>	<u>Total</u>
<u>2016</u>			
Cash in bank	\$ 2,620,492	\$ -	\$ 2,620,492
Cash equivalents	1,334,023	53,297	1,387,320
Investments	<u>76,229,048</u>	<u>1,013,606</u>	<u>77,242,654</u>
	<u>\$ 80,183,563</u>	<u>\$ 1,066,903</u>	<u>\$ 81,250,466</u>

Deposits:

The System's bank deposits were entirely covered by Federal Depository Insurance and pledged collateral held in the name of the System.

Cash Equivalents:

Cash equivalents consisted of holdings in money market funds. The funds are classified as investments in the Statement of Fiduciary Net Position.

Investments:

Statutes authorize the System to invest under the Prudent-Man Rule. The Prudent-Man Rule shall require each fiduciary of a retirement system and each board of trustees acting collectively on behalf of the System to act with care, skill, prudence, and diligence under the circumstances prevailing that a prudent institutional investor acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. Notwithstanding the Prudent-Man Rule, the System shall not invest more than 55% of the total portfolio in equities, except that the System may invest up to 65% of the total portfolio in equities if at least ten percent of the total equity allocation is invested in one or more index funds which seek to replicate the performance of the chosen index or indices.

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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

Concentration of Credit Risk:

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of the System's investment in a single issuer.

The System's investment policy states that no manager will be allocated more than 15% of the System's assets. No single stock position or corporate debt instrument should represent more than 10% of a manager's portfolio at market. In addition, exposure to any single industry shall not exceed two times its weighting in the market or 20%, whichever is greater. The System is in compliance with their concentration of credit risk policy.

As of June 30, 2017, the System held an investment in a single issuer (other than those issued or guaranteed by the U.S. Government or mutual funds) that exceeded 5% of total investments and 5% of net position. The System's investment in American Core Realty Fund in the amounts of \$6,246,414 and \$5,772,687 as of June 30, 2017 and 2016, respectively, exceeded 5% of total investments and net position.

Credit Risk:

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The System's policy states that fixed income securities may include any publicly traded debt instrument regardless of credit rating.

The following were the credit risk ratings of the System's investments in long-term debt securities as of June 30, 2017:

	Corporate <u>Bonds</u>	Federal Home Loan <u>Bank</u> (FHLB)	Federal Home Loan Mortgage <u>Corporation</u> (FHLMC)	Federal National Mortgage <u>Association</u> (FNMA)	Government National Mortgage <u>Association</u> (GNMA)	Federal Farm Credit <u>Banks</u> (FFCB)	<u>Total</u>
AA	\$ 764,202	\$ 16,363	\$ -	\$ -	\$ -	\$ 92,006	\$ 872,571
A	4,768,391	-	-	-	-	-	4,768,391
BBB	4,568,600	-	-	-	-	-	4,568,600
Not Rated	-	-	<u>3,863,647</u>	<u>386,614</u>	<u>382,675</u>	-	<u>4,632,936</u>
	<u>\$10,101,193</u>	<u>\$ 16,363</u>	<u>\$ 3,863,347</u>	<u>\$ 386,614</u>	<u>\$ 382,675</u>	<u>\$ 92,006</u>	<u>\$14,842,498</u>

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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

Credit Risk: (Continued)

The following were the credit risk ratings of the System's investments in long-term debt securities as of June 30, 2016:

	Corporate Bonds	Federal Home Loan Bank (FHLB)	Federal Home Loan Mortgage Corporation (FHLMC)	Federal National Mortgage Association (FNMA)	Government National Mortgage Association (GNMA)	Federal Farm Credit Banks (FFCB)	Total
AA	\$ 788,007	\$ 17,198	\$ -	\$ 85,841	\$ -	\$ 96,464	\$ 987,510
A	4,474,115	-	-	-	-	-	4,474,115
BBB	4,708,637	-	-	-	-	-	4,708,637
Not Rated	-	-	<u>3,719,381</u>	<u>471,053</u>	<u>504,207</u>	-	<u>4,694,641</u>
	<u>\$ 9,970,759</u>	<u>\$ 17,198</u>	<u>\$ 3,719,381</u>	<u>\$ 556,894</u>	<u>\$ 504,207</u>	<u>\$ 96,464</u>	<u>\$ 14,864,903</u>

The System also held investments in unrated bond mutual funds and exchange trade funds in the amount of \$12,576,777 and \$11,526,051 as of June 30, 2017 and 2016, respectively. The System also held investments in a money market mutual fund in the amount of \$3,250,522 and \$1,387,320 as of June 30, 2017 and 2016, respectively. The money market mutual fund was rated AAAM as of June 30, 2017 and 2016.

Custodial Credit Risk:

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The System is not exposed to custodial credit risk as of June 30, 2017 and 2016 for investments in the amount of \$85,609,055 and \$77,242,654, respectively, since the investments are held in the name of the System. The System is exposed to custodial credit risk in the amount of \$3,250,522 and \$1,387,320 as of June 30, 2017 and 2016, respectively, related to investment holdings in mutual funds that are held by the counter party's agent but are not in the name of the System. The System has no formal policy regarding custodial credit risk.

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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

Interest Rate Risk:

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. As of June 30, 2017, the System had the following investments in long-term debt securities and maturities:

	<u>Less than 1 Year</u>	<u>1 – 5 Years</u>	<u>5 – 10 Years</u>	<u>Greater than 10 Years</u>	<u>Fair Value</u>
Corporate Bonds	<u>\$ 347,308</u>	<u>\$ 3,926,652</u>	<u>\$ 3,635,799</u>	<u>\$ 2,191,434</u>	<u>\$ 10,101,193</u>
Governmental Bonds:					
FFCB	\$ -	\$ 92,006	\$ -	\$ -	\$ 92,006
FHLB	-	16,363	-	-	16,363
FHLMC	-	-	-	3,863,647	3,863,647
FNMA	-	-	-	386,614	386,614
GNMA	-	-	-	<u>382,675</u>	<u>382,675</u>
Total Governmental Bonds	<u>\$ -</u>	<u>\$ 108,369</u>	<u>\$ -</u>	<u>\$ 4,632,936</u>	<u>\$ 4,741,305</u>
Bond Mutual Funds	<u>\$ -</u>	<u>\$ 7,762,422</u>	<u>\$ 4,386,323</u>	<u>\$ -</u>	<u>\$ 12,148,745</u>
Exchange Traded Funds	<u>\$ -</u>	<u>\$ 241,349</u>	<u>\$ 186,683</u>	<u>\$ -</u>	<u>\$ 428,032</u>

As of June 30, 2016, the System had the following investments in long-term debt securities and maturities:

	<u>Less than 1 Year</u>	<u>1 – 5 Years</u>	<u>5 – 10 Years</u>	<u>Greater than 10 Years</u>	<u>Fair Value</u>
Corporate Bonds	<u>\$ 603,312</u>	<u>\$ 2,711,444</u>	<u>\$ 4,836,257</u>	<u>\$ 1,819,747</u>	<u>\$ 9,970,759</u>
Governmental Bonds:					
FFCB	\$ -	\$ 96,464	\$ -	\$ -	\$ 96,464
FHLB	-	17,198	-	-	17,198
FHLMC	-	-	-	3,719,381	3,719,381
FNMA	85,841	-	-	471,053	556,893
GNMA	-	-	-	<u>504,207</u>	<u>504,207</u>
Total Governmental Bonds	<u>\$ 85,841</u>	<u>\$ 113,662</u>	<u>\$ -</u>	<u>\$ 4,494,641</u>	<u>\$ 4,894,144</u>
Bond Mutual Funds	<u>\$ -</u>	<u>\$ 7,172,349</u>	<u>\$ 4,321,460</u>	<u>\$ -</u>	<u>\$ 11,493,809</u>
Exchange Traded Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,242</u>	<u>\$ 32,242</u>

The System invests in mortgage backed securities. These securities are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates. The System has no formal policy regarding interest rate risk.

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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

Foreign Currency Risk:

Foreign currency risk is defined as the risk that changes in exchange rates will adversely affect the fair value of an investment. The System's investment policy has a target not to exceed 25% of total investments in foreign marketable securities and a target not to exceed 25% of total investments in fixed income. The System's exposure for foreign currency risk consisted of its investment in foreign marketable securities as of June 30, 2017 and 2016:

<u>Country/Currency</u>	<u>2017</u>	<u>2016</u>
Bermuda/Bermudian Dollar	\$ 228,249	\$ 217,784
Canada/Canadian Dollar	301,625	-
China/Yuan	417,555	651,355
Ireland/Euro	1,560,314	606,571
Israel/Israeli New Shekel	-	239,597
Luxembourg/Euro	-	19,467
Netherlands/Euro	-	85,849
Netherlands Antilles/Netherlands Antillean Guilder	-	117,197
United Kingdom/British Pound	<u>273,840</u>	<u>268,022</u>
Total	<u>\$ 2,781,583</u>	<u>\$ 2,205,842</u>

The System also holds investments in exchange traded funds and mutual funds that invest in foreign entities but are denominated in US dollars. These investments for the years ended June 30, 2017 and 2016 totaled \$15,263,767 and \$12,794,504, respectively.

Commitments:

As of June 30, 2017 and 2016, the System has no commitments to purchase any additional investments.

Money-Weighted Rate of Return:

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense for the years ended June 30, 2017 and 2016 was 12.74% and (1.84)%, respectively. The money-weighted return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

7. FURNITURE AND EQUIPMENT:

The change in furniture and equipment consisted of the following for the year ended June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Balance – Beginning of year	\$ 31,836	\$ 31,836
Additions	24,000	-
Deletions	<u>-</u>	<u>-</u>
	55,836	31,836
Less accumulated depreciation	<u>(29,961)</u>	<u>(29,032)</u>
Balance – End of year	<u>\$ 25,875</u>	<u>\$ 2,804</u>

Depreciation expense was \$929 and \$928 for the years ended June 30, 2017 and 2016, respectively.

8. USE OF ESTIMATES:

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

9. TAX QUALIFICATION:

Beginning January 1, 2005, the Retirement System Trust Fund became a qualified plan under IRS Code Section 401(a).

10. RECLASSIFICATIONS:

Certain amounts for year ending June 30, 2016 were reclassified to conform to the presentation of the June 30, 2017 financial statements. The net position at June 30, 2016 did not change as a result of the reclassifications.

REQUIRED SUPPLEMENTARY INFORMATION

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF CHANGES IN NET PENSION LIABILITY
FOR THE FOUR YEARS ENDED JUNE 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability:				
Service Cost	\$ 3,112,302	\$ 2,997,127	\$ 2,729,681	\$ 2,682,477
Interest	7,638,656	7,426,607	7,252,760	7,479,093
Differences Between Expected and Actual Experience	(3,638,201)	(1,645,123)	(458,797)	(5,075,007)
Changes of Assumptions	2,635,915	-	(1,773,716)	3,821,234
Pension Payments	(6,214,152)	(5,544,922)	(5,489,023)	(4,625,620)
Refunds and Transfers of Member Contributions	14,149	4,757	(38,725)	12,511
Net Change in Total Pension Liability	<u>3,548,669</u>	<u>3,238,446</u>	<u>2,222,180</u>	<u>4,294,688</u>
Total Pension Liability - Beginning	<u>109,058,931</u>	<u>105,820,485</u>	<u>103,598,305</u>	<u>99,303,617</u>
Total Pension Liability - Ending (a)	<u><u>\$112,607,600</u></u>	<u><u>\$109,058,931</u></u>	<u><u>\$105,820,485</u></u>	<u><u>\$103,598,305</u></u>
Plan Fiduciary Net Position:				
Contributions - Employer	\$ 882,644	\$ 3,108,605	\$ 3,305,989	\$ 3,242,440
Contributions - Member	2,754,758	895,995	844,602	790,419
Contributions - Non-employers contributing entities	2,828,601	2,791,647	2,722,290	2,901,833
Net Investment Income (Loss)	10,001,787	(1,595,836)	(201,771)	9,208,738
Pension Payments	(6,214,152)	(5,544,922)	(5,489,023)	(4,624,834)
Refunds and Transfers of Member Contributions	14,149	4,757	(38,725)	12,511
Administrative Expenses	(294,052)	(305,644)	(291,132)	(257,830)
Depreciation Expense	(929)	(928)	(834)	(786)
Net Change in Plan Fiduciary Net Position	<u>9,972,806</u>	<u>(646,326)</u>	<u>851,396</u>	<u>11,272,491</u>
Plan Fiduciary Net Position - Beginning	<u>80,683,761</u>	<u>81,330,087</u>	<u>80,478,691</u>	<u>69,206,200</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>90,656,567</u></u>	<u><u>80,683,761</u></u>	<u><u>81,330,087</u></u>	<u><u>80,478,691</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ 21,951,033</u></u>	<u><u>\$ 28,375,170</u></u>	<u><u>\$ 24,490,398</u></u>	<u><u>\$ 23,119,614</u></u>
Plan Fiduciary Net Position as a % of				
Total Pension Liability	80.51%	73.98%	76.86%	77.68%
Covered Employee Payroll	\$ 13,773,790	\$ 13,816,022	\$ 13,632,944	\$ 13,370,887
Net Pension Liability as a % of				
Covered Employee Payroll	159.37%	205.38%	179.64%	172.91%

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

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF EMPLOYERS' NET PENSION LIABILITY
FOR THE FOUR YEARS ENDED JUNE 30, 2017

Fiscal Year End	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability	Plan Fiduciary Net Position as a % of Total Pension	Covered Employee Payroll	Employers' Net Pension Liability as a % of Covered Employee Payroll
2017	\$112,607,600	\$ 90,656,567	\$ 21,951,033	80.51 %	\$ 13,773,790	159.37 %
2016	109,058,931	80,683,761	28,375,170	73.98	13,816,022	205.38
2015	105,820,485	81,330,087	24,490,398	76.86	13,632,944	179.64
2014	103,598,305	80,478,691	23,119,614	77.68	13,370,887	172.91

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

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF CONTRIBUTIONS
 EMPLOYER AND NON-EMPLOYER CONTRIBUTING ENTITIES
FOR THE FOUR YEARS ENDED JUNE 30, 2017

Fiscal Year <u>End</u>	Actuarially Determined <u>Contribution</u>	Contributions in Relation to the Actuarially Determined <u>Liability</u>	Contribution Deficiency <u>(Excess)</u>	Covered Employee <u>Payroll</u>	Contributions as a Percentage of Covered <u>Payroll</u>
2017	\$ 5,011,608	\$ 5,583,359	\$ (571,751)	\$ 13,773,790	40.54 %
2016	5,286,296	5,900,252	(613,956)	13,816,022	42.71
2015	5,814,298	6,028,279	(213,981)	13,632,944	44.22
2014	5,868,421	6,144,273	(275,852)	13,370,887	45.95

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

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF INVESTMENT RETURNS
FOR THE FOUR YEARS ENDED JUNE 30, 2017

<u>Fiscal Year-End</u>	<u>Annual Money-Weighted Rate of Return*</u>
2017	12.74 %
2016	(1.84)
2015	(0.47)
2014	14.54

* 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.

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017 AND 2016

1. SCHEDULE OF CHANGES IN NET PENSION LIABILITY:

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

2. SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY:

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

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

The difference between the actuarially determined contributions from employer and non-employer contributing entities and the contributions reported from employers and non-employer contributing entities, and the percentage of employer contributions received to covered employee payroll is presented in this schedule. Ad valorem and state revenue sharing is considered 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 noted in Note 4, Net Pension Liability of Employers.

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017 AND 2016

6. CHANGES OF ASSUMPTIONS:

In 2017, the discount rate was reduced from 7.0% to 6.75%. In 2015, the mortality assumptions were adjusted to more closely reflect actual experience. Retiree annuitant mortality was estimated using the RP-2000 Healthy Annuitant Mortality Table set forward one year for males. Active member mortality was estimated using the RP-2000 Employee Mortality Table set back four years for males and three years for females. Disabled annuitant members mortality was estimated using the RP-2000 Disables Lives Mortality Table set back five years for males and three years for females. In 2015, the inflation assumption was also adjusted from 2.75% to 2.5%. In 2014, the discount rate was reduced from 7.5% to 7.0%, the inflation assumption was reduced from 3.0% to 2.75% and the salary increase assumption was reduced from 6.75% to 6.0%.

SUPPLEMENTARY INFORMATION

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
STATEMENT OF CHANGES IN RESERVE BALANCES
RETIREMENT SYSTEM TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Annuity Savings	Annuity Reserve	Deferred Retirement Option Plan	Pension Accumulation	Funding Deposit Account	Total
BALANCE - BEGINNING	\$ 6,885,192	\$ 42,914,859	\$ 4,829,369	\$ 23,985,783	\$ 2,068,558	\$ 80,683,761
REVENUES AND TRANSFERS:						
Employee contributions	882,644	-	-	-	-	882,644
Employer contributions	-	-	-	2,047,221	707,537	2,754,758
Net investment income	-	-	-	9,856,988	144,799	10,001,787
Parish tax collector	-	-	-	2,828,601	-	2,828,601
Transfers from other systems	43,680	-	-	153,359	-	197,039
Pensions transferred from Annuity Reserve	-	-	872,063	-	-	872,063
Transfer from Annuity Savings	-	637,814	-	-	-	637,814
Actuarial transfer	-	9,709,303	-	-	-	9,709,303
Total revenues	<u>926,324</u>	<u>10,347,117</u>	<u>872,063</u>	<u>14,886,169</u>	<u>852,336</u>	<u>27,884,009</u>
EXPENDITURES AND TRANSFERS:						
Refunds to members	182,890	-	-	-	-	182,890
Transfer to Annuity Reserve	637,814	-	-	-	-	637,814
Pensions paid	-	4,852,556	1,361,596	-	-	6,214,152
Administrative expense	-	-	-	294,052	-	294,052
Depreciation expense	-	-	-	929	-	929
Pensions transferred to DROP	-	872,063	-	-	-	872,063
Transfers to other systems	-	-	-	-	-	-
Actuarial transfer	-	-	-	9,709,303	-	9,709,303
Total expenditures	<u>820,704</u>	<u>5,724,619</u>	<u>1,361,596</u>	<u>10,004,284</u>	<u>-</u>	<u>17,911,203</u>
NET INCREASE (DECREASE)	<u>105,620</u>	<u>4,622,498</u>	<u>(489,533)</u>	<u>4,881,885</u>	<u>852,336</u>	<u>9,972,806</u>
BALANCE - ENDING	<u>\$ 6,990,812</u>	<u>\$ 47,537,357</u>	<u>\$ 4,339,836</u>	<u>\$ 28,867,668</u>	<u>\$ 2,920,894</u>	<u>\$ 90,656,567</u>

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
STATEMENT OF CHANGES IN RESERVE BALANCES
RETIREMENT SYSTEM TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Annuity Savings	Annuity Reserve	Deferred Retirement Option Plan	Pension Accumulation	Funding Deposit Account	Total
BALANCE - BEGINNING	\$ 6,630,884	\$ 39,780,634	\$ 5,299,215	\$ 28,736,787	\$ 882,567	\$ 81,330,087
REVENUES AND TRANSFERS:						
Employee contributions	895,995	-	-	-	-	895,995
Employer contributions	-	-	-	1,984,394	1,124,211	3,108,605
Net investment loss	-	-	-	(1,657,616)	61,780	(1,595,836)
Parish tax collector	-	-	-	2,791,647	-	2,791,647
Transfers from other systems	11,715	-	-	50,391	-	62,106
Pensions transferred from Annuity Reserve	-	-	568,096	-	-	568,096
Transfer from Annuity Savings	-	630,640	-	-	-	630,640
Actuarial transfer	-	7,578,661	-	-	-	7,578,661
Total revenues	907,710	8,209,301	568,096	3,168,816	1,185,991	14,039,914
EXPENDITURES AND TRANSFERS:						
Refunds to members	2,890	-	-	-	-	2,890
Transfer to Annuity Reserve	630,640	-	-	-	-	630,640
Pensions paid	-	4,506,980	1,037,942	-	-	5,544,922
Administrative expense	-	-	-	305,644	-	305,644
Depreciation expense	-	-	-	928	-	928
Pensions transferred to DROP	-	568,096	-	-	-	568,096
Transfers to other systems	19,872	-	-	34,587	-	54,459
Actuarial transfer	-	-	-	7,578,661	-	7,578,661
Total expenditures	653,402	5,075,076	1,037,942	7,919,820	-	14,686,240
NET INCREASE (DECREASE)	254,308	3,134,225	(469,846)	(4,751,004)	1,185,991	(646,326)
BALANCE - ENDING	\$ 6,885,192	\$ 42,914,859	\$ 4,829,369	\$ 23,985,783	\$ 2,068,558	\$ 80,683,761

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULES OF INVESTMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
FIXED INCOME - DOMESTIC:		
Bonds:		
Federal Home Loan Mortgage Corporation	\$ 3,863,647	\$ 3,719,381
Federal National Mortgage Association	386,614	471,053
Government National Mortgage Association	382,675	504,207
Corporate bonds	10,101,193	9,970,759
Total Bonds	<u>14,734,129</u>	<u>14,665,400</u>
Mutual Funds:		
Blackrock Multi-Asset Income Fund	3,543,431	3,238,773
PIMCO Diversified Income Fund	4,386,323	4,037,725
Total Mutual Funds	<u>7,929,754</u>	<u>7,276,498</u>
TOTAL FIXED INCOME - DOMESTIC	<u>\$ 22,663,883</u>	<u>\$ 21,941,898</u>
FIXED INCOME - INTERNATIONAL:		
Mutual Funds:		
Templeton Global Bond Fund	\$ 4,218,991	\$ 3,814,686
TOTAL FIXED INCOME - INTERNATIONAL	<u>\$ 4,218,991</u>	<u>\$ 3,814,686</u>
EQUITIES - DOMESTIC:		
Marketable Securities:		
Common stock	\$ 20,234,899	\$ 19,093,333
Mutual Funds:		
Vanguard US Index Fund	13,187,247	9,618,065
Westwood Income Opportunity Fund	3,674,019	3,424,491
Total Mutual Funds	<u>16,861,266</u>	<u>13,042,556</u>
TOTAL EQUITIES - DOMESTIC	<u>\$ 37,096,165</u>	<u>\$ 32,135,889</u>
EQUITIES - INTERNATIONAL:		
Marketable Securities:		
Common stock	\$ 2,781,583	\$ 2,205,842
Mutual Funds:		
Dodge & Cox International Equity	2,550,859	3,913,091
Vanguard Total International Stock Index Fund	5,958,448	4,963,221
Vanguard International Equity Fund	2,488,583	-
Total Mutual Funds	<u>10,997,890</u>	<u>8,876,312</u>
TOTAL EQUITIES - INTERNATIONAL	<u>\$ 13,779,473</u>	<u>\$ 11,082,154</u>
REAL ESTATE:		
American Core Realty Fund, LP	\$ 6,246,414	\$ 5,772,687
FWAR Investors	304,246	543,853
TOTAL REAL ESTATE	<u>\$ 6,550,660</u>	<u>\$ 6,316,540</u>
ALTERNATIVE INVESTMENTS:		
Equitas Evergreen Fund, L.P.	\$ 25,937	\$ 43,560
Greenspring Crossover Ventures I, L.P.	333,926	894,321
TOTAL ALTERNATIVE INVESTMENTS	<u>\$ 359,863</u>	<u>\$ 937,881</u>

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
MEMBERS' SUPPLEMENTAL SAVINGS TRUST FUND
SUPPLEMENTARY INFORMATION
SCHEDULES OF INVESTMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
FIXED INCOME - DOMESTIC:		
Bonds:		
Federal Farm Credit Banks Funding Corporation	\$ 92,006	\$ 96,464
Federal Home Loan Banks Funding Corporation	16,363	17,198
Federal National Mortgage Association	-	85,841
Total Bonds	<u>108,369</u>	<u>199,503</u>
Exchange Traded Funds:		
iShares Intermediate Credit Bonds	98,802	-
Vanguard Scottsdale FDS Intermediate Term Government	143,976	-
Vanguard Scottsdale FDS Mortgage Backed Securities	42,707	-
Vanguard Short-Term Corporate Bonds	30,015	-
Vanguard Short-Term Govt Bonds	<u>112,532</u>	-
Total Exchange Traded Funds	428,032	-
Mutual Funds:		
Federated Government Ultrashort Fund	-	29,709
Fidelity Advisor Government Income Fund Class I	-	251,300
Wells Fargo Advantage Short-Term High Yield Bond Fund	-	89,181
Total Mutual Funds	<u>-</u>	<u>370,190</u>
TOTAL FIXED INCOME - DOMESTIC	<u>\$ 536,401</u>	<u>\$ 569,693</u>
FIXED INCOME - INTERNATIONAL:		
Exchange Traded Funds:		
iShares J.P. Morgan USD Emerging Markets Bond ETF	\$ -	\$ 32,242
Mutual Funds:		
Legg Mason BW International Opportunities Bond Fund	-	32,435
TOTAL FIXED INCOME - INTERNATIONAL	<u>\$ -</u>	<u>\$ 64,677</u>
EQUITIES - DOMESTIC:		
Exchange Traded Funds:		
SPRD S&P 500 ETF Trust	\$ 54,405	\$ 50,274
iShares Core S&P Mid-Cap ETF	17,743	-
Vanguard Index FDS REIT ETF	-	11,527
Total Exchange Traded Funds	<u>72,148</u>	<u>61,801</u>
Mutual Funds:		
Homestead Small Company Stock Fund	24,288	20,799
Clearbridge Mid-Cap Core Fund Class I	53,920	64,354
Maingate MLP Fund Class I	10,845	8,102
Sentinel Common Stock Fund Class I	<u>195,532</u>	<u>176,137</u>
Total Mutual Funds	284,585	269,392
TOTAL EQUITIES - DOMESTIC	<u>\$ 356,733</u>	<u>\$ 331,193</u>
EQUITIES - INTERNATIONAL:		
Mutual Funds:		
iShares MSCI EAFE ETF	\$ 39,772	\$ 26,948
iShares MSCI EAFE Small-Cap ETF	7,114	11,881
TOTAL EQUITIES - INTERNATIONAL	<u>\$ 46,886</u>	<u>\$ 38,829</u>
ALTERNATIVE INVESTMENTS:		
Blackstone Alternative Multi-Strategy Fund Class I	\$ -	\$ 9,214
TOTAL ALTERNATIVE INVESTMENTS	<u>\$ -</u>	<u>\$ 9,214</u>

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
 SUPPLEMENTARY INFORMATION
 SCHEDULES OF ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
PERSONAL SERVICES:		
Payroll expenses	\$ 93,576	\$ 96,786
Board member-per diem	2,400	1,950
	<u>95,976</u>	<u>98,736</u>
PROFESSIONAL SERVICES:		
Accountant	53,495	56,094
Actuarial	43,800	43,800
Administrative	42,150	37,200
Legal	23,948	11,314
	<u>163,393</u>	<u>148,408</u>
COMMUNICATIONS:		
Telephone	2,380	2,337
Travel	21,282	22,787
	<u>23,662</u>	<u>25,124</u>
OTHER:		
Bank charges	538	547
Computer	53	-
Membership dues	28	435
Miscellaneous	1,607	25,313
Office expense	8,795	7,081
	<u>11,021</u>	<u>33,376</u>
TOTAL EXPENSES	<u>\$ 294,052</u>	<u>\$ 305,644</u>

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
 SUPPLEMENTARY INFORMATION
 SCHEDULES OF BOARD COMPENSATION
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

<u>TRUSTEE</u>	<u>2017</u>	<u>2016</u>
Dennis DiMarco	\$ 300	\$ 300
Charlene Menard	450	375
Billie Meyer	450	300
Sandra Sims	375	375
Dwayne Wall	375	225
Deborah Wasckom	<u>450</u>	<u>375</u>
	<u>\$ 2,400</u>	<u>\$ 1,950</u>

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2017

Agency head: Dennis DiMarco, Chairman of the Board

<u>Purpose</u>	
Per diem	\$ 300
Travel	70
Registration fees	315
Conference travel	449
Meals	<u>118</u>
	<u>\$ 1,252</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

December 8, 2017

Registrar of Voters Employees'
Retirement System of Louisiana
P. O. Box 57
Jennings, LA 70546

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 Registrar of Voters Employees' Retirement System, as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Registrar of Voters Employees' Retirement System's basic financial statements, and have issued our report thereon dated December 8, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Registrar of Voters Employees' Retirement System's internal control over financial reporting to determine the 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 Registrar of Voters Employees' Retirement System's internal control. Accordingly, we do not express an opinion on the effectiveness of the Registrar of Voters Employees' Retirement System'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 entity'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 over financial reporting 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of Registrar of Voters Employees' Retirement System for the years ended June 30, 2017 and 2016 were unmodified.

2. The audit disclosed no instances of noncompliance.

3. Findings Required To Be Reported Under Generally Accepted Government Auditing Standards:

None

4. Status of Prior Year Comments:

2016-01 Error in Benefit Payment

The System incorrectly paid benefits to a member during the year ended June 30, 2016. This finding was resolved during the current year.

REGISTRAR OF VOTERS EMPLOYEES'
RETIREMENT SYSTEM

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED UPON PROCEDURES

JUNE 30, 2017

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED UPON PROCEDURES

November 20, 2017

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Board of Commissioners
Registrar of Voters Employees' Retirement System and
Louisiana Legislative Auditor

We have applied the procedures enumerated below which were agreed to by the Registrar of Voters Employees' Retirement System (ROVERS) and the Louisiana Legislative Auditor, on the control and compliance areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures for the year ended June 30, 2017. ROVERS's management is responsible for the control and compliance areas identified in the Statewide Agreed-Upon Procedures. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

- 1) We obtained the entity's written policies and procedures and determined whether those written policies and procedures addressed each of the following financial/business functions:
 - 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.

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- c) Disbursements, including processing, reviewing, and approving.
- d) Receipts, including receiving, recording, and preparing deposits.
- e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- 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, and (5) monitoring card usage.
- 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 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) Debt Service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Upon applying the procedure above, we noted that ROVERS does not have written policies and procedures over budgeting, purchasing, disbursements, receipts, payroll, contracting, travel and expense reimbursement and ethics.

Board

- 2) We obtained and reviewed the Board/Committee minutes for the fiscal year, and:
 - a) Determined whether the managing Board met (with a quorum) at least monthly, or on a frequency in accordance with the Board's enabling legislation, charter, or other equivalent document.
 - b) Determined whether the minutes referenced or included monthly budget-to-actual comparisons on the general Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

- c) Determined whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal year.

No findings were noted as a result of applying the procedure above.

Bank Reconciliations

- 3) We obtained a listing of client bank accounts from management and management's representation that the listing is complete.

No findings were noted as a result of applying the procedures above.

- 4) Using the listing provided by management, we selected all of the entity's bank accounts. For each of the bank accounts selected, we obtained bank statements and reconciliations for all months in the fiscal year and determined whether:

- a) Bank reconciliations have been prepared;
- b) Bank reconciliations included evidence that a member of management or a Board member (with no involvement in the transactions associated with the bank account) had reviewed each bank reconciliation; and
- c) Management had documentation reflecting that it had researched reconciling items that have been outstanding for more than six months as of the end of the fiscal period.

Upon applying the procedure above, we noted that bank reconciliations were prepared but did not include evidence of review for approval. We also noted that there was no documentation reflecting that management researched one reconciling item in the amount of \$500 outstanding for more than six months as of the end of the fiscal year.

Collections

- 5) We obtained a listing of cash/check/money order (cash) collection locations and management's representation that the listing was complete.

No findings were noted as a result of applying the procedure above.

- 6) Using the listing provided by management, we selected all of the entity's cash collection locations. For each cash location selected:

- a) We obtained existing written documentation (e.g. insurance policy, policy manual, job description) and determined whether each person responsible for collecting cash was (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related

transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

- b) We obtained existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and determined whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who was not responsible for cash collections in the cash collection location selected.
- c) We selected the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal year and:
 - i. Using entity collection documentation, deposit slips, and bank statements, we traced daily collections to the deposit date on the corresponding bank statement and determined whether the deposits were made within one day of collection. If deposits were not made within one day of collection, we determined the number of days from receipt to deposit for each day at each collection location.
 - ii. Using sequentially numbered receipts, system reports, or other related collection documentation, we verified that daily cash collections were completely supported by documentation and report any exceptions.

Upon applying the procedure above, we noted there was no written documentation stating that each person responsible for collecting cash was bonded and also noted there was no written documentation stating that each person responsible for collecting cash was not also responsible for depositing cash in bank and recording the related transaction. We also noted that there was written documentation that cash collections from regular contributions were reconciled to the general ledger; however, there was no written documentation that revenue from other sources such as irregular contributions, ad valorem taxes, and state revenue sharing are reconciled to the general ledger.

- 7) We obtained existing written documentation (e.g. policy manual, written procedure) and determined whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who was not responsible for collections.

Upon applying the procedure above, we noted that there was no written documentation stating that ROVERS has a process specifically defined to determine completeness of all collections for each revenue source and by a person who is not responsible for cash collections.

Disbursements – General (excluding credit card purchases or payments)

- 8) We obtained a listing of entity disbursements from management or, alternately, obtained the general ledger and sorted/filtered for entity disbursements. We also obtained management's representation that the listing or general ledger population was complete.

No findings were noted as a result of applying the procedure above.

- 9) Using the disbursement population from #8 above, we randomly selected 25 disbursements excluding credit card/debit card/fuel card/P-card purchases or payments. We obtained supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and determined whether the supporting documentation for each transaction demonstrated that:
- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
 - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

ROVERS staff consists of a Director and a part-time employee. Due to the limited staff size we noted that ROVERS does not have a system that separates initiation from approval functions.

- 10) Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), we determined whether the person responsible for processing payments was prohibited from adding vendors to the entity's purchasing/disbursement system.

Upon applying the procedure above, we noted there is no documentation stating whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing system.

- 11) Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), we determined whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Upon applying the procedure above, we noted there was no written documentation stating whether the person with signatory authority or who makes the final authorization for disbursements has no responsibility for initiating or recording purchases.

- 12) We inquired of management and observed whether the supply of unused checks was maintained in a locked location, with access restricted to those persons that do not have signatory authority, and noted any exceptions. Alternately, if the checks were electronically printed on blank check stock, we reviewed entity documentation (electronic system control documentation) and determined whether the persons with signatory authority also have system access to print checks.

Upon applying the procedure above, we noted that the supply of unused checks is maintained in a locked location; however, due to the limited staff size the person with signatory authority has access to the locked location.

- 13) When signature stamp or signature machine was used, we inquired of the signer whether his or her signature was maintained under his or her control or was used only with the knowledge and consent of the signer. We inquired of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed.

No findings were noted as a result of applying the procedure above.

Credit Cards

- 14) We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. We also obtained management's representation that the listing was complete.

No findings were noted as a result of applying the procedure above.

- 15) Using the listing prepared by management, we randomly selected one-third of the credit cards (the entity has less than ten cards) that were used during the fiscal period, rotating cards each year. We obtained the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. We selected the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:
 - a) Determined whether there was evidence that the monthly statement or combined statement and supporting documentation were reviewed and approved, in writing, by someone other than the authorized card holder.
 - b) Determined whether finance charges and/or late fees were assessed on the selected statements.

No findings were noted as a result of applying the procedure above.

- 16) Using the monthly statements or combined statements selected under #15 above, we obtained supporting documentation for all transactions for each of the cards selected (i.e. each of the cards should have one month of transactions subject to testing).
- a) For each transaction, we determined that the transaction was supported by:
 - i. An original itemized receipt (i.e., identifies precisely what was purchased).
 - ii. Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - iii. Other documentation that may be required by written policy (e.g., purchase order, written authorization).
 - b) For each transaction, we compared the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction was a large or recurring purchase requiring the solicitation of bids or quotes) and noted any exceptions.
 - c) For each transaction, we compared the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). When the nature of the transaction precluded or obscured a comparison to the requirements of Article 7, Section 14, the practitioner reported the transaction as an exception.

No findings were noted as a result of applying the procedure above.

Travel and Expense Reimbursement

- 17) We obtained from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sorted/filtered for travel reimbursements. We also obtained management's representation that the listing and general ledger was complete.

No findings were noted as a result of applying the procedure above.

- 18) We obtained the entity's written policies related to travel and expense reimbursements. We compared the amounts in the policies to the per diem and mileage rates established by the

U.S. General Services Administration (www.gsa.gov) and determined any amounts that exceed GSA rates.

Upon applying the procedures above, we noted that there were no formal written policies for travel and expense reimbursements. We did note that ROVERS follows the state's travel and expense guidelines and that there were no amounts reimbursed that exceeded GSA rates.

- 19) Using the listing or general ledger from number 17 above, we selected the three persons who incurred the most travel costs during the fiscal period. We obtained the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and chose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
 - a) We compared expense documentation to written policies and determined whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity did not have written policies, we compared to the GSA rates (#18 above) and determined each reimbursement that exceeded those rates.
 - b) We determined whether each expense was supported by:
 - i. An original itemized receipt that identified precisely what was purchased. (Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) did not require a receipt.)
 - ii. Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - iii. Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
 - c) We compared the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and reported any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). When the nature of the transaction precluded or obscured a comparison to the requirements of Article 7, Section 14, the practitioner reported the transaction as an exception.
 - d) We determined whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Upon applying the procedure above, we noted no written evidence that reimbursements were reviewed by someone other than the person claiming the reimbursement.

Contracts

20) We obtained a listing of all contracts in effect during the fiscal period or, alternately, obtained the general ledger and sorted/filtered for contract payments. We also obtained management's representation that the listing or general ledger was complete.

No findings were noted as a result of applying the procedure above.

21) Using the listing above, we selected the five contract vendors that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). We obtained the related contracts and paid invoices and:

- a) Determined whether there was a formal/written contract that supported the services arrangement and the amount paid.
- b) Compared each contract's detail to the Louisiana Public Bid Law or Procurement Code. We determined whether each contract was subject to the Louisiana Public Bid Law or Procurement Code and:
 - i. If yes, we obtained/compared supporting contract documentation to legal requirements and determined whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - ii. If no, we obtained supporting contract documentation and determined whether the entity solicited quotes as a best practice.
- c) We determined whether the contract was amended. If so, we determined the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
- d) We selected the largest payment from each of the five contracts, obtained the supporting invoice, compared the invoice to the contract terms, and determined whether the invoice and related payment complied with the terms and conditions of the contract.
- e) We obtained/reviewed contract documentation and Board minutes and determined whether there was documentation of Board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

No findings were noted as a result of applying the procedure above.

Payroll and Personnel

22) We obtained a listing of employees (and elected officials, if applicable) with their related salaries, and obtained management's representation that the listing was complete. We randomly selected five employees/officials, obtained their personnel files, and:

- a) Reviewed compensation paid to each employee during the fiscal period and determined whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
- b) Reviewed changes made to hourly pay rates/salaries during the fiscal period and determined whether those changes were approved in writing and in accordance with written policy.

Upon applying the procedure above, we noted one instance in which there was no written approval for an employee's change in pay during the year.

23) We obtained attendance and leave records and randomly selected one pay period in which leave has been taken by at least one employee. Within that pay period, we randomly selected one-third of employees/officials (the entity had less than 25 employees during the fiscal period), and:

- a) Determined whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave).
- b) Determined whether there was written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
- c) Determined whether there was written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Upon applying the procedure above, we noted that ROVERS does not maintain a record of attendance and leave for employees and as such employee leave was not documented and there was no written documentation regarding approval of attendance and leave taken during the year.

24) We obtained from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list was complete. If applicable, we selected the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtained the personnel files for the two

employees/officials. We determined whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

No findings were noted as a result of applying the procedure above.

- 25) We obtained supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. We determined whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

No findings were noted as a result of applying the procedure above.

Ethics

- 26) Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, we obtained ethics compliance documentation from management and determined whether the entity maintained documentation to demonstrate that required ethics training was completed.

No findings were noted as a result of applying the procedure above.

- 27) We inquired of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, we reviewed documentation that demonstrated whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. We determined whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

No findings were noted as a result of applying the procedure above.

Debt Service (excluding nonprofits)

- 28) For debt that was issued during the fiscal period, we obtained supporting documentation from the entity, and determined whether State Bond Commission approval was obtained.

Procedure was not applicable.

- 29) For the outstanding debt during the fiscal period, we obtained supporting documentation from the entity and determined whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Procedure was not applicable.

- 30) For the tax mileages relating to debt service, we obtained supporting documentation and determined whether millage collections exceeded debt service payments by more than 10% during the fiscal period. Also, we determined any mileages that continued to be received for debt that has been paid off.

Procedure was not applicable.

Other

- 31) We inquired of management whether the entity had any misappropriations of public funds or assets. If so, we obtained/reviewed supporting documentation and determined whether the entity reported the misappropriation to the Legislative Auditor and the district attorney of the parish in which the entity is domiciled.

No findings were noted as a result of applying the procedures above.

- 32) We observed and determined whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Upon applying the procedure above, we noted that ROVERS did not have the required notice posted in their office or on their website.

- 33) When the practitioner observed or otherwise identified any exceptions regarding management's representations in the procedures above, the practitioner reported the nature of each exception.

No findings were noted as a result of applying the procedure above.

This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the control and compliance areas identified in the Statewide Agreed-Upon Procedures. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of ROVERS and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than those specified parties.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana