

Louisiana Clerks' of Court
Retirement and Relief Fund

Financial Report
2017 and 2016



10202 Jefferson Highway, Building A
Baton Rouge, LA 70809

www.laclerksofcourt.org

LOUISIANA CLERKS' OF COURT
RETIREMENT AND RELIEF FUND

JUNE 30, 2017 AND 2016

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Duplantier
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INDEPENDENT AUDITOR'S REPORT

November 20, 2017

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Report on the Financial Statements

We have audited the accompanying financial statements of the Louisiana Clerks' of Court Retirement and Relief Fund, as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the entity'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 opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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

Emphasis of a Matter

As disclosed in Note 4 to the financial statements, the total pension liability for the Louisiana Clerks' of Court Retirement and Relief Fund was \$744,970,984 and \$716,218,412 at June 30, 2017 and 2016, respectively. The actuarial valuations were based on various assumptions made by the Fund's actuary. Because actual experience may differ from the assumptions used in the actuarial valuation, there is a risk that the total pension liability at June 30, 2017 and 2016 could be understated or overstated.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed in the 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 opinions on the financial statements that collectively comprise the Fund's basic financial statements. The other supplementary information as listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 20, 2017 on our consideration of the Louisiana Clerks' of Court Retirement and Relief Fund's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Louisiana Clerks' of Court Retirement and Relief Fund's internal control over financial reporting and compliance.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

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

FINANCIAL HIGHLIGHTS:

- The Fund's assets exceeded its liabilities at the close of fiscal year 2017 by \$593,677,582. The net position restricted for pension benefits increased by \$62,456,588 or 11.76%.
- Contributions to the plan by members and employers totaled \$23,953,416, a decrease of \$286,038 or 1.18% over the prior year. The decrease is due to the decrease in the number of active employees.
- Funds collected from ad valorem taxes within the respective parishes totaled \$10,385,050, an increase of \$207,811 or 2.04% from the prior year.
- Funds collected from state revenue sharing funds totaled \$319,524, an increase of \$7,217 or 2.31% from the prior year.
- Net appreciation in the fair value of investments was \$63,035,001 as of June 30, 2017 as compared to a net depreciation of \$(9,953,624) as of June 30, 2016. During fiscal year 2017, the Fund experienced favorable returns in the market.
- The total return on the Fund's investments for the year ended June 30, 2017 was 14.07%. The Fund's total return was due primarily to overall favorable market returns.
- Pension benefits paid to retirees and beneficiaries increased by \$4,252,155 or 14.39%. This increase is primarily due to increased number of retirees with higher wages.
- DROP benefits paid to participants increased by \$1,014,600 or 29.17% over the previous year.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

OVERVIEW OF THE FINANCIAL STATEMENTS:

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

- Statements of fiduciary net position,
- Statements of changes in fiduciary net position, and
- Notes to the financial statements.

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

The statements of fiduciary net position report the Fund's assets, liabilities, and results in net position restricted for pension benefits. It discloses the financial position of the Fund as of June 30, 2017 and 2016.

The statements of changes in fiduciary net position report the results of the Fund's operations during the years, disclosing the additions to and deductions from fiduciary net position. It supports the change that has occurred to the prior year's net position on the statement of fiduciary net position.

FINANCIAL ANALYSIS OF THE FUND:

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

Condensed Statements of Fiduciary Net Position
June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash and investments	\$ 591,565,732	\$ 528,754,203
Receivables	2,846,167	3,075,270
Property and equipment	<u>781,583</u>	<u>810,799</u>
Total assets	595,193,482	532,640,272
Total liabilities	<u>1,515,900</u>	<u>1,419,278</u>
Net position restricted for pension benefits	<u>\$ 593,677,582</u>	<u>\$ 531,220,994</u>

Fiduciary net position increased by 11.76% (\$593,677,582 as compared to \$531,220,994). All of these assets are restricted in use to provide monthly retirement allowances to members who contributed to the Fund as employees and their beneficiaries. The increase in fiduciary net position was a result of the increase in the value of investments due to a favorable market performance.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

FINANCIAL ANALYSIS OF THE FUND: (Continued)

Condensed Statements of Changes in Fiduciary Net Position
June 30, 2017 and 2016

<u>Additions:</u>	<u>2017</u>	<u>2016</u>
Contributions	\$ 34,657,990	\$ 34,729,000
Net investment gain (loss)	67,770,696	(4,357,804)
Other	<u>292,500</u>	<u>179,794</u>
Total additions	102,721,186	30,550,990
Total deductions	<u>40,264,598</u>	<u>35,183,685</u>
Increase (decrease) in net position	<u>\$ 62,456,588</u>	<u>\$ (4,632,695)</u>

Additions to Fiduciary Net Position:

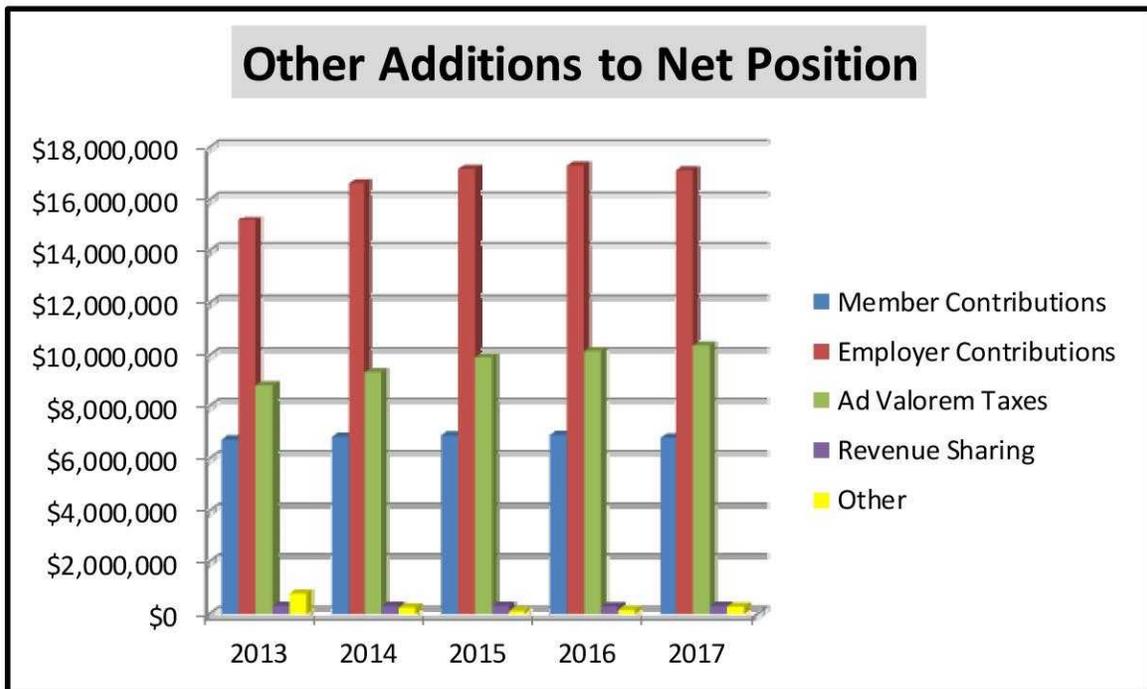
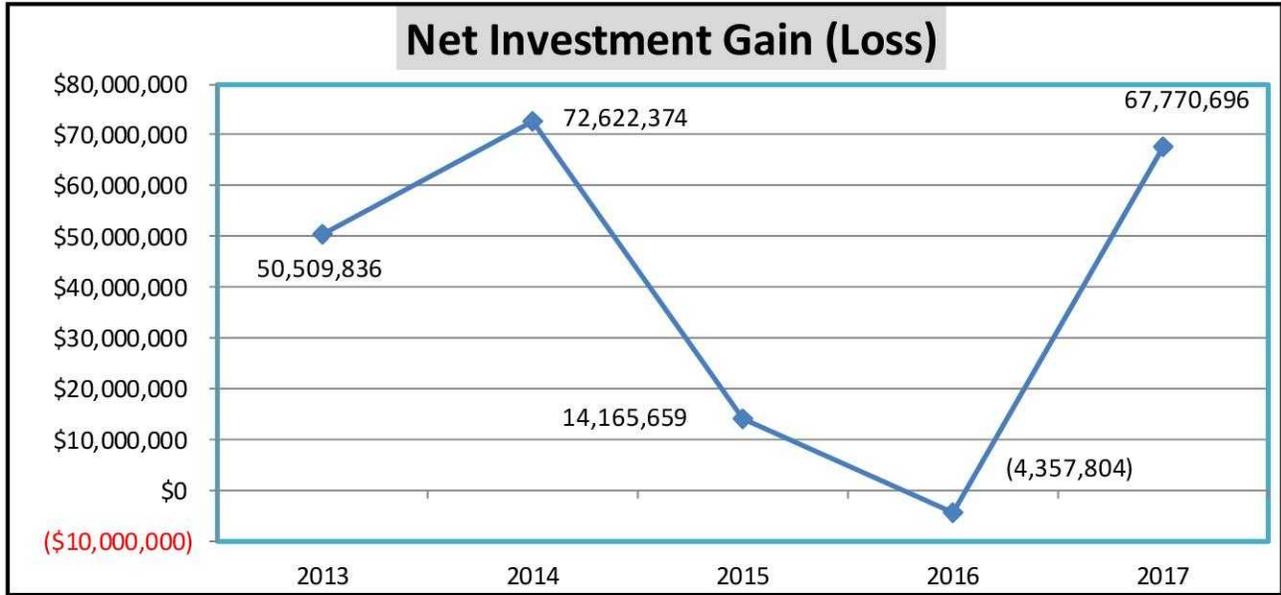
Additions to the Fund's fiduciary net position were derived from member and employer contributions and net investment income. Member contributions decreased by \$110,357 or 1.60% and employer contributions decreased by \$175,681 or 1.01%. The Fund experienced net investment income (loss) of \$67,770,696 and \$(4,357,804) in fiscal years ended June 30, 2017 and June 30, 2016, respectively.

	<u>2017</u>	<u>2016</u>	Increase (Decrease) <u>Percentage</u>
Member contributions	\$ 6,804,087	\$ 6,914,444	(1.60) %
Employer contributions	17,149,329	17,325,010	(1.01) %
Ad valorem taxes	10,385,050	10,177,239	2.04 %
Revenue sharing	319,524	312,307	2.31 %
Net investment gain (loss)	67,770,696	(4,357,804)	1,655.16 %
Other additions	<u>292,500</u>	<u>179,794</u>	62.69 %
Total additions	<u>\$ 102,721,186</u>	<u>\$ 30,550,990</u>	

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 AS OF AND FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

FINANCIAL ANALYSIS OF THE FUND: (Continued)

Additions to Fiduciary Net Position:



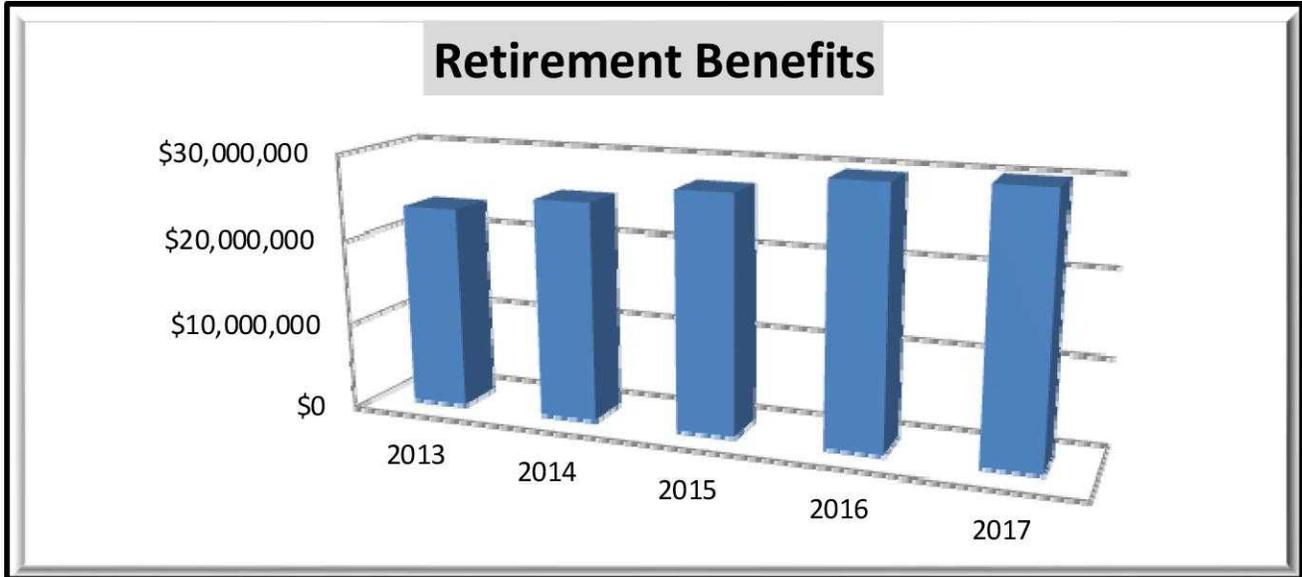
LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
 MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

FINANCIAL ANALYSIS OF THE FUND: (Continued)

Deductions from Fiduciary Net Position:

Deductions from fiduciary net position consist mainly of retirement, death and survivor benefits and administrative expenses. Deductions from fiduciary net position totaled \$40,264,598 for fiscal year 2017 which is an increase of \$5,080,913, from fiscal year 2016. The increase was primarily due to the increase in retirement benefits.

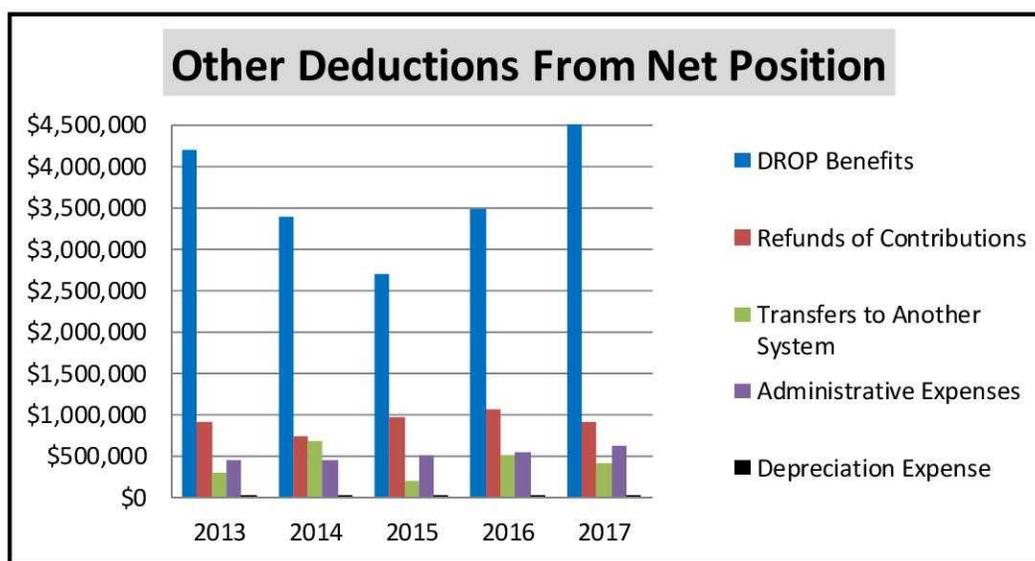
	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u> <u>Percentage</u>
Retirement benefits	\$ 33,805,820	\$ 29,553,665	14.39 %
DROP benefits	4,493,340	3,478,740	29.17 %
Refunds of contributions	916,974	1,068,211	(14.16)%
Transfers to another system	401,244	513,941	(21.93)%
Administrative expenses	618,004	539,912	14.46 %
Depreciation	<u>29,216</u>	<u>29,216</u>	0.00 %
Total deductions	<u>\$ 40,264,598</u>	<u>\$ 35,183,685</u>	



LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

FINANCIAL ANALYSIS OF THE FUND: (Continued)

Deductions from Fiduciary Net Position: (Continued)



Investments:

Louisiana Clerks' of Court Retirement and Relief Fund is responsible for the prudent management of funds held in trust for the exclusive benefits of their members' pension benefits. Funds are invested to achieve maximum returns without exposing retirement assets to unacceptable risks. Total investments at June 30, 2017 amounted to \$590,576,746 as compared to \$519,414,472 at June 30, 2016, which is an increase of \$71,162,274 or 13.70%. The major contributing factor to this increase was favorable return in the markets. The Fund's investments in various markets at the end of the 2017 and 2016 fiscal years are as follows:

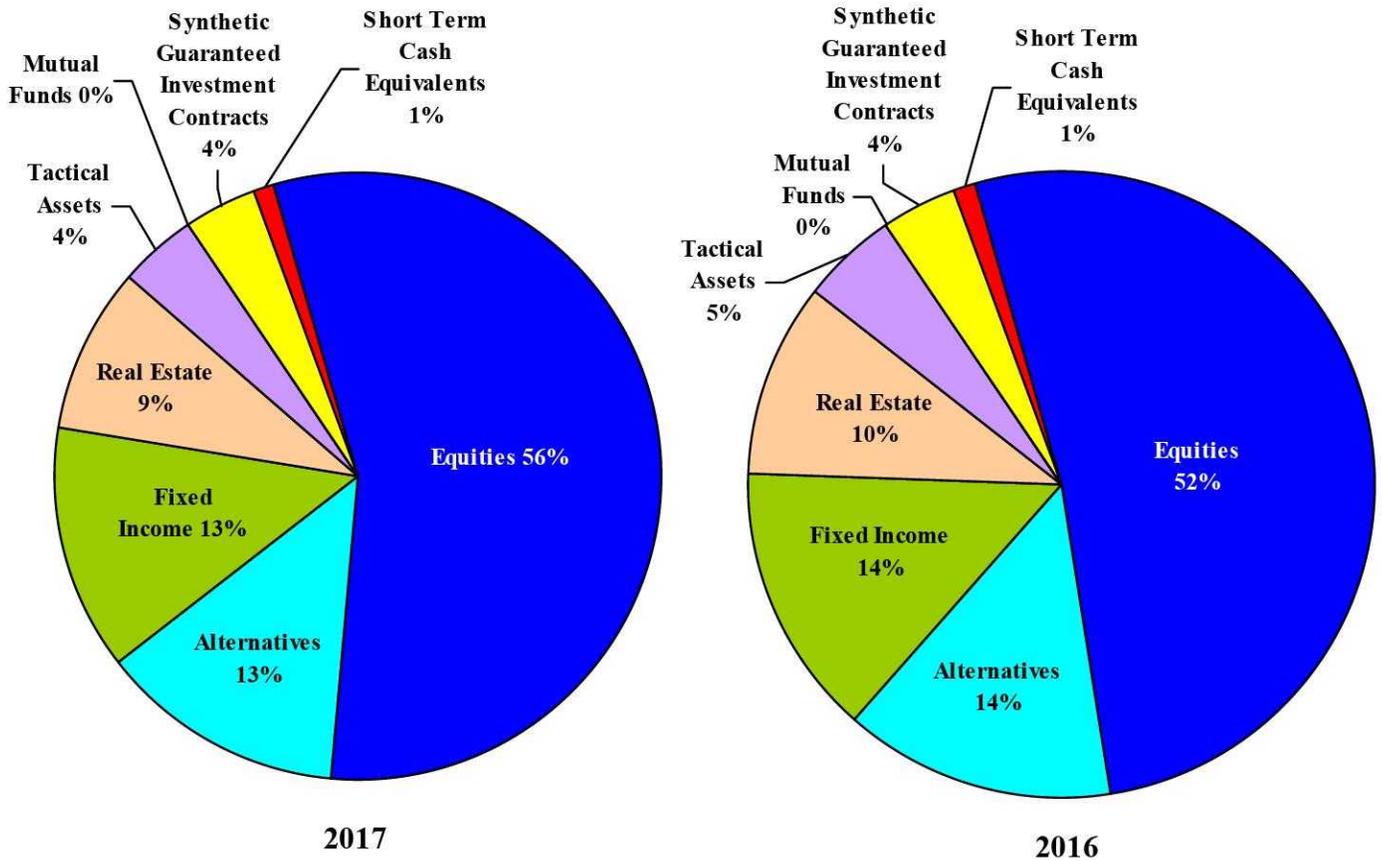
	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>
Investments – fair value:			
Short-term cash equivalents	\$ 8,503,782	\$ 5,403,865	57.36 %
Equities	329,051,956	271,831,874	21.05 %
Alternative investments	77,571,432	69,244,882	12.02 %
Fixed income	74,321,724	72,780,758	2.12 %
Real estate fund	50,433,592	53,284,848	(5.35)%
Tactical asset allocation	26,255,521	24,671,511	6.42 %
Mutual funds	<u>2,196,642</u>	<u>1,406,746</u>	56.15 %
	568,334,649	498,624,484	
Investments – contract value:			
Synthetic guaranteed investment contract	<u>22,242,097</u>	<u>20,789,988</u>	6.98 %
 Total Investments	 <u>\$ 590,576,746</u>	 <u>\$ 519,414,472</u>	

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
 MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

FINANCIAL ANALYSIS OF THE FUND: (Continued)

Investments:

INVESTMENTS



REQUESTS FOR INFORMATION:

Questions concerning any of the information provided or requests for additional financial information should be addressed to Debbie Hudnall, Executive Director of the Louisiana Clerks' of Court Retirement and Relief Fund, 10202 Jefferson Highway, Bldg. A., Baton Rouge, Louisiana 70809, (225) 293-1162.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2017 AND 2016

	<u>ASSETS</u>	
	<u>2017</u>	<u>2016</u>
CASH:		
In bank	\$ 988,986	\$ 9,339,731
RECEIVABLES:		
Member contributions	477,795	508,440
Employer contributions	1,196,831	1,282,508
Investment receivable	1,084,452	1,200,584
Accrued interest and dividends	82,746	81,721
Miscellaneous receivables	4,343	2,017
Total receivables	<u>2,846,167</u>	<u>3,075,270</u>
INVESTMENTS AT FAIR VALUE:		
Short term cash equivalents	8,503,782	5,403,865
Equities	329,051,956	271,831,874
Fixed income	74,321,724	72,780,758
Real estate	50,433,592	53,284,848
Alternative investments	77,571,432	69,244,882
Tactical asset allocation investments	26,255,521	24,671,511
Mutual funds	2,196,642	1,406,746
Total investments at fair value	<u>568,334,649</u>	<u>498,624,484</u>
INVESTMENTS AT CONTRACT VALUE:		
Synthetic guaranteed investment contracts	<u>22,242,097</u>	<u>20,789,988</u>
Total investments at contract value	<u>22,242,097</u>	<u>20,789,988</u>
PROPERTY AND EQUIPMENT, NET	<u>781,583</u>	<u>810,799</u>
Total assets	<u>595,193,482</u>	<u>532,640,272</u>
	<u>LIABILITIES AND NET POSITION</u>	
LIABILITIES:		
Accounts payable	528,950	491,776
Investment payable	856,834	765,232
Deferred rent	130,116	162,270
Total liabilities	<u>1,515,900</u>	<u>1,419,278</u>
NET POSITION - RESTRICTED FOR PENSION BENEFITS	<u>\$593,677,582</u>	<u>\$531,220,994</u>

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

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
 STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ADDITIONS:		
Contributions:		
Member	\$ 6,804,087	\$ 6,914,444
Employer	17,149,329	17,325,010
Ad valorem tax	10,385,050	10,177,239
Revenue sharing	319,524	312,307
Total contributions	34,657,990	34,729,000
Investment income (loss):		
Net appreciation (depreciation) in fair value of investments	63,035,001	(9,953,624)
Interest income	656,906	440,536
Dividend income	7,069,805	7,908,836
	70,761,712	(1,604,252)
Less: Investment expense:		
Custodial fees	52,722	48,629
Money manager fees	2,809,189	2,576,556
Consultant fees	129,105	128,367
	2,991,016	2,753,552
Net investment income (loss)	67,770,696	(4,357,804)
Other additions:		
Transfer fees collected	600	200
Refund pay back	85,880	50,404
Transfers from another system	174,138	97,682
Miscellaneous	31,882	31,508
Total other additions	292,500	179,794
Total additions	102,721,186	30,550,990
DEDUCTIONS:		
Annuity benefits	33,507,910	29,299,157
Disability benefits	297,910	254,508
Refund to terminated employees	916,974	1,068,211
DROP benefits	4,493,340	3,478,740
Transfer to another system	401,244	513,941
Reimbursement to affiliate for administrative expenses	400,000	330,000
Administrative expenses	218,004	209,912
Depreciation	29,216	29,216
Total deductions	40,264,598	35,183,685
NET INCREASE (DECREASE)	62,456,588	(4,632,695)
NET POSITION - RESTRICTED FOR PENSION BENEFITS:		
Beginning of year	531,220,994	535,853,689
END OF YEAR	\$ 593,677,582	\$ 531,220,994

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

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

The Louisiana Clerks' of Court Retirement and Relief Fund (the Fund) was established and provided for by R.S. 11:1501 of the Louisiana Revised Statutes (LRS). In accordance with this law, the Fund is administered by a Board of Trustees made up of 11 members composed of the president, first vice-president, treasurer, second vice-president, and immediate past president of the Clerks' Association, one retired clerk elected by the Clerk's Association, three additional members elected by the Clerk's Association, a member of the House Committee on Retirement, appointed by the Speaker of the House Representatives or his designee, and the chairman of the Senate Committee on Retirement or his designee.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements are prepared in accordance with the standards established by the Governmental Accounting Standards Board (GASB). The financial statements include GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments and related standards*. This standard provides for inclusion of a management discussion and analysis as supplementary information and other changes.

Basis of Accounting:

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

Accounting Policies:

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

Cash and Cash Equivalents:

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

Investments:

GASB Statement No. 72 (GASB 72) was implemented for fiscal year ended June 30, 2016. As required by GASB 72, investments are reported at fair value which is described as an exit price. This statement requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. This statement establishes a hierarchy of inputs to valuation techniques used to measure fair value. That hierarchy has three levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs – other than quoted prices – included within Level 1 that are observable for the asset or liability, whether directly or indirectly. Finally, Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security. This statement requires disclosures to be made about fair value measurements

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Accounting Policies: (Continued)

Investments: (Continued)

the level of fair value hierarchy, and valuation techniques. These disclosures are organized by type of asset or liability. GASB 72 also requires additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent). These disclosures are located in Note 5.

Fair value of short-term investments approximates cost. Fair value of securities traded on a national or international exchange is calculated using the last reported sales price at current exchange rates. Fair value of mutual funds not traded on a national or international exchange is calculated using the net asset value reported by the mutual funds. Fair value of investments in partnerships is calculated as the Fund's percentage of ownership of the partner's capital reported by the partnership. The Fund invests in short-term highly liquid external investment pools. Shares in external investment pools are reported at cost value of the external investment pool which approximates fair value.

Synthetic Guaranteed Investment Contracts are carried at contract value as required by GASB Statement 53.

Property and Equipment:

Land, building, furniture, and equipment are reported at historical cost. Depreciation is computed using the straight-line method based on useful lives.

Revenue and Expenditures:

Employer and employee contributions are recognized in the period in which the employee is compensated for services performed.

Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Interest income is recognized when earned and dividends are recognized at the declaration date.

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

Expenditures are recognized in the period incurred.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Use of Estimates:

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

2. PLAN DESCRIPTION:

The Louisiana Clerks' of Court Retirement and Relief Fund is the administrator of a cost-sharing, multiple-employer plan. The Fund is a statewide retirement plan for the Clerk of the Supreme Court, each of the courts of appeal, each of the district courts, and each of the city and traffic courts in cities having a population in excess of four hundred thousand at the time of their entrance into the Fund. The Fund includes the employees of such clerks and the employees of the Louisiana Clerks' of Court Association.

As of June 30, 2017 and 2016, participating employers consisted of the following:

	<u>2017</u>	<u>2016</u>
Parish Courts	63	63
Supreme Court	1	1
Circuit Courts of Appeals	5	5
City Courts of New Orleans	2	2
Civil Court of New Orleans	1	1
Criminal Court of New Orleans	1	1
Louisiana Clerks' of Court Association	1	1
Louisiana House of Representatives (reverse application by one member before the law changed)	<u>1</u>	<u>1</u>
Total Participating Employers	<u><u>75</u></u>	<u><u>75</u></u>

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

	<u>2017</u>	<u>2016</u>
Inactive plan members or beneficiaries currently receiving benefits	1,311	1,235
Inactive plan members entitled to but not yet receiving benefits	628	581
Active plan members	<u>2,164</u>	<u>2,208</u>
Total Plan Membership	<u><u>4,103</u></u>	<u><u>4,024</u></u>

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

2. PLAN DESCRIPTION: (Continued)

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

Retirement Benefits:

A member or former member shall be eligible for regular retirement benefits upon attaining 12 or more years of credited service, attaining the age of 55 years (age 65 if hired on or after January 1, 2011), and terminating employment. Regular retirement benefits, payable monthly for life, is equal to 3% percent of the member's monthly average final compensation multiplied by the number of years of credited service, not to exceed 100% of the monthly average final compensation. The retirement benefit accrual rate is increased to 3 $\frac{1}{3}$ % for all service credit accrued after June 30, 1999 (for members hired prior to January 1, 2011). For members hired before July 1, 2006 and who retire prior to January 1, 2011, monthly average final compensation is based on the highest 36 consecutive months, with a limit increase of 10% in each of the last three years of measurement. For members hired after July 1, 2006, monthly average final compensation is based on the highest compensated 60 consecutive months, or successive joined months if service was interrupted, with a limit increase of 10% in each of the last five years of measurement. For members who were employed prior to July 1, 2006 and who retire after December 31, 2010, the period of final average compensation is 36 months plus the number of whole months elapsed since January 1, 2011, not to exceed 60 months.

Disability Benefits:

Disability benefits are awarded to active members who are totally and permanently disabled as a result of injuries sustained in the line of duty or to active members with 10 or more years of credible service who are totally disabled due to any cause. A member who is officially certified as totally or permanently disabled by the State Medical Disability Board will be paid monthly disability retirement benefits equal to the greater of forty percent of their monthly average final compensation or 75% of their monthly regular retirement benefit computed as per R.S. 11:1521 (C).

Survivor Benefits:

Upon the death of any active contributing member with less than five years of credited service, his/her accumulated contributions are paid to his/her designated beneficiary. Upon the death of any active contributing member with five or more years of credited service, automatic option 2 benefits are payable to the surviving spouse. These benefits are based on the retirement benefits accrued at the member's date of death with option factors used as if the member had continued in service to earliest normal retirement age. Benefit payments are to commence on the date a member would have first become eligible for normal retirement assuming continued service until that time. In lieu of a deferred survivor benefit, the surviving spouse may elect benefits payable immediately with

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

2. PLAN DESCRIPTION: (Continued)

Survivor Benefits: (Continued)

benefits reduced $\frac{1}{4}$ of 1% for each month by which payments commence in advance of member's earliest normal retirement age. If a member has no surviving spouse, the surviving minor children under 18 or disabled children shall be paid $\frac{1}{2}$ of the member's accrued retirement benefit in equal shares. Upon the death of any former member with less than 12 years of service, the designated beneficiary may receive his/her accumulated contributions. Upon the death of any former member with 12 or more years of service, automatic option 2 benefits are payable to the surviving spouse with payments to commence on the member's retirement eligibility date. In lieu of periodic payments, the surviving spouse or children may receive a refund of the member's accumulated contributions.

Deferred Retirement Option Plan (DROP):

In lieu of terminating employment and accepting a service retirement allowance, any member of the Fund who is eligible for a service retirement allowance may elect to participate in the Deferred Retirement Option Plan (DROP) for up to 36 months and defer the receipt of benefits. Upon commencement of participation in the plan, active membership in the Fund terminates and the participant's contributions cease; however, employer contributions continue. Compensation and creditable service remain as they existed on the effective date of commencement of participation in the plan. The monthly retirement benefits that would have been payable, had the member elected to cease employment and receive a service retirement allowance, are paid into the DROP account. Upon termination of employment at the end of the specified period of participation, a participant in the program may receive, at his option, a lump sum payment from the DROP account equal to the payments to the account or a true annuity based upon his account (subject to approval by the Board of Trustees). In addition, the member receives the monthly benefits that were paid into the DROP fund during his period of participation.

If employment is not terminated at the end of the participation period, payments into the account cease and the member resumes active contributing membership in the Fund. Interest is paid on DROP account balances for members who complete their DROP participation but do not terminate employment. The interest earnings are based on the actual rate of return on funds in such accounts. These interest accruals cease upon termination of employment. Upon termination, the member receives a lump sum payments from the DROP fund equal to the payments made to that fund on his behalf or a true annuity based in his account (subject to approval by the Board of Trustees). The monthly benefit payments that were being paid into the DROP fund are paid to the retiree and an additional benefit based on his additional service rendered since termination of DROP participation is calculated using the normal method of benefit computation. Prior to January 1, 2011, the average compensation used to calculate the additional benefit is that used to calculate the original benefit unless his period of additional service is at least 36 months. Effective January 1, 2011, the average compensation for members whose additional service is less than 36 months is

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

2. PLAN DESCRIPTION: (Continued)

Deferred Retirement Option Plan (DROP): (Continued)

equal to the lesser amount used to calculate his original benefit or the compensation earned in the period of additional service divided by the number of months of additional service. For former DROP participants who retire after December 30, 2010, the period used to determine final average compensation for post-DROP service is 36 months plus the number of whole months elapsed from January 1, 2011 to the date of DROP entry. In no event can the entire monthly benefit amount paid to the retiree exceed 100% of the average compensation used to compute the additional benefit. If a participant dies during the period of participation in the program, a lump sum payment equal to his account balance is paid to his named beneficiary or, if none, to his estate.

Cost of Living Increases (COLAs):

The Board of Trustees is authorized to grant retired members and widows of members who have been retired for at least one full calendar year an annual cost of 2.5% of their benefit (not to exceed \$40 per month), and all retired members and widows who are 65 years of age or older a 2% increase in their original benefit (or their benefit as of October 1, 1977, if they retired prior to that time). In order to grant the 2.5% COLA, the increase in the consumer price index must have exceeded 3% since the last COLA granted. In order for the Board to grant either of these increases, the Fund must meet certain other criteria as detailed in the Louisiana statute relating to funding status. In lieu of granting the above cost of living increases, Louisiana statutes allow the Board to grant a cost of living increase where the benefits shall be calculated using the number of years of service at retirement or at death plus the number of years since retirement or death multiplied by the cost of living amount which cannot exceed \$1.

3. CONTRIBUTIONS AND RESERVES:

Contributions:

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

According to state statute, contributions for all employers are actuarially determined each year. The actuarially determined employer contribution rate for the fiscal years ended June 30, 2017 and 2016 was 17.27% and 14.37%, respectively. The actual employer contribution rate for the fiscal years ended June 30, 2017 and 2016 was 19%.

In accordance with state statute the Fund also receives $\frac{1}{4}$ of 1% of ad valorem taxes collected by each parish and state revenue sharing funds. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

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

Contributions: (Continued)

Administrative costs of the Fund are financed through employer contributions.

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

Reserves:

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

A) Annuity Savings Fund:

The Annuity Savings Fund is credited with contributions made by members of the Fund. When a member terminates his service or upon his death before qualifying for a benefit, the refund of his contributions is made from this fund. If a member dies and there is a survivor who is eligible for a benefit, the amount of the member's accumulated contributions is transferred from the Annuity Savings Fund to the Annuity Reserve Fund. When a member retires, the amount of his accumulated contributions is transferred to the Annuity Reserve Fund to provide part of the benefits payable. The Annuity Savings Fund balance as of June 30, 2017 and 2016 was \$62,065,592 and \$63,386,213, respectively.

B) Pension Accumulation Fund:

The Pension Accumulation Fund consists of contributions paid by employers, interest earned on investments and any other income not covered by other accounts. This fund is charged annually with an amount, determined by the actuary, to be transferred to the Annuity Reserve Fund to fund retirement benefits for existing recipients. It is also relieved when expenditures are not covered by other accounts. The Pension Accumulation Fund balance as of June 30, 2017 and 2016 was \$144,727,487 and \$126,396,704, respectively.

C) Annuity Reserve Fund:

The Annuity Reserve Fund consists of the reserves for all pensions, excluding cost-of-living increases, granted to members and is the fund from which such pensions and annuities are paid. Survivors of deceased beneficiaries also receive benefits from this fund. The Annuity Reserve Fund balance as of June 30, 2017 and 2016 was \$344,692,338 and \$302,393,394, respectively.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

3. CONTRIBUTIONS AND RESERVES: (Continued)

Reserves: (Continued)

D) Deferred Retirement Option Account:

The Deferred Retirement Option Account was created by state law and consists of the reserves for all members who upon eligibility elect to deposit into this account an amount equal to the member's monthly benefit if he had retired. A member can only participate in the program for three years, at which time the member may receive his benefits in a lump sum payment or by a true annuity. The Deferred Retirement Option Account balance as of June 30, 2017 and 2016 was \$32,803,188 and \$31,303,257, respectively.

E) Funding Deposit Account:

The Funding Deposit Account was created by state law and consists of excess contribution collected by the Fund. The excess funds earn interest at the board approved actuarial valuation rate and are credited to the fund at least once a year. These funds are due to the Fund freezing the employer rate at a higher rate than actuarially required. The excess funds can be used for the following purposes: (1) reduce the unfunded accrued liability, (2) reduce the present value of future normal, and/or (3) pay all or a portion of any future net direct employer contributions. The Funding Deposit Account balance as of June 30, 2017 and 2016 was \$9,388,977 and \$7,741,426, respectively.

4. NET PENSION LIABILITY OF EMPLOYERS:

Components of net pension liability for the Fund's employers determined in accordance with GASB No. 67 as of June 30, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Total Pension Liability	\$ 744,970,984	\$ 716,218,412
Plan Fiduciary Net Position	<u>593,677,582</u>	<u>531,220,994</u>
Employers' Net Pension Liability	<u>\$ 151,293,402</u>	<u>\$ 184,997,418</u>
 Plan Fiduciary Net Position as a % of the Total Pension Liability	 76.69%	 74.17%

The required Schedules of Employers' Net Pension Liability located in required supplementary information presents multi-year trend information regarding whether the plan fiduciary net positions are increasing or decreasing over time relative to the total pension liability. The total pension liability as of June 30, 2017 and 2016 is based on actuarial valuations for the same period, updated using generally accepted actuarial procedures.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

4. NET PENSION LIABILITY OF EMPLOYERS: (Continued)

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

The actuarial assumptions used in the valuations (excluding mortality) were based on actuarial funding valuation and the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014 for the years ended June 30, 2017 and 2016, unless otherwise specified. In cases where benefits structures were changed after the experience study period, assumptions were based on estimates of future experiences.

Information on the actuarial methods and assumptions used in determining the total net pension liability as of June 30, 2017 and 2016 is as follows:

Valuation Date	June 30, 2017	June 30, 2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.00%	7.00%
Inflation Rate	2.50%	2.50%
Salary Increases	5.00%	5.00%
Mortality Rate - Active Members	RP 2000 employee table set back 4 years for males and 3 years for females.	RP 2000 employee table set back 4 years for males and 3 years for females.
Mortality Rate - Annuitant and Beneficiary	RP 2000 healthy annuitant table set forward 1 year for males and projected to 2030 using scale AA for males and females.	RP 2000 healthy annuitant table set forward 1 year for males and projected to 2030 for males and females.
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.	The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

4. NET PENSION LIABILITY OF EMPLOYERS: (Continued)

The long-term expected real rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The long term expected rate of return was 7.60%, for the year ended June 30, 2017 and 7.20% for the year ended June 30, 2016. Best estimates of geometric real rates of return for each major asset class included in the Fund's target asset allocation as of June 30, 2017 and 2016 are summarized in the following table:

Asset Class	2017		2016	
	Target Asset Allocation	Long-Term Expected Real Rate of Return	Target Asset Allocation	Long-Term Expected Real Rate of Return
Fixed Income:				
Core fixed income	5.0%	1.75%	5.0%	1.00%
Core plus fixed income	15.0%	2.25%	15.0%	1.5%
Domestic Equity:				
Large cap domestic equity	21.0%	5.25%	21.0%	4.25%
Non-large cap domestic equity	7.0%	5.00%	7.0%	4.00%
International Equity:				
Large cap international equity	14.0%	5.25%	15.5%	5.25%
Small cap international equity	6.50%	5.25%	5.00%	5.00%
Emerging markets	6.5%	7.25%	6.5%	7.25%
Real Estate	10.0%	4.50%	10.0%	4.75%
Master limited Partnerships	5.0%	7.00%	5.0%	6.50%
Hedge funds	10.0%	3.00%	10.0%	3.50%
	<u>100.0%</u>		<u>100.0%</u>	

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

4. NET PENSION LIABILITY OF EMPLOYERS: (Continued)

The discount rate used to measure the total pension liability was 7.00% for the years ended June 30, 2017 and 2016. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at current contribution rates, and that contributions from participating employers and non-employer contributing entities will be made at actuarially determined contribution rates approved by the Board of Trustees and the Public Retirement System's Actuarial Committee (PRSAC) taking into consideration the recommendation of the Fund's actuary. Based on these assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	Changes in Discount Rate		
	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
2017 Net Pension Liability	\$ 231,533,234	\$ 151,293,402	\$ 83,153,075
	1% Decrease <u>6.00%</u>	Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
2016 Net Pension Liability	\$ 263,247,880	\$ 184,997,418	\$ 118,578,494

5. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS:

Following are the components of the Fund's deposits, cash equivalents, and investments at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Deposits (bank balance)	\$ 1,290,135	\$ 9,347,940
Cash equivalents	8,503,782	5,403,865
Investments	582,072,964	514,010,607
	\$ 591,866,881	\$ 528,762,412

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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

Deposits:

The Fund's bank deposits were entirely covered by federal depository insurance and securities pledged. The pledged securities are held in joint custody with the Fund's bank.

Cash Equivalents:

The Fund invested in cash equivalents at June 30, 2017 and 2016 in the amount of \$8,503,782 and \$5,403,865, respectively. Cash equivalents in the amount of \$3,603,582 and \$3,882,828 as of June 30, 2017 and 2016, respectively, consist of federated U.S. treasury cash reserves held in the nominee name. Cash equivalents at June 30, 2017 and 2016 in the amount of \$4,900,200 and \$1,521,037, respectively, consist of governmental pooled investments. The funds are managed by the Louisiana Asset Management Pool (LAMP), held by a custodial bank and are in the name of the Fund.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-RS 33:2955. LAMP is rated AAAM by Standard & Poor's.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool share.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the Board of Directors. LAMP is not registered with the SEC as an investment company.

Investments:

Statutes authorize the Fund to invest under the Prudent-Man Rule. The Prudent-Man Rule shall require each fiduciary of a retirement system and each board of trustees acting collectively on behalf of the Fund to act with care, skill, prudence, and diligence under the circumstances prevailing that a prudent institutional investor acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. Notwithstanding the Prudent-Man Rule, the Fund shall invest 60% of the total portfolio. Also, at least 10% of the equity allocation must remain indexed to the S&P 500 index.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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

Investments: (Continued)

The Fund's policy regarding investments is established and amended by the Fund's Board. The Fund shall be managed at all times in accordance with Louisiana statutes and any other applicable law. The policy states that the investment of the Fund's assets shall be for the exclusive purpose of providing benefits for the participants and their beneficiaries and paying the Fund's administrative expenses. The Fund's investment shall be prudently selected and properly diversified so as to minimize the risk of large losses.

Synthetic Guaranteed Investment Contract:

The Fund provides a fully benefit-responsive Synthetic Guaranteed Investment Contract option for members of the Deferred Retirement Option Plan. This investment consists of two parts: an asset owned directly by the Fund and a wrap contract providing book value protection for participant withdrawals prior to maturity. The investment objective of this investment is to protect members from loss of their original investment and to provide a competitive interest rate. This investment is reported at contract value in the amount of \$22,242,097 and \$20,789,988 as of June 30, 2017 and 2016, respectively. The market value is unknown as of June 30, 2017 and 2016.

Fair Value Disclosures:

Louisiana Clerks' of Court Retirement and Relief Fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Fund has the following recurring fair value measurements as of June 30, 2017 and 2016, respectively:

	6/30/2017	Fair Value Measurements Using		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
Cash Equivalents	\$ 8,503,782	\$ -	\$ 8,503,782	\$ -
Equity Securities				
Large Cap	67,773,028	67,773,028	-	-
Small Cap	42,480,314	42,480,314	-	-
Total Equity Securities	<u>110,253,342</u>	<u>110,253,342</u>	<u>-</u>	<u>-</u>
Mutual funds	<u>2,196,642</u>	<u>2,196,642</u>	<u>-</u>	<u>-</u>
Total Investments at Fair Value Level	<u>\$ 120,953,766</u>	<u>\$ 112,449,984</u>	<u>\$ 8,503,782</u>	<u>\$ -</u>

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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

Fair Value Disclosures: (Continued)

	<u>6/30/2017</u>	Fair Value Measurements Using		
		<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments measured at the Net Asset Value (NAV):				
Aggregate Bond Index Fund	\$ 22,328,289			
Commingled Pools	78,248,956			
Domestic Equity	59,836,225			
Hedge Funds	47,523,647			
International Equity	158,962,389			
Private Equity -				
Master Limited Partnerships	30,047,785			
Real Estate	50,433,592			
Total Investments at NAV	<u>\$ 447,380,883</u>			
Total Investments at Fair Value	<u>\$ 568,334,649</u>			

	<u>6/30/2016</u>	Fair Value Measurements Using		
		<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments by Fair Value Level:				
Cash Equivalents	\$ 5,403,865	\$ -	\$ 5,403,865	\$ -
Equity Securities				
Large Cap	62,974,858	62,974,858	-	-
Small Cap	33,819,178	33,819,178	-	-
Total Equity Securities	<u>96,794,036</u>	<u>96,794,036</u>	<u>-</u>	<u>-</u>
Mutual funds	1,406,746	1,406,746	-	-
Total Investments at Fair Value Level	<u>\$ 103,604,647</u>	<u>\$ 98,200,782</u>	<u>\$ 5,403,865</u>	<u>\$ -</u>

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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

Fair Value Disclosures: (Continued)

	6/30/2016	Fair Value Measurements Using		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at the Net Asset Value (NAV):				
Aggregate Bond Index Fund	\$ 22,395,100			
Commingled Pools	75,057,169			
Domestic Equity	54,936,304			
Hedge Funds	44,982,705			
International Equity	120,101,534			
Private Equity -				
Master Limited Partnerships	24,262,177			
Real Estate	53,284,848			
Total Investments at NAV	<u>\$ 395,019,837</u>			
Total Investments at Fair Value	<u>\$ 498,624,484</u>			

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

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

	Fair Value 2017	Unfunded Commitments	Redemption Frequency (If Currenty Eligible)	Redemption Notice Period
Aggregate Bond Index Fund	\$ 22,328,289	-	Daily	2 days
Commingled Pools	78,248,956	-	Daily	5 days
Domestic Equity	59,836,225	-	Daily	5 days
Hedge Funds	47,523,647	-	Quarterly, Bi-Annually	65-95 days
International Equity	158,962,389	-	Monthly	None - 30 days
Private Equity - Master Limited Partnerships	30,047,785	-	Daily	Not required
Real Estate	50,433,592	-	Quarterly	90 days
Total Investments at NAV	<u>\$ 447,380,883</u>			

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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

Fair Value Disclosures: (Continued)

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

	Fair Value 2015	Unfunded Commitments	Redemption Frequency (If Currenty Eligible)	Redemption Notice Period
Aggregate Bond Index Fund	\$ 22,395,100	-	Daily	2 days
Commingled Pools	75,057,169	-	Daily	5 days
Domestic Equity	54,936,304	-	Daily	5 days
Hedge Funds	44,982,705	-	Quarterly, Bi-Annually	65-95 days
International Equity	120,101,534	-	Monthly	None - 30 days
Private Equity - Master				
Limited Partnerships	24,262,177	-	Daily	Not required
Real Estate	53,284,848	-	Quarterly	90 days
Total Investments at NAV	<u>\$ 395,019,837</u>			

Aggregate Bond Index Fund:

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

Commingled Pools:

This type includes investments in two commingled pool funds. The strategy of Pyramis Core Plus is a duration neutral approach focused on bottom-up, fundamental credit analysis. It is a benchmark aware strategy with the ability to add value through constrained allocations to a broad opportunity set of “plus” sectors. Pyrmis Tactical fund has a flexible strategy with ability to add value through managing duration and allowing a broader allowable opportunity set than more traditional, benchmark constrained managers resulting in a true “best idea” fixed income portfolio. The fair value of the investments in these funds has been determined using the NAV per share (or equivalent) of the investments. The redemption notice period is five days with daily redemptions available.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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

Fair Value Disclosures: (Continued)

Domestic Equity:

This type includes investments in one domestic equity fund. QMA's US core Equity team employs an active, systematic, bottom-up investment process based on company fundamentals to determine the relative attractiveness of all stocks within a broad universe using their proprietary stock selection model. The fair value of the investments in these funds has been determined using the NAV per share (or equivalent) of the investments.

Hedge Funds:

This type includes investments in two hedge funds. The objective of the hedge fund managers is to manage a portfolio of alternative or non-traditional managers that will seek to earn above-average, risk-adjusted, long-term returns. Blackstone fund is a diversified global multi-strategy hedge fund of funds. The product has investments in 100+ managers across different sub-styles typically. The portfolio is designed to target superior risk-adjusted returns with an emphasis on capital preservation. Magnitude fund is a diversified global multi-strategy hedge fund of funds with a relative value orientation. The investment strategy is to identify managers with an uncommon opportunity set and tangible edge in their strategy, while exhibiting low passive risks and providing diversification to market shocks as well as other strategies in the portfolio. The fair value of the investments in these funds has been determined using the NAV per share (or equivalent) of the investments.

International Equity:

This type includes investments in five international equity funds. AJO fund uses disciplined, valuation-based, quantitative approach which utilizes its nimble asset base to target companies with improving fundamentals and price momentum. The strategy targets securities deemed attractive based on valuation, management track-record, and momentum. The portfolio of LSV fund is country neutral to the index and value is added through stock selection. The portfolio decision-making process is primarily quantitative and driven by a proprietary model that consists of three groups of factors: value multiples (cash flow-to-price and book-to-market), long-term past performance (changes in stock price and earnings over the previous five years; poor performance ranked highly), and price momentum factors (near-term performance expectations; is the market beginning to change its assessment). At least 65% of the model will consist of value-related factors. Vontobel fund uses bottom-up, fundamental process that looks for well-managed quality companies, exhibiting high ROE, and good track records of cash flow allocation. The strategy is heavily invested in companies exposed to emerging markets consumption. Vontobel fund was redeemed from in August 2016. William Blair (Small Cap) fund Quality growth focus, blending quantitative tools and qualitative analysis. Quant tools help guide overall factor exposures and narrow the team's universe. Analysts are tasked with identifying companies with sustainable earnings growth, high ROE and strong management track records. The TS&W portfolio utilizes a

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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

Fair Value Disclosures: (Continued)

International Equity: (Continued)

bottom-up, value-driven, risk-managed approach to international investing and invests in a diversified portfolio of common stocks of primarily non-U.S. issuer. The fair value of the investments in these funds has been determined using the NAV per share (or equivalent) of the investments.

Private Equity - Master Limited Partnerships:

This type includes investments in two master limited partnerships. Private equity is an asset class consisting of equity securities and debt in operating companies that are not publicly traded on a stock exchange. Private equity funds employ a combination of strategies to earn superior risk-adjusted returns. The Fund currently has no additional commitments to the partnerships. These master limited partnerships invest in equities of other limited partnerships which are publically traded. The redemption notice period for Harvest fund is not explicitly required, but is preferred two days in advance with daily redemptions available. The redemption notice period for Tortoise fund is not required, settlement for withdrawal is T+3 with daily redemptions available. The fair value of the investments in these funds has been determined using the NAV per share (or equivalent) of the investments.

Real Estate Fund:

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

Money-Weighted Rate of Return:

During the years ended June 30, 2017 and 2016, the annual money-weighted rate of return on the Fund's investments, net of investment expense, was 15.18% and (.54)%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

5. 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 Fund's investment in a single issuer.

The Fund's investment policy states that no more than 30% of the equity portfolio market value may be invested in any one economic sector. Generally, the equity holdings in any single corporation shall not exceed 5% of the market value of the equity portfolio. In addition, no more than 7% of any fixed income portfolio based on market value at the time of purchase may be invested in any one issuer's securities (exclusive of issues of the U.S. Treasury or other Federal Agencies). At June 30, 2017 and 2016, there were no investment holdings that exceeded the Fund's concentration of credit risk investment policy.

The investment policy states that the allocation to international equities will be made by investing in a commingled or mutual fund. Exposure to emerging market countries within developed international funds should not exceed 20% of the portfolio. In addition, investments in international large cap equity, small cap equity and emerging markets cannot exceed 20.5%, 10%, and 11.5%, respectively, of the portfolio. The Fund invested in several international equity funds which had a total market value of \$158,962,389 and \$120,101,534 at June 30, 2017 and 2016, respectively. The Fund is in compliance with the investment policy limits of emerging market countries.

The Fund has no investments of any single organization (other than those issued or guaranteed by the U.S. Government) that represents 5% or more of the Fund's net plan assets, nor does the Fund hold more than 5% of any corporations stock.

Custodial Credit Risk:

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the Fund will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Fund is not exposed to custodial credit risk at June 30, 2017 and 2016 for investments in the amount of \$582,072,964 and \$514,010,607, respectively, since these investments are in the name of the Fund. The Fund was exposed to custodial credit risk in the amount of \$3,603,582 and \$3,882,828 at June 30, 2017 and 2016, respectively, as these funds are held in nominee name and not in the name of the Fund. The Fund has no formal investment policy regarding custodial credit risk.

Interest Rate Risk and Credit Risk:

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

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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

Interest Rate Risk and Credit Risk: (Continued)

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

At June 30, 2017, the Fund had the following investments subject to interest rate risk and credit risk:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Average Maturity</u>
SSGA Bond Index Fund	\$22,328,289	AA2	8.28 years
Pyramis Core Commingled Fund	\$51,993,435	A+	9.70 years
Pyramis Tactical Plus Commingled Bond Pool	\$26,255,521	A-	9.33 years

At June 30, 2016, the Fund had the following investments subject to interest rate risk and credit risk:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Average Maturity</u>
SSGA Bond Index Fund	\$22,395,100	AA2	7.78 years
Pyramis Core Commingled Fund	\$50,385,658	A	8.42 years
Pyramis Tactical Plus Commingled Bond Pool	\$24,671,511	BBB	9.48 years

6. RELATED PARTIES:

The Fund's board of trustees includes five trustees from the Clerks of Court Association (Association) and one additional trustee elected by the Association. The Association also appoints the board members of the Clerks of Court Insurance Trust (Insurance Trust). The Fund, Association and Insurance Trust share employees and office space.

In 2013, the Fund constructed a new building. The new facility is also occupied by the Association and the Insurance Trust. In June 2013, the Board passed a resolution approving the recoupment of construction costs through the Association and Insurance Trust prepaying eight years of rent to the Retirement and Relief Fund. The Association's and Insurance Trust's share of rent for the eight year period totaled \$170,000 and \$85,000, respectively. These amounts were recorded as deferred rent in the accompanying financial statements and are being amortized over eight years. Deferred Rent as of June 30, 2017 and 2016 is \$130,116 and \$162,270, respectively. Rental income for the years ended June 30, 2017 and 2016 was \$32,154. There is no formal lease between the related parties.

The Fund shares equipment and other office expenses with the Association and Insurance Trust. Most of the expenses, including the salaries of employees of all three funds, are paid out of the Association. The Fund reimbursed the Association \$400,000 and \$330,000 for shared expenses for the years ended June 30, 2017 and 2016, respectively.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

7. PROPERTY AND EQUIPMENT:

Changes in property and equipment for the year ended June 30, 2017 are as follows:

	<u>07/01/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>06/30/17</u>
Land	\$ 284,023	\$ -	\$ -	\$ 284,023
Office Building	494,086	-	-	494,086
Office Equipment	16,343	-	-	16,343
Furniture & Fixtures	80,674	-	-	80,674
Software	28,999	-	-	28,999
Subtotal	<u>904,125</u>	<u>-</u>	<u>-</u>	<u>904,125</u>
Accumulated Depreciation	<u>(93,326)</u>	<u>(29,216)</u>	<u>-</u>	<u>(122,542)</u>
Net Property and Equipment	<u>\$ 810,799</u>	<u>\$ (29,216)</u>	<u>\$ -</u>	<u>\$ 781,583</u>

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

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

Depreciation expense for the years ended June 30, 2017 and 2016 was \$29,216.

8. TAX QUALIFICATION:

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

REQUIRED SUPPLEMENTARY INFORMATION

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF CHANGES IN NET PENSION LIABILITY
FOR THE FOUR YEARS ENDED JUNE 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability:				
Service Cost	\$ 14,334,517	\$ 14,583,080	\$ 14,909,285	\$ 14,108,218
Interest	49,785,613	47,846,207	47,379,127	45,607,263
Changes of benefit terms	-	-	-	3,790,830
Differences between expected and actual experience	3,957,320	2,359,911	(8,215,690)	(3,418,653)
Changes of assumptions	-	-	9,016,237	14,959,618
Retirement Benefits	(38,299,160)	(33,032,405)	(30,071,623)	(28,629,491)
Refunds of member contributions	(916,974)	(1,068,211)	(963,484)	(730,697)
Other	(108,744)	(327,007)	(76,639)	(414,096)
Net Change in Total Pension Liability	<u>28,752,572</u>	<u>30,361,575</u>	<u>31,977,213</u>	<u>45,272,992</u>
Total Pension Liability - Beginning	<u>716,218,412</u>	<u>685,856,837</u>	<u>653,879,624</u>	<u>608,606,632</u>
Total Pension Liability - Ending (a)	<u>\$ 744,970,984</u>	<u>\$ 716,218,412</u>	<u>\$ 685,856,837</u>	<u>\$ 653,879,624</u>
Plan Fiduciary Net Position:				
Contributions - member	\$ 6,804,087	\$ 6,914,444	\$ 6,895,027	\$ 6,850,006
Contributions - employer	17,149,329	17,325,010	17,195,133	16,642,988
Contributions - non-employer contributing entities	10,704,574	10,489,546	10,257,920	9,687,222
Net investment income (loss)	67,770,696	(4,357,804)	14,165,659	72,622,374
Retirement benefits	(38,299,160)	(33,032,405)	(30,071,623)	(28,629,491)
Refunds of member contributions	(916,974)	(1,068,211)	(963,484)	(730,697)
Administrative expenses	(647,220)	(569,128)	(541,752)	(465,639)
Other	(108,744)	(334,147)	(76,639)	(414,096)
Net Change in Plan Fiduciary Net Position	<u>62,456,588</u>	<u>(4,632,695)</u>	<u>16,860,241</u>	<u>75,562,667</u>
Plan Fiduciary Net Position - Beginning	<u>531,220,994</u>	<u>535,853,689</u>	<u>518,993,448</u>	<u>443,430,781</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 593,677,582</u>	<u>\$ 531,220,994</u>	<u>\$ 535,853,689</u>	<u>\$ 518,993,448</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 151,293,402</u>	<u>\$ 184,997,418</u>	<u>\$ 150,003,148</u>	<u>\$ 134,886,176</u>
Plan Fiduciary Net Position as a % of Total Pension Liability	79.69%	74.17%	78.13%	79.37%
Covered Employee Payroll	\$ 90,259,626	\$ 91,184,263	\$ 90,500,700	\$ 89,962,097
Net Pension Liability as a % of Covered Employee Payroll	167.62%	202.88%	165.75%	149.94%

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

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF EMPLOYERS' NET PENSION LIABILITY
FOR THE FOUR YEARS ENDED JUNE 30, 2017

	<u>Total Pension Liability</u>	<u>Plan's Fiduciary Net Postion</u>	<u>Employers' Net Pension Liability</u>	<u>Plan's Fiduciary Net Position as a % of Total Pension Liability</u>	<u>Covered Employee Payroll</u>	<u>Net Pension Liability as a % of Covered Employee Payroll</u>
2017	\$ 744,970,984	\$ 593,677,582	\$ 151,293,402	79.69%	\$ 90,259,626	167.62%
2016	716,218,412	531,220,994	184,997,418	74.17%	91,184,263	202.88%
2015	685,856,837	535,853,689	150,003,148	78.13%	90,500,700	165.75%
2014	653,879,624	518,993,448	134,886,176	79.37%	89,962,097	149.94%

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

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF CONTRIBUTIONS
 EMPLOYER AND NON-EMPLOYER CONTRIBUTING ENTITIES
FOR THE FOUR YEARS ENDED JUNE 30, 2017

<u>Year</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in Relation to the Actuarially Determined Liability</u>	<u>Contribution (Excess) Deficiency</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2017	\$ 23,688,306	\$ 27,853,903	\$ (4,165,597)	\$ 90,259,626	30.86%
2016	26,457,181	27,814,556	(1,357,375)	91,184,263	30.50%
2015	26,913,363	27,453,053	(539,691)	90,500,700	30.33%
2014	26,231,039	26,330,210	(99,171)	89,962,097	29.27%

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

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF INVESTMENT RETURN
FOR THE FOUR YEARS ENDED JUNE 30, 2017

	Annual Money-Weighted <u>Rate of Return*</u>
2017	15.18%
2016	-0.54%
2015	2.62%
2014	17.34%

*Annual money-weighted rates of return are presented net of investment expense.

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

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017, 2016, 2015 AND 2014

1. SCHEDULE OF CHANGES IN NET PENSION LIABILITY:

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

2. SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY:

The schedule of employers' net pension liability shows the percentage of the Fund'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 Fund. Covered employee payroll is the payroll of all employees that are provided with benefits through the Fund.

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

The difference between the actuarially determined contributions for employers and non-employer contributing entities and the contributions reported from employer and non-employer contributing entities, and the percentage of contributions reported to covered employee payroll is presented in this schedule. Ad valorem and state revenue sharing is support from non-employer contributing entities.

4. SCHEDULE OF INVESTMENT RETURNS:

The annual money-weighted rate of return is shown in this schedule. The money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. This expresses investment performance adjusted for the changing amounts actually invested throughout the year, measured using monthly inputs with expenses measured on an accrual basis.

5. ACTUARIAL ASSUMPTIONS:

The information presented in the required supplementary schedules was used in the actuarial valuation for purposes of determining the actuarially determined contribution rate. The assumptions and methods used for the actuarial valuation were recommended by the actuary and adopted by the Board. Additional information on the assumptions and methods used as of the latest actuarial valuation are disclosed in Note 4 to the financial statements, Net Pension Liability of Employers.

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017, 2016, 2015 AND 2014

6. CHANGES IN ACTUARIAL ASSUMPTIONS:

For the year ended June 30, 2017, retirement, DROP entry, and withdrawal rates were changed based on the results of the actuarial experience study for the period July 1, 2009 – June 30, 2014 and expectations of future experience. Family statistics were also updated based on more recent measures available from the United States Census Bureau. Other changes are as follows:

Valuation Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Investment Rate of Return	7.00%	7.00%	7.00%	7.25%
Inflation Rate	2.50%	2.50%	2.50%	2.75%
Salary Increases	5.00%	5.00%	5.00%	5.75%
Mortality Rate - Active Members	RP 2000 employee table set back 4 years for males and 3 years for females	RP 2000 employee table set back 4 years for males and 3 years for females	RP 2000 employee table set back 4 years for males and 3 years for females	-
Mortality Rate - Annuitant and Beneficiary	RP 2000 healthy annuitant table set forward 1 year for males and projected to 2030 using scale AA for males and females	RP 2000 healthy annuitant table set forward 1 year for males and projected to 2030 for males and females	RP 2000 healthy annuitant table set forward 1 year for males and projected to 2030 for males and females	-
Mortality Rate - Active Members, Annuitant and Beneficiary	-	-	-	RP2000 combined healthy mortality table set back 3 years for males and 1 year for females

OTHER SUPPLEMENTARY INFORMATION

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
 SUPPLEMENTARY INFORMATION
 STATEMENT OF CHANGES IN RESERVE BALANCES
JUNE 30, 2017

	ANNUITY SAVINGS	DROP	FUNDING DEPOSIT ACCOUNT	ANNUITY RESERVE	PENSION ACCUMULATION	TOTAL
BALANCE - BEGINNING	\$ 63,386,213	\$ 31,303,257	\$ 7,741,426	\$ 302,393,394	\$ 126,396,704	\$ 531,220,994
REVENUES AND TRANSFERS:						
Employee contributions	6,804,087	-	-	-	-	6,804,087
Employer contributions	-	-	1,105,651	-	16,043,678	17,149,329
Net investment income (loss)	-	-	541,900	-	67,228,796	67,770,696
Tax collector contributions	-	-	-	-	10,385,050	10,385,050
Revenue sharing contributions	-	-	-	-	319,524	319,524
Repayment of refund	27,708	-	-	-	58,172	85,880
Miscellaneous income	-	-	-	-	32,482	32,482
Transfer from Annuity Savings	-	-	-	7,146,963	-	7,146,963
Transfer from Annuity Reserve	-	5,993,271	-	-	-	5,993,271
Transfer from another system	21,572	-	-	-	152,566	174,138
Actuarial transfer	-	-	-	74,951,072	-	74,951,072
	<u>6,853,367</u>	<u>5,993,271</u>	<u>1,647,551</u>	<u>82,098,035</u>	<u>94,220,268</u>	<u>190,812,492</u>
EXPENDITURES AND TRANSFERS:						
Refunds to terminated employees	916,974	-	-	-	-	916,974
Transfer to Annuity Reserve	7,146,963	-	-	-	-	7,146,963
Transfer to DROP	-	-	-	5,993,271	-	5,993,271
Pensions paid	-	-	-	33,805,820	-	33,805,820
Administrative	-	-	-	-	618,004	618,004
Depreciation	-	-	-	-	29,216	29,216
DROP benefits	-	4,493,340	-	-	-	4,493,340
Transfers to another system	110,051	-	-	-	291,193	401,244
Actuarial transfer	-	-	-	-	74,951,072	74,951,072
	<u>8,173,988</u>	<u>4,493,340</u>	<u>-</u>	<u>39,799,091</u>	<u>75,889,485</u>	<u>128,355,904</u>
NET INCREASE (DECREASE)	<u>(1,320,621)</u>	<u>1,499,931</u>	<u>1,647,551</u>	<u>42,298,944</u>	<u>18,330,783</u>	<u>62,456,588</u>
BALANCE - ENDING	<u>\$ 62,065,592</u>	<u>\$ 32,803,188</u>	<u>\$ 9,388,977</u>	<u>\$ 344,692,338</u>	<u>\$ 144,727,487</u>	<u>\$ 593,677,582</u>

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

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

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
 SUPPLEMENTARY INFORMATION
 SCHEDULES OF ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
PERSONAL SERVICES:		
Board Member - per diem	\$ <u>2,775</u>	\$ <u>3,000</u>
PROFESSIONAL SERVICES:		
Accountant	44,303	41,842
Actuarial	68,025	68,720
Legal	9,309	18,366
Program consultant	<u>22,260</u>	<u>12,544</u>
	<u>143,897</u>	<u>141,472</u>
COMMUNICATION:		
Travel	<u>12,829</u>	<u>5,772</u>
OTHER:		
Bank charges	11,121	9,674
Insurance	26,068	25,496
Meetings and seminars	10,191	6,801
Miscellaneous	350	6,247
Postage and office supplies	3,455	3,743
Repairs and maintenance	<u>7,318</u>	<u>7,707</u>
	<u>58,503</u>	<u>59,668</u>
TOTAL EXPENSES	\$ <u><u>218,004</u></u>	\$ <u><u>209,912</u></u>

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
 SUPPLEMENTARY INFORMATION
 SCHEDULES OF PER DIEM PAID TO TRUSTEES
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

The per diem paid to the Trustees is an expenditure of the Fund. For 2017 and 2016 the Trustees received per diem at the rate of \$75.00 for attendance of a regularly scheduled meeting of the Board of Trustees. Per diem paid to the Trustees for the years ended June 30, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Steve Andrews	\$ 375	\$ 75
Rick Arceneaux	300	300
Kay Bolding	375	300
Diane Meaux Broussard	-	225
David Dart	375	375
Cliff Dressel	300	300
Mark Graffeo	375	375
Robin Hooter	300	375
Jim Martin	75	300
Holli Vining	300	375
	<u>\$ 2,775</u>	<u>\$ 3,000</u>

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO THE AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2017

Agency Head: David Dart, President of the Board of Trustees
(July 1, 2016 - June 30, 2017)

Per diem	\$ 375
Registration fees	125
Conference travel	907
Special meals	<u>232</u>
Total	<u><u>\$ 1,639</u></u>



Duplantier
Hrapmann
Hogan &
Maher, LLP

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

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

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(1919-1985)

Felix J. Hrapmann, Jr., CPA
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November 20, 2017

Louisiana Clerks' of Court
Retirement and Relief Fund
Board of Trustees
10202 Jefferson Highway, Building A
Baton Rouge, LA 70809

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Louisiana Clerks' of Court Retirement and Relief Fund (the Fund), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Louisiana Clerks' of Court Retirement and Relief Fund's basic financial statements, and have issued our report thereon dated November 20, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Louisiana Clerks' of Court Retirement and Relief Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana Clerks' of Court Retirement and Relief Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Louisiana Clerks' of Court Retirement and Relief Fund's internal control.

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A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Fund's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

SUMMARY OF AUDITORS RESULTS:

1. The opinions issued on the financial statements of the Louisiana Clerks' of Court Retirement and Relief Fund for the years ended June 30, 2017 and 2016 were unmodified.

2. Internal Control
 Significant deficiencies/Material weaknesses: None noted

3. Compliance and Other Matters
 Noncompliance material to financial statements: None noted

FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED GOVERNMENT
AUDITING STANDARDS:

NONE

SUMMARY OF PRIOR YEAR FINDINGS:

NONE

LOUISIANA CLERKS' OF COURT
RETIREMENT AND RELIEF FUND

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED UPON PROCEDURES

JUNE 30, 2017



Duplantier
Hrapmann
Hogan &
Maher, LLP

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED UPON PROCEDURES

November 20, 2017

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To the Board of Trustees of
Louisiana Clerks' of Court
Retirement and Relief Fund
Baton Rouge, LA

We have performed the procedures enumerated below, which were agreed to by the Louisiana Clerks' of Court Retirement and Relief Fund (the Fund) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Fund's management is responsible for those C/C areas identified in the SAUPs.

This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. 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 Fund's written policies and procedures and determined whether those written policies and procedures addressed each of the following financial/business functions, as applicable:
 - a) Budgeting, including preparing, adopting, monitoring, and amending the budget.

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Written Policies and Procedures - Continued

- b) *Purchasing*, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchases; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
- c) *Disbursements*, including processing, reviewing, and approving.
- d) *Receipts*, 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) *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.
- g) *Travel and Expense Reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- h) *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- 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 Fund's ethics policy.
- j) *Debt Service*, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results:

The Fund has written policies and procedures for all applicable sections above; however, it was noted that certain specific procedures were not included in the following areas:

Receipts:

The Fund has adequate procedures and controls over receipts including receiving, recording, and preparing deposits; however, these procedures are not specifically addressed within the written policies and procedures of the Fund.

Written Policies and Procedures - Continued

Ethics:

The Fund's written ethics policy does not include a requirement that all employees, including public servants, annually attest through signature verification that they have read the Fund's ethics policy.

Board

- 2) We obtained and reviewed the board/committee minutes for the fiscal period, 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 Fund'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 period.

Results:

No findings were noted.

Bank Reconciliations

- 3) We obtained a listing of the Fund's bank accounts from management and management's representation that the listing is complete.
- 4) Two bank accounts were identified in Step #3. We obtained bank statements and reconciliations for all months in the fiscal period 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 6 months as of the end of the fiscal period.

Results:

No findings were noted.

Collections

- 5) We obtained a listing of cash/check/money order (cash) collection locations and management's representation that the listing was complete.
- 6) One location was identified in Step #5. For the cash location identified:
 - a) We requested existing written documentation (e.g. insurance policy, policy manual, job description) and determined whether each person responsible for collecting cash was (1) bonded, and (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account.
 - b) We obtained existing written documentation and determined whether the Fund 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.
 - c) We selected the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using the Fund's 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.
 - Using the Fund's reports we verified that daily cash collections were completely supported by documentation.

Results:

No findings were noted.

- 7) We obtained existing written documentation and determined whether the Fund has a process specifically defined to determine completeness of all collections for each revenue source by a person who was not responsible for collections.

Results:

The Fund has a process to determine the completeness of collections; however, the process was not specifically defined in the written procedures.

Disbursements – General (excluding credit card purchases or payments)

- 8) We obtained the general ledger and sorted/filtered the Fund's disbursements. We also obtained management's representation that the general ledger population was complete.

Disbursements – General (excluding credit card purchases or payments) - Continued

- 9) We randomly selected 25 disbursements and obtained the supporting documentation for each transaction and determined whether the supporting documentation for each transaction demonstrated that:
- a) Purchases were initiated using a system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
 - b) Disbursements were approved by a person who did not initiate the purchase.
 - c) Payments for purchases were not processed without an approved invoice or a receipt of goods purchased.

Results:

No findings were noted.

- 10) Using Fund documentation we determined whether the person responsible for processing payments was prohibited from adding vendors to the Fund's purchasing/disbursement system.

Results:

The person responsible for processing payments adds vendors to the Fund's disbursement system. However, all checks written, including the supporting documentation, are forwarded to the executive director for approval and signature.

- 11) Using the Fund's documentation, we determined whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Results:

No findings were noted.

- 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.

Results:

No findings were noted.

Disbursements – General (excluding credit card purchases or payments) - Continued

- 13) We inquired of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed.

Results:

No findings were noted.

Credit Cards/Debit Cards/Fuel Cards/P-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 obtained management's representation that the listing is complete.

Results:

No findings were noted.

- 15) For the one credit card identified in Step #14, we obtained the monthly statements for the identified card and selected the monthly statement with the largest dollar activity for and:

- a) Reported whether there was evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.
- b) Reported whether finance charges and/or late fees were assessed on the selected statements.

Results:

No findings were noted.

16. Using the monthly statement selected under Step #15 above, we obtained the supporting documentation for all transactions for the card selected.

- a) For each transaction, we reported whether the transaction is supported by:

- An original itemized receipt.
- Documentation of the business/public purpose.
- Other documentation that may be required by written policy.

- b) For each transaction, we compared the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the Fund's written purchasing/disbursement policies and the Louisiana Public Bid Law and reported any exceptions.

Credit Cards/Debit Cards/Fuel Cards/P-Cards - Continued

- c) For each transaction, we compared the Fund'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.

Results:

No findings were noted.

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 sort/filter for travel reimbursements. We obtained management's representation that the listing or general ledger is complete.
18. We obtained the Fund'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 reported any amounts that exceed GSA rates.

Results:

No findings were noted.

19. We identified two expense reimbursements in Step #17 using the listing or general ledger above, we obtained the expense reimbursement reports, including the supporting documentation. For each of the two travel expenses identified:
- a) We compared expense documentation to written policies and reported whether each expense was reimbursed or prepaid in accordance with written policy.
- b) We reported whether each expense is supported by:
- An original itemized receipt that identifies precisely what was purchased.
 - Documentation of the business/public purpose.
 - Other documentation as may be required by written policy.
- c) We compared the Fund'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.

Travel and Expense Reimbursement - Continued

- d) We reported whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results:

No findings were noted.

Contracts

20. We obtained a listing of all contracts in effect during the fiscal period. We also obtained the general ledger and sorted/filtered for contract payments, and obtained management's representation that general ledger was complete.
21. Using the list above, we selected five contract "vendors" that were paid the most money during the fiscal period. 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. Reported whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the Fund complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).
 - If no, obtain supporting contract documentation and report whether the Fund 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 all payments for this contract and 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.

Results:

No findings were noted.

Payroll and Personnel

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

Ethics

- 22) As noted in the payroll and personnel section above, the Fund does not have any employees. However, we did randomly select five employees of the Louisiana Clerks' Association and obtained ethics compliance documentation from management and determined whether the Fund maintained documentation to demonstrate that required ethics training was completed.

Results:

No findings were noted

- 23) We inquired of management whether any alleged ethics violations were reported to the Fund 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 Fund's ethics policy. We determined whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Results:

No findings were noted

Debt Service

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

Other

- 24) We inquired of management whether the Fund had any misappropriations of public funds or assets.

Results:

No misappropriations were noted.

- 25) We observed and determined whether the Fund 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.

Results:

No findings were noted.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana



LOUISIANA CLERKS OF COURT RETIREMENT AND RELIEF FUND

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DEBBIE D. HUDNALL
EXECUTIVE DIRECTOR

December 7, 2017

Duplantier, Hrapmann, Hogan & Maher, LLP
1615 Poydras Street, Suite 2100
New Orleans, LA 70112

RE: Response to Findings and Recommendations
Louisiana Clerks of Court Retirement and Relief Fund – LLA's Statewide Agreed Upon
Procedures

Dear Duplantier, Hrapmann, Hogan & Maher, LLP,

In response to the findings noted in the Independent Accountant's Report on Applying Agreed Upon Procedures for the fiscal year ended June 30, 2017, the Louisiana Clerks Retirement and Relief Fund provides the following:

(1) Written Policies and Procedures, Item D, Receipts:

"The Fund has adequate procedures and controls over receipts including receiving, recording, and preparing deposits; however, these procedures are not specifically addressed within the written policies and procedures of the Fund."

Response: Management will expand the written policies and procedures to detail the receipts procedure and to ensure they are adequately documented. It is management's intention to fully comply.

(2) Written Policies and Procedures, Item I, Ethics:

"The Fund's written ethics policy does not include a requirement that all employees including public servants, annually attest through signature verification that they have read the Fund's ethics policy."

Response: Management will alter its' written procedures to include an annual attestation by Board members and employees that they have read the Fund's ethics policy, which includes their signature verifying they have read and complied with said policy.

(3) Collections:

“The Fund has a process to determine the completeness of collections; however, the process was not specifically defined in the written procedures.”

Response: Management has agreed to expand the written policy regarding the completeness of collections. It is management’s intention to fully comply.

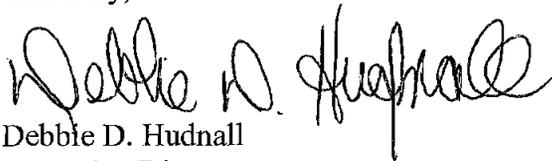
(4) Disbursements – General (excluding credit card purchases or payments):

“The person responsible for processing payments adds vendors to the Fund’s disbursement system. However, all checks written, including the supporting documentation, are forwarded to the executive director for approval and signature.”

Response: Management feels the current procedure in place provides a sufficient safeguard for the addition of new vendors based on the small size of the office staff. Management does not believe that it is economically feasible to comply with this finding.

The staff of the Louisiana Clerks Retirement and Relief Fund continually strive to improve the efficiency and effectiveness in safeguarding the Fund’s assets.

Sincerely,



Debbie D. Hudnall
Executive Director

DH/dh