REPORT

LOUISIANA STATE POLICE RETIREMENT SYSTEM BATON ROUGE, LOUISIANA

JUNE 30, 2014

Table of Contents

Hienz & Macaluso LLC
Certified Public Accountants

Independent Auditor's Report

October 3, 2014

Members of the Board of Trustees
Louisiana State Police Retirement System
Baton Rouge, Louisiana

Report on the Financial Statements
We have audited the accompanying statements of fiduciary net position and statements of changes in fiduciary net position of the Louisiana State Police Retirement System, a component unit of the State of Louisiana, as of June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the Table of Contents.

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

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

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.

Opinions
In our opinion, the financial Statements referred to above present fairly, in all material respects, the financial position of the Louisiana State Police Retirement System as of June 30, 2014 and 2013, and the changes in its net position for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

110 Veterans Memorial Blvd., Suite 170, Metairie, Louisiana 70005
Telephone (504) 837-5434 Fax (504) 837-5435
www.hienzmacaluso.com

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the Table of Contents, respectively, 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 audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Louisiana State Police Retirement System's basic financial statements. The accompanying financial information listed in the Table of Contents as Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Louisiana State Police Retirement System. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2014, on our consideration of the Louisiana State Police Retirement System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Louisiana State Police Retirement System's internal control over financial reporting and compliance.

Hienz & Macaluso, LLC
Metairie, LA

Louisiana State Police Retirement System
Management's Discussion and Analysis

The following discussion and analysis of the Louisiana State Police Retirement System ("Retirement System") for the year ended June 30, 2014 highlights relevant aspects of the basic financial statements and provides an analytical overview of the Retirement System's financial activities.

Financial Highlights
The fiduciary net position increased by $101.7 million, or 20%. The increase was primarily due to the investment performance of the stock and bond markets during the fiscal year.

The Retirement System had net investment income of $94.1 million in 2014, compared to net investment income of $63.3 million in 2013.

The amount of benefit payments increased $516,106 from the amount paid in the previous year.

Overview of the Financial Statements
Management's Discussion and Analysis is intended to serve as an introduction to the Retirement System's basic financial statements, together with the related notes to the financial statements, required supplementary information, and the supporting schedules, all of which are described below:

Statements of Fiduciary Net Position - This statement reports the Retirement System's assets, liabilities, and resultant net position held in trust for pension benefits. This statement should be read with the understanding that it presents the Retirement System's financial position on June 30, 2014 and 2013.

Statements of Changes in Fiduciary Net Position - This statement reports the results of operations during the fiscal years, categorically presenting the additions to and deductions from plan net position. The net increase in plan net position on this statement supports the change in net position held in trust for pension benefits on the Statements of Plan Net Position.

Notes to Financial Statements -The financial statement notes provide additional information that is essential to a complete understanding of the data set forth in the financial statements. They are considered an integral part of the financial statements. A description of the information provided in the notes follows:

Note 1 (Plan Description) Provides a general description of the Retirement System. Information is included regarding the board of trustees, plan membership, a description of basic retirement benefits, the Deferred Retirement Option Plan (DROP), and the Initial Benefit Option plan.

Note 2 (Summary of Significant Accounting Policies) Provides information about the accounting methods and policies used in determining amounts shown on the financial statements. Information relative to the basis of accounting, the determination of estimates, system investments and properties is included in this note.

Note 3 (Contributions) Describes contributions to the Retirement System.

Note 4 (Actuarial Cost Method) Defines the cost methods used to calculate funding requirements of the Retirement System.

Note 5 (Cash, Cash Equivalents and Investments) Describes investments, including authority and policies, investment risk discussion, and additional information about cash and securities lending investments.

Note 6 (Property and Equipment) Details the cost of the Retirement System's fixed assets as well as related depreciation expense and accumulated depreciation.

Note 7 (Postemployment Health Care and Life Insurance Benefits) Details the Plan and its funding as well as the Retirement Systems' required contribution for the fiscal year

Note 8 (Net Pension Liability) Discusses the components of the net pension liability as required by GASB 67.

Note 9 (Subsequent Pronouncements) Discusses GASB 68 which will be in effect during the year ended June 30, 2015.

Required Supplementary Information -The required supplementary information consists of three schedules and related notes. These schedules show the funding progress and employer contribution data for the Retirement System. The related notes disclose key actuarial assumptions and methods used in the schedules.

Supporting Schedules -These schedules include information on administrative expenses, investments, and board compensation.

Louisiana State Police Retirement System's Financial Analysis

The Retirement System provides retirement benefits to all sworn, commissioned law enforcement officers of the Division of State Police of the Department of Public Safety who have completed the State Police Training Academy Course of instruction. These benefits are funded through member contributions, employer contributions, earnings on investments, and insurance premium fund allocations. Total net position held in trust for pension benefits at June 30, 2014 amounted to $622.8 million; which was an increase of $101.7 million, or 20% from the $521.1 million held at June 30, 2013.

Additions to Plan Net Position - Additions to the Retirement System's net position held in trust for pension benefits include contributions from employers and members, an insurance premium tax and investment income. The insurance premium tax in the amount of $1.5 million was the result of 2001 legislation. The Retirement System recognized a current year net investment income of $94.1 million compared to the $63.3 million investment income in the prior year.

Additions to Net Assets	2014	2013	Change	Percentage Change
Employee contributions	$ 4,564,590	$ 4,723,595	$ (159,005)	-3%
Employer contributions	41,840,125	41,137,442	702,683	2%
Insurance premium tax	1,500,000	1,500,000	0	0%
Net investment income (loss)	94,079,752	63,279,904	30,799,848	49%
Transfers in	2,147,984	1,037,360	1,110,624	107%
Miscellaneous	161,982	234,465	(72,483)	-31%
Total additions	$ 144,294,433	$ 111,912,766	$ 32,381,667	29%

Deductions from Plan Net Position - Deductions from the Retirement System's net position held in trust for pension benefits are comprised primarily of pensions paid Retirement System retirees, survivors, and beneficiaries. Also included as deductions are administrative expenses and refunds of contributions. Pensions paid to retirees, survivors, and beneficiaries amounted to $41.6 million for 2014, which represented an increase of $516,106 thousand from the $41.1 million paid in 2013. The 2014 administrative expenses represented only 1.0% of total plan deductions, which is consistent with the prior year's 1.0%.

Deductions from Plan Net Position	2014	2013	Change	Percentage Change
Benefits paid	$ 41,627,979	$ 41,111,873	$ 516,106	1%
Refunds and withdrawals	273,577	372,314	(98,737)	-27%
Transfers out	107,247	381,658	(274,411)	-72%
Administrative and depreciation expense	622,685	574,173	48,512	8%
	$ 42,631,488	$ 42,440,018	$ 191,470	0%

Investments-Total investments amounted to $662.5 million at June 30, 2014 as compared to $549.6 million at June 30, 2013 which represented an increase of $112.9 million or 21%. The Retirement System's market return was 17.93% as compared to 13.92% in the prior year.

When making comparisons from year to year, it is important to be aware that other factors may affect the change in investments, particularly the changes between investment categories and types, Probably the most notable of the factors is that of investment re-balancing, which is initiated when a certain predetermined target allocation percentage is reached, investment allocations that have become over-allocated are sold in part and distributed for the purchase of investment allocations that have become under-allocated. It is also important to note that the investment portfolio is not stagnant, but is traded in part each business day. Therefore, the reader should be cautious about drawing conclusions as to how and why the portfolio increased or decreased in value. It is perhaps best to refer to the following table to conclude how the Retirement System's investments changed overall.

Investments, at fair value	2014	2013	Change	Percentage Change
Short-term investments	$ 25,546,562	$ 15,523,948	$ 10,022,614	65%
U.S Government Agency obligations	9,631,705	10,150,918	(519,213)	-5%
Bonds - domestic	74,686,336	66,881,596	7,804,740	12%
Bond index fund	18,344,057	27,490,529	(9,146,472)	-33%
Common stocks - domestic	208,899,339	166,353,242	42,546,097	26%
Common stocks - international	44,237,448	35,407,513	8,829,935	25%
Equity index fund	66,763,744	62,054,901	4,708,843	8%
Preferred stocks	3,101,829	2,829,673	272,156	10%
Real estate funds	41,202,891	37,152,909	4,049,982	11%
Alternative investments	126,935,628	94,345,758	32,589,870	35%
Collateral held under securities lending program	43,155,689	31,397,910	11,757,779	37%
Total investments	$ 662,505,228	$ 549,588,897	$ 112,916,331	21%

REQUESTS FOR INFORMATION

This Annual Financial Report is designed to provide a general overview of the Louisiana State Police Retirement System's finances for interested parties. Questions concerning any of the information provided herein, or requests for additional financial information should be addressed to the Louisiana State Police Retirement System, 9224 Jefferson Highway, Baton Rouge, Louisiana 70809.

LOUISIANA STATE POLICE RETIREMENT SYSTEM
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2014 AND 2013

	2014	2013
Assets		
Cash and cash equivalents	$ 1,825,104	$ 71,957
Receivables		
Employer contributions	1,203,289	2,383,201
Employee contributions	102,469	262,435
Pending trades receivable	172,498	-
Accrued interest and dividends	440,681	407,597
Total receivables	1,918,937	3,053,233
Investments, at fair value		
Short-term investments	25,546,562	15,523,948
U.S. Government agency obligations	9,631,705	10,150,918
Bonds - domestic	74,686,336	66,881,596
Bond index fund	18,344,057	27,490,529
Common stocks - domestic	208,899,339	166,353,242
Common stocks - international	44,237,448	35,407,513
Equity index fund	66,763,744	62,054,901
Preferred stocks	3,101,829	2,829,673
Real estate funds	41,202,891	37,152,909
Alternative investments	126,935,628	94,345,758
Collateral held under securities lending program	43,155,689	31,397,910
Total investments	662,505,228	549,588,897
Properties, at cost	1,309,332	1,341,905
Other assets	1,018	1,018
Total assets	667,559,619	554,057,010
Liabilities		
Accounts payable	1,246,220	947,843
Pending trades payable	-	236,592
Other post-employment benefits payable	364,100	344,000
Obligations under securities lending program	43,155,689	31,397,910
	44,766,009	32,926,345
Net Position - Restricted for Pensions	$ 622,793,610	$ 521,130,665

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

LOUISIANA STATE POLICE RETIREMENT SYSTEM
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
Additions		
Employer contributions		
Appropriations	$ 38,434,645	$ 38,181,269
Motor vehicle fees	3,405,480	2,956,173
Insurance premium tax	1,500,000	1,500,000
Member contributions	4,564,590	4,723,595
Total contributions	47,904,715	47,361,037
Investment income		
Net appreciation (depreciation) in fair value of investments	89,193,049	58,154,264
Interest and dividends	6,538,081	6,364,071
Securities lending interest	148,672	190,585
	95,879,802	64,708,920
Less: investment expenses		
Custodial services	116,667	98,860
Investment manager	1,521,261	1,155,331
Investment consultant	100,000	100,000
Securities lending	58,041	71,983
Foreign taxes withheld	4,081	2,842
	1,800,050	1,429,016
Net investment income (loss)	94,079,752	63,279,904
Other Additions		
Transfers in - employer and interest	1,662,996	775,000
Transfers in - employee	484,988	262,360
Miscellaneous	161,982	234,465
Total other additions	2,309,966	1,271,825
Total additions	144,294,433	111,912,766
Deductions		
Benefits paid	41,627,979	41,111,873
Administrative expenses	590,854	542,894
Refund of employee contributions	273,577	372,314
Transfers out - employer and interest	98,082	368,071
Transfers out - employee	9,165	13,587
Depreciation	31,831	31,279
Total deductions	42,631,488	42,440,018
Net increase	101,662,945	69,472,748
Net Position - Restricted for Pensions		
Beginning of Year	521,130,665	451,657,917
End of Year	$ 622,793,610	$ 521,130,665

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

Note 1 - Plan Description

The Louisiana State Police Retirement System (Retirement System) is the administrator of a single employer defined benefit plan. The Retirement System provides benefits to all sworn, commissioned law enforcement officers of the Division of State Police of the Department of Public Safety who have completed the State Police Training Academy Course of Instruction; those members employed on the effective date of the Retirement System, those subsequently employed who did not withdraw employee contributions; and secretaries and deputy secretaries of the Department of Public Safety, provided they are sworn, commissioned State Police officers as defined above. The Retirement System is administered by a board of trustees made up of eleven members composed of:

Treasurer of the State of Louisiana, ex officio
Commissioner of Administration, ex officio
Superintendent of the Office of State Police
President of the Louisiana State Troopers' Association
President of the Central State Troopers' Coalition
Chair of the Senate Finance Committee, ex officio
Chair of the House Retirement Committee, ex officio
Surviving Spouse representative, elected by active and retired members
One active member of the Retirement System, elected by the active members
One retired member of the Retirement System, elected by the retired members
One member, active or retired, elected by active and retired members

The Retirement System's elected trustees serve five-year staggered terms. Members and retirees elect respective trustees each year to fill vacancies. Louisiana law allows the board to adopt rules and regulations in administering the Retirement System's programs and benefits. The board hears appeals from members and issues decisions in such cases. The board also appoints the Retirement System's executive director and assistant director.

The Retirement System is considered a component unit of the financial reporting entity of the State of Louisiana and is included as a pension trust fund in the State Comprehensive Annual Financial Report. The accompanying financial statements reflect the activity of the Retirement System.

In May 2002, the Governmental Accounting Standards Board issued Statement No, 39, *Determining Whether Certain Organizations Are Component Units* which amended Statement No. 14, *The Financial Reporting Entity.* The definition of a reporting entity is based primarily on the concept of financial accountability. In determining financial accountability for a legally separate organization, the Retirement System considered whether its officials appoint a voting majority of an organization's governing body and whether either they are able to impose their will on that organization or if there is a potential for the organization to provide specific financial burdens to, or to impose specific financial burdens, on the Retirement System, The Retirement System determined there are no organizations that are fiscally dependent on it, and there are no component units of the Retirement System.

The Retirement System was established and provided for within Title 11 of the Louisiana Revised Statutes (LRS). The Retirement System was first established by Legislative Act No. 293 of 1938.

The Retirement System became a qualified system on January 1, 2004, under Section 401(a) of the Internal Revenue Code.

Note 1 - Plan Description (Continued)

The plan membership as of June 30, 2014 and 2013 is as follows:

	2014	2013
Retirees and beneficiaries currently receiving benefits, and deferred retirement plan participants	1,229	1,234
Terminated vested members not yet receiving benefits	34	37
Current, active employees (vested and non-vested)	956	933
DROP	-	-
	2,219	2,204

Plan benefits are as follows:

A. Regular Retirement

A member shall be eligible for regular retirement based on the following:

1. Ten years of service credit at age 50. Benefits are determined by multiplying the years of service credit by $3^1/3$% to compute a retirement percentage factor (not to exceed 100%), which is then multiplied by the member's average salary.

2. Twenty years of service credit at any age if employed prior to September 8, 1978. Benefits are determined by multiplying the years of service credit by $3^1/3$% to compute a retirement percentage factor (not to exceed 100%), which is then multiplied by the member's average salary.

3. Twenty-five years or service credit at any age if employed on or after September 8, 1978. Benefits are determined by multiplying the years of service credit by $3^1/3$% to compute a retirement percentage factor (not to exceed 100%), which is then multiplied by the member's average salary.

B. Disability Retirement

A member shall be eligible for a disability benefit based on the following:

1. Non-service related total disability - five years of service.

2. Service-related total disability - condition of employment.

Benefit - Disabled eligible members will receive a benefit equal to 50% of average salary, plus one and one-half percent of average salary for each year of service in excess of ten years.

Disability benefits shall be modified whenever a non-service disability retiree is engaged in gainful employment paying more than the difference between his retirement allowance and his final average compensation. For service-related disability, there is no limitation.

C. Survivor Benefits

Survivor benefits are payable first to the surviving spouse; secondly, to minor children who are under the age of eighteen years or a student under the age of twenty-three years and; thirdly, to the dependent parent or parents of the deceased employee, provided they derived their main support from the employee.

Note 1 - Plan Description (Continued)

1. Death from injury received in the line of duty - the surviving spouse shall receive 75% of the current salary of the employee at the time of injury. If no surviving spouse, minor children shall receive the same 75% benefit.

2. The surviving spouse of any eligible member whose death occurs other than in the line of duty shall be pensioned as follows:
   a. Under five years of service credit - 25% of the average salary,
   b. Five years but under ten years of service credit - 30% of the average salary,
   c. Ten years but under fifteen years of service credit - 40% of the average salary,
   d. Fifteen years but under twenty years of service credit - 50% of the average salary,
   e. Twenty or more years of service - the retirement benefit the employee was qualified to receive had the employee elected to retire at the time of his death.

   If there is no surviving spouse, minor children shall receive a monthly pension equal to greater of (1) 60% of the average salary, or (2) the pension which would have been received by a surviving spouse if one existed.

3. For the death of a member whether in the line of duty or not and there is no surviving spouse or minor children, then dependent parents shall be entitled to a monthly pension of 25% of the average salary if they, or either of them derived their main support from the deceased participant.

D. Deferred Benefits

The Retirement System provides for deferred benefits for vested members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable.

E. Deferred Retirement Option Plan (DROP)

Prior to October 1, 2009, any active member who was eligible to receive a service retirement was eligible to participate in the Deferred Retirement Option Plan (DROP) and defer receipt or benefits. This program was created by Act II of 1990. The participation period shall not exceed three years. During the DROP participation period, an amount equal to what would be received as a monthly retirement benefit is accumulated in an individual account. The participant continues to receive a regular earned salary while employed.

Upon termination of employment at the end of the DROP participation period, a participant may be paid in any manner the participant chooses subject to the Internal Revenue Service's guidelines. Upon completion of the DROP period regardless of employment status, the member's individual DROP account earns interest at the rate of one-half of a percentage point below the actuarial rate of return of the Retirement System's investment portfolio. DROP participants, who enter DROP after June 30, 2003 must go into a money market fund approved by the Board of trustees, utilize a self-directed account approved by the Board or move their assets into an outside self-directed account.

Effective October 1, 2009, active members who have not participated in DROP may elect to participate in BACK-DROP. The primary difference is that BACK-DROP allows an eligible member, at retirement, to look back up to three years and make an election to have entered DROP based on service and final average compensation that existed at that time. Benefit adjustments are made to the benefit accruals and employee contributions that occurred during the DROP period. Members must go into a money market fund approved by the Board, utilize a self-directed account approved by the Board or move their assets into an outside self-directed account.

Note 1 - Plan Description (Continued)

F. Initial Benefit Option

This option may he selected at retirement and will pay retirees a lump sum amount at retirement in addition to a monthly retirement benefit reduced on an actuarial basis. A retiree may choose an "initial benefit" in a lump sum payment or as a deposit to an interest-bearing account similar to a DROP account. Interest earnings and withdrawals will be the same as for DROP accounts. The difference between the "Initial Benefit Option' and "DROP" option is that the account created under the "Initial Benefit Option" is created with a lump sum, rather than amounts which accumulate over a DROP participation period.

Only members who have not participated in the Deferred Retirement Option Plan (DROP) can select this option. Disability retirees cannot select this option.

G. New Retirement Plan

Act 992 of the 2010 Regular Session of the Louisiana Legislature established a new retirement plan within the Retirement System for those employed on or after January 1, 2011. A member shall be eligible for regular retirement based on the following:

1. Twenty-five years or more of service at any age.
2. Twelve years or more of service at age fifty-five or thereafter.
3. Twenty years of service at any age, exclusive of military service and unused annual and sick leave at an actuarially reduced benefit.

A member shall be eligible for a service-connected disability benefit equal to seventy-five percent of average compensation regardless of years of service or a non-service connected benefit at ten years of service equal to fifty percent of average compensation plus one and one half percent for each year over ten years.

Survivor benefits of active members are paid at eighty percent of the member's final average compensation for service-connected benefits, and at fifty percent or $600 per month, whichever is greater, with at least five years of service for non service-connected deaths. A survivor of a retired member shall receive seventy-five percent of the retiree'

Note 2 - Summary of Significant Accounting Policies

A. Basis of Accounting

The Retirement System's financial statements are prepared on the accrual basis of accounting. Contributions from the participating entities and their employees are recognized as revenue when due, pursuant to ordinance requirements, formal commitments, and statutory contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

B. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions to and deductions from plan net assets during the reporting period. Actual results could differ from those estimates. The Retirement System utilizes various investment

Note 2 - Summary of Significant Accounting Policies (Continued)

instruments which, by nature, are exposed to a variety of risk levels and risk types, such as interest rate, 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 such changes could materially affect the amounts reported in the Statement of Plan Net Assets.

C. Investments

The Retirement System's investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at the current exchange rates. Investments that do not have an established market are reported at estimated fair value as determined by the Retirement System's investment consultant.

D. Properties

Properties consist of building and furniture, fixtures and equipment and are stated at cost. Depreciation is computed on the straight-line basis over their estimated useful lives. The estimated useful lives range from 3 to 40 years. Minor property acquisitions are charged to operations in the period they are made.

E. Reclassifications

Certain amounts in the prior year financial statements may be reclassified in order to conform to the current year.

Note 3 - Contributions

Cost of administering the Retirement System is financed by employer contributions.

Louisiana law previously set the employee contribution rate at 8.0 percent of earned compensation for state police employees. Effective October 1, 2009, the employee contribution rate increased to 8.5 percent for the majority of employees. The increase is to fund the BACK-DROP program as described on page 10 of this report. For those employees hired after January 1, 2011, the employee contribution rate increased to 9.5 percent. The employer contribution rate determined each year is based on an actuarial formula set by state law. The employer's contribution includes state appropriations and various fees collected by the Motor Vehicle Office within the Department of Public Safely.

Note 4 - Actuarial Cost Method

The individual "Entry Age Normal" cost method is used to calculate the funding requirements of the Retirement System. Under this cost method, the actuarial present value of projected benefits of each individual participant included in the valuation is allocated on a level basis as a percentage of payroll for each participant between entry age and assumed retirement age(s). That portion of the actuarial present value attributable to current year benefit accruals is called the Normal Cost. The actuarial present value of future benefits in excess of the actuarial present value of future normal cost is called the Actuarial Accrued Liability. Act 165 of the 1992 Legislative Session provides that the Unfunded Actuarial Liability in accordance with the Projected Unit Credit cost method on June 30, 1988 shall continue to be amortized over a 20 year period as a level dollar amount. New changes in actuarial methods or assumptions are amortized over the later of the year 2029 or the amortization period stated in the Louisiana Revised Statutes.

Note 5 - Cash, Cash Equivalents and Investments

Deposit and Investment Risk Disclosures

The tables presented below include disclosures of custodial, interest rate, credit and foreign currency risks in accordance with GASB 40 and are designed to inform financial statement users about investment risks that could affect the Retirement System's ability to meet its obligations. These tables classify investments by risk type, while the financial statements present investments by asset class; thus, the totals shown on the tables may not be comparable to the amounts shown for the individual asset classes on the financial statements.

Cash and Cash Equivalents

At June 30, 2014, the carrying amount of the Retirement System's cash was $1,825,104 and the bank balance was $1,907,105, all of which was covered by Federal Depository insurance and pledged securities. At June 30, 2013, the carrying amount of the Retirement System's cash was $71,957 and the bank balance was $102,487, all of which was covered by Federal Depository insurance.

Investments

Statutes authorize the Retirement System to invest under the Prudent-Man Rule which, as used herein, means that in investing the governing authority of the Retirement System shall exercise the judgment and care under (the circumstances then prevailing that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the permanent disposition of funds, considering probable safety of capital as well as probable income. Notwithstanding the Prudent-Man Rule, the governing authority of the Retirement System shall not invest more than sixty-five percent of its total portfolio in equities.

The following was the Retirement System’s adopted asset allocation policy as of June 30, 2014:

Asset Class	Target Allocation
Domestic bonds	12.50%
International bonds	2.50%
High yield	7.50%
Domestic equity	45.00%
Developed markets	10.00%
Emerging markets	5.00%
Private equity	2.50%
Hedge funds	5.00%
Real estate	5.00%
Timber	2.50%
Cash	2.50%
Total	100.00%

Note 5 - Cash, Cash Equivalents and Investments (Continued)

The System has the following investments that represent 5% or more of the System's fiduciary net position at June 30, 2014:

	Fair Value
Loomis Sayles Fixed Income Fund	$ 48,144,785
Aberdeen EAFE Plus Fund A Series	31,903,965
Institutional Equity Large Cap Growth Fund	68,590,092
State Street S&P Midcap 400 Index Securities Lending	34,161,381
State Street S&P 500 Flagship Securities Lending	32,602,363
Templeton Foreign Equity Series	35,148,693

For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 18.07 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

During fiscal year 2014, the System's investments (including investments bought, sold, and held during the year) appreciated in value by $89,193,049 compared to a net appreciation of $58,154,264 in 2013.

	2014	2013
Increase (decrease) in fair value of investments held at year-end	$ 54,482,038	$ 36,232,402
Realized gains (losses) on investments including Currency sold during the year	34,711,011	21,921,862
	$ 89,193,049	$ 58,154,264

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counter-party, the Retirement System will not be able to recover the value of the investment or collateral securities that are in the possession afar) outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured and are not registered in the name of the System and are held by either the counter-party or the counter-party's trust department or agents but not in the System's name. The System has no custodial credit risk at June 30, 2014 and 2013 since all investments were registered in the name of the Retirement System and held in the possession of the Retirement Systems custodial bank, JPMorgan Chase Bank, N.A., Baton Rouge, Louisiana.

Interest Rate Risk

As of June 30, 2014 and 2013, the Retirement System had the following investments and maturities:

2013		Investment Maturities (in years)			
Investment Type	Fair Value	Less than 1	1-5	5-10	More than 10
U.S Government					
Agency Obligations	$ 9,631,705	$ 291	$ -	$ 798,424	$ 8,832,990
Corporate Bonds	26,541,551	1,008,710	10,487,461	10,550,754	4,494,626
Totals	$ 36,173,256	$ 1,009,001	$ 10,487,461	$ 11,349,178	$ 13,327,616

The statement of plan net assets also reflects a bond fund in the amount of $48,144,785 with no maturity.

Note 5 - Cash, Cash Equivalents and Investments (Continued)

2013		Investment Maturities (in years)			
Investment Type	Fair Value	Less than 1	1-5	5-10	More than 10
U.S Government					
Agency Obligations	$ 10,150,918	$ -	$ 2,876	$ 777,424	$ 9,370,618
Corporate Bonds	24,530,938	1,427,545	9,364,615	10,426,198	3,312,580
Totals	$ 34,681,856	$ 1,427,545	$ 9,367,491	$ 11,203,622	$ 12,683,198

The statement of plan net assets also reflects a bond fund in the amount of $42,350,658 with no maturity.

The Retirement System, as expressed in its Investment Policy Statement, expects its fixed income managers to approximate the portfolio's duration (a measure of interest rate sensitivity) to its respective benchmarks, i.e. the Lehman Government/Credit Bond Index and the Lehman Aggregate Bond Index.

Credit Risk

The Retirement System's exposure to credit risk at June 30, 2014 and 2013, respectively, was as follows:

	2014	2013
AAA	$ 1,044,340	$ 1,020,370
AA+	1,132,030	1,132,670
AA	936,954	-
AA-	2,039,564	2,070,910
A+	3,107,810	3,876,761
A	14,109,013	11,150,307
A-	3,073,830	4,163,190
BBB+	1,098,010	1,116,730
Total credit risk	$ 26,541,551	$ 24,530,938

The Retirement System's debt security investments are managed by two investment managers. The first manager is benchmarked against the Lehman Government/Corporation Index. The duration range will be within 1.5 years plus or minus the benchmark. Securities must carry an investment grade rating (BBB or higher for Standard & Poor's or BAA for Moody's) by at least one major rating agency. However, up to 10% of the portfolio's market value may be held in securities rated below BBB/BAA. The average quality of the portfolio must be A or higher. Non U.S. dollar and foreign securities may not exceed 5% of the portfolio's market value. Rule 144(A) securities are permissible.

The second manager is benchmarked against The Lehman Brothers Aggregate Bond Index. Securities will carry an investment grade rating of A or higher by either rating agency. Any security downgraded below an A rating must be brought to the attention of the System's Director and its investment consultant immediately. Non-U.S. dollars, foreign and Rule 144(A) securities are not permissible.

Note 5 - Cash, Cash Equivalents and Investments (Continued)

Foreign Currency Risk

The Retirement System's exposure to foreign currency risk at June 30, 2014 and 2013, was as follows:

2014	Percent	Total	Stocks
International pooled funds	100.0%	$ -	$ -
Foreign currency risk	100.0%	-	-
Foreign currency – U.S. dollar		44,237,448	44,237,448
Total foreign investments		$44,237,448	$44,237,448

2013	Percent	Total	Stocks
International pooled funds	100.0%	$ -	$ -
Foreign currency risk	100.0%	-	-
Foreign currency – U.S. dollar		35,407,513	35,407,513
Total foreign investments		$35,407,513	$35,407,513

No more than 15.0% of the Retirement System's total portfolio may be allocated to managers whose assigned style is international equities. Equity holdings of all other managers shall be restricted to issues of corporations that are actively traded on the major U.S. exchanges and NASDAQ.

Security Lending Agreements

State statutes and board of trustee policies authorize the Retirement System to invest under the Prudent-Man Rule. Under the Prudent-Man Rule, the Retirement System is allowed to lend its securities to broker-dealers and other entities with simultaneous agreements to return the collateral for the same securities in the future. The Retirement System's custodians are agents in lending the plan's securities for either cash or securities collateral equal to 102% of the market value of the securities on loan. The securities lending contract does not allow the Retirement System to pledge or sell any collateral securities unless the borrower defaults. Securities on loan at year-end are presented in the schedule of investment types. At year-end, the Retirement System has no credit risk exposure to borrowers because the amounts the Retirement System owes the borrowers exceed the amounts the borrowers owe the Retirement System. Contracts with the lending agents require them to indemnify the Retirement System if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities loaned) or fail to pay the Retirement System for income distributions by the securities' issuers while the securities are on loan. All securities loans can be terminated on demand by either the Retirement System or the borrower. The terms to maturity of the securities loaned is matched with the terms to maturity of the investment of the cash collateral.

Note 6 - Property and Equipment

The following is a summary of property, equipment and fixtures at June 30, 2014:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	$ 533,298	$ -	$ -	$ 533,298
Building	800,271	-	-	800,271
Office equipment and furniture	170,430	1,709	(2,451)	169,688
Less: accumulated depreciation	(162,094)	(31,831)	-	(193,925)
	$1,341,905	$ (30,122)	$ (2,451)	$1,309,332

Depreciation expense for the years ended June 30, 2014 and 2013 was $31,831 and $31,279, respectively.

Note 7 - Postemployment Health Care and Life Insurance Benefits

Plan description

Louisiana State employees may participate in the State's Other Postemployment Benefit Plan (OPEB Plan), an agent multiple-employer defined benefit OPEB Plan (for FY 2014) that provides medical and life insurance to eligible active employees, retirees and their beneficiaries. The Office of Group Benefits administers the plan. LRS 42:801-883 provides the authority to establish and amend benefit provisions of the plan. The Office of Group Benefits does not issue a publicly available financial report of the OPEB Plan; however, it is included in Louisiana Comprehensive Annual Financial Report (CAFR). You may obtain a copy of the CAFR on the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap.

Funding Policy

The plan is currently financed on a pay as you go basis. The contribution requirements of plan members and the Retirement System are established and may be amended by LRS 42:801-883. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage.

OGB also provides eligible retirees Basic Term Life, Basic Plus Supplemental Term Life, Dependent Term Life and Employee Accidental Death and Dismemberment coverage, which is underwritten by The Prudential Insurance Company of America. The total premium is approximately $1 per thousand dollars of coverage of which the employer pays one half of the premium. Maximum coverage is capped at $50,000 with a reduction formula of 25% at age 65 and 50% at age 70, with AD&D coverage ceasing at age 70 for retirees.

Annual OPEB Cost

The Retirement System's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period, was used. The total ARC for the fiscal years ending June 30, 2014 and 2013 is $19,400 and $21,700, respectively, as set forth below:

The following table presents the Retirement System's OPEB Obligation for the fiscal years 2014 and 2013:

	2014	2013
Annual required contribution	$ 19,400	$ 21,700
Interest on Net OPEB Obligation	13,800	12,900
ARC Adjustment	(13,100)	(12,300)
OPEB Cost	20,100	22,300
Adjustment	-	-
Contributions made (retiree cost)	-	-
Change in Net OPEB Obligation	20,100	22,300
Beginning Net OPEB Obligation, July 1	344,000	321,700
Ending Net OPEB Obligation June 30	$364,100	$344,000

Utilizing the pay-as-you-go method, the Retirement System contributed 0% of the annual postemployment benefits cost during 2014 and 2013.

Note 7 - Postemployment Health Care and Life Insurance Benefits (Continued)

Funded Status and Funding Progress

A trust was established with an effective date of July 1, 2008, but was not funded at all, has no assets, and hence has a funded ratio of zero. Since the plan was not funded, the entire actuarial accrued liability of $177,100 and $196,900 for the years ended June 30, 2014 and 2013, respectively, was unfunded.

The funded status of the plan as determined by an actuary as of July 1, 2013 and 2012 was as follows:

	July 1, 2013	July 1, 2012
Actuarial accrued liability (AAL)	$ 177,100	$ 196,900
Actuarial value of plan assets	0	0
Unfunded actuarial accrued liability (UAAL)	177,100	196,900
Funded ratio (actuarial value of plan assets/AAL)	0%	0%
Covered payroll (annual payroll of active members)	$ 221,300	$ 146,900
UAAL as a percentage of covered payroll	80%	134%

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2013 and 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses) and initial annual healthcare cost trend rate of 8.0% and 6.0% for pre-Medicare and Medicare eligibles, respectively, scaling down to ultimate rates of 4.5% per year. The Retirement System's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at July 1, 2013 was twenty-four years.

Note 8 – Net Pension Liability

The components of the net pension liability of the Retirement System at June 30, 2014, were as follows:

Total pension liability	$	837,940,546
Plan fiduciary net position		622,793,610
Net pension liability	$	215,146,936
Plan fiduciary net position as a percentage of the total pension liability		74.3%

Actuarial assumptions
The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	June 30, 2014
Actuarial Cost Method	Entry Age Normal
Inflation	2.75%
Salary Increases	4.0% - 16.5% based upon a member's years of service
Investment Rate of Return	7.0%, net investment expenses
Cost of Living Adjustments	Cost of living raises may be granted from the Experience Account provided there are sufficient funds needed to offset the increase in the actuarial liability and the Retirement System has met the criteria and eligibility requirements in Act 399 of 2014
Asset Valuation Method	Market

Mortality rates were based on the 2008-2012 experience study which updated preretirement deaths and postretirement life expectancies to the RP-2000 Sex Distinct Mortality Table with mortality improvements projected to 2025.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period 2008 - 2012.

The long-term rate of return on Retirement System investments was determined based on the most recent

Note 8 – Net Pension Liability (Continued)

Capital Markets Assumptions. Best estimates of arithmetical real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 (see the discussion of the Retirement System's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic bonds	4.47%
International bonds	3.41%
High yield	6.36%
Domestic equity	7.96%
Developed markets	8.53%
Emerging markets	9.54%
Private equity	10.58%
Hedge funds	7.02%
Real estate	6.96%
Timber	7.50%
Cash	2.94%

Discount rate

The discount rate used to measure the total pension liability was 7.0 percent, the same as the valuation rate. The discount rate may deviate from the valuation rate of 7.0 percent from year to year based on changing market conditions or changes in plan asset allocation. For the current fiscal year, the discount rate was developed from a combination of the Retirement System's investment consultant's capital market assumptions and those from eight other consultants participating in the Horizon Actuarial Consultants "Survey of Capital Market Assumptions", plus the following considerations:

a) The long term economic forecast for inflation is projected to be 2.75 percent
b) Investment management expenses adjust the gross rate by 23 basis points and are considered an offset in the development of the discount rate

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the Retirement System, calculated using the discount rate of 7.0 percent, as well as what the Retirement System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percantage-point higher (8.0 percent) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net pension liability	$ 313,610,632	$ 215,146,936	$ 132,466,021

Note 9 - Subsequent Pronouncements

GASB has issued Statement No. 68 "*Accounting and Financial Reporting for Pensions*" which supersedes Statement No. 27 for periods beginning after June 15, 2014. The effects of the implementation of this new standard have not been determined at this time.

REQUIRED SUPPLEMENTARY INFORMATION

LOUISIANA STATE POLICE RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
JUNE 30, 2014

	2014
Total pension liability	
Service cost	$ 14,007,680
Interest	55,848,765
Changes in benefit terms	-
Changes in plan experience	54,306,519
Changes of assumptions	13,953,293
Changes in investment experience	(56,006,414)
Benefit payments, including refunds of member contributions	(42,008,803)
Net change in total pension liability	40,101,040
Total pension liability - beginning	797,839,506
Total pension liability - ending	$ 837,940,546
Plan fiduciary net position	
Contributions - employer	$ 45,650,091
Contributions - member	4,564,590
Net investment income	94,079,752
Benefit payments, including refunds of member contributions	(42,008,803)
Administrative expense	(590,854)
Other	(31,831)
Net change in plan fiduciary net position	101,662,945
Plan fiduciary net position - beginning	521,130,665
Plan fiduciary net position - ending	$ 622,793,610
Net pension liability - ending	$ 215,146,936
Plan fiduciary net position as a percentage of the total pension liability	74.3%
Covered-employee payroll	$ 54,331,845
Net pension liability as a percentage of covered-employee payroll	396.0%

Notes to Schedule:
The change of assumptions refers to a cost of living increase which was effective June 30, 2014 but payment deferred to July 1, 2014.

LOUISIANA STATE POLICE RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
JUNE 30, 2005 THROUGH JUNE 30, 2014

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined contribution	$40,865,616	$39,233,624	$34,675,839	$33,631,028	$34,808,643	$18,999,993	$14,920,320	$ 16,382,203	$33,925,862	$32,750,493
Contributions in relation to the actuarially determined contribution	43,340,125	42,637,442	37,233,697	36,805,583	28,588,993	19,163,279	18,237,039	40,430,312	36,152,036	28,387,354
Contribution defeiciency (excess)	$ (2,474,509)	$ (3,403,818)	$ (2,557,858)	$ (3,174,555)	$ 6,219,650	$ (163,286)	$ (3,316,719)	$ (24,048,109)	$ (2,226,174)	$ 4,363,139
Covered-employee payroll	$53,629,417	$55,571,706	$58,083,482	$60,596,447	$68,118,675	$61,488,650	$57,607,413	$ 50,252,463	$49,964,450	$52,276,200
Contributions as a percentage of covered-employee payroll	80.81%	76.73%	64.10%	60.74%	41.97%	31.17%	31.66%	80.45%	72.36%	54.30%

Notes to schedule:

Valuation date:	June 30, 2014

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Remaining amortization period	30 years
Asset valuation method	Market
Inflation	2.75%
Salary increases	4.0% - 16.5% based upon a member's years of service
Investment rate of return	7.5% through 2013; 7.0% beginning in 2014
Retirement age	See Note 1 to the Financial Statements
Mortality	Mortality rates were based on the RP-2000 Sex Distinct Mortality Table prior to 2008-2012 Experience Study; RP-2000 Sex Distinct Mortality Table with mortality improvements beginning in 2014

LOUISIANA STATE POLICE RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
JUNE 30, 2014

	2014
Annual money-weighted rate of return, net of investment expense	18.07%

LOUISIANA STATE POLICE RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
OTHER POST EMPLOYMENT BENEFITS
FOR THE YEARS ENDED JUNE 30, 2012 THROUGH JUNE 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Cost	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
07/01/2011	$0	$220,300	$220,300	0%	$154,200	143%
07/01/2012	$0	$196,900	$196,900	0%	$146,900	134%
07/01/2013	$0	$177,100	$177,100	0%	$221,300	80%

SUPPLEMENTARY INFORMATION

LOUISIANA STATE POLICE RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULES OF ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
Salaries	$ 272,963	$ 235,800
Salary related expenses	124,691	102,512
Accounting and auditing	51,880	51,880
Actuarial fees	27,087	29,041
Computer consulting	6,645	9,480
Dues and subscriptions	780	1,782
Equipment rental	4,961	4,028
Insurance	4,418	1,292
Legal fees	15,113	18,827
Maintenance and repairs	16,532	12,376
Medical exams	350	433
Miscellaneous	1,395	3,486
Other post-employment benefits	20,100	22,300
Postage	14,460	12,752
Office supplies	7,772	9,381
Recruiting	-	8,790
Telephone	1,869	2,045
Travel and seminars	11,317	7,425
Board fees	1,206	2,606
Utilities	7,316	6,658
	$ 590,854	$ 542,894

LOUISIANA STATE POLICE RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULES OF INVESTMENTS
JUNE 30, 2014 AND 2013

	2014		2013	
	Cost	Market Value	Cost	Market Value
Short-term investments	$ 25,546,562	$ 25,546,562	$ 15,523,948	$ 15,523,948
U.S. Government agency obligations	9,250,679	9,631,705	9,864,353	10,150,918
Bonds - domestic	66,060,102	74,686,336	61,303,981	66,881,596
Bond index fund	10,128,367	18,344,057	15,836,579	27,490,529
Common stocks - domestic	136,874,690	208,899,339	120,160,539	166,353,242
Common stocks - international	33,933,041	44,237,448	30,884,685	35,407,513
Equity index fund	32,581,756	66,763,744	38,185,478	62,054,901
Preferred stocks	2,656,194	3,101,829	2,589,546	2,829,673
Real estate funds	39,087,373	41,202,891	39,119,383	37,152,909
Alternative investments	114,878,527	126,935,628	90,852,285	94,345,758
Totals	$ 470,997,291	$ 619,349,539	$ 424,320,777	$ 518,190,987

LOUISIANA STATE POLICE RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF BOARD COMPENSATION
FOR THE YEAR ENDED JUNE 30, 2014

Robert Carbary	$ 650
Shirley Bourg	556
Total	$1,206

These members are receiving per diem payments and reimbursement for mileage in accordance with R.S 11:182 and PPM 49, respectively.

Hienz & Macaluso LLC
Certified Public Accountants

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*

October 3, 2014

Members of the Board of Trustees
Louisiana State Police Retirement System Baton Rouge, Louisiana

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 State Police Retirement System, a component unit of the State of Louisiana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Louisiana State Police Retirement System's basic financial statements, and have issued our report thereon dated October 3, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Louisiana State Police Retirement System'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 State Police Retirement System's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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, 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.

110 Veterans Memorial Blvd., Suite 170, Metairie, Louisiana 70005
Telephone (504) 837-5434 Fax (504) 837-5435
www.hienzmacaluso.com

Compliance and Other Matters

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

Purpose of this Report

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

Hienz & Macaluso, LLC
Metairie, LA

LOUISIANA STATE POLICE RETIREMENT SYSTEM
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

No findings were noted in the audit as of and for the year ended June 30, 2013.

LOUISIANA STATE POLICE RETIREMENT SYSTEM
SUMMARY SCHEDULE OF CURRENT YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expressed an unqualified opinion on the financial statements of the Louisiana State Police Retirement System.

2. There are no significant deficiencies reported relating to the audit of the financial statements.

4. No instances of noncompliance material to the financial statements of the Louisiana State Police Retirement System were disclosed during the audit.

5. There was no management letter issued for the year ended June 30, 2014.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

There were no findings related to the financial statements for the year ended June 30, 2014.