

R E P O R T

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

JUNE 30, 2013 AND 2012

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

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## INDEPENDENT AUDITOR'S REPORT

November 18, 2013

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

We have audited the accompanying financial statements of the Registrar of Voters Employees' Retirement System, as of and for the year ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Registrar of Voters Employees' Retirement System's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. 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 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 respective financial position of the Registrar of Voters Employees' Retirement System, as of June 30, 2013 and 2012, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Registrar of Voters Employees' Retirement System's basic financial statements. The supporting schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2013 on our consideration of the Registrar of Voters Employees' Retirement System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Registrar of Voters Employees' Retirement System's internal control over financial reporting and compliance.

***Duplantier, Hrapmann, Hogan & Maher, LLP***

**REGISTRAR OF VOTERS  
EMPLOYEES' RETIREMENT SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013**

The Management's Discussion and Analysis of the Registrar of Voters Employees' Retirement System of Louisiana (System) presents a narrative overview and analysis of the System's financial activities for the year ended June 30, 2013. This document focuses on the current year's activities, resulting changes, currently known facts in comparison with the prior year's information. Please read this document in conjunction with the information contained in the Registrar of Voters Employees' Retirement System of Louisiana's financial statements, which begin on page 8.

### **FINANCIAL HIGHLIGHTS**

- » The Registrar of Voters Employees' Retirement System's assets exceeded its liabilities as of June 30, 2013 by \$70,522,362, which represents an increase from the prior year. The net assets held in trust for pension benefits increased by \$7,652,743 or 12.2%. The increase was primarily attributable to an improvement in investment performance.
- » Contributions to the System by members, employers and tax revenues totaled \$5,929,495, an increase of \$924,120 or 18.5%.
- » Pension benefits paid to retirees and beneficiaries increased by \$642,670 or 17.7%. This increase was primarily attributable to an increase in the number of members receiving benefit payments.
- » Administrative expenses of the System totaled \$265,962, an increase of \$27,528 or 11.5%.
- » Net investment income was \$6,337,315 for the year ended June 30, 2013, which represents a 299.0% increase compared to the prior year. The increase is primarily attributable to an improvement in investment performance.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

The statement of plan net position reports the System's assets, liabilities, and resultant net position held in trust for pension benefits. It discloses the financial position of the System as of June 30, 2013 and 2012.

**REGISTRAR OF VOTERS  
EMPLOYEES' RETIREMENT SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013**

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

**FINANCIAL ANALYSIS OF THE SYSTEM**

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

**Statements of Plan Net Position**

June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash	\$ 5,181,069	\$ 3,739,485
Receivables	958,686	872,345
Investments	64,771,969	58,378,890
Property and equipment	-	-
Total assets	<u>70,911,724</u>	<u>62,990,720</u>
 Total liabilities	 <u>389,362</u>	 <u>121,101</u>
 Net Position Held in Trust		
For Pension Benefits	<u>\$ 70,522,362</u>	<u>\$ 62,869,619</u>

Plan net position increased by \$7,652,743 or 12.2%. The increase in plan net position was primarily a result of an improvement in investment performance in 2013.

**REGISTRAR OF VOTERS  
EMPLOYEES' RETIREMENT SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013**

**Statements of Changes in Plan Net Position  
For the Years Ended June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Additions:		
Contributions	\$ 5,929,495	\$ 5,005,375
Investment Income (Loss)	6,337,315	(3,184,230)
Other	<u>42,479</u>	<u>116,239</u>
Total additions	<u>12,309,289</u>	<u>1,937,384</u>
Total Deductions	<u>4,656,546</u>	<u>3,924,499</u>
Increase (Decrease) in Plan Net Position	<u>\$ 7,652,743</u>	<u>\$ (1,987,115)</u>

**Additions to Plan Net Position**

Additions to the System's plan net position were derived primarily from member contributions, employer contributions, ad valorem taxes, state revenue sharing funds, and investment income. The System experienced a net investment gain of \$6,337,315 during the fiscal year ended June 30, 2013. The investment gain was primarily attributable to an overall improvement in market performance during the current year.

	<u>2013</u>	<u>2012</u>	<u>Change</u>
Member Contributions	\$ 785,705	\$ 827,226	(5.0)%
Employer Contribution	2,634,568	2,094,035	25.8
Ad Valorem & State			
Revenue Sharing	2,509,222	2,084,114	20.4
Net Investment Income (Loss)	6,337,315	(3,184,230)	299.0
Other	<u>42,479</u>	<u>116,239</u>	63.5
Total Additions	<u>\$ 12,309,289</u>	<u>\$ 1,937,384</u>	

**Deductions from Plan Net Position**

Deductions from plan net position include primarily retirement, death and survivor benefits and administrative expenses. Deductions from plan net position totaled \$4,656,546 during the fiscal year ended June 30, 2013. This is an increase of \$732,047 from the prior year and was primarily attributable to an increase in the number of members receiving benefit payments during the fiscal year end June 30, 2013.

**REGISTRAR OF VOTERS  
EMPLOYEES' RETIREMENT SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013**

	<u>2013</u>	<u>2012</u>	<u>Change</u>
Retirement Benefits	\$ 4,279,776	\$ 3,637,106	17.7%
Refunds of Contributions	43,957	48,959	10.2
Administrative Expenses	265,962	238,434	11.5
Transfers	66,851	-	100.0
Total Deductions	<u>\$ 4,656,546</u>	<u>\$ 3,924,499</u>	

Investments

Registrar of Voters Employees' Retirement System is responsible for the prudent management of funds held in trust for the exclusive benefits of their members' pension benefits. Funds are invested to achieve maximum returns without exposing retirement assets to unacceptable risks. Total investments as of June 30, 2013 were valued at \$64,771,969 as compared to \$58,378,890 as of June 30, 2012. The System's investments in various markets at the end of the 2013 and 2012 fiscal years are indicated in the following table:

	<u>2013</u>	<u>2012</u>	<u>Change</u>
Cash Equivalents	\$ 7,585,111	\$ 2,407,437	215.1%
Bonds	13,521,733	17,449,919	(22.5)
Marketable Securities	19,791,545	17,293,663	14.4
Mutual Funds	11,005,743	-	100.0
Limited Liability Companies	968,597	950,235	1.9
Limited Partnerships	6,591,607	7,162,621	(8.0)
Commingled Funds	<u>5,307,633</u>	<u>13,115,015</u>	(59.5)
Total	<u>\$ 64,771,969</u>	<u>\$ 58,378,890</u>	

Requests for Information

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

**REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM**  
**STATEMENTS OF PLAN NET POSITION**  
JUNE 30, 2013 AND 2012

	2013			2012		
	Retirement System <u>Trust Fund</u>	Members' Supplemental <u>Savings Trust Fund</u>	Total (Memorandum <u>Only</u> )	Retirement System <u>Trust Fund</u>	Members' Supplemental <u>Savings Trust Fund</u>	Total (Memorandum <u>Only</u> )
<b>ASSETS</b>						
<b>CASH:</b>						
In bank (Note 6)	\$ 5,181,069	\$ -	\$ 5,181,069	\$ 3,739,485	\$ -	\$ 3,739,485
<b>RECEIVABLES:</b>						
Member contributions	66,360	-	66,360	96,351	-	96,351
Employer contributions	225,952	-	225,952	248,134	-	248,134
Investment receivable	502,276	-	502,276	321,483	-	321,483
Accrued interest and dividends	160,344	3,754	164,098	202,422	3,955	206,377
Total receivables	<u>954,932</u>	<u>3,754</u>	<u>958,686</u>	<u>868,390</u>	<u>3,955</u>	<u>872,345</u>
<b>INVESTMENTS AT FAIR VALUE:</b>						
(Pages 26 and 27) (Note 6)						
Cash equivalents	7,525,358	59,753	7,585,111	2,339,691	67,746	2,407,437
Corporate bonds	9,393,100	-	9,393,100	12,273,603	-	12,273,603
Government bonds	3,755,684	372,949	4,128,633	4,729,025	447,291	5,176,316
Limited liability companies	968,597	-	968,597	950,235	-	950,235
Limited partnerships	6,591,607	-	6,591,607	7,162,621	-	7,162,621
Marketable securities	19,791,545	-	19,791,545	17,293,663	-	17,293,663
Mutual funds	11,005,743	-	11,005,743	-	-	-
Commingled funds	<u>4,427,927</u>	<u>879,706</u>	<u>5,307,633</u>	<u>12,254,551</u>	<u>860,464</u>	<u>13,115,015</u>
Total investments	<u>63,459,561</u>	<u>1,312,408</u>	<u>64,771,969</u>	<u>57,003,389</u>	<u>1,375,501</u>	<u>58,378,890</u>
<b>FURNITURE AND EQUIPMENT:</b>						
(Note 7)						
Net of accumulated depreciation of \$26,484 for 2013 and \$26,484 for 2012	-	-	-	-	-	-
Total assets	<u>69,595,562</u>	<u>1,316,162</u>	<u>70,911,724</u>	<u>61,611,264</u>	<u>1,379,456</u>	<u>62,990,720</u>
<b>LIABILITIES</b>						
Accounts payable	13,494	-	13,494	69,424	-	69,424
Investment payable	<u>375,868</u>	<u>-</u>	<u>375,868</u>	<u>51,677</u>	<u>-</u>	<u>51,677</u>
Total liabilities	<u>389,362</u>	<u>-</u>	<u>389,362</u>	<u>121,101</u>	<u>-</u>	<u>121,101</u>
<b>NET POSITION RESTRICTED FOR PENSION BENEFITS</b>	<u>\$ 69,206,200</u>	<u>\$ 1,316,162</u>	<u>\$ 70,522,362</u>	<u>\$ 61,490,163</u>	<u>\$ 1,379,456</u>	<u>\$ 62,869,619</u>

See accompanying notes.

**REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM  
STATEMENTS OF CHANGES IN PLAN NET POSITION  
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	2013			2012		
	Retirement System <u>Trust Fund</u>	Members' Supplemental Savings <u>Trust Fund</u>	Total (Memorandum Only)	Retirement System <u>Trust Fund</u>	Members' Supplemental Savings <u>Trust Fund</u>	Total (Memorandum Only)
<b>ADDITIONS:</b>						
Contributions:						
Members	\$ 785,705	\$ -	\$ 785,705	\$ 827,226	\$ -	\$ 827,226
Employers	2,634,568	-	2,634,568	2,094,035	-	2,094,035
Tax revenue	2,509,222	-	2,509,222	2,084,114	-	2,084,114
Total contributions	<u>5,929,495</u>	<u>-</u>	<u>5,929,495</u>	<u>5,005,375</u>	<u>-</u>	<u>5,005,375</u>
Investment income:						
Net appreciation (depreciation) in fair value of investments	5,229,233	39,750	5,268,983	(4,285,420)	15,925	(4,269,495)
Interest	798,848	22,996	821,844	995,945	26,874	1,022,819
Dividends	439,068	-	439,068	200,047	-	200,047
Alternative investment income	138,251	-	138,251	116,197	-	116,197
Other investment income	-	-	-	12,396	-	12,396
	<u>6,605,400</u>	<u>62,746</u>	<u>6,668,146</u>	<u>(2,960,835)</u>	<u>42,799</u>	<u>(2,918,036)</u>
Less: Investment advisory fees	209,837	-	209,837	185,547	-	185,547
Investment consulting fees	93,099	-	93,099	53,637	-	53,637
Custodial fees	27,895	-	27,895	27,010	-	27,010
Net investment income (loss)	<u>6,274,569</u>	<u>62,746</u>	<u>6,337,315</u>	<u>(3,227,029)</u>	<u>42,799</u>	<u>(3,184,230)</u>
Other additions:						
Transfers from other systems - employee	6,327	-	6,327	49,041	-	49,041
Transfers from other systems - employer/interest	36,152	-	36,152	64,660	-	64,660
Miscellaneous income	-	-	-	2,538	-	2,538
Total other additions	<u>42,479</u>	<u>-</u>	<u>42,479</u>	<u>116,239</u>	<u>-</u>	<u>116,239</u>
Total additions	<u>12,246,543</u>	<u>62,746</u>	<u>12,309,289</u>	<u>1,894,585</u>	<u>42,799</u>	<u>1,937,384</u>
<b>DEDUCTIONS:</b>						
Pensions payments	4,153,736	126,040	4,279,776	3,532,803	104,303	3,637,106
Refund of contributions	43,957	-	43,957	48,959	-	48,959
Transfers to other systems - employee	7,084	-	7,084	-	-	-
Transfers to other systems - employer/interest	59,767	-	59,767	-	-	-
Administrative expenses (Page 28)	265,962	-	265,962	238,434	-	238,434
Depreciation	-	-	-	-	-	-
Total deductions	<u>4,530,506</u>	<u>126,040</u>	<u>4,656,546</u>	<u>3,820,196</u>	<u>104,303</u>	<u>3,924,499</u>
<b>NET INCREASE (DECREASE)</b>	<b>7,716,037</b>	<b>(63,294)</b>	<b>7,652,743</b>	<b>(1,925,611)</b>	<b>(61,504)</b>	<b>(1,987,115)</b>
<b>PLAN NET POSITION - BEGINNING OF YEAR</b>	<b>61,490,163</b>	<b>1,379,456</b>	<b>62,869,619</b>	<b>63,415,774</b>	<b>1,440,960</b>	<b>64,856,734</b>
<b>PLAN NET POSITION - END OF YEAR</b>	<b>\$ 69,206,200</b>	<b>\$ 1,316,162</b>	<b>\$ 70,522,362</b>	<b>\$ 61,490,163</b>	<b>\$ 1,379,456</b>	<b>\$ 62,869,619</b>

See accompanying notes.

**REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

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

**Basis of Accounting:**

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

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

During the year ended June 30, 2013, the System adopted the provisions of GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. GASB Statement No. 63 provided financial reporting guidance for deferred outflows of resources and deferred inflows of resources and also redefined the residual of all other elements presented in a statement of financial position as net position.

**Method Used to Value Investments:**

Investments are reported at fair value. Short-term investments are reported at amortized cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments in commingled funds, limited liability companies, and limited partnerships are reported at fair value.

**Furniture and Equipment:**

Furniture and equipment of the System are accounted for and capitalized in the Pension Fund. Depreciation of fixed assets is recorded as an expense in the Pension Fund. All fixed assets are valued on the basis of historical cost and depreciated using the straight-line method of depreciation over its estimated useful life.

**Memorandum Only Column:**

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

**REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

**2. PLAN DESCRIPTION:**

The Registrar of Voters Employees' Retirement System is the administrator of a cost-sharing multiple-employer plan (Retirement System Trust Fund) and a Savings Plan (Members' Supplemental Savings Trust Fund). The System was established on January 1, 1955 for the purpose of providing retirement allowances and other benefits as stated under the provisions of R.S. Title 11:2032, as amended, for registrars of voters, their deputies and their permanent employees in each parish. The total number of participating employers was 64 for each of the years ended June 30, 2013 and 2012. As of June 30, 2013 and 2012, statewide retirement membership consists of:

	<u>2013</u>	<u>2012</u>
Current retirees and beneficiaries	146	143
Terminated members due a benefit	5	6
Terminated members due a refund	35	29
Fully vested, partially vested, and		
non-vested active employees covered	212	220
DROP participants	<u>29</u>	<u>25</u>
Total number of members	<u>427</u>	<u>423</u>

**Retirement System Trust Fund:**

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

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

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

**REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

2. **PLAN DESCRIPTION:** (Continued)

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

If a member who has less than five years of credited service dies due to any cause other than injuries sustained in the performance of his official duties, his accumulated contributions are paid to his designated beneficiary. If the member has five or more years of credited service, and is not eligible to retire, automatic option 2 benefits are payable to the surviving spouse. These benefits are based on the retirement benefits accrued at the member's date of death with option 2 factors used as if the member had continued in service to earliest normal retirement age. If a member has no surviving spouse and the member has five or more years of creditable service, the surviving minor children under 18 or disabled children shall be paid 80% of the accrued retirement benefit in equal shares until the age of majority or for the duration of the handicap for a handicapped child. Upon the death of any former member with 10 or more years of service, automatic option 2 benefits are payable to the surviving spouse. In lieu of periodic payments, the surviving spouse or children may receive a refund of the member's accumulated contributions.

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

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

**REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

2. **PLAN DESCRIPTION:** (Continued)

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

Cost of living provisions for the System are detailed in R.S. 11:2073 and R.S. 11:246. R.S. 11:2073 allows the board of trustees to provide an annual cost of living increase of 3% of the retiree's original benefit from interest earnings on investments in excess of the valuation interest rate. This applies only to members who have been retired for at least two years. Louisiana statutes also allow the board of trustees to grant an additional cost of living increase to all retirees and beneficiaries over age 65 equal to two percent of the benefit paid on October 1, 1977, (or the member's retirement date, if later). This raise may only be granted from investment earnings in excess of the valuation interest rate of eight percent.

In lieu of granting a cost of living increase as described above, 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 not to exceed \$1.

In order to grant any cost of living increase, the ratio of the actuarial value of assets to the pension benefit obligation must equal or exceed a statutory target ratio defined in R.S. 11:242.

**Members' Supplemental Savings Trust Fund:**

The Members' Supplemental Savings Trust Fund (Fund) was established by LRS 11:2139 as a defined contribution plan. All registrars of voters, their deputies and active permanent employees participate in the plan. As of June 30, 2013 and 2012 the number of participants in the plan was 159.

In accordance with state statute, funds contributed to the System in excess of those required contributions to the Retirement Fund employer reserve, as established by the Public Retirement Systems' Actuarial Committee, are deposited in the Members' Supplemental Savings Fund. The amount of funds deposited with the Members' Supplemental Savings Fund is three percent of the salaries paid during the preceding fiscal year to members who were still employed by the employer at the end of the fiscal year unless the Public Retirement Systems' Actuarial Committee recommends a lesser percentage based on available funds and the requirements of the Defined Benefit Plan. As of June 30, 2013 and 2012, there were 64 active employers participating in the Fund. There were no contributions to the Member's Supplemental Savings Fund for the years ending June 30, 2013 and 2012.

**REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

2. **PLAN DESCRIPTION:** (Continued)

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

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

3. **CONTRIBUTIONS AND RESERVES:**

**Contributions:**

Contributions for all members are established by state statute at 7.0% of earnable compensation. The contribution is deducted from the member's salary and remitted by the participating registrar.

According to state statute, contribution requirements for all employers are actuarially determined each year. For the years ending June 30, 2013 and 2012, the actual employer contribution rate was 19.75% and 15.5%, respectively. For the years ended June 30, 2013 and 2012, the actuarially determined employer contribution rate was 23.73% and 19.34%, respectively. The actual rate is different from the actuarially required rate due to state statutes that require the contribution rate be calculated and set two years prior to the year effective.

In accordance with state statute the fund receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions.

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

**Reserves:**

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

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012

3. CONTRIBUTIONS AND RESERVES: (Continued)

A) Deferred Retirement Option Plan:

The Deferred Retirement Option Account consists of the reserves for all members who upon eligibility elect to deposit into this account an amount equal to the member's monthly benefit if he had retired. A member can only participate in the program for three years, and upon termination may receive his benefits in a lump sum payment or by a true annuity. The Deferred Retirement Option Account as of June 30, 2013 and 2012 is \$5,079,861 and \$3,828,384, respectively. The Deferred Retirement Option Account is fully funded for the years ended June 30, 2013 and 2012.

B) Annuity Savings:

The Annuity Savings is credited with contributions made by members of the System. When a member terminates his service or upon his death, before qualifying for a benefit, the refund of his contributions is made from this fund. If a member dies and there is a survivor who is eligible for a benefit, the amount of the member's accumulated contributions is transferred from the Annuity Savings to the Annuity Reserve. When a member retires, the amount of his accumulated contributions is transferred to the Annuity Reserve to provide part of the benefits payable from that fund. The Annuity Savings as of June 30, 2013 and 2012 is \$5,988,743 and \$6,242,460, respectively. The Annuity Savings is fully funded for the years ended June 30, 2013 and 2012.

C) Pension Accumulation:

The Pension Accumulation consists of contributions paid by employers, interest earned on investments and any other income not covered by other accounts. This fund is charged annually with an amount, determined by the actuary, to be transferred to the Annuity Reserve to fund retirement benefits for existing recipients. It is also relieved when expenditures are not covered by other accounts. The Pension Accumulation as of June 30, 2013 and 2012 is \$29,495,819 and \$30,381,535, respectively. The Pension Accumulation is 93.74% and 76.99% funded for the years ended June 30, 2013 and 2012, respectively

D) Annuity Reserve:

The Annuity Reserve consists of the reserves for all pensions, excluding cost-of-living increases, granted to members and is the fund from which such pensions and annuities are paid. Survivors of deceased beneficiaries also receive benefits from this fund. The Annuity Reserve as of June 30, 2013 and 2012 is \$30,487,857 and \$28,029,220, respectively. The Annuity Reserve is fully funded for the years ended June 30, 2013 and 2012.

**REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

**3. CONTRIBUTIONS AND RESERVES: (Continued)**

**E) Members' Supplemental Savings:**

The Members' Supplemental Savings consists of contributions from the dedicated taxes to the System in excess of those required contributions to the Pension Accumulation, not to exceed three percent of the salaries paid during the fiscal year proceeding the year in which funds are received. Upon termination a member is entitled to payment of all contributions and earnings credited to his account in the fund. The Members' Supplemental Savings as of June 30, 2013 and 2012 is \$1,316,117 and \$1,379,456 respectively. The Members' Supplemental Savings is fully funded for the years ended June 30, 2013 and 2012.

**4. ACTUARIAL COST METHOD:**

The Aggregate Actuarial Cost Method was used to calculate the funding requirements of the Registrar of Voters Employees' Retirement System for the fiscal years ended June 30, 2013 and 2012. This funding method allocates pension costs as a level percentage of payroll over the future-working lifetime of current members. The Aggregate Actuarial Cost Method produces no unfunded accrued liability. Under the Aggregate Actuarial Cost Method, actuarial gains and losses are spread over future normal costs. Based on actual experience, future normal costs will increase or decrease.

**5. REQUIRED SUPPLEMENTARY SCHEDULES:**

Information in the required supplemental schedules is designed to provide information about the System's progress made in accumulating sufficient assets to pay benefits and is presented on pages 30 through 31.

**6. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS:**

The following are the components of the System's deposits, cash equivalents and investments as of June 30, 2013 and 2012:

	Retirement System <u>Trust Fund</u>	Members' Supplemental Savings <u>Trust Fund</u>	<u>Total</u>
<u>2013</u>			
Deposits (bank balance)	\$ 5,183,026	\$ -	\$ 5,183,026
Cash equivalents	7,525,358	59,753	7,585,111
Investments	<u>55,934,203</u>	<u>1,252,655</u>	<u>57,186,858</u>
	<u>\$ 68,642,587</u>	<u>\$ 1,312,408</u>	<u>\$ 69,954,995</u>
<u>2012</u>			
Deposits (bank balance)	\$ 3,744,274	\$ -	\$ 3,744,274
Cash equivalents	2,339,691	67,746	2,407,437
Investments	<u>54,663,698</u>	<u>1,307,755</u>	<u>55,971,453</u>
	<u>\$ 60,747,663</u>	<u>\$ 1,375,501</u>	<u>\$ 62,123,164</u>

**REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

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

**Deposits:**

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

**Cash Equivalents:**

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

**Investments:**

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

**Concentration of Credit Risk:**

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

The System's investment policy states that no manager will be allocated more than 15% of the System's assets. No single stock position or corporate debt instrument should represent more than 10% of a manager's portfolio at market. In addition, exposure to any single industry shall not exceed 2 times its weighting in the market or 20%, whichever is greater. The System is in compliance with their concentration of credit risk policy.

As of June 30, 2013, the investment in the limited partnership Equitas Evergreen in the amount of \$4,776,271 represented 7.4% of the System's total investments. As of June 30, 2012, the investment in Equitas Evergreen in the amount of \$4,473,223 represented 7.7% of the System's total investments.

**REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

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

**Credit Risk:**

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The System's policy states that fixed income securities may include any publicly traded debt instrument regardless of credit rating. Following are the credit risk ratings of the System's investments in long-term debt securities as of June 30, 2013 and 2012:

	Federal	Federal	Federal	Government			
	Home	Home Loan	National	National	Federal		
Corporate	Loan	Mortgage	Mortgage	Mortgage	Farm Credit		
<u>Bonds</u>	<u>Bank</u>	<u>Corporation</u>	<u>Association</u>	<u>Association</u>	<u>Banks</u>		<u>Total</u>
	(FHLB)	(FHLMC)	(FNMA)	(GNMA)	(FFCB)		
<b><u>2013</u></b>							
AAA	\$ --	\$ 17,312	\$ 161,225	\$ 96,807	\$ --	\$ 97,605	\$ 372,949
AA+	396,435	--	291,534	--	--	--	687,969
AA-	296,736	--	--	--	--	--	296,736
A+	1,317,568	--	--	--	--	--	1,317,568
A	2,600,055	--	--	--	--	--	2,600,055
A-	1,720,387	--	--	--	--	--	1,720,387
BBB+	306,603	--	--	--	--	--	306,603
BBB	2,071,654	--	--	--	--	--	2,071,654
BBB-	683,662	--	--	--	--	--	683,662
Not Rated	--	--	<u>1,801,427</u>	<u>702,599</u>	<u>960,124</u>	--	<u>3,464,150</u>
	<u>\$ 9,393,100</u>	<u>\$ 17,312</u>	<u>\$ 2,254,186</u>	<u>\$ 799,406</u>	<u>\$ 960,124</u>	<u>\$ 97,605</u>	<u>\$ 13,521,733</u>

**REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
JUNE 30, 2013 AND 2012

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

**Credit Risk: (Continued)**

		Federal Home	Federal Mortgage	Federal Mortgage	Government National	Federal Mortgage	Farm Credit	
	Corporate <u>Bonds</u>	Loan <u>Bank</u>	Mortgage <u>Corporation</u>	Mortgage <u>Association</u>	National <u>Association</u>	<u>Banks</u>	(FFCB)	<u>Total</u>
		(FHLB)	(FHLMC)	(FNMA)	(GNMA)			
<b><u>2012</u></b>								
AAA	\$ --	\$ 18,260	\$ 165,263	\$ 160,745	\$ --	\$ 103,023	\$ 447,291	
AA+	229,513	--	--	--	--	--	--	229,513
AA-	361,761	--	--	--	--	--	--	361,761
A+	656,676	--	--	--	--	--	--	656,676
A	2,559,772	--	--	--	--	--	--	2,559,772
A-	1,728,804	--	--	--	--	--	--	1,728,804
BBB	2,525,950	--	--	--	--	--	--	2,525,950
BBB-	401,986	--	--	--	--	--	--	401,986
BB-	189,410	--	--	--	--	--	--	189,410
B+	1,377,261	--	--	--	--	--	--	1,377,261
B	428,041	--	--	--	--	--	--	428,041
B-	591,505	--	--	--	--	--	--	591,505
CCC+	202,460	--	--	--	--	--	--	202,460
CCC	192,685	--	--	--	--	--	--	192,685
CCC-	390,810	--	--	--	--	--	--	390,810
D	70,200	--	--	--	--	--	--	70,200
Not Rated	<u>366,769</u>	<u>--</u>	<u>2,132,678</u>	<u>1,198,236</u>	<u>1,398,111</u>	<u>--</u>	<u>5,095,794</u>	
	<u>\$12,273,603</u>	<u>\$18,260</u>	<u>\$2,297,941</u>	<u>\$1,358,981</u>	<u>\$1,398,111</u>	<u>\$103,023</u>	<u>\$17,449,919</u>	

The System also invested in a commingled bond fund. The bond fund was sold during the year ended June 30, 2013. As of June 30, 2012, the market value of the fund was \$3,864,140. The rating of the fund ranged from AA to B and below with a majority of the investments rated BBB+ to BB- with 11% of the investments not rated as of June 30, 2012. The System held investments in a bond mutual fund of \$4,054,897 and \$0, as of June 30, 2013 and 2012, respectively. The bond mutual fund was not rated as of June 30, 2013. The System held investments in a money market mutual fund of \$7,585,111 and \$2,407,437 as of June 30, 2013 and 2012, respectively. The money market mutual fund was rated AAA as of June 30, 2013 and 2012.

**Custodial Credit Risk:**

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The System is not exposed to custodial credit risk as of June 30, 2013 and 2012 for investments in the amount of \$64,771,969 and \$58,378,890, respectively, since the investments are held in the name of the System. The System has no formal policy regarding custodial credit risk.

**REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

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

**Interest Rate Risk:**

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. As of June 30, 2013 and 2012, the System had the following investments in long-term debt securities and maturities:

**2013**

	<u>Less than 1 Year</u>	<u>1 – 5 Years</u>	<u>6 – 10 Years</u>	<u>Greater than 10 Years</u>	<u>Fair Value</u>
Corporate Bonds	<u>\$ 312,366</u>	<u>\$ 4,726,345</u>	<u>\$ 3,316,338</u>	<u>\$ 1,038,051</u>	<u>\$ 9,393,100</u>
<b>Governmental Bonds:</b>					
FFCB	\$ --	\$ --	\$ 97,605	\$ --	\$ 97,605
FHLB	--	--	17,312	--	17,312
FHLMC	100,962	60,263	291,534	1,801,427	2,254,186
FNMA	--	96,807	--	702,599	799,406
GNMA	--	--	--	960,124	960,124
Total Governmental Bonds	<u>\$ 100,962</u>	<u>\$ 157,070</u>	<u>\$ 406,451</u>	<u>\$ 3,464,150</u>	<u>\$ 4,128,633</u>

**2012**

	<u>Less than 1 Year</u>	<u>1 – 5 Years</u>	<u>6 – 10 Years</u>	<u>Greater than 10 Years</u>	<u>Fair Value</u>
Corporate Bonds	<u>\$ 328,515</u>	<u>\$ 4,160,209</u>	<u>\$ 6,326,893</u>	<u>\$ 1,457,986</u>	<u>\$ 12,273,603</u>
<b>Governmental Bonds:</b>					
FFCB	\$ --	\$ --	\$ 103,023	\$ --	\$ 103,023
FHLB	--	--	18,260	--	18,260
FHLMC	--	165,263	--	2,132,678	2,297,941
FNMA	--	160,745	--	1,198,236	1,358,981
GNMA	--	--	--	1,398,111	1,398,111
Total Governmental Bonds	<u>\$ ____--</u>	<u>\$ 326,008</u>	<u>\$ 121,283</u>	<u>\$ 4,729,025</u>	<u>\$ 5,176,316</u>

The System has no formal policy regarding interest rate risk.

**REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

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

**Interest Rate Risk: (Continued)**

The System invests in mortgage backed securities. These securities are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates.

**Foreign Currency Risk:**

Foreign currency risk is defined as the risk that changes in exchange rates will adversely affect the fair value of an investment. The System's investment policy has a target not to exceed 25% of total investments in foreign marketable securities and a target not to exceed 25% of total investments in fixed income. The System's exposure for foreign currency risk consisted of its investment in foreign marketable securities as of June 30, 2013 and 2012.

<u>Country/Currency</u>	<u>2013</u>	<u>2012</u>
Bermuda/Bermudian Dollar	\$ 222,100	\$ 247,528
Brazil/Brazilian Real	-	26,618
Canada/Canadian Dollar	37,834	513,665
Cayman Islands/Cayman Islands Dollar	-	189,592
China/Hong Kong Dollar	-	38,763
Denmark/Danish Krone	-	23,254
France/Euro	34,679	47,605
Greece/Euro	-	189,410
Ireland/Euro	-	55,035
Israel/Israeli New Shekel	-	60,738
Japan/Japanese Yen	-	28,199
Netherlands/Euro	203,126	189,878
Netherlands Antilles/Netherlands Antillean Guilder	215,482	187,071
Switzerland/Swiss Franc	349,878	339,404
United Kingdom/British Pound	<u>610,244</u>	<u>368,145</u>
Total	<u>\$ 1,673,343</u>	<u>\$ 2,504,905</u>

**Commitments:**

As of June 30, 2013 and 2012, the System has no commitments to purchase any additional investments.

**Investments in Limited Liability Companies and Limited Partnerships:**

The System invested in three limited partnerships and two limited liability companies in order to enhance diversification. The value of these investments as of June 30, 2013 and 2012 was \$7,560,204 and \$8,112,856 respectively.

**REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

**7. FURNITURE AND EQUIPMENT:**

Change in furniture and equipment consisted of the following:

	<u>2013</u>	<u>2012</u>
Balance – Beginning of year	\$ 26,484	\$ 26,484
Additions	-	-
Deletions	<u>-</u>	<u>-</u>
	<u>26,484</u>	<u>26,484</u>
Less accumulated depreciation	<u>(26,484)</u>	<u>(26,484)</u>
Balance – End of year	<u>\$ _____ -</u>	<u>\$ _____ -</u>

Depreciation expense was \$0 for each of the years ended June 30, 2013 and 2012.

**8. USE OF ESTIMATES:**

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

**9. TAX QUALIFICATION:**

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

**10. FUNDED STATUS AND FUNDING PROGRESS – PENSION PLAN:**

The actuarial valuation of assets, actuarial accrued liability and unfunded amounts were calculated using the entry age actuarial cost method which is different from the actuarial method used for funding purposes. The schedule below reflects the funded status and funding progress of the System as of June 30, 2013.

Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) <u>(b)</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio (a/b) <u>(c)</u>	Annual Covered Payroll <u>(a/b)</u>	UAAL as a Percentage of Covered Payroll <u>(b-a/c)</u>
\$ 71,052,280	\$ 96,236,913	\$ 25,184,633	73.83%	\$ 13,086,633	192.45%

**REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

**10. FUNDED STATUS AND FUNDING PROGRESS – PENSION PLAN: (Continued)**

Additional information on the actuarial methods and assumptions used as of the June 30, 2013 actuarial valuation is as follows:

Valuation Date	June 30, 2013
Actuarial Cost Method	Aggregate Actuarial Cost Method
Asset Valuation Method	Based on the market value adjusted to smooth all investment returns over a five-year period with limits set at 85% and 115% of the market value of assets. When adjusted value falls outside of the limits, the actuarial value is set equal to the average of limited and adjusted value.
Actuarial Assumptions:	
Investment Rate of Return	7.5%
Projected Salary Increases	6.75% (3.00% Inflation, 3.75% Merit)
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. Future cost of living increases are only granted if specific target ratios are met and excess interest earnings are available to fund the cost of the benefit increase.
Asset Experience Loss	For the year ended June 30, 2013, the System experienced actual actuarial investment returns which were less than the assumed investment rate of return. The net effect of the asset experience loss was to increase the actuarially required employer contribution by \$544,655 for fiscal 2014 and increase the actuarially required employer contribution rate for fiscal 2014 by 4%.

The required schedule of funding progress on Page 31 presents additional multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM**  
**SUPPLEMENTARY INFORMATION**  
**STATEMENT OF CHANGES IN RESERVE BALANCES**  
**RETIREMENT SYSTEM TRUST FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Annuity <u>Savings</u>	Annuity <u>Reserve</u>	Deferred Retirement Option Plan	Pension <u>Accumulation</u>	Unfunded Actuarial Accrued Liability	Total
BALANCE - BEGINNING	\$ 6,242,460	\$ 28,029,220	\$ 3,828,384	\$ 30,381,535	\$ (6,991,436)	\$ 61,490,163
<b>REVENUES AND TRANSFERS:</b>						
Employee contributions	785,705	-	-	-	-	785,705
Employer contributions	-	-	-	2,634,568	-	2,634,568
Net investment income	-	-	-	6,274,569	-	6,274,569
Parish tax collector	-	-	-	2,509,222	-	2,509,222
Transfers from other systems	6,327	-	-	36,152	-	42,479
Miscellaneous income	-	-	-	-	-	-
Pensions transferred from Annuity Reserve	-	-	1,494,085	-	-	1,494,085
Transfer from Annuity Savings	-	994,708	-	-	-	994,708
Actuarial transfer	-	6,869,142	-	-	5,145,356	12,014,498
Total revenues	<u>792,032</u>	<u>7,863,850</u>	<u>1,494,085</u>	<u>11,454,511</u>	<u>5,145,356</u>	<u>26,749,834</u>
<b>EXPENDITURES AND TRANSFERS:</b>						
Refunds to members	43,957	-	-	-	-	43,957
Transfer to Annuity Reserve	994,708	-	-	-	-	994,708
Pensions paid	-	3,911,128	242,608	-	-	4,153,736
Transfers to other systems	7,084	-	-	59,767	-	66,851
Administrative expense	-	-	-	265,962	-	265,962
Depreciation expense	-	-	-	-	-	-
Pensions transferred to DROP	-	1,494,085	-	-	-	1,494,085
Actuarial transfer	-	-	-	12,014,498	-	12,014,498
Total expenditures	<u>1,045,749</u>	<u>5,405,213</u>	<u>242,608</u>	<u>12,340,227</u>	<u>-</u>	<u>19,033,797</u>
NET INCREASE (DECREASE)	<u>(253,717)</u>	<u>2,458,637</u>	<u>1,251,477</u>	<u>(885,716)</u>	<u>5,145,356</u>	<u>7,716,037</u>
BALANCE - ENDING	<u>\$ 5,988,743</u>	<u>\$ 30,487,857</u>	<u>\$ 5,079,861</u>	<u>\$ 29,495,819</u>	<u>\$ (1,846,080)</u>	<u>\$ 69,206,200</u>

**REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM  
SUPPLEMENTARY INFORMATION  
STATEMENT OF CHANGES IN RESERVE BALANCES  
RETIREMENT SYSTEM TRUST FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Annuity Savings</u>	<u>Annuity Reserve</u>	<u>Deferred Retirement Option Plan</u>	<u>Pension Accumulation</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Total</u>
BALANCE - BEGINNING	\$ 5,856,121	\$ 26,719,188	\$ 3,004,830	\$ 31,727,506	\$ (3,891,871)	\$ 63,415,774
<b>REVENUES AND TRANSFERS:</b>						
Employee contributions	827,226	-	-	-	-	827,226
Employer contributions	-	-	-	2,094,035	-	2,094,035
Net investment income	-	-	-	(3,227,029)	-	(3,227,029)
Parish tax collector	-	-	-	2,084,114	-	2,084,114
Transfers from other systems	49,041	-	-	64,660	-	113,701
Miscellaneous income	-	-	-	2,538	-	2,538
Pensions transferred from Annuity Reserve	-	-	1,074,751	-	-	1,074,751
Transfer from Annuity Savings	-	440,969	-	-	-	440,969
Actuarial transfer	-	5,225,420	-	-	-	5,225,420
<b>Total revenues</b>	<b>876,267</b>	<b>5,666,389</b>	<b>1,074,751</b>	<b>1,018,318</b>	<b>-</b>	<b>8,635,725</b>
<b>EXPENDITURES AND TRANSFERS:</b>						
Refunds to members	48,959	-	-	-	-	48,959
Transfer to Annuity Reserve	440,969	-	-	-	-	440,969
Pensions paid	-	3,281,606	251,197	-	-	3,532,803
Administrative expense	-	-	-	238,434	-	238,434
Depreciation expense	-	-	-	-	-	-
Pensions transferred to DROP	-	1,074,751	-	-	-	1,074,751
Actuarial transfer	-	-	-	2,125,855	3,099,565	5,225,420
<b>Total expenditures</b>	<b>489,928</b>	<b>4,356,357</b>	<b>251,197</b>	<b>2,364,289</b>	<b>3,099,565</b>	<b>10,561,336</b>
<b>NET INCREASE (DECREASE)</b>	<b>386,339</b>	<b>1,310,032</b>	<b>823,554</b>	<b>(1,345,971)</b>	<b>(3,099,565)</b>	<b>(1,925,611)</b>
<b>BALANCE - ENDING</b>	<b>\$ 6,242,460</b>	<b>\$ 28,029,220</b>	<b>\$ 3,828,384</b>	<b>\$ 30,381,535</b>	<b>\$ (6,991,436)</b>	<b>\$ 61,490,163</b>

**REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM  
SUPPLEMENTARY INFORMATION  
SCHEDULES OF INVESTMENTS  
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	2013	2012
	<u>Fair Value</u>	<u>Fair Value</u>
<b><u>BONDS</u></b>		
Government:		
Federal Home Loan Mortgage Corporation	\$ 2,092,961	\$ 2,132,678
Federal National Mortgage Association	702,599	1,198,236
Government National Mortgage Association	960,124	1,398,111
Total Government Bonds	<u>3,755,684</u>	<u>4,729,025</u>
Corporate Bonds	<u>9,393,100</u>	<u>12,273,603</u>
<b>TOTAL BONDS</b>	<b>\$ 13,148,784</b>	<b>\$ 17,002,628</b>
<b><u>LIMITED LIABILITY COMPANIES</u></b>		
Sand Spring Capital, LLC	\$ 508,626	\$ 486,595
Land Baron, LLC	459,971	463,640
<b>TOTAL LIMITED LIABILITY COMPANIES</b>	<b>\$ 968,597</b>	<b>\$ 950,235</b>
<b><u>LIMITED PARTNERSHIPS</u></b>		
Americus Real Estate Fund IV Ltd.	\$ 812,405	\$ 603,137
Equitas Evergreen Fund L.P.	4,776,271	4,473,223
Plains All American Pipeline L.P.	-	80,002
Greenspring Crossover Ventures I, L.P.	1,002,931	1,919,287
Blackstone Group, L.P.	-	9,149
KKR & Company, L.P.	-	10,183
Icahn Enterprises, L.P.	-	67,640
<b>TOTAL LIMITED PARTNERSHIPS</b>	<b>\$ 6,591,607</b>	<b>\$ 7,162,621</b>
<b><u>MARKETABLE SECURITIES</u></b>		
Common Stock - Domestic	\$ 18,118,202	\$ 14,787,758
Common Stock - Foreign	1,673,343	2,505,905
<b>TOTAL MARKETABLE SECURITIES</b>	<b>\$ 19,791,545</b>	<b>\$ 17,293,663</b>
<b><u>MUTUAL FUNDS</u></b>		
PIMCO Diversified Income Fund	\$ 3,785,649	\$ -
Templeton Global Bond Fund	4,054,897	-
Vanguard Total International Index Fund	3,165,197	-
<b>TOTAL MUTUAL FUNDS</b>	<b>\$ 11,005,743</b>	<b>\$ -</b>
<b><u>COMMINGLED FUNDS</u></b>		
Emerging Markets - Bond Funds	\$ -	\$ 3,864,140
Global REIT Fund	1,413,133	1,249,261
International Equity Fund	3,014,794	5,237,549
Income Fund	-	1,903,601
<b>TOTAL COMMINGLED FUNDS</b>	<b>\$ 4,427,927</b>	<b>\$ 12,254,551</b>

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM  
 MEMBERS' SUPPLEMENTAL SAVINGS TRUST FUND  
 SUPPLEMENTARY INFORMATION  
 SCHEDULES OF INVESTMENTS  
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u> <u>Fair Value</u>	<u>2012</u> <u>Fair Value</u>
<b><u>BONDS</u></b>		
Government:		
Federal Farm Credit Banks Funding Association	\$ 97,605	\$ 103,023
Federal Home Loan Mortgage Corporation	161,225	165,263
Federal Home Loan Bank	17,312	18,260
Federal National Mortgage Association	<u>96,807</u>	<u>160,745</u>
 TOTAL GOVERNMENT BONDS	 <u>\$ 372,949</u>	 <u>\$ 447,291</u>
 <b><u>COMMINGLED FUNDS</u></b>		
Fixed income funds	\$ 565,591	\$ 522,758
Pooled equity funds	<u>314,115</u>	<u>337,706</u>
 TOTAL COMMINGLED FUNDS	 <u>\$ 879,706</u>	 <u>\$ 815,140</u>

**REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM  
SUPPLEMENTARY INFORMATION  
SCHEDULES OF ADMINISTRATIVE EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>PERSONAL SERVICES:</b>		
Payroll expenses	\$ 86,922	\$ 71,543
Board member-per diem	4,725	4,650
	<u>91,647</u>	<u>76,193</u>
<b>PROFESSIONAL SERVICES:</b>		
Accountant	27,886	27,051
Actuarial	31,700	29,400
Administrative	38,886	34,036
Legal	39,351	42,187
	<u>137,823</u>	<u>132,674</u>
<b>COMMUNICATIONS:</b>		
Telephone	2,795	2,382
Travel	22,882	14,138
	<u>25,677</u>	<u>16,520</u>
<b>OTHER:</b>		
Bank charges	539	919
Membership dues	3,698	4,699
Miscellaneous	933	2,542
Office expense	5,645	4,887
	<u>10,815</u>	<u>13,047</u>
<b>TOTAL EXPENSES</b>	<b>\$ 265,962</b>	<b>\$ 238,434</b>

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF BOARD COMPENSATION  
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

<u>TRUSTEE</u>	<u>2013</u>	<u>2012</u>
Dennis Dimarco	\$ 675	\$ 750
Charlene Menard	825	750
John Moreau	825	900
Robert Poche	525	825
Linda Rodrigue	750	825
Sandra Thomas	300	-
Deborah Waskom	-	150
Dwayne Wall	<u>825</u>	<u>450</u>
	\$ <u>4,725</u>	\$ <u>4,650</u>

**REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS – EMPLOYER AND OTHER SOURCES  
JUNE 30, 2008 THROUGH JUNE 30, 2013**

<b>Fiscal Year</b>	<b>Actuarial Required Contributions <u>Employer</u></b>	<b>Actuarial Required Contributions <u>Other Sources</u></b>	<b>Percent Contributed <u>Employer</u></b>	<b>Percent Contributed <u>Other Sources</u></b>
2008	\$ 231,180	\$ 1,565,723	301.02%	108.40%
2009	367,094	1,755,167	63.71	104.41
2010	1,271,323	2,026,592	33.93	95.26
2011	1,949,818	2,085,159	96.42	96.05
2012	2,600,481	2,111,984	80.52	98.68
2013	3,271,532	2,056,370	80.53	122.02

For the years ending June 30, 2008 through 2013, the actuarially required contribution differs from actual contributions made due to state statute that requires the contribution rate be calculated and set two years prior to the year effective.

**REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS  
JUNE 30, 2008 THROUGH JUNE 30, 2013**

<u>Year</u>	<u>Actuarial Value of Assets</u> <u>(a)</u>	<u>Actuarial Accrued Liability (AAL)</u> <u>(b)</u>	<u>Unfunded AAL (UAAL)</u> <u>(b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Annual Covered Payroll</u> <u>(c)</u>	<u>UAAL as a Percentage of Covered Payroll (b-a/c)</u>
2008	\$ 64,932,257	\$ 67,525,266	\$ 2,592,969	96.16%	\$ 10,839,277	23.92%
2009	60,492,753	71,914,060	11,421,307	84.12	11,753,384	97.17
2010	62,823,395	77,674,821	14,851,426	80.88	12,333,966	120.41
2011	67,405,502	85,924,089	18,518,587	78.45	13,027,410	142.15
2012	68,481,599	92,853,873	24,372,274	73.75	13,386,956	182.06
2013	71,052,280	96,236,913	25,184,633	73.83	13,086,633	192.45

The actuarial valuation of assets, actuarial accrued liability and unfunded amounts were calculated using the entry age actuarial cost method which is different from the actuarial method used for funding purposes.

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

November 18, 2013

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Registrar of Voters Employees' Retirement System, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Registrar of Voters Employees' Retirement System's basic financial statements, and have issued our report thereon dated November 18, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Registrar of Voters Employees' Retirement System's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Registrar of Voters Employees' Retirement System's internal control. Accordingly, we do not express an opinion on the effectiveness of the Registrar of Voters Employees' Retirement System's internal control.

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

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

#### Compliance and Other Matters

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

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Duplantier, Hrapmann, Hogan & Maher, LLP*

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM  
SUMMARY SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of Registrar of Voters Employees Retirement System for the years ended June 30, 2013 and 2012 was unmodified.
2. The audit disclosed no instances of noncompliance.
3. Findings Required To Be Reported Under Generally Accepted Government Auditing Standards:

None

4. Status of Prior Year Comments:

None