HARBOR POLICE RETIREMENT SYSTEM

Financial Statements as of
June 30, 2014 and 2013 and for
the Year Then Ended and
Independent Auditors' Report

HARBOR POLICE RETIREMENT SYSTEM

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Rigby Financial Group

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Harbor Police Retirement System
New Orleans, Louisiana

We have audited the accompanying financial statements of the Harbor Police Retirement System (the Plan), which comprise the statements of plan net position as of June 30, 2014 and 2013, and the related statements of changes in plan net position for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *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 of 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Plan 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.

Emphasis of Matter

As described in Note A to the financial statements, the Plan is expected to merge with the Louisiana State Employees' Retirement System (LASERS) effective July 1, 2015 based on the approval of the Public Retirement Systems' Actuarial Committee (PRSAC) of a Cooperative Endeavor Agreement between the Port of New Orleans (the Plan Sponsor) and LASERS. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 6 and the required supplementary plan information on pages 18 through 20 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 audits 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 11, 2014 on our consideration of the Plan'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

RFG-APC

December 11, 2014
New Orleans, Louisiana

HARBOR POLICE RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014 AND 2013

This discussion of the Harbor Police Retirement System's (the Plan) financial performance provides an overview of the Plan's financial activities for the fiscal years ended June 30, 2014 and 2013, and should be considered in conjunction with the Plan's financial statements, which follow this section.

2014 FINANCIAL HIGHLIGHTS

- Net position – restricted for pension benefits increased by $808,676, as a result of the year's operations, from $10,570,128 to $11,378,804.
- Additions for the year were $1,779,446, which consisted of contributions of $533,119, including fines and other revenues of $9,812, and a net investment gain of $1,246,327.
- Deductions for the year were $970,770, which consisted primarily of benefit payments of $888,340 and administrative expenses of $82,430.

2013 FINANCIAL HIGHLIGHTS

- Net position – restricted for pension benefits increased by $797,281, as a result of the year's operations, from $9,772,847 to $10,570,128.
- Additions for the year were $2,026,384, which consisted of contributions of $588,711, including fines and other revenues of $6,695, and a net investment gain of $1,389,823.
- Deductions for the year were $1,181,253, which consisted primarily of benefit payments of $1,080,270 and administrative expenses of $100,983.

THE STATEMENTS OF PLAN NET POSITION AND THE STATEMENTS OF CHANGES IN PLAN NET POSITION

This annual report consists of three financial statements: The Statements of Plan Net Position, the Statements of Changes in Plan Net Position, and the Notes to the Financial Statements. These financial statements report information about the Plan and about its activities to aid in the assessment of whether the Plan, as a whole, has improved or declined as a result of the year's activities. The financial statements were prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period they are earned and expenses are recorded in the period they are incurred, regardless of when cash is received or paid.

The Statements of Plan Net Position show the balances in all of the assets and liabilities of the Plan at the end of the fiscal year. The difference between assets and liabilities represents the Plan's Net Position. Over time, increases or decreases in the Plan's Net Position provide one indication of whether the financial health of the Plan is improving or declining. The Statements of Changes in Plan Net Position show the results of financial operations for the year. The statements provide an explanation for the change in the Plan's net position since the prior year. These two statements should be reviewed in conjunction with the information contained in the financial footnotes, including the required supplementary schedules, to determine whether the Plan is becoming financially stronger or weaker.

FINANCIAL ANALYSIS

2014 STATEMENT OF PLAN NET POSITION

The Plan's assets consisted mainly of investments and receivables related to contributions and accrued interest. Between fiscal year 2014 and 2013, total assets increased by $804,176 from $10,593,708 to $11,397,884, primarily due to net investment gain in 2014 of $1,246,327 resulting from more favorable market conditions during the current year, offset by an decrease in contributions from 2013 of $55,592 resulting from a reciprocal contribution from LASERS during fiscal year 2013 and a decrease of $200,303 in DROP payments made during the current year as compared to fiscal year 2013.

Liabilities mainly consisted of administrative expenses and have decreased from $23,580 to $19,080 from fiscal year 2013 to 2014.

Net position – restricted for pension benefits increased $808,676, or 8%.

2013 STATEMENT OF PLAN NET POSITION

The Plan's assets consisted mainly of investments and receivables related to contributions and accrued interest. Between fiscal year 2013 and 2012, total assets increased by $803,148 from $9,790,560 to $10,593,708, primarily due to an increase in contributions from 2012 of $92,569 resulting from the increase in contribution rates made effective during fiscal year 2012 and an increase in net investment gain from 2012 of $1,935,125 resulting from more favorable market conditions during the current year, offset by an increase of $124,898 in DROP payments made during fiscal year 2013 as compared to fiscal year 2012.

Liabilities mainly consisted of administrative expenses and have increased from $17,713 to $23,580 from fiscal year 2012 to 2013.

Net position – restricted for pension benefits increased $797,281, or 8%.

2014 STATEMENT OF CHANGES IN PLAN NET POSITION

ADDITIONS TO PLAN NET POSITION

	2014	2013	Increase (Decrease)
Contributions	$ 533,119	$ 588,711	$ (55,592)
Investment income	1,246,327	1,389,823	(143,496)
Totals	$ 1,779,446	$ 1,978,534	$ (199,088)

Additions consisted of contributions from the Board of Commissioners of the Port of New Orleans (sponsoring entity), contributions from Harbor Police active members, fines, and investment income. Contributions decreased primarily due to a one-time reciprocal contribution of $93,237 from LASERS in fiscal year 2013 offset by an overall increase in employer and member contributions of $34,528 due to three new hires and a $15,872 board contribution for military credit for one member. Investment income decreased as compared to prior year mainly due to market conditions that were not as favorable.

DEDUCTIONS FROM PLAN NET POSITION

	2014	2013	Increase (Decrease)
Benefits paid	$ 781,033	$ 795,369	$ (14,336)
DROP benefits paid – lump sum	83,491	283,794	(200,303)
Refunds/transfers of contributions	23,816	1,107	22,709
Administrative expenses	82,430	100,983	(18,553)
Totals	$ 970,770	$ 1,181,253	$ (210,483)

Deductions consisted of pension and death benefit payments to retirees and beneficiaries and administrative expenses. Total benefits paid and refunds decreased by 17%, primarily due to two DROP participants who received a lump sum benefit during the fiscal year 2013 as compared to only one DROP participant who received a lump sum benefit during the fiscal year 2014. Administrative expenses decreased primarily due to decreases in administrative, legal, accounting, and actuary fees, as well as a reduction in meeting and conference expenses.

2013 STATEMENT OF CHANGES IN PLAN NET POSITION

ADDITIONS TO PLAN NET POSITION

	2013	2012	Increase (Decrease)
Contributions	$ 588,711	$ 496,142	$ 92,569
Investment income (loss)	1,389,823	(569,744)	1,959,567
Totals	$ 1,978,534	$ (73,602)	$ 2,052,136

Additions consisted of contributions from the Board of Commissioners of the Port of New Orleans (sponsoring entity), contributions from Harbor Police active members, fines, and investment income. Contributions increased primarily due to this being the first full year of contributions for three participants hired in fiscal year 2012, offset by the loss of contributions for one participant who elected DROP during the year. Investment income increased mainly due to favorable market conditions.

DEDUCTIONS FROM PLAN NET POSITION

	2013	2012	Increase (Decrease)
Benefits paid	$ 795,369	$ 883,352	$ (87,983)
DROP benefits paid – lump sum	283,794	158,896	124,898
Refunds/transfers of contributions	1,107	2,480	(1,373)
Administrative expenses	100,983	119,367	(18,384)
Totals	$ 1,181,253	$ 1,164,095	$ 17,158

Deductions consisted of pension and death benefit payments to retirees and beneficiaries and administrative expenses. Benefits paid decreased by 10%, primarily due to the death of one retiree at the end of fiscal year 2012 which converted to a survivor benefit and additional lump sum benefits paid in

2012 of $91,736 resulting from corrections made resulting from a review of all benefit calculations. There were two DROP participants who received a lump sum benefit and two participants who received refunds during the fiscal year. Administrative expenses decreased primarily due to decreases in administrative, legal and accounting fees offset by an increase in actuary fees.

THE PLAN FINANCIAL MANAGEMENT

The financial report is designed to provide our members, customers and other interested parties with a general overview of the Plan's finances and to show the Plan's accountability for the money it receives. If there are any questions about this report or a need for additional information, contact the plan administrator at #1 Third Street, New Orleans, Louisiana 70130.

HARBOR POLICE RETIREMENT SYSTEM
STATEMENTS OF PLAN NET POSITION
JUNE 30, 2014 AND 2013

	2014	2013
ASSETS		
Cash and cash equivalents	$ 254,344	$ 302,540
RECEIVABLES		
Member contributions	11,850	11,399
Employer contributions	26,332	25,330
Accrued interest	2,885	29,881
Other	2,700	-
Total receivables	43,767	66,610
INVESTMENTS, at fair value		
Equity securities	6,980,852	5,289,331
Fixed income	1,992,794	2,038,737
Limited partnerships	2,061,540	2,806,538
Real estate investment trusts	64,587	89,952
Total investments	11,099,773	10,224,558
TOTAL ASSETS	11,397,884	10,593,708
LIABILITIES		
Accounts payable	19,080	23,580
NET POSITION - RESTRICTED FOR PENSION BENEFITS	**$ 11,378,804**	**$ 10,570,128**

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

HARBOR POLICE RETIREMENT SYSTEM
STATEMENTS OF CHANGES IN PLAN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
ADDITIONS		
Contributions		
Members	$ 163,734	$ 151,691
Employer	359,573	337,088
Reciprocal from LASERS	-	93,237
Fines and other	9,812	6,695
Total contributions	533,119	588,711
Investment income		
Net appreciation in fair value of investments	1,267,753	1,302,649
Interest and dividends	58,498	171,675
	1,326,251	1,474,324
Less investment expense	(79,924)	(84,501)
Net investment income	1,246,327	1,389,823
Total additions	1,779,446	1,978,534
DEDUCTIONS		
Benefits paid		
Life annuity payments	781,033	795,369
DROP benefit payments - lump sum	83,491	283,794
Refunds and transfers of contributions	23,816	1,107
Administrative expenses	82,430	100,983
Total deductions	970,770	1,181,253
NET INCREASE	**808,676**	**797,281**
NET POSITION - RESTRICTED FOR PENSION BENEFITS		
Beginning of year	10,570,128	9,772,847
End of year	**$ 11,378,804**	**$ 10,570,128**

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

NOTE A - DESCRIPTION OF THE PLAN

The following brief description of the Harbor Police Retirement System (the Plan) is provided for general information purposes only. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

Reporting Entity – The Harbor Police Retirement System is a public corporation created to administer a retirement plan for participating commissioned members of the Harbor Police Department of the Board of Commissioners of the Port of New Orleans (the Police Department). The Plan is administered by an eight member Board of Trustees. The Plan was created by Act 80 of 1971 (the Act), as amended by various subsequent Acts, of the Louisiana Legislature.

General – The Plan is a single-employer defined benefit, contributory plan that covers all commissioned officers and certain employees of the Police Department who were under the age of 50 on the date of employment.

Merger with Louisiana State Employees' Retirement System (LASERS) – House Bill (HB) 1278 was signed into law on June 13, 2014. HB 1278 provides for the enrollment of new hires of the Harbor Police Department of the Port of New Orleans (the Port) in the Hazardous Duty Services Plan in LASERS and for administration of the Harbor Police Retirement System by LASERS. All commissioned police officers of the Port on or after July 1, 2014 will become members of the LASERS Hazardous Duty sub plan.

LASERS and the Port negotiated a Cooperative Endeavor Agreement (CEA) regarding a merger of the current Harbor Police Retirement System (HPRS) into LASERS as a sub plan. The CEA was required to be executed by LASERS and the Port and then approved by the Public Retirement Systems' Actuarial Committee (PRSAC) on or before December 31, 2014. The CEA was approved by HPRS on August 18, 2014, by the Port on August 20, 2014, by LASERS on September 26, 2014 and by PRSAC on November 19, 2014.

With the approval of the CEA by all required parties, HPRS is closed to new members effective July 1, 2014 and HPRS, as closed to new members, will be merged into LASERS as a sub plan with a retroactive effective date of July 1, 2014.

The provisions of HB 1278 relevant to the administration and funding of the Plan by LASERS include the following: 1) all service providers will be selected by LASERS, 2) LASERS will administer the benefit provisions of HPRS in accordance with RS 11:3681-3697 as amended once the CEA becomes effective, 3) HPRS will be closed to any new members on or after July 1, 2014, and 4) assets of the HPRS will be transferred to LASERS and become part of the LASERS trust.

NOTE A - DESCRIPTION OF THE PLAN, (continued)

Plan Administrator – The Board of Trustees has engaged third parties to provide actuarial services, consulting services, investment services, and to assist with certain administrative functions of the Plan.

Membership – At June 30, the membership of the Plan consisted of:

	2014	2013
Active members	35	35
Inactive members:		
Retirees	27	28
Working after DROP	3	3
DROP	5	4
Beneficiaries	6	6
Pending refunds	3	3
Total inactive members	44	44
Total	79	79

Benefits – The Plan, as amended, allows for members to retire at age 60 with 10 years of service, at age 55 with 12 years of service, at age 45 with 20 years of service, and at any age with 25 years of service.

Member benefits are equal to 3⅓% of average final compensation, as defined, multiplied by creditable service years, not to exceed 100% of final salary. The Plan also provides benefits for surviving spouses and disabled members. If a member resigns from the Police Department before retirement, accumulated employee contributions are refunded to the employee without interest.

The Board of Trustees is authorized, under certain conditions, to provide annual cost-of-living increases. The cost-of-living adjustments may not exceed 3% of the current benefit (5% of the current benefit for age 65 or older). No cost-of-living adjustment was made in 2014 or 2013. An action of the Board of Trustees with respect to cost-of-living adjustments as provided in R.S. 11:3685(D), employee contributions as provided in R.S. 11:154 and actuarial assumptions as provided in R.S. 11:3688(D), are considered amendments to the provisions of the Plan. Other amendments would require the Louisiana Legislature to revise the statutes. No amendment to the plan can deprive any member of a benefit to which he is already entitled.

NOTE A - DESCRIPTION OF THE PLAN, (continued)

Deferred Retirement Option Program – The Plan provides for a retirement option designated as the Deferred Retirement Option Plan (DROP). Effective July 1, 2008, this option permits Plan members to continue working at their jobs and draw regular salary for the lesser of five years or the number of years which, when added to the number of years of creditable service equals thirty-five. While in DROP neither employee nor employer contributions are paid into the plan. The retirement benefits that would be payable to the retiree are allowed to accumulate in a special account for later distribution. Interest is not paid on the account but, if the member meets his contractual obligation of retiring at the end of the DROP period, then he or she receives an amount, compounded in a manner similar to interest, that is based on a percentage rate set annually by the Board of Trustees. At the end of the DROP period, the member can receive a lump payment of the DROP account, a life annuity, or other distribution method approved by the Board of Trustees. The balance of amounts held by the Plan pursuant to the DROP are $167,955 and $222,655 as of June 30, 2014 and 2013, respectively.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The Plan's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred. Investment purchases and sales are recorded as of their trade date. Employer and member contributions are recorded in the period the related salaries are earned. Administrative expenses are funded from investment earnings. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Method Used to Value Investments – Investments, including limited partnerships, are reported at fair value when published prices are available or at cost when it approximates fair value. The fair value of the limited partnerships is determined based on the underlying net assets of the private investment companies which are primarily readily marketable securities. A portion of the underlying investments are non-marketable securities whose fair values have been estimated by the management of the underlying funds. Each of the limited partnerships has certain restrictions with respects to rights of withdrawal. The limited partnerships generally require written notification and withdrawals are possible at certain dates, ranging from forty-five days to annually. Investments that do not have an established market are reported at estimated fair value. Pension plan investments and financial statements are subject to market fluctuations that can rapidly change the fair value on a day-to-day basis. Such market swings can create material changes in unrealized appreciation (depreciation) of investments.

Use of Estimates – The Plan Administrator and custodian have made significant estimates and assumptions relating to the reporting of assets and liabilities, and the disclosure of factors related to such assets and liabilities, to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

Payment of Benefits – Benefit payments to participants are recorded upon distribution.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Recently Issued Accounting Pronouncements – The Governmental Accounting Standards Board (GASB) issued Statement No. 67, *Financial Reporting for Pension Plans – An amendment of GASB Statement No. 25,* which replaces the requirements of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans,* and GASB Statement No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. The provisions in GASB 67 were effective for financial statements for periods beginning after June 15, 2013 and early adoption was permitted. The Plan adopted this accounting guidance for the year ended June 30, 2014.

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

NOTE C - CASH EQUIVALENTS AND INVESTMENTS

Cash Equivalents – Cash equivalents include $254,344 and $302,540 held in Louisiana Asset Management Pool (LAMP) at June 30, 2014 and June 30, 2013, respectively.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with Louisiana R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days.

LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pools is the same as the value of the pool shares. LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP, Inc. is not registered with the SEC as an investment company.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In general, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Plan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of June 30, 2014 and 2013, the Plan had no investments in long-term debt securities.

NOTE C - 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. Under the Act, the Board of Trustees has the power to invest and reinvest funds in accordance with the prudent-man rule limitations set forth in subtitle 1, Chapter 4 Part II of Title 11. The Plan has no investment policy that would further limit its investment choices.

The Plan's exposure to credit risk for fixed income investments (bonds and bond mutual funds) at June 30, 2014 and 2013, respectively, was as follows:

Rating	2014	2013
Not Rated	$ 1,992,794	$ 2,038,737
	$ 1,992,794	$ 2,038,737

Limited Partnerships – In fiscal years 2014 and 2013, the Plan invested in four limited partnerships. Each partnership investment is managed by nonaffiliated independent managers employing various investment strategies. These investments are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the Plan's name.

The following table summarizes the limited partnership investments with managers as of June 30, 2014.

Investments	Cost	Market Value	Net Unrealized Appreciation (Depreciation)
Golden Tree High Value Yield Fund Offshore, L.P.	$ 199,000	$ 1,036,439	$ 837,439
Ironwood Capital Partners L.P.	270,000	954,629	684,629
Americus Real Estate Fund IV, Ltd.	349,034	53,645	(295,389)
Equitas Evergreen Fund, L.P.	22,584	16,827	(5,757)
Total Limited Partnerships	$ 840,618	$ 2,061,540	$ 1,220,922

NOTE C - CASH EQUIVALENTS AND INVESTMENTS, (continued)

Limited Partnerships (continued)

The following table summarizes the limited partnership investments with managers as of June 30, 2013.

Investments	Cost	Market Value	Net Unrealized Appreciation (Depreciation)
Golden Tree High Value Yield Fund Offshore, L.P.	$ 199,000	$ 936,470	$ 737,470
Ironwood Capital Partners L.P.	270,000	866,153	596,153
Americus Real Estate Fund IV, Ltd.	349,034	203,235	(145,799)
Equitas Evergreen Fund, L.P.	750,000	800,680	50,680
Total Limited Partnerships	$ 1,568,034	$ 2,806,538	$ 1,238,504

Following is a brief description of the partnership investments as of June 30, 2014.

- **Golden Tree High Value Yield Fund Offshore, PLC, Class A-1** – (Approximate ownership is 1.0%) is an Exempted Limited Partnership organized under the laws of the Cayman Islands which commenced operations on November 5, 2001. The Partnership's principal objective is to achieve risk-adjusted total returns by investing on a long only basis in primarily public and private non-investment grade and non-rated debt securities. Golden Tree High Yield Value Offshore GP, Ltd. is the General Partner responsible for the management and operation of the Partnership. Golden Tree Asset Management, LP is the management company that provides administrative services to the Partnership and is the investment manager of the fund.

- **Ironwood Capital Partners, L.P.** – (Approximate ownership is 0.1%) is a Delaware Limited Partnership, which commenced operations on July 1, 2000. The Partnership's objective is to achieve substantial capital appreciation with limited variability of returns. The Partnership attempts to accomplish this objective by allocating capital among a number of independent investment managers acting through pooled entities such as limited partnerships, limited liability companies and offshore corporations or through managed accounts. The majority of these managed accounts employ "relative value" and arbitrage strategies whereby they attempt to limit risk by investing both long and short in related securities and other financial instruments in a manner that reduces overall market sensitivity.

- **Americus Real Estate Fund IV, Ltd.** – (Approximate ownership is 3.8%) creates subsidiaries of the Partnership to acquire commercial real estate primarily leased to public tenants. The Partnership's investment objective is to convert existing operating leases held by public tenants into capital leases. The Partnership invests in class A, B & C commercial office buildings and industrial properties valued between $3 million and $20 million.

NOTE C - CASH EQUIVALENTS AND INVESTMENTS, (continued)

Limited Partnerships, (continued)

- **Equitas Evergreen Fund, L.P.** – (Approximate ownership is 0.0%) was formed June 18, 2003 as a Delaware Limited Partnership and invests in Nonaffiliated Limited Partnerships employing various strategies, including, but not limited to, arbitrage, equity hedge diversified, equity hedge international, equity sector hedge, emerging market and high yield.

Concentration of Credit Risk – Excluding the above partnerships, the Plan has no investments in any single organization that represents 5% or more of the Plan's total investments, nor does the Plan hold more than 5% of any corporation's stock at June 30, 2014 and 2013.

Rate of Return – 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 12.04%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE D - CONTRIBUTIONS

Funding of the Plan is provided from contributions from members and the Board of Commissioners of the Port of New Orleans (the Port), as specified in the Act. Members contribute, by payroll deduction, 9% of defined compensation.

Effective July 1, 2011, members began contributing, by payroll deduction, 9% of defined compensation, as specified in the revised Act. Effective July 1, 2011, the Port began directly funding at the limited rate of 20% of covered payroll (annual payroll of active employees covered by the Plan), as specified in the revised Act.

The Port is required to make contributions to the Plan at actuarially determined rates expressed as a percentage of members' defined compensation; however, the maximum contribution by the Port shall not exceed 20% of defined compensation. Level percentages of payroll employer contribution rates are determined using the aggregate actuarial method. This method produced required employer contribution levels, including fines, at 84.68% and 86.79% of covered payroll for 2014 and 2013, respectively. Fines were approximately 0.35% and 0.35%, respectively, of covered payroll for fiscal years ending 2014 and 2013. The Plan was directly funded at the limited rate of 20% of covered payroll for fiscal years 2014 and 2013.

NOTE E – NET PENSION LIABILITY OF THE PORT OF NEW ORLEANS

The components of the net pension liability of the Port of New Orleans (the Sponsor) on June 30, 2014 were as follows:

Total Pension Liability	$ 25,877,809
Plan Fiduciary Net Position	(11,384,724)
Sponsor's Net Pension Liability	$ 14,493,724
Plan Fiduciary Net Position as a percentage of Total Pension Liability	43.99%

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 measurement periods.

Actuarial cost method	Entry Age Normal Cost
Inflation	3.00%
Salary Increases	3.60% - 14.50%
Investment Rate of Return	4.80%

Mortality rates were based on the RP2000 Combined Healthy Projected to 2015 using Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. Best estimates of geometric real rates of return for each major asset class included in the Plan's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return
Cash	0.50%
Domestic Equity	4.69%
International Equity	5.83%
Domestic Fixed Income	2.34%
International Fixed Income	4.00%
Alternative Investments	8.09%

Discount Rate – The net position was projected to provide future benefit payments for 14 years. These payments were discounted using a discount rate of 7.75%. Future benefits payments beyond 14 years were discounted using a high quality municipal bond rate of 4.00%. The single equivalent interest rate was 4.80%.

NOTE E – NET PENSION LIABILITY OF THE PORT OF NEW ORLEANS, (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the Plan, calculated using the discount rate of 4.80%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.80%) or 1-percentage-point higher (5.80%) than the current rate:

	1% Decrease 3.80%	Current Discount Rate 4.80%	1% Increase 5.80%
Sponsor's Net Pension Liability	$ 18,301,795	$ 14,493,085	$ 11,409,032

NOTE F - SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 11, 2014, and, except as noted above, determined that no additional events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

REQUIRED SUPPLEMENTARY PLAN INFORMATION

HARBOR POLICE RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY PLAN INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
JUNE 30, 2014

TOTAL PENSION LIABILITY	
Service cost	$ 378,096
Interest	1,721,999
Benefit payments, including refunds of member contributions	(888,340)
Net change in total pension liability	1,211,755
Total pension liability - beginning	24,666,054
Total pension liability - ending (a)	**$ 25,877,809**
PLAN FIDUCIARY NET POSITION	
Contributions - employer	$ 359,573
Contributions - member	163,734
Fines	5,920
Net investment income	1,246,327
Benefit payments, including refunds of member contributions	(888,340)
Administrative expense	(82,430)
Other	9,812
Net change in plan fiduciary net position (b)	814,596
Plan fiduciary net position - beginning	10,570,128
Plan fiduciary net position - ending	**$ 11,384,724**
NET PENSION LIABILITY - ENDING (a)-(b)	**$ 14,493,085**
Plan fiduciary net position as a percentage of the total pension liability	43.99%
Covered-employee payroll	$ 1,688,971
Net pension liability as a percengage of covered-employee payroll	858.10%

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

HARBOR POLICE RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY PLAN INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS AND FINES
Last 10 Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined contribution	$ 1,582,250	$ 1,582,250	$ 1,484,354	$ 1,340,003	$ 982,530	$ 694,128	$ 478,405	$ 173,542	$ 261,528	$ 340,775
Contributions in relation to the actuarially determined contribution:										
Employer contributions	359,573	337,088	333,861	222,082	212,717	207,577	199,814	169,762	216,565	217,479
Fines	5,920	5,760	11,465	6,534	7,368	26,342	8,049	9,385	19,810	18,403
Total contributions	365,493	342,848	345,326	228,616	220,085	233,919	207,863	179,147	236,375	235,882
Contribution deficiency (excess)	$ 1,216,757	$ 1,239,402	$ 1,139,028	$ 1,111,387	$ 762,445	$ 460,209	$ 270,542	$ (5,605)	$ 25,153	$ 104,893
Covered-employee payroll	1,688,971	1,651,744	1,614,737	1,649,090	1,634,282	1,579,359	1,455,889	1,379,508	1,665,886	1,654,057
Contributions as a percentage of covered-employee payroll	21.64%	20.76%	21.39%	13.86%	13.47%	14.81%	14.28%	12.99%	14.19%	14.26%

Notes to Schedule

Valuation date:
Actuarially determined contribution rates are calculated as of July 1 of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate actuarial cost method was used.
Amortization method	Not applicable
Remaining amortization period	Not applicable
Asset valuation method	In the 2007 through 2014 actuarial valuations, 4-year smoothed market was used. In the 2005 and 2006 actuarial valuations, 3-year smoothed market was used.
Inflation	2.5%, Accumulated cost-of-living adjustments are included in costs. Adjustments for the next year are projected but future cost-of-living increases which are contingent on satisfaction of statutory requirements and approval by the Board of Trustees are not projected.
Salary increases	5%, 2.5% for inflation and 2.5% for seniority and merit raises
Investment rate of return	7%, net of pension plan investment expense, including inflation
Retirement age	Early retirement rates assumed were 10% for ages 45 to 49, 20% for ages 50 to 62, and 100% for ages 63 and over.
Mortality	1971 Group Annuity Mortality Table for Males and Females

HARBOR POLICE RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY PLAN INFORMATION

SCHEDULE OF INVESTMENT RETURNS
JUNE 30, 2014

	2014
Annual money-weighted rate of return, net of investment expense	12.04%

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

See accompanying independent auditors' report.

SUPPLEMENTARY PLAN INFORMATION

Rigby Financial Group

INDEPENDENT AUDITORS' 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*

Board of Trustees
Harbor Police Retirement System
New Orleans, 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 Harbor Police Retirement System (the Plan), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Harbor Police Retirement System's basic financial statements, and have issued our report thereon dated December 11, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan'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 Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan'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 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 Plan's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan'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 Plan'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 Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RFG-APC

December 11, 2014
New Orleans, Louisiana

HARBOR POLICE RETIREMENT SYSTEM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

(1) Summary of Auditors' Results

(a) The type of report issued on the financial statements: unqualified opinion

(b) Significant deficiencies in internal control disclosed by the audit of the financial statements: no; Material weaknesses: no

(c) Noncompliance which is material to the financial statements: no

(2) Findings Related to the Financial Statements Reported in Accordance with *Government Auditing Standards*

No findings were noted for the fiscal year ended June 30, 2014.