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**LOUISIANA HORSEMEN'S PENSION TRUST**  
**NEW ORLEANS, LOUISIANA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

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A Professional Accounting Corporation

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**LOUISIANA HORSEMEN'S PENSION TRUST**  
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**FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

**LOUISIANA HORSEMEN'S PENSION TRUST**

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**Independent Auditors' Report**

To the Trustees  
Louisiana Horsemen's Pension Trust

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Louisiana Horsemen's Pension Trust (the Trust), which comprise the statements of net assets available for benefits and accumulated plan benefits as of December 31, 2015 and 2014, and the related statements of changes in net assets available for benefits and changes in accumulated plan benefits 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.

**Auditors' 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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 status of the Trust as of December 31, 2015 and 2014, and the changes in its financial status for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Information

We have audited the financial statements of the Trust as of and for the year ended December 31, 2015 and 2014, and our report thereon dated June 21, 2016, which expressed an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information in Schedule H, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in Schedule H was derived from and related directly to the underlying accounting and other records used to prepare the financial statements and has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information in Schedule H is fairly stated in all material respects in relation to the financial statements as a whole. The information in the Schedule of Compensation, Benefits and Other Payments to Agency Head, has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2016, on our consideration of the Trust'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 Trust's internal control over financial reporting and compliance.

*Postlethwaite + Netterville*

Metairie, Louisiana  
June 21, 2016

**LOUISIANA HORSEMEN'S PENSION TRUST**

**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS**  
**DECEMBER 31, 2015 AND 2014**

**ASSETS**

	<u>2015</u>	<u>2014</u>
Assets		
Cash and cash equivalents	\$ 315,100	\$ 495,836
Investments at fair value		
Certificates of deposit and deposit notes	1,631,811	1,345,911
Common stocks	<u>725,661</u>	<u>885,350</u>
Total investments at fair value	<u>2,357,472</u>	<u>2,231,261</u>
Accrued interest	6,802	5,217
1% Purse receivable	<u>75,186</u>	<u>70,576</u>
	<u>81,988</u>	<u>75,793</u>
Total assets	<u>\$ 2,754,560</u>	<u>\$ 2,802,890</u>

**LIABILITIES AND NET ASSETS**

Liabilities		
Operating payables	\$ 1,889	\$ 4,182
Death benefit payable	7,500	33,632
Income tax payable	25,696	21,089
Deferred tax liability	<u>11,000</u>	<u>56,000</u>
Total liabilities	<u>46,085</u>	<u>114,903</u>
Net assets available for benefits	<u>\$ 2,708,475</u>	<u>\$ 2,687,987</u>

See accompanying notes to financial statements.

**LOUISIANA HORSEMEN'S PENSION TRUST**

**STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Additions to net assets attributed to:		
Investment income		
Interest and dividends	\$ 51,323	\$ 50,611
Net realized and unrealized gain (loss)	<u>(147,984)</u>	<u>45,621</u>
Total investment income (loss)	<u>(96,661)</u>	<u>96,232</u>
Contributions		
1% Purse paid	894,157	920,670
Horsemen's Bookkeeper - pony lead fees	<u>3,700</u>	<u>3,841</u>
Total contributions	<u>897,857</u>	<u>924,511</u>
Total additions	<u>801,196</u>	<u>1,020,743</u>
Reductions to net assets attributed to:		
Payments to participants	505,953	496,594
Death benefit expenses	47,057	55,224
Administrative expenses	<u>227,698</u>	<u>282,106</u>
Total reductions	<u>780,708</u>	<u>833,924</u>
Change in net assets	20,488	186,819
Net assets available for benefits, beginning of year	<u>2,687,987</u>	<u>2,501,168</u>
Net assets available for benefits, end of year	<u>\$ 2,708,475</u>	<u>\$ 2,687,987</u>

See accompanying notes to financial statements.

**LOUISIANA HORSEMEN'S PENSION TRUST**

**STATEMENTS OF ACCUMULATED PLAN BENEFITS**

**DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Present value of accumulated benefits		
Vested benefits:		
Participants currently receiving payments	\$ 3,518,429	\$ 3,347,361
Other participants	<u>3,731,888</u>	<u>3,213,138</u>
	<u>\$ 7,250,317</u>	<u>\$ 6,560,499</u>

See accompanying notes to financial statements.



**LOUISIANA HORSEMEN'S PENSION TRUST**

**STATEMENTS OF CHANGES IN ACCUMULATED PLAN BENEFITS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Present value of		
Accumulated benefits at beginning of year	\$ 6,560,499	\$ 6,257,081
Increase (decrease) during the year attributable to:		
Benefits accumulated	1,242,828	855,236
Benefits paid	<u>(553,010)</u>	<u>(551,818)</u>
	<u>689,818</u>	<u>303,418</u>
Present value of		
Accumulated benefits at end of year	<u>\$ 7,250,317</u>	<u>\$ 6,560,499</u>

See accompanying notes to financial statements.

# LOUISIANA HORSEMEN'S PENSION TRUST

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

### **1. Description of the Plan**

#### Organization and Description of the Plan

The purpose of the Louisiana Horsemen's Pension Trust (the Trust) is to provide retirement and other benefits to Trainers who comply with the terms and conditions set forth in its two plans: The Louisiana Horsemen's Pension Plan and the H.B.P.A. Louisiana Division Senior Member Retirement Plan. The benefits are provided to Trainers as members of the Louisiana Horsemen's Benevolent and Protective Association (H.B.P.A.).

The Trust was formed in order to continue to provide retirement and other benefits to qualified Trainers who derive income from the racing, training, and care of thoroughbred racehorses or quarter horses in Louisiana. Benefits shall be paid only from the available funds of the Trust. The Plans are not qualified retirement plans and are not subject to the provisions of the Employee Retirement Income Security Act of 1974.

The H.B.P.A. Louisiana Division Senior Member Retirement Plan covers Trainers that are over sixty years of age and had a defined number of starts for a defined period of racing seasons. There are no death benefit provisions under this plan. Trainers included in this plan remained in this plan when it was frozen with an amendment and restatement dated January 1, 1996. The amended and restated plan, dated January 1, 1996, is known as the Louisiana Horsemen's Pension Plan.

A credited year of training includes a plan year beginning on or after January 1, 1985, during which a Trainer has twelve (12) starts at a licensed Louisiana race track; a plan year beginning on or after January 1, 1996, during which a Trainer has twenty (20) starts at a licensed Louisiana race track; and a plan year beginning on or after January 1, 2000, during which a Trainer has thirty (30) starts at a licensed Louisiana race track and was domiciled in Louisiana for six (6) months during the plan year; a plan year beginning on or after January 1, 2011, during which a trainer has thirty (30) starts at a licensed Louisiana race track of which at least eight (8) starts occur in each of three quarters of the plan year. In addition, for both Plans, the Trainer has filed an application with the Trustees on a form provided.

Retirement benefits begin in the month following retirement or at age 65 or age 70, upon request. The amount of the monthly retirement benefit shall be determined by applying the average total starts for the three (3) years with the most starts from 1985, through the year prior to the year of retirement according to a graduating scale, with a minimum monthly benefit of \$231 and a maximum monthly benefit of \$308. Effective July 1, 2015, the Trustees approved a 10% increase in pension benefits to all participants.

#### Death and Disability Benefits

Effective January 1, 1996, any Trainer with at least five (5) credited years of training is eligible for a deferred disability retirement benefit to begin at age 65. The monthly disability benefit will be \$15 per credited year of training up to a maximum of \$150 per month. A Trainer who has at least ten (10) credited years of training is also eligible for a death benefit. The Trainer's designated beneficiary shall receive the unused vested pension amount or \$7,500, whichever is greater. The Trust does not provide a death benefit after a Trainer reaches age 80.

**LOUISIANA HORSEMEN'S PENSION TRUST**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

**2. Significant Accounting Policies**

**Basis of Accounting**

The financial statements of the Trust have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**Cash and Cash Equivalents**

Cash equivalents are all highly-liquid investments with maturities of three months or less at date of acquisition.

**Investment Valuation and Income Recognition**

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net realized and unrealized gains (losses) include the Trust's gains and losses on investments bought and sold as well as held during the year.

**Contributions**

During the 2008 Louisiana Legislative Session, Louisiana Revised Statute 4:251.1 was enacted to provide for the Horsemen's Self-Help Pension Program (Horsemen's Pension Trust). Pursuant to Revised Statute 4:252 (c)(5), the Horsemen's Benevolent and Protective Association may utilize up to one-half of the authorized two percent of total amount of purses and purse supplements available for improving and administering the Horsemen's Pension Trust. In utilizing the funds authorized, not more than seventy-five percent shall be used to directly improve pension benefits and the remainder shall be placed for investment in the pension program's trust fund for the purpose of helping to ensure that said trust fund becomes self-sustaining.

**Benefit Payments**

Benefit payments to participants are recorded when due to the participant or beneficiary.

**Present Value of Accumulated Plan Benefits**

Accumulated plan benefits are those future periodic payments, including lump-sum distributions that are attributable under the Plan's provisions, to services rendered by the participants prior to the valuation date. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated participants or their beneficiaries and (b) present participants or their beneficiaries. Benefits for retired or terminated employees or their beneficiaries are based on the provisions of the Plan in effect at the time of retirement or termination.

**LOUISIANA HORSEMEN'S PENSION TRUST**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

**2. Significant Accounting Policies (continued)**

The present value of accumulated plan benefits is determined by a Certified Public Accountant and is that amount that results from applying assumptions to adjust the accumulated plan benefits to reflect time value of money between the valuation date and the expected date of payment. The significant assumptions used in the valuation as of December 31, 2015 and 2014 were as follows: the present value was calculated based on an interest rate of 2.61% and 2.74% (the adjusted Federal long-term rate at December 31, 2015 and 2014), and the anticipated future stream of retirement benefit payments through age 80 for the participants credited with 10 years of service at December 31, 2015 and 2014.

The valuations are based on the assumption that the plan will continue. Should the Plan terminate, different assumptions and other factors might be applicable in determining the present value of accumulated benefits.

**Present Value of Accumulated Plan Benefits**

Trust contributions are made and the present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, promised benefit amounts, and trainer demographics all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near future would be material to the financial statements.

This calculation was made for each of the 297 and 295 vested participants eligible for or already receiving retirement benefits in the Louisiana Horsemen's Pension Plan as of December 31, 2015 and 2014, with the exception of those in the discretionary Senior Pension Plan receiving benefits.

**Tax Status**

The Louisiana Horsemen's Pension Trust files as a taxable trust.

The Trust applies a "more-likely-than-not" recognition threshold for all tax uncertainties. This approach only allows the recognition of those tax benefits that have a greater than 50% likelihood of being sustained upon examination by the taxing authorities. As a result of implementing this approach, the Trust has reviewed its tax positions and determined there were no outstanding or retroactive tax positions with less than a 50% likelihood of being sustained upon examination by the taxing authorities. Therefore, the implementation of this standard has not had a material effect on the Trust.

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the bases of certain assets and liabilities for financial and tax reporting. The deferred taxes represent the future tax return consequences of those differences, which will either be deductible or taxable when the assets and liabilities are recovered or settled.

**LOUISIANA HORSEMEN'S PENSION TRUST**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

**2. Significant Accounting Policies (continued)**

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the plan administrator to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, disclosure of contingent assets and liabilities, and the present value of accumulated plan benefits at the date of the financial statements. Accordingly, actual results may differ from those estimates.

**3. Investments**

At December 31, 2015, investments are stated at fair value and consist of:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized gain (loss)</u>
Certificates of deposit and deposit notes	\$ 1,646,000	\$ 1,631,811	\$ (14,189)
Common stocks	663,456	725,661	62,205
Total	<u>\$ 2,309,456</u>	<u>\$ 2,357,472</u>	<u>\$ 48,016</u>

At December 31, 2014, investments are stated at fair value and consist of:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized gain (loss)</u>
Certificates of deposit and deposit notes	\$ 1,349,000	\$ 1,345,911	\$ (3,089)
Common stocks	627,372	885,350	257,978
Total	<u>\$ 1,976,372</u>	<u>\$ 2,231,261</u>	<u>\$ 254,889</u>

The following investments represent five percent or more of the Trust's net assets at December 31:

	<u>2015</u>	<u>2014</u>
Merrill Lynch BIF Money Fund	\$ 315,100	\$ 495,836
Goldman Sachs Bank US	200,548	200,412

**LOUISIANA HORSEMEN'S PENSION TRUST**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

**4. Income Taxes**

The provisions for income taxes are included in administrative expenses and consist of the following for the years ended December 31:

	<u>2015</u>	<u>2014</u>
Current	\$ 106,300	\$ 99,967
Deferred	(45,000)	10,000
Total income tax expense	<u>\$ 61,300</u>	<u>\$ 109,967</u>

At December 31, 2015 and 2014, included in total liabilities is a deferred tax liability of \$11,000 and \$56,000 respectively, relating to the book-tax difference in recognition of investment gains and losses.

The Trust's provision for income taxes differs from applying the statutory U.S. federal income tax rate to income before income taxes. The primary differences result from providing for state income taxes.

**5. Fair Value Measurements**

Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 Measurements) and the lowest priority to unobservable inputs (Level 3 Measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

**LOUISIANA HORSEMEN'S PENSION TRUST**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

**5. Fair Value Measurements (continued)**

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2015 and 2014.

*Common stocks, mutual funds, preferred stocks, state and municipal debt securities and U.S. government securities:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Certificates of deposit and deposit notes:* Valued at market value, which approximates cost.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date

The following table sets forth by level, within the fair value hierarchy, the Trust's net assets at fair value as of December 31, 2015.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of Deposit and Deposit Notes	\$ -	\$ 1,631,811	\$ -	\$ 1,631,811
Common Stocks				
Basic Materials	101,641	-	-	101,641
Consumer Goods	190,347	-	-	190,347
Financial	107,109	-	-	107,109
Healthcare	109,734	-	-	109,734
Services	60,419	-	-	60,419
Technology	156,411	-	-	156,411
Total Common Stocks	<u>725,661</u>	<u>-</u>	<u>-</u>	<u>725,661</u>
Total	<u>\$ 725,661</u>	<u>\$ 1,631,811</u>	<u>\$ -</u>	<u>\$ 2,357,472</u>

**LOUISIANA HORSEMEN'S PENSION TRUST**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

**5. Fair Value Measurements (continued)**

The following table sets forth by level, within the fair value hierarchy, the Trust's net assets at fair value as of December 31, 2014.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of Deposit and Deposit Notes	\$ -	\$ 1,345,911	\$ -	\$ 1,345,911
Common Stocks				
Basic Materials	156,943	-	-	156,943
Consumer Goods	139,620	-	-	139,620
Financial	123,143	-	-	123,143
Healthcare	192,978	-	-	192,978
Services	49,481	-	-	49,481
Technology	223,185	-	-	223,185
Total Common Stocks	<u>885,350</u>	<u>-</u>	<u>-</u>	<u>885,350</u>
Total	<u>\$ 885,350</u>	<u>\$ 1,345,911</u>	<u>\$ -</u>	<u>\$ 2,231,261</u>

**6. Related Party Transactions**

During the years ended December 31, 2015 and 2014, included in administrative expenses is \$115,200 for management fees paid to LAHBPA 1993, Inc. in accordance with the management agreement.

**7. Termination of Plan**

In the event the Trust terminates, the net assets shall be allocated as follows: (a) first, to pay any benefits due and owing under the plan to the then current vested participants and beneficiaries; (b) second, to pay the expenses of terminating the Trust; (c) third, to pay benefits to participants and beneficiaries who were not previously vested (but who shall be deemed vested upon termination of the Trust) and (d) fourth, with respect to any excess, to all participants and beneficiaries in such manner as the Trustees shall determine.

**8. Risks and Uncertainties**

The Trust invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of net assets available for benefits.



**LOUISIANA HORSEMEN'S PENSION TRUST**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

**9. Concentration**

Contributions received from purse and purse supplements as reported on the Statements of Changes in Net Assets Available for Benefits represent 111.60% and 90.20% of total additions to plan assets during the years ended December 31, 2015 and 2014.

The Trust maintains cash in bank accounts in excess of insured limits periodically. The Trust has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

**10. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 21, 2016, and determined the following item requires disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

At a meeting on May 17, 2016, the Trustees of the Horsemen's Worker's Compensation Insurance Trust (HWCIT) voted to request that dedicated funds defined in Title IV Section 251.1 of the Louisiana Revised Statutes be adjusted to increase the portion for the Horsemen's Worker's Compensation Trust by one half percent.

The LAHBPA 1993, Inc.'s board met on May 31, 2016 and June 14, 2016 to discuss this request. The board of the LAHBPA 1993 Inc. voted to change the distribution for a period of one year beginning on June 1, 2016 and ending May 31, 2017. For the years ended December 31, 2015 and 2014 and through May 31, 2016, the two percent funds are distributed with one percent each dedicated to HWCIT and the Louisiana Horsemen's Pension Trust. Effective June 1, 2016, the adjusted distribution provides one and a half percent dedicated to HWCIT and one half percent to the Trust through May 31, 2017. This will result in approximately \$430,000 of revenue being added to HWCIT and reduced from the Trust for the period from June 1, 2016 through May 31, 2017.

**LOUISIANA HORSEMEN'S PENSION TRUST**

**SCHEDULE H, LINE 4(i) - SCHEDULE OF ASSETS (HELD AT YEAR END)  
DECEMBER 31, 2015**

**Plan Number: 001**

**Employer I. D. #72-6154124**

(a)	(b) Identity of issuer, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current value
<b>Cash and Cash Equivalents</b>				
	Merrill Lynch BIF Money Fund	495,836 shares	\$ 315,100	\$ 315,100
	Total Cash and Cash Equivalents		\$ 315,100	\$ 315,100
<b>Investments</b>				
<b>Certificates of Deposit</b>				
	CIT Bank	Maturity date of December 4, 2018, 2.000%, 100,000 shares	\$ 100,000	\$ 99,437
	BMW Bank of North America	Maturity date of May 22, 2020, 1.950%, 100,000 shares	100,000	97,527
	Barclays Bank	Maturity date of September 16, 2020, 2.200%, 100,000 shares	100,000	97,803
	Capital One Bank	Maturity date of October 28, 2020, 2.250%, 100,000 shares	120,000	117,573
	Sallie Mae Bank	Maturity date of December 09, 2020 2.200%, 125,000 shares	125,000	121,567
	Discover Bank	Maturity date of May 25, 2016, 2.200%, 75,000 shares	75,000	75,271
	Discover Bank	Maturity date of February 15, 2017, 1.600%, 98,000 shares	98,000	98,161
	GE Capital Bank	Maturity date of August 31, 2016, 1.350%, 80,000 shares	80,000	80,103
	GE Capital Bank	Maturity date of October 19, 2016, 1.350%, 80,000 shares	75,000	75,058
	Goldman Sachs Bank US	Maturity date of February 15, 2017, 1.700%, 200,000 shares	200,000	200,548
	American Express Centurion Bank	Maturity date of October 11, 2017, 1.500%, 98,000 shares	98,000	97,659
	American Express Centurion Bank	Maturity date of August 15, 2018, 1.950%, 100,000 shares	100,000	99,745
	Synchrony Bank	Maturity date of October 4, 2018, 2.100%, 75,000 shares	75,000	75,098
	Comenity Bank	Maturity date of October 1, 2019, 2.150%, 100,000 shares	100,000	98,930
	Sallie Mae Bank	Maturity date of October 29, 2019, 2.200%, 100,000 shares	100,000	99,092
	Capital One Bank	Maturity date of September 16, 2019, 1.950%, 100,000 shares	100,000	98,239
	Total Certificates of Deposit		<u>1,646,000</u>	<u>1,631,811</u>

(continued)

**LOUISIANA HORSEMEN'S PENSION TRUST**

**SCHEDULE H, LINE 4(i) - SCHEDULE OF ASSETS (HELD AT YEAR END)**  
**DECEMBER 31, 2015**

**Plan Number: 001**

**Employer I. D. #72-6154124**

(a)	(b) Identity of issuer, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current value
<b><u>Investments</u></b>				
<b><u>Common Stocks</u></b>				
	Anadarko Pete Corp	504 shares	35,881	24,484
	Apple Inc	308 shares	4,461	32,421
	Centurylink Inc SHS	1,909 shares	57,936	48,030
	Cisco Systems	1,300 shares	24,563	35,302
	Edgewell Pers Care Co	244 shares	17,420	19,122
	Energizer Holdings Inc	355 shares	8,765	12,091
	Exxon Mobil Corp	459 shares	33,241	35,779
	Ford Motor Co	3,075 shares	47,505	43,327
	Franklin Res Inc	848 shares	33,316	31,223
	Gamestop Corp	951 shares	34,468	26,666
	JP Morgan Chase & CO	535 shares	22,974	35,326
	Kinder Morgan Inc	9 shares	289	134
	Medtronic PLC SHS	463 shares	35,628	35,614
	Merck and Co Inc SHS	621 shares	21,975	32,801
	Newell Rubbermaid Inc	1,027 shares	12,418	45,270
	Occidental Pete Corp Cal	610 shares	47,286	41,242
	Pfizer Inc	1,280 shares	34,919	41,318
	Proctor & Gamble	480 shares	33,277	38,117
	Qualcomm Inc	603 Shares	33,239	30,141
	Royal Bank Canada	757 shares	46,076	40,560
	TJX COS Inc	476 shares	33,325	33,753
	Verizon Communication Com	929 shares	44,494	42,940
	<b>Total Common Stocks</b>		<b>663,456</b>	<b>725,661</b>
	<b>Total Investments</b>		<b>\$ 2,309,456</b>	<b>\$ 2,357,472</b>
	<b>Total Assets Held at Year End</b>		<b>\$ 2,624,556</b>	<b>\$ 2,672,572</b>

See independent auditor's report.

**LOUISIANA HORSEMEN'S PENSION TRUST**

**SCHEDULE OF COMPENSATION, BENEFITS,  
AND OTHER PAYMENTS TO AGENCY HEAD  
FOR THE YEAR ENDED DECEMBER 31, 2015**

Agency Head Name: Keith Gee, Executive Director 01/01/15 to 04/10/15

Agency Head Name: Edwin Fenasci, Executive Director 05/12/15 to 12/31/15

<u>Purpose</u>	<u>Amount</u>
Salary - Keith Gee	\$ 30,212
Salary - Ed Fenasci	66,011
Benefits - insurance - Keith Gee	2,424
Benefits - insurance - Ed Fenasci	2,519
Cell phone - Keith Gee	420
Dues	-
Vehicle rental	-
Per diem - Ed Fenasci	129
Reimbursements	-
Travel	-
Registration fees - Ed Fenasci	350
Conference travel - Ed Fenasci	1,085
Special meals - Ed Fenasci	-
Other	-

The Executive Director function is performed by an employee of LAHBPA 1993 Inc., a related party. The Louisiana Horsemen's Pension Trust does not have any employees.

See independent auditor's report.

**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**

To the Trustees  
Louisiana Horsemen's Pension Trust

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 Louisiana Horsemen's Pension Trust (the Trust), which comprise the statements of net assets available for benefits and accumulated plan benefits as of December 31, 2015 and 2014, and the related statements of changes in net assets available for benefits and changes in accumulated plan benefits for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated June 21, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Louisiana Horsemen's Pension Trust'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 Louisiana Horsemen's Pension Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust'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.

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 Louisiana Horsemen's Pension Trust's financial statements are free of material misstatements, 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 Trust'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 Trust's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Postlethwaite + Netterville*

Metairie, Louisiana  
June 21, 2016