ANNUAL FINANCIAL REPORT

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
BATON ROUGE, LOUISIANA

DECEMBER 31, 2012 AND 2011

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA

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DECEMBER 31, 2012 AND 2011

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DUPLANTIER, HRAPMANN, HOGAN & MAHER, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

June 19, 2013

Board of Trustees
Parochial Employees' Retirement System of Louisiana
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Parochial Employees' Retirement System of Louisiana, which comprise the statement of plan net position as of December 31, 2012 and 2011, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Parochial Employees' Retirement System of Louisiana as of December 31, 2012 and 2011, and the results of its operations and changes in net position for the years then ended in conformity 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, schedule of contributions, schedule of funding progress – pension plan and schedule of funding progress – other post-employment benefit obligations as listed in the index be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Parochial Employees' Retirement System's basic financial statements. The supplemental information as listed in the index are presented for the purposes of additional analysis and are not a part of the basic financial statements. The supplemental information for the years ending December 31, 2012 and 2011, 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 information is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 19, 2013 on our consideration of Parochial Employees' Retirement System of Louisiana's internal control over financial reporting and our test of compliance with certain provisions of laws and regulations The purpose of that report is to describe the scope of our testing of internal control over the 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 audit.

Duplantier, Hrapmann, Hogan & Maher, LLP

PAROCHIAL EMPLOYEES'
RETIREMENT SYSTEM OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012

The Management's Discussion and Analysis of Parochial Employees' Retirement System's financial performance presents a narrative overview and analysis of Parochial Employees' Retirement System's financial activities for the year ended December 31, 2012. 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 Parochial Employees' Retirement System's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

- Parochial Employees' Retirement System's assets exceeded its liabilities at the close of fiscal year 2012 by $2,780,560,651 which represents an increase from last fiscal year. The net position restricted for pension benefits increased by $384,494,677 or 16.05%. The increase is in line with the rate of return earned on the investment portfolio.
- Contributions to the plan by members and employers totaled $148,722,565, an increase of $1,221,209 or 0.83% over the prior year.
- The net appreciation in the fair value of investments was $327,217,073 for 2012, compared to a net depreciation of $59,838,358 in 2011.
- The rate of return on the System's investments was 15.6% for Plan A and 15.8% for Plan B based on the market value. This represents an increase from the 2011 results in both plans,
- Pension benefits paid to retirees and beneficiaries increased by $9,296,607 or 8.69%. This increase is due to an rise in the number of retirees and the larger benefit amounts for new retirees.
- Administrative expenses totaled $1,333,464, an increase of $103,337 or 8.40%.
- The cost of administering the System per member during 2012 was $41 per individual. This figure is derived by dividing total administrative expenses by the sum of active and retired employees, survivors, and terminated employees eligible for a refund or benefit.

OVERVIEW OF THE FINANCIAL STATEMENTS

The 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.

PAROCHIAL EMPLOYEES'
RETIREMENT SYSTEM OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The statements of plan net position report the System's assets, liabilities, and resultant net position restricted for pension benefits. It discloses the financial position of the System as of December 31, 2012 and 2011.

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 FUND

Parochial Employees' Retirement System provides benefits to all eligible parish employees in 61 of the 64 parishes in the State of Louisiana. Employee contributions, employer contributions and earnings on investments fund these benefits.

Statement of Plan Net Position
December 31, 2012 and 2011

	2012	2011
Cash and investments	$ 2,759,145,593	$ 2,373,719,711
Receivables	35,027,464	34,829,945
Other	15	15
Property and equipment	822,505	838,977
Total assets	2,794,995,577	2,409,388,648
Total liabilities	14,434,926	13,322,674
Net Position - Restricted for Pension Benefits	$ 2,780,560,651	$ 2,396,065,974

Plan net position increased by $384,494,677 or 16.05% ($2,780,560,651 compared to $2,396,065,974). All of these assets are restricted in use to provide monthly retirement allowances to members who contributed to the System as employees and their beneficiaries. The increase in Plan net position in 2012 was due mainly to the fact that investment markets were up significantly as compared with the prior year.

Statement of Changes in Plan Net Position
December 31, 2012 and 2011

	2012	2011
Additions:		
Contributions	$ 156,342,426	$ 154,679,008
Net investment income/(loss)	374,448,206	(15,989,237)
Other	2,337,455	2,015,426
Total additions	533,128,087	140,705,197
Total deductions	(148,633,410)	(131,456,791)
Increase in Plan Net Position	$ 384,494,677	$ 9,248,406

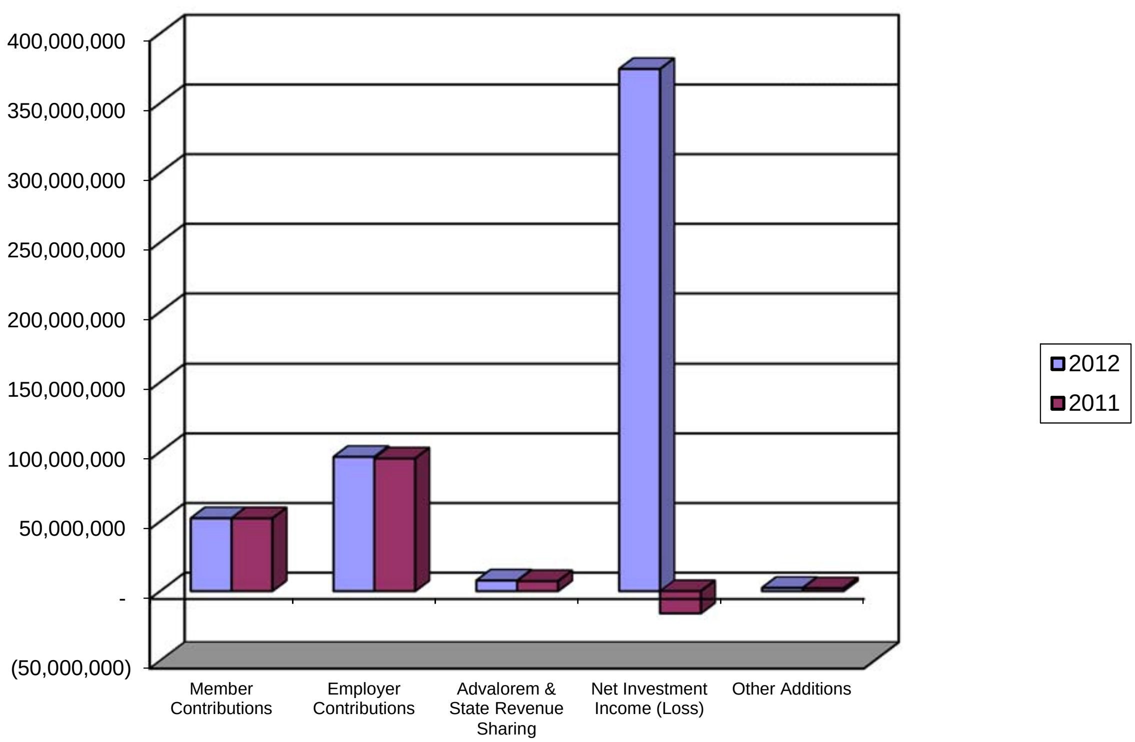
PAROCHIAL EMPLOYEES'
RETIREMENT SYSTEM OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012

FINANCIAL ANALYSIS OF THE FUND (Continued)

Additions to Plan Net Position

Additions to the System's plan net position were derived from member and employer contributions. Member contributions increased $93,644 or 0.18% and employer contributions increased $1,127,565 or 1.18%. The System experienced net investment income of $374,448,206 as compared to a net investment loss of $15,989,237 in the previous year. The increase in Plan net position in 2012 was due mainly to the fact that investment markets were up significantly as compared with the prior year.

	2012	2011	Increase (Decrease) Percentage
Member Contributions	$ 52,322,814	$ 52,229,170	0.18 %
Employer Contributions	96,399,751	95,272,186	1.18 %
Ad valorem & State Revenue Sharing	7,619,861	7,177,652	6.16 %
Net Investment Income/(loss)	374,448,206	(15,989,237)	2444.18 %
Other Additions	2,337,455	2,015,426	15.98 %
Total additions	$ 533,128,087	$ 140,705,197	



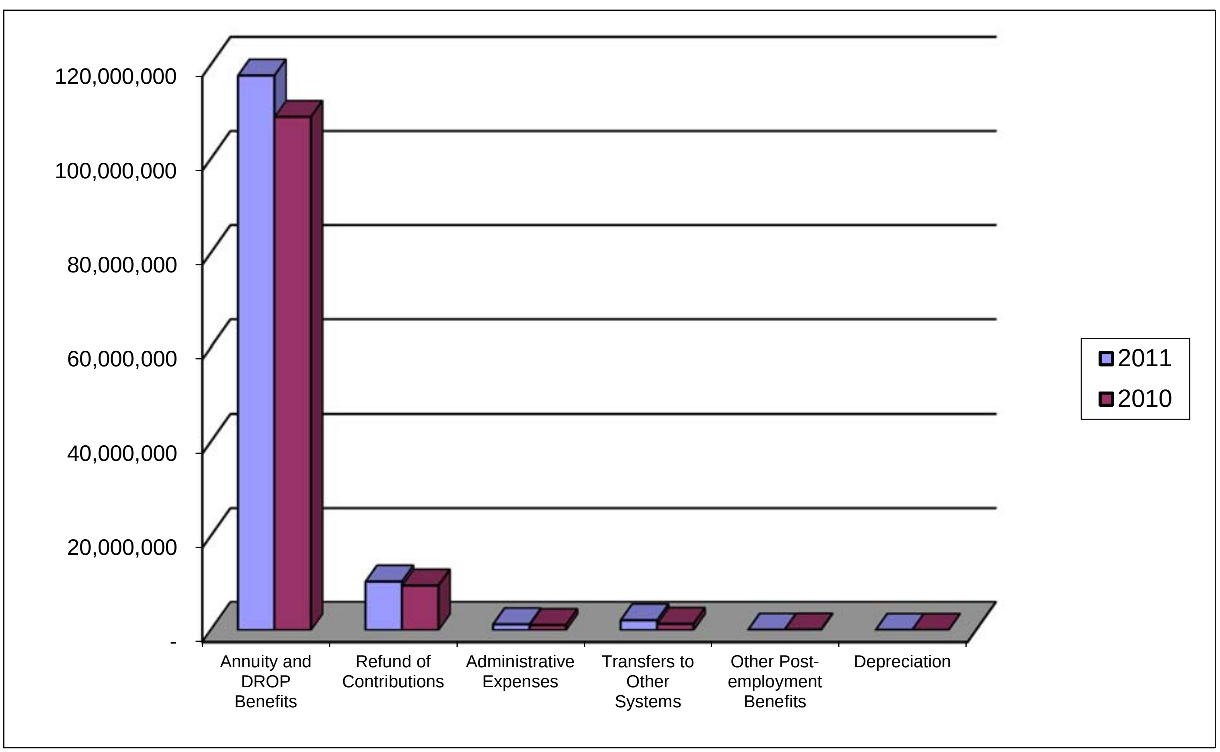
PAROCHIAL EMPLOYEES'
RETIREMENT SYSTEM OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012

FINANCIAL ANALYSIS OF THE FUND (Continued)

Deductions from Plan Net Position

Deductions from plan net position include mainly retirement, death and survivor benefits and administrative expenses. Deductions from plan net position totaled $148,633,410 in fiscal year 2012. Deductions from plan net position increased by $17,176,619. Retirement benefits accounted for the majority of the increase. Retirement benefits increased by $15,079,079 as a result of the increase in the number of retirees, DROP lump sum distributions, and the larger benefit amounts generally paid to new retirees.

	2012	2011	Increase (Decrease) Percentage
Annuity and DROP Benefits	$ 132,789,461	$ 117,710,382	12.81 %
Refunds of Contributions	12,211,012	10,321,625	18.31 %
Administrative Expenses	1,333,464	1,230,127	8.40 %
Transfers to Other Systems	2,212,872	2,086,516	6.06 %
Other Postemployment Benefits	50,589	74,473	(32.07)%
Depreciation	36,012	33,668	6.96 %
Total	$ 148,633,410	$ 131,456,791	



PARochial EMPLOYEES'

RETIREMENT SYSTEM OF LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

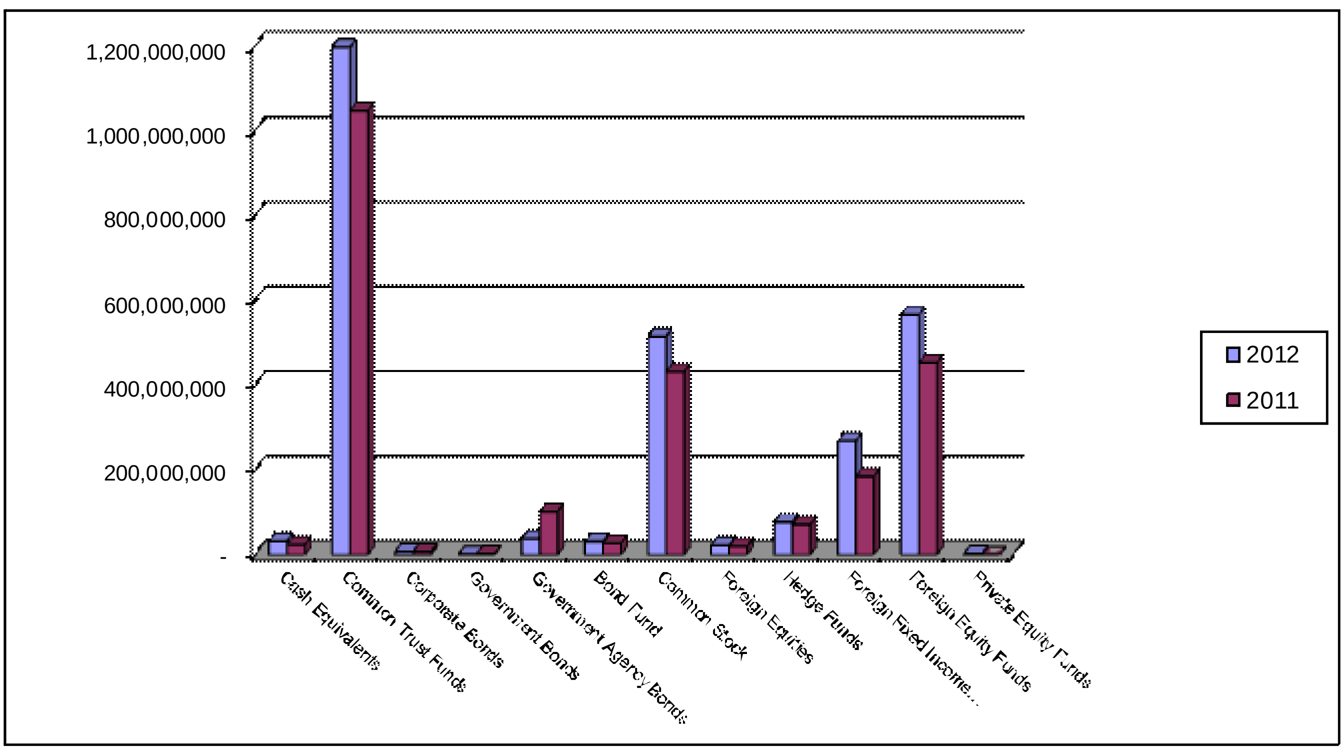
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012

FINANCIAL ANALYSIS OF THE FUND (Continued)

Investments

Parochial 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 fair value of investments at December 31, 2012 was $2,756,853,226 as compared to $2,368,639,382 at December 31, 2011 which is an increase of $388,213,844 or 16.39%. The System's investments in various markets at the end of the 2012 and 2011 fiscal years are indicated in the following table:

	2012	2011	Increase (Decrease) Percentage
Cash Equivalents	$ 31,822,635	$ 23,904,121	33.13 %
Common Trust Funds	1,196,510,509	1,046,706,602	14.31 %
Corporate Bonds	7,328,680	7,459,725	(1.76) %
Government Bonds	1,184,429	2,400,172	(50.65) %
Government Agency Bonds	37,588,391	101,799,475	(63.08) %
Bond Fund	31,261,898	27,186,091	14.99 %
Common Stock	513,860,103	430,598,668	19.34 %
Foreign Equities	22,850,381	19,987,372	14.32 %
Hedge Funds	77,282,216	71,417,916	8.21 %
Foreign Fixed Income Funds	268,715,098	184,782,570	45.42 %
Foreign Equity Funds	566,261,441	452,396,670	25.17 %
Private Equity Funds	2,187,445	-	100.00 %
Total	$ 2,756,853,226	$ 2,368,639,382	



PARAROCHIAL EMPLOYEES'
RETIREMENT SYSTEM OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012

REQUESTS FOR INFORMATION

Questions concerning any of the information provided or requests for additional financial information should be addressed to Dainna Tully, Administrative Director of Parochial Employees' Retirement System, 7905 Wrenwood Boulevard, Baton Rouge, Louisiana 70809, (225) 928-1361.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
STATEMENTS OF PLAN NET POSITION
DECEMBER 31, 2012 AND 2011

	2012	2011
ASSETS:		
Cash	$ 2,292,367	$ 5,080,329
Receivables:		
Contributions receivable - Member	9,270,326	9,619,303
Contributions receivable - Employer	16,850,116	17,431,899
Ad valorem taxes and state revenue sharing receivable	7,510,859	6,714,649
Miscellaneous receivable	685	-
Investment receivable	850,451	330,142
Accrued interest and dividends	545,027	733,952
	35,027,464	34,829,945
Investments (at fair value):		
Cash equivalents	31,822,635	23,904,121
Common trust funds	1,196,510,509	1,046,706,602
Corporate bonds	7,328,680	7,459,725
Government bonds	1,184,429	2,400,172
Government agency bonds	37,588,391	101,799,475
Bond funds	31,261,898	27,186,091
Common stock	513,860,103	430,598,668
Foreign equities	22,850,381	19,987,372
Hedge funds	77,282,216	71,417,916
Foreign fixed income funds	268,715,098	184,782,570
Foreign equity funds	566,261,441	452,396,670
Private equity funds	2,187,445	-
Total	2,756,853,226	2,368,639,382
Deposits	15	15
Property, plant and equipment:		
Net of accumulated depreciation	822,505	838,977
Total assets	2,794,995,577	2,409,388,648
LIABILITIES:		
Accounts payable	1,644,536	1,413,627
Accrued leave payable	4,271	4,271
Withholding taxes payable	14,314	27,770
Refunds payable	478,325	607,342
Investment payable	641,616	531,563
Other postemployment benefits payable	402,518	351,929
Retirement payable	11,249,346	10,386,172
Total liabilities	14,434,926	13,322,674
NET POSITION - RESTRICTED FOR PENSION BENEFITS	$ 2,780,560,651	$ 2,396,065,974

See accompanying notes.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
STATEMENTS OF CHANGES IN PLAN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
ADDITIONS:		
Contributions:		
Member	$ 52,322,814	$ 52,229,170
Employer	96,399,751	95,272,186
Ad valorem tax	7,467,949	7,019,340
Revenue sharing	151,912	158,312
Total contributions	156,342,426	154,679,008
Investment income:		
Net appreciation (depreciation) in fair value of investments	327,217,073	(59,838,358)
Interest and dividend income	57,646,479	53,179,246
	384,863,552	(6,659,112)
Less - Investment expense:		
Custodial fee	123,737	188,522
Money manager fees	10,097,419	8,982,658
Investment consulting	194,190	158,945
	10,415,346	9,330,125
Net investment income (loss)	374,448,206	(15,989,237)
Other additions:		
Interest - transfers, refund payback	1,131,279	831,444
Transfers in - employee	386,169	373,412
Transfers in - employer	546,758	542,687
Miscellaneous income	273,249	267,883
Total other additions	2,337,455	2,015,426
Total additions	533,128,087	140,705,197
DEDUCTIONS:		
Annuity benefits	116,245,991	106,949,384
Refunds to terminated employees	12,211,012	10,321,625
DROP benefits	16,543,470	10,760,998
Transfer to other systems - employee	606,365	450,884
Transfer to other systems - employer/interest	1,606,507	1,635,632
Administrative expenses	1,333,464	1,230,127
Other postemployment benefits	50,589	74,473
Depreciation	36,012	33,668
Total deductions	148,633,410	131,456,791
NET INCREASE	384,494,677	9,248,406
NET POSITION - RESTRICTED FOR PENSION BENEFITS:		
Beginning of the year	2,396,065,974	2,386,817,568
END OF YEAR	$ 2,780,560,651	$ 2,396,065,974

See accompanying notes.

DESCRIPTION OF ORGANIZATION:

The Parochial Employees' Retirement System of Louisiana (System) was originally established by Act #205 of the 1952 regular session of the Legislature of the State of Louisiana to provide retirement benefits to all employees of any parish in the state of Louisiana or any governing body or a parish which employs and pays persons serving the parish.

The System is operated by a Board of Trustees, an Administrative Director, an Actuary and Legal Counsel. The Board consists of seven trustees, four of whom are active or retired members of the System with at least ten years of creditable service, elected by the members of the System for six year terms; one of whom shall be appointed by the Executive Board of the Police Jury Association of Louisiana who shall serve a four year term as an ex-officio member during his tenure; one who shall be the Chairman of the Senate Retirement Committee; and one who shall be the Chairman of the House Retirement Committee of the Legislature of Louisiana or their appointees.

Act #765 of the year 1979 established by the Legislature of the State of Louisiana revised the System to create Plan A and Plan B to replace the "regular plan" and the "supplemental plan". Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date.

Act #867 of the year 1997 revised the System to create Plan C. This plan was established for a larger employer that remained in Social Security on the revision date. As of December 31, 2005, there were no participants in this plan.

Act #194 of the year 2003 established a separate un-funded, non-tax qualified Excess Benefit Plan to supplement the benefits provided to members to the extent their benefits are reduced by the limitations imposed by Section 415 of the United States Internal Revenue Code.

Act #871 of the year 2010 eliminated the Expense Fund and requires all administrative expense to be paid from Plan A's Pension Accumulation Fund. Annually, a transfer of funds from Plan B shall be made to reimburse Plan A for Plan B's expenses.

The Retirement System is governed by Louisiana Revised Statutes, Title 11, Sections 1901 through 2015, specifically, and other general laws of the State of Louisiana.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements are prepared in accordance with the standards established by the Governmental Accounting Standards Board (GASB) as the successor to the National Council on Governmental Accounting (NCGA). The financial statements include the management's discussion and analysis as supplementary information, as required by GASB Statement Number 34, *Basic Financial Statement- and Management's Discussion and Analysis- for State and Local Governments* and related standards. During the year ended December 31, 2012, the System adopted the provisions of GASB Statement No. 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.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Accounting:

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

Interest income is recognized when earned. Ad valorem taxes are recognized when assessed by the taxing body. Revenue sharing monies are recognized in the year they are appropriated by the Legislature.

Method Used to Value Investments:

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Property, Plant and Equipment:

Fixed assets of Parochial Employees' Retirement System of Louisiana are carried at historical cost. Depreciation is recognized on the straight- line method over the useful lives of the assets.

Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

2. PLAN DESCRIPTION:

Parochial Employees' Retirement System of Louisiana is the administrator of a cost sharing multiple employer defined benefit pension plan. The System was established and provided for by R.S.11:1901 of the Louisiana Revised Statute (LRS).

The System provides retirement benefits to employees of taxing districts of a parish or any branch or section of a parish within the State which does not have their own retirement system and which elect to become members of the System. For the year ended December 31, 2012, there were 241 contributing employers in Plan A and 56 in Plan B.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

2. PLAN DESCRIPTION: (Continued)

Statewide retirement membership consisted of:

2012	PLAN A	PLAN B	TOTAL
Active members	13,688	2,254	15,942
Retirees and survivors	5,991	657	6,648
"DROP plan participants	682	44	726
Terminated employees due deferred benefits	561	132	693
Terminated due refunds	6,795	1,504	8,299
TOTAL PARTICIPATING AS OF THE VALUATION DATE	27,717	4,591	32,308

2011	PLAN A	PLAN B	TOTAL
Active members	13,975	2,261	16,236
Retirees and survivors	5,718	611	6,329
"DROP plan participants	671	42	713
Terminated employees due deferred benefits	561	129	690
Terminated due refunds	6,795	1,471	8,266
TOTAL PARTICIPATING AS OF THE VALUATION DATE	27,720	4,514	32,234

Eligibility Requirements:

All permanent parish government employees (except those employed by Orleans, Lafourche and East Baton Rouge Parishes) who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate.

As of January 1997, elected officials, except coroners, justices of the peace and parish presidents may no longer join the Retirement System.

Retirement Benefits:

Any member of Plan A can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

1. Any age with thirty (30) or more years of creditable service.
2. Age 55 with twenty-five (25) years of creditable service.
3. Age 60 with a minimum of ten (10) years of creditable service.
4. Age 65 with a minimum of seven (7) years of creditable service.

2. PLAN DESCRIPTION: (Continued)

Retirement Benefits: (Continued)

For employees hired after January 1, 2007:

1. Age 55 with 30 years of service
2. Age 62 with 10 years of service
3. Age 67 with 7 years of service

Any member of Plan B can retire providing he /she meets one of the following criteria:

For employees hired prior to January 1, 2007:

1. Age 55 with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Age 65 with a minimum of seven (7) years of creditable service.

For employees hired after January 1, 2007:

1. Age 55 with 30 years of service
2. Age 62 with 10 years of service
3. Age 67 with 7 years of service

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of an amount equal to three percent of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the members' final average compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits:

Upon the death of any member of Plan A with five (5) or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children as outlined in the statutes.

Any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit as outlined in the statutes.

Plan B members need ten (10) years of service credit to be eligible for survivor benefits. Upon the death of any member of Plan B with twenty (10) or more years of creditable service who is not eligible for normal retirement, the plan provides for an automatic Option 2 benefit for the surviving spouse when he/she reaches age 50 and until remarriage if the remarriage occurs before age 55.

2. PLAN DESCRIPTION: (Continued)

Survivor Benefits: (Continued)

A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

DROP Benefits:

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for that member who is eligible for normal retirement.

In lieu of terminating employment and accepting a service retirement, any member of Plan A or B who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP 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 roll over the fund to an Individual Retirement Account.

Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

For individuals who become eligible to participate in the Deferred Retirement Option Plan on or after January 1, 2004, all amounts which remain credited to the individuals subaccount after termination in the Plan will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return, or at the option of the System, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of this Plan must agree that the benefits payable to the participant are not the obligations of the state or the System, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

Disability Benefits:

For Plan A, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007 and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or three percent multiplied by years of service assuming continued service to age sixty.

2. PLAN DESCRIPTION: (Continued)

Disability Benefits: (Continued)

For Plan B, a member shall be eligible to retire and receive a disability benefit if he/she was hired prior to January 1, 2007 and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of an amount equal to two percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or an amount equal to what the member's normal benefit would be based on the member's current final compensation but assuming the member remained in continuous service until his earliest normal retirement age.

Cost of Living Increases:

The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Lastly, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (RS 11:1937)

3. CONTRIBUTIONS AND RESERVES:

Contributions:

Contributions for all members are established by statute at 9.5% of compensation for Plan A members and 3.0% of compensation for Plan B. The contributions are deducted from the member's salary and remitted by the participating employer.

According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2012, the actuarially determined contribution rate was 16.72% of member's compensation for Plan A and 9.31% of member's compensation for Plan B. However, the actual rate for the fiscal year ending December 31, 2012 was 15.75% for Plan A and 10.00% for Plan B.

According to state statute, the System also receives ¼ of 1% of ad valorem taxes collected within the respective parishes except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions.

Administrative costs of the System are financed through employer contributions.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
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3. CONTRIBUTIONS AND RESERVES: (Continued)

Reserves:

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

a. Annuity Savings:

The Annuity Savings is credited with contributions made by the member 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 reserve. 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 Annuity Reserve to fund part of the benefits. Plan A's Annuity Savings balance was $385,884,851 and $380,732,590 for December 31, 2012 and 2011, respectively. The balance for Plan B was $18,336,273 and $17,463,971 for December 31, 2012 and 2011, respectively. The Annuity Saving is fully funded for both plans for the years ending December 31, 2012 and 2011.

b. Pension Accumulation Reserve:

The Pension Accumulation Reserve consists of contributions paid by employers, interest earned on investments, administrative expenses and any other income or expense not covered by other accounts. This reserve account 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 the other accounts. The Pension Accumulation Reserve for Plan A as of December 31, 2012 and 2011 was $940,464,073 and $957,584,682, respectively. The balance for Plan B for December 31, 2012 and 2011 was $105,795,828 and $99,955,928, respectively.

The Pension Accumulation Reserve is 100% funded for Plan A and 100% funded Plan B for the year ended December 31, 2012. The Pension Accumulation Reserve is 84% funded for Plan A and 92% funded Plan B for the year ended December 31, 2011.

c. Annuity Reserve:

The Annuity Reserve consists of the reserves for all pensions, excluding cost of living increases, granted to retired members and is the reserve account from which such pensions and annuities are paid. Survivors of deceased beneficiaries also receive benefits from this reserve account. The Annuity Reserve as of December 31, 2012 and 2011 for Plan A was $1,063,297,180 and $965,831,697, respectively. The Annuity Reserve as of December 31, 2012 and 2011 for Plan B was $58,284,042 and $52,815,413 . The Annuity Reserve is fully funded for both plans for the years ending December 31, 2012 and 2011.

3. CONTRIBUTIONS AND RESERVES: (Continued)

Reserves: (Continued)

d. Deferred Retirement Option Account:

The Deferred Retirement Option account consists of the reserves for all members who upon retirement eligibility elect to deposit into this account an amount equal to the member's monthly benefit if he/she 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 a true annuity. The Deferred Retirement Option balance for Plan A as of December 31, 2012 and 2011 was $54,308,140 and $47,527,180, respectively. The Deferred Retirement Option Plan balance for Plan B as of December 31, 2012 and 2011 was $2,196,727 and $2,106,311, respectively. The Deferred Retirement Option account is fully funded for both plans for the years ending December 31, 2012 and 2011.

e. Funding Deposit Account:

The Funding Deposit Account consists of excess contribution collected by the System. The excess funds earn interest at the board approved actuarial valuation rate and are credited to the fund at least once a year. These funds are due to the System freezing the employer rate at a higher rate than actuarially required. The excess funds can be used for the following purposes: (1) reduce the unfunded accrued liability (Plan A), (2) reduce the future normal costs, and/or (3) pay all or a portion of any future net direct employer contributions. In accordance with a policy adopted by the Board of Trustees at the June 25, 2012 meeting, funds were withdrawn from the Funding Deposit Account, for Plan A, in order to fully reduce the outstanding unfunded accrued liability. The Funding Deposit Account balance for Plan A as of December 31, 2012 and 2011 was $4,574,933 and $29,274,204, respectively. The Funding Deposit Account balance for Plan B as of December 31, 2012 and 2011 was $1,559,909 and $1,012,867, respectively. The Funding Deposit Account is fully funded for both plans for the years ending December 31, 2012 and 2011.

4. ACTUARIAL COST METHOD:

The Frozen Attained Age Normal Cost Method is used to calculate the funding requirements for Plan A with the unfunded accrued liability frozen as of December 31, 1989, and originally amortized over 40 years with payments increasing at 4% per year. The Aggregate Actuarial Cost Method is used to calculate the funding requirements for Plan B. This method does not develop an unfunded actuarial liability.

5. REQUIRED SUPPLEMENTARY SCHEDULE INFORMATION:

Information in the Required Supplementary Schedules on pages 35 - 37 is designed to provide information about the System's progress made in accumulating sufficient assets to pay benefits.

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6. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS:

The following are the components of the Plan' deposits, cash equivalents and investments at December 31, 2012 and 2011:

	2012	2011
Deposits (bank balance)	$ 2,449,370	$ 5,324,626
Cash equivalents	31,822,635	23,904,121
Investments	2,725,030,591	2,344,735,261
	$ 2,759,302,596	$ 2,373,964,008

Deposits:

The System maintains cash balances deposited in financial institutions which were insured by the Federal Deposit Insurance Corporation for an unlimited amount for non-interest bearing accounts as of December 31, 2012 and 2011, respectively.

Cash Equivalents:

Cash equivalents in the amount of $31,822,635 and $23,904,121 for December 31, 2012 and 2011, respectively, consist of balances invested in a money market mutual fund. The mutual fund account is established in the name of the System's custodian as an omnibus account for all custodial clients invested in the fund.

Investments:

In accordance with LRS 11:263, the System is authorized to invest under the Prudent-Man Rule. The Prudent-Man Rule requires each fiduciary of a retirement system and each board of trustees to act collectively on behalf of the System and to exercise the judgment and care under the circumstances then prevailing that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the permanent disposition of funds considering probable safety of capital as well as probable income. Notwithstanding the Prudent-Man Rule, the System shall not invest more than fifty-five percent of the total portfolio in common stock.

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 the equity holdings in any single corporation shall not exceed between 3% and 8% of the market value of the manager's portfolio. For domestic small-cap growth managers no more than 25% of the portfolio may be invested in any one industry valued at market.

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

Concentration of Credit Risk: (Continued)

Fixed income investments in one issuer's security shall not exceed between 2.5% and 5% of the aggregated long-term debt portfolio at cost of the manager's portfolio (exclusive of issues of the U.S. Treasury or other Federal agencies). For fixed income private placement managers investment in one industry shall not exceed 10% of the portfolio, non-US investments shall not exceed 25% of the portfolio and commercial mortgage debt shall not exceed 10% of the portfolio. Exposure to interest rate and currency swaps shall not exceed 5% of the portfolio. The aggregate of futures contracts, options, options on future contracts on securities issued or guaranteed by the US government, interest rate swaps and currency swaps shall not exceed 15% of the total market value of the portfolio.

For international equity assets, exposure to any one EAFE country should not exceed the lesser of 20% of the portfolio assets at market or 150% of the country's weight in the MSCI EAFE Index. For emerging markets assets exposure in any one issuer is limited to 7% of the total portfolio at market value. Exposure to emerging market countries should be limited to no more than 10% of the international portfolio. At December 31, 2012, there were no investment holdings that exceeded the System's concentration of credit risk investment policy.

Credit Risk:

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Following are the credit ratings of the System's investments in long-term debt securities as of December 31, 2012.

	December 31, 2012			
	Government Agency Bonds	Government Bonds	Corporate Bonds	Total
A	$ --	$ --	$ 5,981,380	$ 5,981,380
A+	--	--	--	--
A-	--	--	--	--
AA-	--	--	--	--
AAA	12,590,155	1,184,429	1,347,300	15,121,884
BB	--	--	--	--
BBB-	--	--	--	--
D	--	--	--	--
Not Rated	24,998,236	--	--	24,998,236
Total	$ 37,588,391	$ 1,184,429	$ 7,328,680	$ 46,101,500

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

Credit Risk: (Continued)

December 31, 2011

	Government Agency Bonds	Government Bonds	Corporate Bonds	Total
A	$ --	$ --	$ 5,716,020	$ 5,716,020
A+	--	--	--	--
A-	--	--	--	--
AA-	4,817,739	--	--	4,817,739
AAA	42,593,547	1,063,884	1,282,455	44,939,886
BB	--	--	--	--
BBB-	--	--	--	--
D	--	--	461,250	461,250
Not Rated	54,388,189	1,336,288	--	55,724,477
Total	$ 101,799,475	$ 2,400,172	$ 7,459,725	$ 111,659,372

The System also invests in a bond fund in the amount $31,261,898 and $27,186,091 for the years ended December 31, 2012 and 2011, respectively. The bond fund's average credit quality rating was Ba as of December 31, 2012 and 2011. The bond fund policy states that its investments have a credit rating quality rating of B to Aaa with 10% of the total below Baa.

The System's investment policy limits its investments to corporate debt issues rated the equivalent of BBB/Baa or better by both Moody's Investor Services and Standard & Poor's rating services on investments held as of June 2002. The purchase of new securities will be restricted to securities carrying an investment rating of A or higher by both Standard and Poor's and Moody's. The average quality of the bond portfolio must be at least AA+ or its equivalent. Obligations guaranteed or explicitly guaranteed by the U.S. Government are not considered to have credit risk and therefore are not rated. Those obligations include debt securities with Federal Home Loan Mortgage, Federal National Mortgage Assn., Government National Mortgage Assn., U.S. Treasury Zero Bonds, U.S. Treasury Notes and U.S. Government Guarantee.

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 has no formal policy regarding custodial credit risk. The money market funds are established in the name of the System's custodian. The money market funds are managed by JP Morgan Chase, who also serves as custodian. The System is exposed to custodial credit risk at December 31, 2012 and 2011 for the cash equivalents balance in the amount of $31,822,635 and $23,904,121, respectively.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
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6. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Interest Rate Risk:

Interest rate risk is defined as the risk that changes in the interest rates will adversely affect the fair value of an investment. As of December 31, 2012 and 2011, the System had the following investments in long-term debt securities and maturities:

2012 Investment Type	Fair Value	Less Than 1	1 – 5	6 - 10	More Than 10
Government Agency Bonds	$ 37,588,391	$ --	$ 12,582,751	$ 9,095,971	$ 15,909,669
Government Bonds	1,184,429	--	1,184,429	--	--
Corporate Bonds	7,328,680	--	5,981,380	1,347,300	--
	$ 46,101,500	$ --	$ 19,748,560	$ 10,443,271	$ 15,909,669

2011 Investment Type	Fair Value	Less Than 1	1 – 5	6 - 10	More Than 10
Government Agency Bonds	$ 101,799,475	$ 1,520	$ 12,174,623	$ 42,419,512	$ 47,203,820
Government Bonds	2,400,172	1,336,289	1,063,883	--	--
Corporate Bonds	7,459,725	--	4,251,390	3,208,335	--
	$ 111,659,372	$ 1,337,809	$ 17,489,896	$ 45,627,847	$ 47,203,820

The System also invests in a bond fund in the amount $31,261,898 and $27,186,091 for the years ended December 31, 2012 and 2011, respectively. The average portfolio duration of this bond fund normally varies within two years of the duration of the Barclays Capital Credit Investment Grade Index which as of December 31, 2012 and 2011 and was 6.53 and 7.01 years, respectively.

The System has no formal policy regarding interest rate risk.

Foreign Currency Risk:

Foreign currency risk is defined as the risk that changes in the exchange rates will adversely affect the fair value of an investment.

The System invests in various foreign holdings. However, all securities held by the System are traded in United States and denominated in U.S. dollars. Therefore, the System is not exposed to foreign currency risk at December 31, 2012 and 2011.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
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7. FIXED ASSETS:

The following is a summary of fixed assets at cost less accumulated depreciation:

2012	Beginning Balance	Additions	Deletions	Ending Balance
Land	$ 120,618	$ --	$ --	$ 120,618
Building & improvements	755,010	--	--	755,010
Office equipment and furniture	214,240	19,540	--	233,780
Less: accumulated depreciation	(250,891)	(36,012)	--	(286,903)
	$ 838,977	$ (16,472)	$ --	$ 822,505

2011	Beginning Balance	Additions	Deletions	Ending Balance
Land	$ 120,618	$ --	$ --	$ 120,618
Building & improvements	755,010	--	--	755,010
Office equipment and furniture	209,739	4,501	--	214,240
Less: accumulated depreciation	(217,223)	(33,668)	--	(250,891)
	$ 868,144	$ (29,167)	$ --	$ 838,977

Depreciation expense for the years ended December 31, 2012 and 2011 was $36,012 and $33,668, respectively.

8. TAX QUALIFICATION:

Effective January 1, 1993, the System is a tax qualified plan under IRS code section 401(a). All member contributions are treated as tax deferred for federal and state income tax purposes.

9. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS:

The System implemented GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

Plan Description

The System's employees may participate in the State of Louisiana's Other Postemployment Benefit Plan (OPEB Plan), an agent multiple-employer defined benefit OPEB Plan that provides medical and life insurance to eligible active employees, retirees and their beneficiaries. The State administers the plan through the Office of Group Benefits (OGB). LRS 42:801-883 assigns the authority to establish and amend benefit provisions of the plan. The Office of Group Benefits does not issue a publicly available financial report of the OPEB Plan; however, it is included in the State of Louisiana Comprehensive Annual Financial Report (CAFR). You may obtain a copy of the CAFR on the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap. The Office of Group Benefits does provide an actuarial valuation of the Plan as of July 1, 2011. Information on the actuarial valuation is provided in this footnote. The July 1, 2012 valuation was not available.

9. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS: (Continued)

Funding Policy

The contribution requirements of plan members and the System are established and may be amended by LRS 42:801-883. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. The Office of Group Benefits offers four standard plans for both active and retired employees: the Preferred Provider Organization (PPO) Plan, the Health Maintenance Organization (HMO) plan and the Medical Home Health Maintenance Organization (HMO) Plan (Regions 6, 7, 8 & 9). A Consumer Driven Health Savings Account (CD-HSA) plan is being offered, for active employees (and rehired retirees who pay premiums via payroll deductions), featuring lower premium rates in exchange for higher deductibles. The previously offered Exclusive Provider Organization (EPO) plan was folded into the HMO plan, effective July 1, 2010. Retired employees who have Medicare Part A and Part B coverage also have access to five OGB Medicare Advantage plans which includes one HMO plan and one private fee-for-service (PFFS) plan. Depending upon the plan selected, employee premiums for a single member receiving benefits range from $129 to $144 and $138 to $147, for December 31, 2012 and 2011 respectively, per month for retiree-only coverage without Medicare. With Medicare the range is $79 to $87 and $85 to $89 for December 31, 2012 and 2011, respectively. The premiums for a retiree and spouse for the years ended December 31, 2012 and 2011 range from $410 to $468 and $441 to $479, respectively, per month for those without Medicare. The premium with Medicare ranges from $140 to $157 and $150 to $160 for December 31, 2012 and 2011 respectively.

The plan is currently financed on a pay as you go basis, with the System contributing anywhere from $888 to $928 per month for retiree-only coverage without Medicare and between $252 and $283 with Medicare during the year ended December 31, 2012. Also, the System's contributions range from $1,373 to $1,424 for retiree and spouse without Medicare and between $461 and $470 with Medicare.

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

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9. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS: (Continued)

Annual OPEB Cost

The System's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The actuarial valuation was done as of July 1, 2011 and 2010. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period, was used. The total ARC for the fiscal year beginning July 1, 2011 and July 1, 2010 was $52,400 and $75,000, respectively, as set forth below:

	July 1, 2011	July 1, 2010
Normal Cost	$ 29,400	$ 41,700
30-year UAL amortization amount	20,985	30,415
Interest on the above	2,015	2,885
Annual required contribution (ARC)	$ 52,400	$ 75,000

The following table presents the System's OPEB obligation for the year ended July 1, 2011 and 2010.

	July 1, 2011	July 1, 2010
Annual required contribution	$ 52,400	$ 75,000
Contributions made	(1,811)	(527)
Change in Net OPEB Obligation	50,589	74,473
Beginning Net OPEB Obligation	351,929	277,456
Ending Net OPEB Obligation	$ 402,518	$ 351,929

Utilizing the pay-as-you-go method, the System contributed during the year ended December 31, 2012 and 2011 3.40% and 0.70%, respectively, of the annual post employment benefits.

Year Ended	Annual OPEB Cost	Actual Employer Contribution	Percentage Contributed	Net OPEB Obligation (Asset)
July 1, 2009	107,000	3,163	2.96	277,456
July 1, 2010	75,000	527	0.70	351,929
July 1, 2011	52,400	1,811	3.40	402,518

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9. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS: (Continued)

Funded Status and Funding Progress

In the year ended December 31, 2012, the System made no contributions to its post employment benefits plan trust. Since the plan has not been funded, the entire actuarial accrued liability of $552,900 and $801,600 as of July 1, 2011 and July 1, 2010, respectively, was unfunded.

The funded status of the plan, as determined by an actuary as of July 1, 2011 and 2010, was as follows:

	July 1, 2011	July 1, 2010
Actuarial accrued liability (AAL)	$ 552,900	$ 801,600
Actuarial value of plan assets	-	-
Unfunded actuarial accrued liability (UAAL)	$ 552,900	$ 801,600
Funded ratio (actuarial value of plan assets / AAL)	0%	0%
Covered payroll (annual payroll of active employee covered by the plan)	$ 609,194	$ 575,445
UAAL as a percentage of covered payroll	91%	139%

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2011 and 2010, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses). An initial annual healthcare cost trend rate for pre-Medicare and Medicare eligibles of 7.5% and 8.6% for 2011 and a rate of 8.0% and 9.1% for 2010, respectively, scaling down to ultimate rates of 5% per year. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at July 1, 2011, was twenty five years.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
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10. FUNDED STATUS AND FUNDING PROGRESS – PENSION PLAN:

The funded status of the System as of December 31, 2012, the most recent actuarial valuation date, is as follows:

PLAN A:

Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability Entry Age (b)	Unfunded (Excess) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
12/31/12	$2,448,529,177	$2,448,529,177	$-0-	100%	$558,327,346	0%

PLAN B:

Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability Entry Age (b)	Unfunded (Excess) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
12/31/12	$186,172,779	$212,489,491	$26,316,712	87.62%	$86,882,261	30.29%

The Schedule of Funding Progress presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of the System's assets are increasing or decreasing over time relative to the AALs for benefits. Additional information as of the latest actuarial valuation follows:

Valuation Date	December 31, 2012
Actuarial Cost Method	Plan A - Frozen Attained Age Normal Actuarial Cost Plan B - Aggregate Actuarial Cost
Asset Valuation Method:	Market Value of investment securities adjusted to average in asset earnings above or below the assumed rate of return over a five-year period subject to a corridor limit of 85% to 115% of the market value of assets.
Actuarial Assumptions Investment Rate of Return	 7.5% (Net of investment expense)

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
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10. FUNDED STATUS AND FUNDING PROGRESS – PENSION PLAN: (Continued)

Projected Salary Increases	Plan A – 5.75% Plan B – 5.75%
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.
Changes in Actuarial Changes in Normal Costs	For the year ended December 31, 2012, the system incurred a net increase in normal cost in the amount of $9,640,011 and $5,135,952 for Plans A and B respectively. This increase was due primarily to an unfavorable asset experience. The System incurred a net decrease in normal cost in the amount of $5,462,710 and $4,794,418 for Plans A and B respectively. The decrease was due primarily to plan liability experience and new members.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
INDIVIDUAL PLAN STATEMENTS OF PLAN NET POSITION
DECEMBER 31, 2012 AND 2011

	PLAN "A"		PLAN "B"		TOTAL	
	2012	2011	2012	2011	2012	2011
ASSETS:						
Cash	$ 2,157,054	$ 4,842,220	$ 135,313	$ 238,109	$ 2,292,367	$ 5,080,329
Receivables:						
Due from (to) other funds	812,174	587,762	(812,174)	(587,762)	-	-
Contributions receivable -Member	8,929,492	9,241,711	340,834	377,592	9,270,326	9,619,303
Contributions receivable - Employer	15,686,304	16,146,316	1,163,812	1,285,583	16,850,116	17,431,899
Ad valorem taxes & state revenue sharing receivable	6,531,301	5,838,931	979,558	875,718	7,510,859	6,714,649
Miscellaneous receivable	-	-	685	-	685	-
Investment receivable	791,228	308,760	59,223	21,382	850,451	330,142
Accrued interest and dividends	509,130	688,585	35,897	45,367	545,027	733,952
	33,259,629	32,812,065	1,767,835	2,017,880	35,027,464	34,829,945
Investments (at fair value)						
Cash equivalents	27,725,606	21,118,291	4,097,029	2,785,830	31,822,635	23,904,121
Common trust funds	1,112,217,807	973,028,019	84,292,702	73,678,583	1,196,510,509	1,046,706,602
Corporate bonds	7,142,032	7,277,934	186,648	181,791	7,328,680	7,459,725
Government bonds	-	-	1,184,429	2,400,172	1,184,429	2,400,172
Government agency bonds	35,981,414	99,805,046	1,606,977	1,994,429	37,588,391	101,799,475
Bond funds	27,832,275	21,134,159	3,429,623	6,051,932	31,261,898	27,186,091
Common stock	478,497,072	402,696,019	35,363,031	27,902,649	513,860,103	430,598,668
Foreign equities	21,281,981	18,696,974	1,568,400	1,290,398	22,850,381	19,987,372
Hedge funds	71,987,982	66,671,033	5,294,234	4,746,883	77,282,216	71,417,916
Foreign fixed income	249,907,619	172,574,047	18,807,479	12,208,523	268,715,098	184,782,570
Foreign equity funds	526,965,427	421,699,100	39,296,014	30,697,570	566,261,441	452,396,670
Private equity funds	2,038,480	-	148,965	-	2,187,445	-
	2,561,577,695	2,204,700,622	195,275,531	163,938,760	2,756,853,226	2,368,639,382
Deposits	13	13	2	2	15	15
Property, plant and equipment:						
Net of accumulated depreciation	715,236	729,559	107,269	109,418	822,505	838,977
Total assets	2,597,709,627	2,243,084,479	197,285,950	166,304,169	2,794,995,577	2,409,388,648
LIABILITIES:						
Accounts payable	1,532,125	1,319,878	112,411	93,749	1,644,536	1,413,627
Accrued leave payable	4,271	4,271	-	-	4,271	4,271
Withholding taxes payable	14,314	27,770	-	-	14,314	27,770
Refunds payable	450,762	564,696	27,563	42,646	478,325	607,342
Investment payable	597,788	445,845	43,828	85,718	641,616	531,563
Other postemployment benefits payable	402,518	351,929	-	-	402,518	351,929
Retirement payable	10,724,343	9,907,665	525,003	478,507	11,249,346	10,386,172
Total liabilities	13,726,121	12,622,054	708,805	700,620	14,434,926	13,322,674
NET POSITION - RESTRICTED FOR PENSION BENEFITS	$ 2,583,983,506	$ 2,230,462,425	$ 196,577,145	$ 165,603,549	2,780,560,651	$ 2,396,065,974

PAROCHIAL EMPLOYEES' RETIRMENT SYSTEM
SUPPLEMENTARY INFORMATION
INDIVIDUAL PLAN STATEMENTS OF CHANGES IN PLAN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	PLAN "A"		PLAN "B"		TOTAL	
ADDITIONS:	2012	2011	2012	2011	2012	2011
Contributions:						
Member	$ 49,815,254	$ 49,787,038	$ 2,507,560	$ 2,442,132	$ 52,322,814	$ 52,229,170
Employer	87,838,354	86,983,853	8,561,397	8,288,333	96,399,751	95,272,186
Ad valorem tax	6,504,922	6,101,567	963,027	917,773	7,467,949	7,019,340
Revenue sharing	136,416	137,305	15,496	21,007	151,912	158,312
Total contributions	144,294,946	143,009,763	12,047,480	11,669,245	156,342,426	154,679,008
Investment income:						
Net appreciation (depreciation) in fair value of investments	302,122,328	(57,416,358)	25,094,745	(2,422,000)	327,217,073	(59,838,358)
Interest and dividend income	55,466,569	51,171,662	2,179,910	2,007,584	57,646,479	53,179,246
	357,588,897	(6,244,696)	27,274,655	(414,416)	384,863,552	(6,659,112)
Less: Investment expense:						
Custodial fees	107,599	168,328	16,138	20,194	123,737	188,522
Money manager fees	9,399,788	8,364,143	697,631	618,515	10,097,419	8,982,658
Investment consultant	168,864	138,216	25,326	20,729	194,190	158,945
	9,676,251	8,670,687	739,095	659,438	10,415,346	9,330,125
Net investment income (loss)	347,912,646	(14,915,383)	26,535,560	(1,073,854)	374,448,206	(15,989,237)
Other additions:						
Interest - transfers, refund payback	1,075,554	731,061	55,725	100,383	1,131,279	831,444
Transfers in - employee	358,712	347,152	27,457	26,260	386,169	373,412
Transfers in - employer	502,917	513,533	43,841	29,154	546,758	542,687
Miscellaneous income	263,193	264,795	10,056	3,088	273,249	267,883
Total other additions	2,200,376	1,856,541	137,079	158,885	2,337,455	2,015,426
Total additions	494,407,968	129,950,921	38,720,119	10,754,276	533,128,087	140,705,197
DEDUCTIONS:						
Retirement and disability benefits	110,144,349	101,408,303	6,101,642	5,541,081	116,245,991	106,949,384
Refunds to terminated employees	11,599,043	9,853,911	611,969	467,714	12,211,012	10,321,625
DROP benefits	15,731,881	10,174,512	811,589	586,486	16,543,470	10,760,998
Transfers to/from plans	-	(100,255)	-	100,255	-	-
Transfer to other systems - employee	598,158	433,990	8,207	16,894	606,365	450,884
Transfer to other systems - employer and interest	1,578,488	1,595,233	28,019	40,399	1,606,507	1,635,632
Administrative expenses	1,159,662	1,070,172	173,802	159,955	1,333,464	1,230,127
Other postempolyment benefits	43,991	64,760	6,598	9,713	50,589	74,473
Depreciation	31,315	29,277	4,697	4,391	36,012	33,668
Total deductions	140,886,887	124,529,903	7,746,523	6,926,888	148,633,410	131,456,791
NET INCREASE	353,521,081	5,421,018	30,973,596	3,827,388	384,494,677	9,248,406
NET POSITION - RESTRICTED FOR PENSION BENEFITS -						
Net assets - beginning of year	2,230,462,425	2,225,041,407	165,603,549	161,776,161	2,396,065,974	2,386,817,568
END OF YEAR	$ 2,583,983,506	$ 2,230,462,425	$ 196,577,145	$ 165,603,549	$ 2,780,560,651	$ 2,396,065,974

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULES OF ADMINISTRATIVE AND INVESTMENT EXPENSES
BUDGET AND ACTUAL
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012			2011		
	Budget	Actual	Variance (over) under	Budget	Actual	Variance (over) under
ADMINISTRATIVE EXPENSES:						
SALARIES AND RELATED EXPENSES:						
Salaries	$ 690,252	$ 690,249	$ 3	$ 640,446	$ 636,333	$ 4,113
Retirement	108,715	106,582	2,133	100,870	108,988	(8,118)
Group hospitalization	40,000	40,632	(632)	45,000	38,114	6,886
Medicare and payroll taxes	8,785	8,733	52	8,320	7,300	1,020
Total salaries and related expenses	847,752	846,196	1,556	794,636	790,735	3,901
PROFESSIONAL SERVICES:						
Actuarial consultant	163,995	162,660	1,335	142,700	137,580	5,120
Auditor	44,200	43,768	432	43,000	44,130	(1,130)
Legal counsel	25,000	8,488	16,512	25,000	10,875	14,125
Computer programming	62,000	59,328	2,672	61,600	56,056	5,544
Medical board	20,000	17,325	2,675	20,000	20,518	(518)
Investigation	1,500	1,120	380	1,500	1,120	380
Total professional services	316,695	292,689	24,006	293,800	270,279	23,521
COMMUNICATIONS:						
Printing	30,000	14,098	15,902	27,500	14,716	12,784
Telephone	6,400	6,182	218	6,400	6,232	168
Postage	30,500	19,513	10,987	27,700	22,548	5,152
Travel	29,000	15,031	13,969	29,000	25,386	3,614
Website	2,500	170	2,330	2,500	595	1,905
Per diem	2,250	1,425	825	2,250	1,875	375
Total communications	100,650	56,419	44,231	95,350	71,352	23,998
GENERAL OFFICE:						
Building maintenance	4,000	4,450	(450)	-	-	-
Rent	2,160	2,160	-	2,160	2,160	-
Supplies	13,700	11,498	2,202	13,700	10,099	3,601
Dues and subscriptions	12,000	11,446	554	13,000	8,259	4,741
Equipment rental	30,500	29,530	970	30,000	28,572	1,428
Equipment maintenance	11,000	12,574	(1,574)	11,000	11,000	-
Insurance	9,800	7,547	2,253	10,200	7,015	3,185
Janitorial	8,600	8,040	560	8,600	8,040	560
Microfilm	-	-	-	12,000	5,671	6,329
Training	10,800	10,698	102	11,150	7,675	3,475
Utilities	9,200	6,105	3,095	9,200	9,270	(70)
Total general office	111,760	104,048	7,712	121,010	97,761	23,249
TOTAL ADMINISTRATIVE EXPENSES	$ 1,376,857	$ 1,299,352	$ 77,505	$ 1,304,796	$ 1,230,127	$ 74,669
INVESTMENT EXPENSES:						
Custodial Bank	$ 230,000	$ 123,737	$ 106,263	$ 230,000	$ 188,522	$ 41,478
Investment counsultant	194,000	194,190	(190)	175,000	158,945	16,055
TOTAL INVESTMENT EXPENSES	$ 424,000	$ 317,927	$ 106,073	$ 405,000	$ 347,467	$ 57,533
CAPITAL OUTLAYS	$ 25,000	$ 34,112	$ (9,112)	$ 8,000	$ -	$ 8,000

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION - PLAN "A"
STATEMENTS OF CHANGES IN RESERVE BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012						
	ANNUITY SAVINGS	DROP	FUNDING DEPOSIT ACCOUNT	ANNUITY RESERVE	PENSION ACCUMULATION	SURPLUS (UNFUNDED) ACTUARIAL LIABILITY	TOTAL
BALANCE - BEGINNING	$ 380,732,590	$ 47,527,180	$ 29,274,204	$ 965,831,697	$ 957,584,682	$ (150,487,928)	$ 2,230,462,425
REVENUES AND TRANSFERS:							
Employee contributions	49,815,254	-	-	-	-	-	49,815,254
Employer contributions	-	-	-	-	87,838,354	-	87,838,354
Tax collector contributions	-	-	-	-	6,504,922	-	6,504,922
Revenue sharing contributions	-	-	-	-	136,416	-	136,416
Net investment income (loss)	-	-	2,195,565	-	345,717,081	-	347,912,646
Miscellaneous income	-	-	-	-	263,193	-	263,193
Transfer from Annuity Savings	-	-	-	32,824,504	-	-	32,824,504
Transfer from Annuity Reserve	-	22,512,841	-	-	-	-	22,512,841
Interest - transfers, refund payback	-	-	-	-	1,075,554	-	1,075,554
Transfer from another system	358,712	-	-	-	502,917	-	861,629
Transfer from other plans	-	-	-	-	-	-	-
Actuarial transfer	-	-	-	197,298,169	-	285,942,257	483,240,426
	50,173,966	22,512,841	2,195,565	230,122,673	442,038,437	285,942,257	1,032,985,739
EXPENDITURES AND TRANSFERS:							
Refunds to terminated employees	11,599,043	-	-	-	-	-	11,599,043
Transfer to Annuity Reserve	32,824,504	-	-	-	-	-	32,824,504
Transfer to DROP	-	-	-	22,512,841	-	-	22,512,841
Pensions paid	-	-	-	110,144,349	-	-	110,144,349
Transfer to other plans	-	-	-	-	-	-	-
DROP benefits	-	15,731,881	-	-	-	-	15,731,881
Administrative expenses	-	-	-	-	1,159,662	-	1,159,662
Other postemployment benefits	-	-	-	-	43,991	-	43,991
Depreciation	-	-	-	-	31,315	-	31,315
Actuarial transfer	-	-	26,894,836	-	456,345,590	-	483,240,426
Transfers to another system	598,158	-	-	-	1,578,488	-	2,176,646
	45,021,705	15,731,881	26,894,836	132,657,190	459,159,046	-	679,464,658
NET INCREASE (DECREASE)	5,152,261	6,780,960	(24,699,271)	97,465,483	(17,120,609)	285,942,257	353,521,081
BALANCE - ENDING	$ 385,884,851	$ 54,308,140	$ 4,574,933	$ 1,063,297,180	$ 940,464,073	$ 135,454,329	$ 2,583,983,506

2011						
ANNUITY SAVINGS	DROP	FUNDING DEPOSIT ACCOUNT	ANNUITY RESERVE	PENSION ACCUMULATION	SURPLUS (UNFUNDED) ACTUARIAL LIABILITY	TOTAL
$ 371,318,314	$ 37,949,444	$ 27,231,818	$ 894,443,088	$ 974,020,845	$ (79,922,102)	$ 2,225,041,407
49,787,038	-	-	-	-	-	49,787,038
-	-	-	-	86,983,853	-	86,983,853
-	-	-	-	6,101,567	-	6,101,567
-	-	-	-	137,305	-	137,305
-	-	2,042,386	-	(16,957,769)	-	(14,915,383)
-	-	-	-	264,795	-	264,795
-	-	-	30,432,013	-	-	30,432,013
-	19,752,248	-	-	-	-	19,752,248
-	-	-	-	731,061	-	731,061
347,152	-	-	-	513,533	-	860,685
-	-	-	-	100,255	-	100,255
-	-	-	162,117,147	-	-	162,117,147
50,134,190	19,752,248	2,042,386	192,549,160	77,874,600	-	342,352,584
9,853,911	-	-	-	-	-	9,853,911
30,432,013	-	-	-	-	-	30,432,013
-	-	-	19,752,248	-	-	19,752,248
-	-	-	101,408,303	-	-	101,408,303
-	-	-	-	-	-	-
-	10,174,512	-	-	-	-	10,174,512
-	-	-	-	1,070,172	-	1,070,172
-	-	-	-	64,760	-	64,760
-	-	-	-	29,277	-	29,277
-	-	-	-	91,551,321	70,565,826	162,117,147
433,990	-	-	-	1,595,233	-	2,029,223
40,719,914	10,174,512	-	121,160,551	94,310,763	70,565,826	336,931,566
9,414,276	9,577,736	2,042,386	71,388,609	(16,436,163)	(70,565,826)	5,421,018
$ 380,732,590	$ 47,527,180	$ 29,274,204	$ 965,831,697	$ 957,584,682	$ (150,487,928)	$ 2,230,462,425

PARОCHIAL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION - PLAN "B"
STATEMENTS OF CHANGES IN RESERVE BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012						
	ANNUITY SAVINGS	DROP	FUNDING DEPOSIT ACCOUNT	ANNUITY RESERVE	PENSION ACCUMULATION	SURPLUS (UNFUNDED) ACTUARIAL LIABILITY	TOTAL
BALANCE - BEGINNING	$ 17,463,971	$ 2,106,311	$ 1,012,867	$ 52,815,413	$ 99,955,928	$ (7,750,941)	$ 165,603,549
REVENUES AND TRANSFERS:							
Employee contributions	2,507,560	-	-	-	-	-	2,507,560
Employer contributions	-	-		-	8,561,397	-	8,561,397
Net investment income (loss)	-	-	547,042	-	25,988,518	-	26,535,560
Tax collector contributions	-	-	-	-	963,027	-	963,027
Revenue sharing contributions	-	-	-	-	15,496	-	15,496
Miscellaneous income	-	-	-	-	10,056	-	10,056
Transfer from Annuity Savings	-	-	-	1,042,539	-	-	1,042,539
Transfer from Annuity Reserve	-	902,005	-	-	-	-	902,005
Transfer from another system	27,457	-	-	-	43,841	-	71,298
Transfer (to) / from other plans	-	-	-	-	-	-	-
Interest - transfers refund payback	-	-	-	-	55,725	-	55,725
Actuarial transfer	-	-	-	11,429,737	-	18,155,307	29,585,044
	2,535,017	902,005	547,042	12,472,276	35,638,060	18,155,307	70,249,707
EXPENDITURES AND TRANSFERS:							
Refunds to terminated employees	611,969	-	-	-	-	-	611,969
Transfer to Annuity Reserve	1,042,539	-	-	-	-	-	1,042,539
Transfer to DROP	-	-	-	902,005	-	-	902,005
Pensions paid	-	-	-	6,101,642	-	-	6,101,642
Transfer to other plans	-	-	-	-	-	-	-
DROP benefits	-	811,589	-	-	-	-	811,589
Administrative expenses	-	-	-	-	173,802	-	173,802
Other postemployment benefits	-	-	-	-	6,598	-	6,598
Depreciation	-	-	-	-	4,697	-	4,697
Transfers to another system	8,207	-	-	-	28,019	-	36,226
Actuarial transfer	-	-	-	-	29,585,044		29,585,044
	1,662,715	811,589	-	7,003,647	29,798,160	-	39,276,111
NET INCREASE (DECREASE)	872,302	90,416	547,042	5,468,629	5,839,900	18,155,307	30,973,596
BALANCE - ENDING	$ 18,336,273	$ 2,196,727	$ 1,559,909	$ 58,284,042	$ 105,795,828	$ 10,404,366	$ 196,577,145

2011						
ANNUITY SAVINGS	DROP	FUNDING DEPOSIT ACCOUNT	ANNUITY RESERVE	PENSION ACCUMULATION	SURPLUS (UNFUNDED) ACTUARIAL LIABILITY	TOTAL
$ 16,233,560	$ 1,994,056	$ 334,656	$ 48,742,466	$ 95,771,055	$ (1,299,632)	$ 161,776,161
2,442,132	-	-	-	-	-	2,442,132
-	-	653,112	-	7,635,221	-	8,288,333
-	-	25,099	-	(1,098,953)	-	(1,073,854)
-	-	-	-	917,773	-	917,773
-	-	-	-	21,007	-	21,007
-	-	-	-	3,088	-	3,088
-	-	-	753,373	-	-	753,373
-	698,741	-	-	-	-	698,741
26,260	-	-	-	29,154	-	55,414
-	-	-	-	-	-	-
-	-	-	-	100,383	-	100,383
-	-	-	9,559,396	-	-	9,559,396
2,468,392	698,741	678,211	10,312,769	7,607,673	-	21,765,786
467,714	-	-	-	-	-	467,714
753,373	-	-	-	-	-	753,373
-	-	-	698,741	-	-	698,741
-	-	-	5,541,081	-	-	5,541,081
-	-	-	-	100,255	-	100,255
-	586,486	-	-	-	-	586,486
-	-	-	-	159,955	-	159,955
-	-	-	-	9,713	-	9,713
-	-	-	-	4,391	-	4,391
16,894	-	-	-	40,399	-	57,293
-	-	-	-	3,108,087	6,451,309	9,559,396
1,237,981	586,486	-	6,239,822	3,422,800	6,451,309	17,938,398
1,230,411	112,255	678,211	4,072,947	4,184,873	(6,451,309)	3,827,388
$ 17,463,971	$ 2,106,311	$ 1,012,867	$ 52,815,413	$ 99,955,928	$ (7,750,941)	$ 165,603,549

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
DECEMBER 31, 2012 AND 2011

	2012	2011
Gwen LeBlanc	$ 300	$ 375
Terrie Rodrigue	300	375
Tim Ware	300	375
Bob Manuel	-	375
Jerry Milner	300	375
Sandy Treme	225	-
TOTAL	$ 1,425	$ 1,875

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - EMPLOYER AND OTHER SOURCES
DECEMBER 31, 2007 THROUGH 2012

PLAN A

Year ended 12/31	Actuarial Required Contribution Employer	Percentage Contributed Employer	Actuarial Required Contribution Other Sources	Percentage Contributed Other Sources
2007	41,756,774	144.45%	4,595,741	105.30%
2008	42,094,094	152.22%	5,223,887	107.67%
2009	81,425,829	79.64%	6,055,964	93.18%
2010	74,313,385	117.05%	6,229,353	100.15%
2011	88,140,601	99.66%	5,960,476	104.67%
2012	95,339,954	92.13%	6,214,184	106.87%

PLAN B

Year ended 12/31	Actuarial Required Contribution Employer	Percentage Contributed Employer	Actuarial Required Contribution Other Sources	Percentage Contributed Other Sources
2007	3,331,826	113.36%	647,136	105.30%
2008	3,995,797	109.34%	722,107	85.95%
2009	7,472,030	64.75%	886,003	108.42%
2010	7,043,674	117.67%	921,782	101.84%
2011	7,700,404	111.18%	893,947	105.02%
2012	8,126,767	105.35%	947,375	103.29%

For the years ended 2007 and 2008 for Plan A, the actuarially required contribution differs from the actual contribution made due to the System freezing the rate higher than actuarilly required. For the years ended 2007, 2008, 2011 and 2012 for Plan B, the actuarially required contribution differs from the actual contribution made due to the System freezing the rate highter than actuarilly required. For the years ended 2009, 2010, 2011 and 2012 for Plan A, 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 effective year. For the years ended 2009, and 2010 for Plan B, 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 effective year.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS PENSION PLAN
DECEMBER 31, 2007 THROUGH 2012

PLAN A

	Actuarial Value of Assets (a)	Actuarial Accrued Liability Entry Age (b)	Unfunded (Excess) AAL UAAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/07	2,027,214,660	2,093,543,018	66,328,358	96.83%	454,741,830	14.59%
12/31/08	1,943,569,363	2,003,951,156	60,381,793	96.99%	511,891,487	11.80%
12/31/09	2,135,230,590	2,188,782,978	53,552,388	97.55%	536,408,372	9.98%
12/31/10	2,259,207,052	2,304,963,509	45,756,457	98.01%	546,737,427	8.37%
12/31/11	2,344,047,017	2,380,950,353	36,903,336	98.45%	552,543,155	6.68%
12/31/12	2,448,529,177	2,448,529,177	-	100.00%	558,327,346	0.00%

PLAN B

	Actuarial Value of Assets (a)	Actuarial Accrued Liability Entry Age (b)	Unfunded (Excess) AAL UAAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/07	$ 141,756,387	$ 144,913,286	$ 3,156,899	97.82%	$ 62,859,807	5.02%
12/31/08	136,139,102	162,127,929	25,988,827	83.97%	74,891,671	34.70%
12/31/09	150,446,497	171,160,473	20,713,976	87.90%	79,373,895	26.10%
12/31/10	163,075,793	186,118,552	23,042,759	87.62%	81,999,193	28.10%
12/31/11	173,354,490	198,962,892	25,608,402	87.13%	84,237,202	30.40%
12/31/12	186,172,779	212,489,491	26,316,712	87.62%	86,882,261	30.29%

For Plan B the actuarial valuation of assets, actuarial accrued liability and unfunded amounts were calculated using the entry age actuarial cost method which is a different from the actuarial method used for funding purposes. The above schedule of funding progesss is to provide a surrogate for the funding status and funding of the Plan.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
OTHER POST EMPLOYEMENT BENEFIT OBLIGATIONS
JULY 1, 2008 THROUGH 2011

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability Entry Age (b)	Unfunded (Excess) AAL UAAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
07/01/08	-	1,167,300	1,167,300	0.00%	469,742	248.50%
07/01/09	-	1,417,300	1,417,300	0.00%	554,048	255.81%
07/01/10	-	801,600	801,600	0.00%	575,445	139.30%
07/01/11	-	552,900	552,900	0.00%	609,194	90.76%

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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*

June 19, 2013

Board of Trustees
Parochial Employees' Retirement System of Louisiana
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statements of plan net position and the related statements of changes in plan net position of Parochial Employees' Retirement System, as of and for the year ended December 31, 2012, which collectively comprise Parochial Employees' Retirement System's basic financial statements and have issued our report thereon dated June 19, 2013.

Internal Control Over Financial Reporting

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

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A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the System'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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a deficiency in internal control, noted as 12-01 described in the accompanying schedule of findings that we consider to be significant deficiency.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and 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.

This report is intended solely for the information and use of the Board of Trustees, Office of the Legislative Auditor of the State of Louisiana and management, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2012

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of Parochial Employees' Retirement System of Louisiana for the year ended December 31, 2012 was unqualified.

2. Internal Control

   Material weaknesses: none noted
   Significant deficiency: 12-01

   12-01 Investment income

   During the audit of the System's investments it was noted that unrealized gains in the amount of $4,049,067 were incorrectly recorded in the System's general ledger as investment interest income and interest income in the amount of $597,754 was incorrectly recorded in the System's general ledger as realized gain. On the financial statements, Interest income transactions should be reported as investment income and unrealized gains should be reported as investment appreciation. As a result of the misposts, investment interest income was overstated, while investment appreciation was understated. Investment activity journal entries should be reviewed by management to verify proper recording of transactions. We recommend that investment activity journal entries be reviewed by management to verify proper recording of transactions and that manager statements be reconciled with the custodian reports periodically to ensure proper reporting of investment income.
   .

3. Compliance and Other Matters

   Noncompliance material to financial statements: none noted

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2012

SUMMARY OF PRIOR YEAR FINDINGS:

11-01 Annuity Savings

During the audit of the System's annuity savings for Plan A, it was noted that a detail schedule of annuity savings is not being reconciled with the general ledger. The annuity savings detail report generated from the database system should be reconciled with the amounts reported on the general ledger. Not reconciling the detail reporting with the general ledger could result in a misstatement of a participant's account. We recommend that the annuity savings detail report per the database system be reconciled with the annuity savings account balance per the general ledger periodically. This finding was resolved in the current year audit.

11-02 Investment income

During the audit of the System's investment income it was noted that interest income in the amount of $1,263,621 was incorrectly recorded in the System's general ledger as unrealized gain. Interest income transactions should be reported as investment income on the financial statements. As a result of the mispost, investment appreciation was overstated. Investment income journal entries should be reviewed by management to verify proper recording of transactions. This finding was repeated. See finding 12-01.