ANNUAL FINANCIAL REPORT

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
BATON ROUGE, LOUISIANA

DECEMBER 31, 2015 AND 2014

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

INDEX TO ANNUAL FINANCIAL REPORT

DECEMBER 31, 2015 AND 2014

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INDEPENDENT AUDITOR'S REPORT

June 20, 2016

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 fiduciary net position as of December 31, 2015 and 2014, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Opinion

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.

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, 2015 and 2014, 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.

Emphasis of Matter

As disclosed in Note 4 to the financial statements, the total pension liability for Parochial Employees' Retirement System was $3,387,821,896 and $3,202,990,836 for Plan A and $272,907,932 and $253,779,471 and Plan B, respectively, at December 31, 2015 and 2014. The actuarial valuations were based on various assumptions made by the System's actuary. Because actual experience may differ from the assumptions used in the actuarial valuation, there is a risk that the total pension liability at December 31, 2015 and 2014 could be understated or overstated.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and required supplementary information, 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, is presented for the purposes of additional analysis and is not a part of the basic financial statements. The supplemental information for the years ending December 31, 2015 and 2014 is the responsibility of management and was derived from and relates 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 20, 2016 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, regulations and contracts. 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 internal control over financial reporting of Parochial Employees' Retirement System of Louisiana.

Duplantier, Hrapmann, Hogan and Maher, LLP

New Orleans, LA

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, 2015. 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 10.

FINANCIAL HIGHLIGHTS

- Parochial Employees' Retirement System's assets exceeded its liabilities at the close of fiscal year 2015 by $3,379,696,529 which represents a decrease from last fiscal year. The net position restricted for pension benefits decreased by $49,455,214 or 1.44%. The decrease is due to the investment market returns for 2015.
- Contributions to the plan by members and employers totaled $147,428,978, a decrease of $4,671,076 or 3.07% over the prior year.
- The net depreciation in the fair value of investments was $56,805,524 for 2015, compared to a net appreciation of $127,894,870 in 2014. Net depreciation resulted from the investment market returns for 2015.
- The rate of return on the System's investments was -0.57% for Plan A and -0.65% for Plan B based on the market value. This represents a decrease from the 2014 results in both plans.
- Pension benefits paid to retirees and beneficiaries increased by $13,246,493 or 9.61%. This increase is due to a rise in the number of retirees and the larger benefit amounts for new retirees.
- Administrative expenses totaled $1,504,993, an increase of $119,562 or 8.63%.
- The cost of administering the System per member during 2015 was $45 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 fiduciary net position,
- Statement of changes in fiduciary net position, and
- Notes to the financial statements.

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The statement of fiduciary net position reports 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, 2015 and 2014.

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

	Statements of Fiduciary Net Position December 31, 2015	2014
Cash and investments	$ 3,361,165,719	$ 3,411,644,109
Receivables	36,207,413	34,215,892
Property and equipment	738,073	766,489
Total assets	3,398,111,205	3,446,626,490
Total liabilities	18,414,676	17,474,747
Net Position Restricted for Pension Benefits	$ 3,379,696,529	$ 3,429,151,743

Fiduciary net position decreased by $49,455,214 or 1.44% ($3,379,696,529 compared to $3,429,151,743). 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 decrease in fiduciary net position in 2015 was due mainly to the investment market returns for 2015 and the lower employer contribution rate collected for 2015.

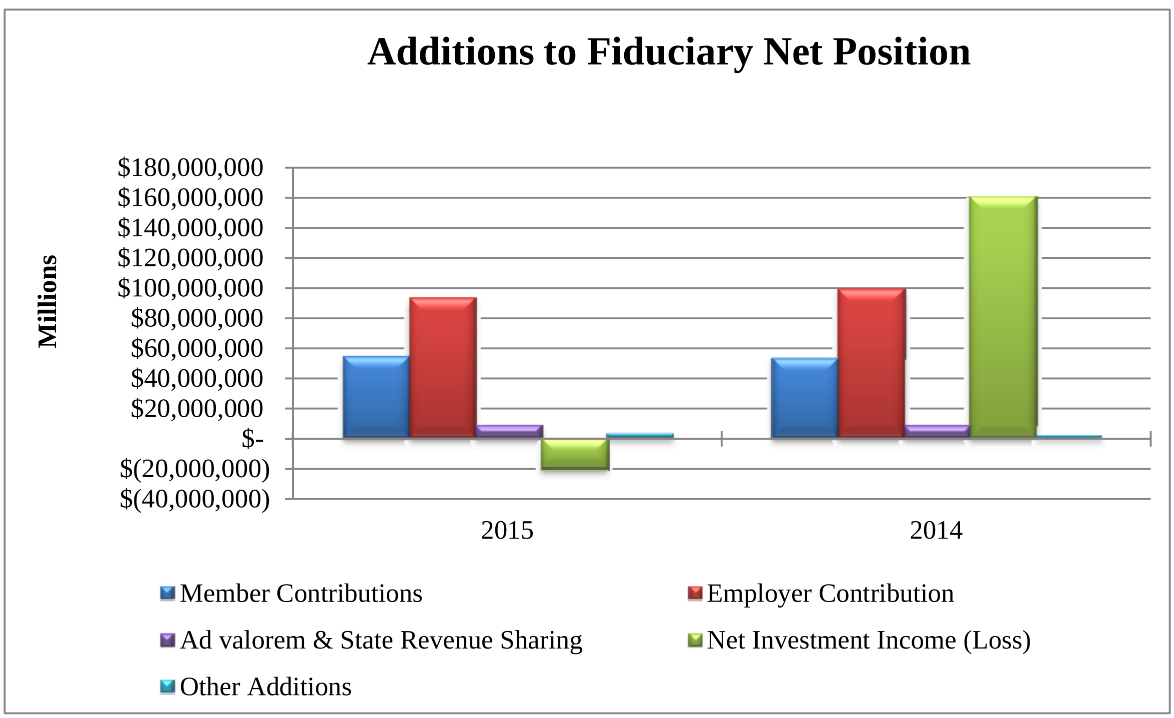
	Statements of Changes in Fiduciary Net Position December 31, 2015	2014
Additions:		
Contributions	$ 155,899,972	$ 160,413,651
Net investment income (loss)	(20,573,546)	160,777,888
Other	2,978,319	1,824,659
Total additions	$ 138,304,745	323,016,198
Total deductions	(187,759,959)	(174,809,181)
Increase (Decrease) in Fiduciary Net Position	$ (49,455,214)	$ 148,207,017

FINANCIAL ANALYSIS OF THE FUND (Continued)

Additions to Fiduciary Net Position

Additions to the System's fiduciary net position were derived from member and employer contributions. Member contributions increased $1,289,363 or 2.43% and employer contributions decreased $5,960,439 or 6.01%. The System experienced net investment loss of $20,573,546 as compared to net investment income of $160,675,824 in the previous year. The decrease in fiduciary net position in 2015 was due mainly to the fact that investment returns were slightly negative for 2015.

	2015	2014	Increase (Decrease) Percentage
Member Contributions	$ 54,293,740	$ 53,004,377	2.43%
Employer Contributions	93,135,238	99,095,677	-6.01%
Ad valorem & State Revenue Sharing	8,470,994	8,313,597	1.89%
Net Investment Income (Loss)	(20,573,546)	160,777,888	-112.80%
Other Additions	2,978,319	1,824,659	63.23%
Total Additions	$ 138,304,745	$ 323,016,198	

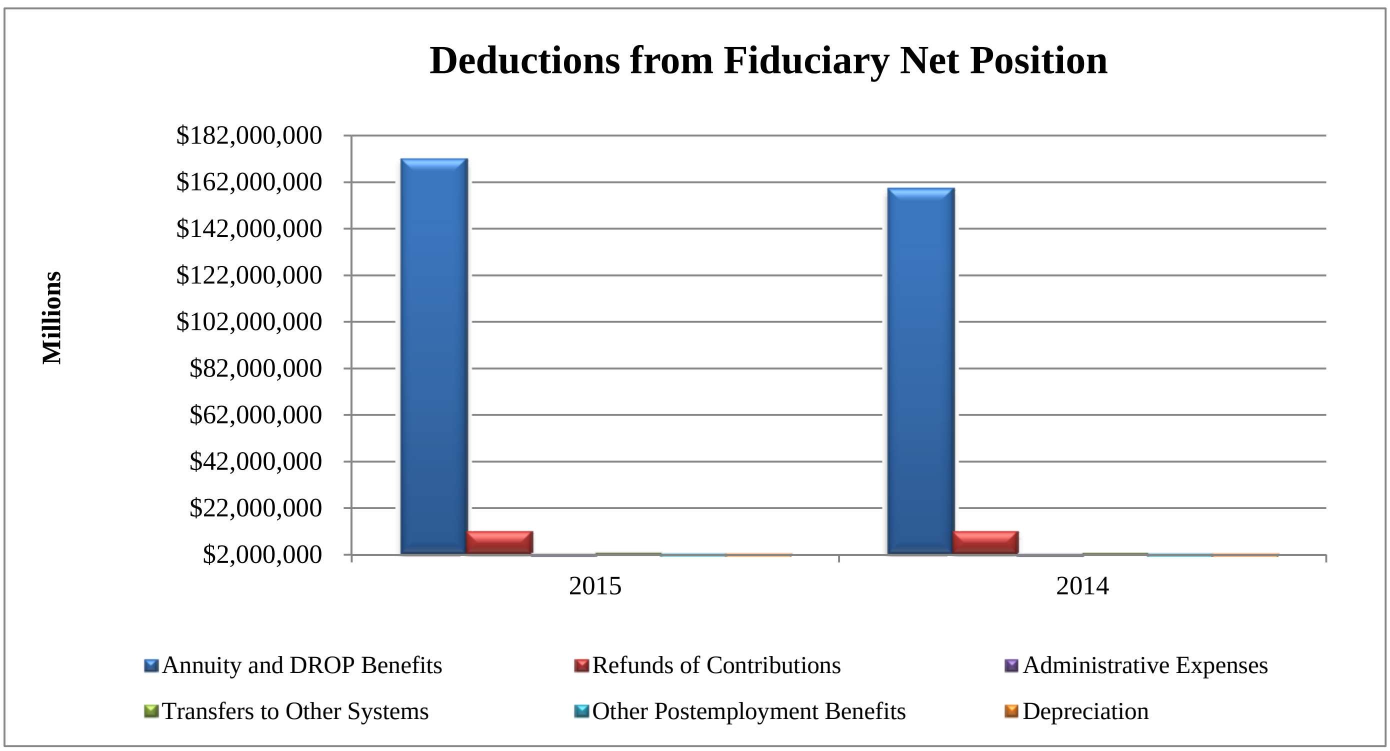


FINANCIAL ANALYSIS OF THE FUND (Continued)

Deductions from Fiduciary Net Position

Deductions from fiduciary net position include mainly retirement, death and survivor benefits and administrative expenses. Deductions from fiduciary net position totaled $187,759,959 in fiscal year 2015. Deductions from fiduciary net position increased by $12,950,777. Retirement benefits accounted for the majority of the increase. Annuity benefits increased by $13,246,493 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.

	2015	2014	Increase (Decrease) Percentage
Annuity and DROP Benefits	$ 172,123,808	$ 159,329,813	8.03%
Refunds of Contributions	11,578,738	11,663,800	-0.73%
Administrative Expenses	1,462,604	1,385,431	5.57%
Transfers to Other Systems	2,504,638	2,358,512	6.20%
Other Postemployment Benefits	58,889	34,403	71.17%
Depreciation	31,282	37,222	-15.96%
Total	$ 187,759,959	$ 174,809,181	

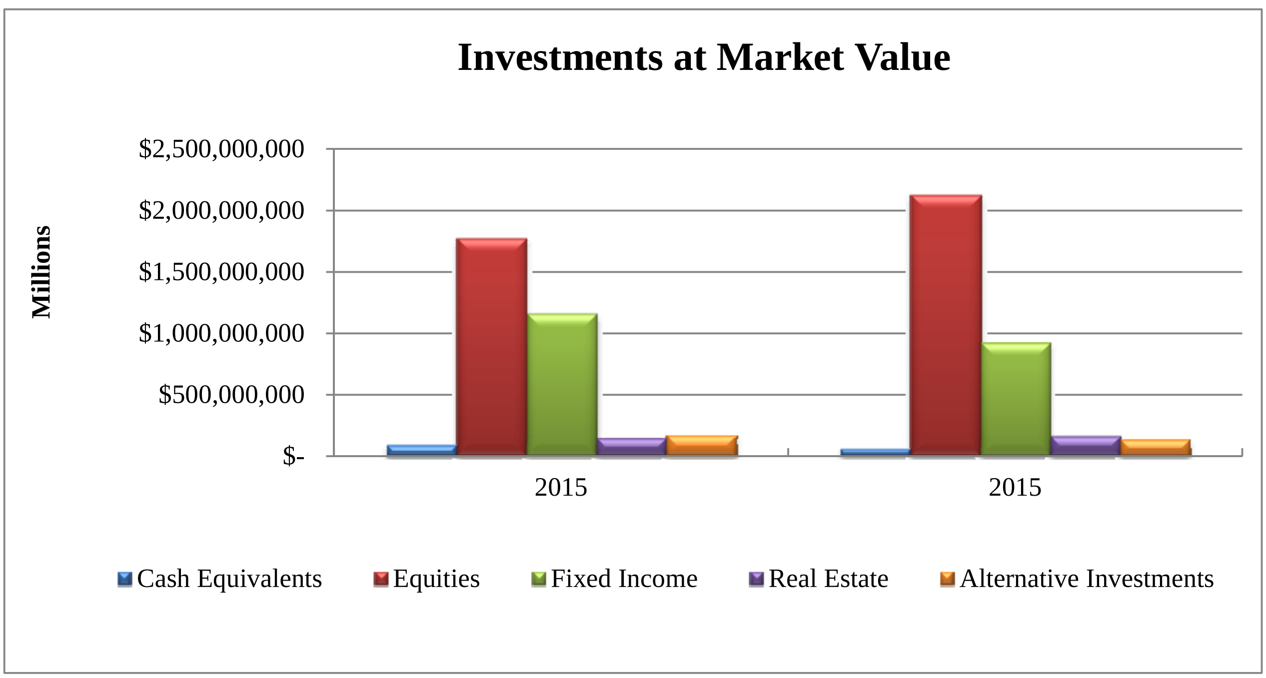


FINANCIAL ANALYSIS OF THE FUND (Continued)

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, 2015 was $3,343,957,226 as compared to $3,409,067,430 at December 31, 2014 which is an decrease of $65,110,204 or 1.91%. The System's investments in various markets at the end of the 2015 and 2014 fiscal years are indicated in the following table:

	2015	2014	Increase (Decrease) Percentage
Cash equivalents	$ 89,571,949	$ 56,762,169	57.80%
Equities	1,775,620,219	2,129,769,915	-16.63%
Fixed income	1,161,215,631	925,268,366	25.50%
Real estate	147,757,698	134,873,548	9.55%
Alternatives	169,791,729	162,393,432	4.56%
Total	$ 3,343,957,226	$ 3,409,067,430	



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 FIDUCIARY NET POSITION
DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
Cash	$ 17,208,493	$ 2,576,679
Receivables:		
Contribution receivables	27,156,884	25,598,170
Accrued interest and dividends on investments	522,372	460,244
Investment receivables	62,381	472,123
Ad valorem and state revenue sharing receivable	8,459,168	7,678,747
Other current assets	6,608	6,608
Total receivables	36,207,413	34,215,892
Investments, at fair value:		
Cash and cash equivalents	89,571,949	56,762,169
Equities	1,775,620,219	2,129,769,915
Fixed income	1,161,215,631	925,268,366
Real estate	147,757,698	134,873,548
Alternative investments	169,791,729	162,393,432
Total investments	3,343,957,226	3,409,067,430
Property, plant and equipment (Net of accumulated depreciation)	738,073	766,489
Total assets	3,398,111,205	3,446,626,490
LIABILITIES AND NET POSITION		
Liabilities:		
Accounts payable	2,211,212	2,019,556
Benefits payable	14,406,226	13,620,507
Refunds payable	546,043	701,332
Investment payable	718,085	659,131
OPEB liabilities	533,110	474,221
Total liabilities	18,414,676	17,474,747
NET POSITION - RESTRICTED FOR PENSION BENEFITS	$ 3,379,696,529	$ 3,429,151,743

See accompanying notes.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
ADDITIONS:		
Contributions:		
Member contributions	$ 54,293,740	$ 53,004,377
Employer contributions	93,135,238	99,095,677
Ad valorem taxes and revenue sharing funds	8,470,994	8,313,597
Total contributions	155,899,972	160,413,651
INVESTMENT INCOME (LOSS):		
Net appreciation (depreciation) in the market value of investments	(56,805,547)	127,894,870
Dividends, interest, and other recurring income	49,402,591	45,727,904
Miscellaneous investment income	132,258	102,064
	(7,270,698)	173,724,838
Less - Investment expense:		
Custodial fee	155,198	196,293
Money manager fees	12,928,281	12,497,392
Investment consulting	219,369	253,265
	13,302,848	12,946,950
Net investment income (loss)	(20,573,546)	160,777,888
Other additions:		
Interest - transfers, refund payback	1,466,660	614,793
Transfers in from other systems	1,500,384	1,188,435
Miscellaneous income	11,275	21,431
Total other additions	2,978,319	1,824,659
Total additions	138,304,745	323,016,198
DEDUCTIONS:		
Retirement, disability and survivor annuity benefits	151,043,323	137,796,830
DROP benefits	21,080,485	21,532,983
Refund of contributions	11,578,738	11,663,800
Transfers to other systems	2,504,638	2,358,512
Administrative expenses	1,462,604	1,385,431
Depreciation expense	31,282	37,222
OPEB expense	58,889	34,404
Total deductions	187,759,959	174,809,182
NET INCREASE (DECREASE)	(49,455,214)	148,207,016
NET POSITION RESTRICTED FOR PENSION BENEFITS:		
Beginning of year	3,429,151,743	3,280,944,727
END OF YEAR	$ 3,379,696,529	$ 3,429,151,743

See accompanying notes.

DESCRIPTION OF ORGANIZATION:

The Parochial Employees' Retirement System of Louisiana (System) was originally established, effective January 1, 1953, 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 unfunded, 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 2025, 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).

The financial statements include the provisions of GASB Statement Number 34, *Basic Financial Statement – and Management's Discussion and Analysis- for State and Local Governments* and related standards. This standard provides for the inclusion of a management discussion and analysis as supplementary information and other changes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

During the year ended December 31, 2014, the System adopted the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans.* GASB Statement No. 67 established new standards of financial reporting for defined pension plans. Significant changes included an actuarial calculation of total and net pension liability. It also includes comprehensive footnote disclosures regarding the pension liability, the sensitivity of the net pension liability to the discount rate, and increased investment activity disclosures specifying the approach of contributing entities to measure pension liabilities for benefits provided through the pension plan, increased the note disclosure requirements, and provided for additional required supplementary information schedules.

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.

Expenses are recognized in the period incurred.

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. Shares in external investment pools and mutual funds are equivalent to the fair value of the external investment pool and mutual funds. The investment in real estate consists of partnerships, and real estate equity portfolios. These investments are valued at fair market value, which is based upon and independent appraisal or comparable sales. Fair value of investments in limited partnerships (which include private equities and hedge funds) is calculated as the System's percentage of ownership of the partner's capital reported by the partnership.

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), through 2025.

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, 2015, there were 235 contributing employers in Plan A and 52 in Plan B.

Statewide retirement membership consisted of:

2015	PLAN A	PLAN B	TOTAL
Inactive plan members or beneficiaries receiving benefits	6,783	747	7,530
Inactive plan members entitled to but not yet receiving benefits	7,860	1,693	9,553
Active members	14,232	2,413	16,645
TOTAL PARTICIPATING AS OF VALUATION DATE	28,875	4,853	33,728

2014	PLAN A	PLAN B	TOTAL
Inactive plan members or beneficiaries receiving benefits	6,523	714	7,237
Inactive plan members entitled to but not yet receiving benefits	7,686	1,666	9,352
Active members	14,061	2,321	16,382
TOTAL PARTICIPATING AS OF VALUATION DATE	28,270	4,701	32,971

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.

2. PLAN DESCRIPTION: (Continued)

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

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.

2. PLAN DESCRIPTION: (Continued)

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 (20) 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. 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.

2. PLAN DESCRIPTION: (Continued)

DROP Benefits: (Continued)

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.

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). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

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 years ended December 31, 2015 and 2014, the actuarially determined contribution rate was 10.40% and 13.07% of member's compensation for Plan A and 6.91% and 8.60% of member's compensation for Plan B. The actual contribution rate for the fiscal years ending December 31, 2015 and 2014 was 14.50% and 16.00% for Plan A and 9.00% and 9.25% 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 and are considered support from non-contributing entities.

Administrative costs of the System are financed through employer contributions.

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 was created by state law and 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 $416,074,669 and $402,138,565 for December 31, 2015 and 2014, respectively. The balance for Plan B was $21,704,936 and $20,656,063 as of December 31, 2015 and 2014, respectively.

3. CONTRIBUTIONS AND RESERVES: (Continued)

Reserves: (Continued)

b. Pension Accumulation Reserve:

The Pension Accumulation Reserve was created by state law and 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, 2015 and 2014 was $1,160,660,657 and $1,384,613,984, respectively. The balance for Plan B was $146,450,487 and $157,556,930 as of December 31, 2015 and 2014, respectively.

c. Annuity Reserve:

The Annuity Reserve was created by state law and 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, 2015 and 2014 for Plan A was $1,434,864,083 and $1,303,726,307, respectively. The balance for Plan B was $77,936,059 and $69,002,890 as of December 31, 2015 and 2014, respectively.

d. Deferred Retirement Option Account:

The Deferred Retirement Option account was created by state law and 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, 2015 and 2014 was $63,349,322 and $61,389,320, respectively. The balance for Plan B as of December 31, 2015 and 2014 was $4,389,426 and $4,004,697, respectively.

e. Funding Deposit Account:

The Funding Deposit Account was created by state law and 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

3. CONTRIBUTIONS AND RESERVES: (Continued)

Reserves: (Continued)

e. Funding Deposit Account: (Continued)

(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, 2015 and 2014 was $49,644,401 and $23,781,823, respectively. The balance for Plan B as of December 31, 2015 and 2014 was $4,622,489 and $2,281,164, respectively.

4. NET PENSION LIABILITY OF EMPLOYERS:

The components of the net pension liability of the System's employers for Plan A and Plan B determined in accordance with GASB No. 67 as of December 31, 2015 and 2014 are as follows:

	PLAN A		PLAN B	
	2015	2014	2015	2014
Total Pension Liability	$ 3,387,821,896	$ 3,202,990,836	$ 272,907,932	$ 253,779,471
Plan Fiduciary Net Position	3,124,593,132	3,175,649,999	255,103,397	253,501,744
Employers' Net Position Liability	263,228,764	27,340,837	17,804,535	277,727
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	92.23%	99.15%	93.48%	99.89%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations, and new estimates are made about the future.

The actuarial assumptions used in the December 31, 2015 valuation were based on the assumptions used in the December 31, 2015 actuarial funding valuation, were based on results of an actuarial experience study for the period January 1, 2010 – December 31, 2014. The actuarial assumptions used in the December 31, 2014 valuation were based on the assumptions used in the December 31, 2014 actuarial funding valuation, which (with the exception of mortality) were based on results of an actuarial experience study for the period January 1, 2006 – December 31, 2010. The required Schedules of Employers' Net Pension Liability located in required supplementary information following the *Notes to the Financial Statements* presents multi-year trend information regarding whether the plan fiduciary net positions are increasing or decreasing over time relative to the total pension liability. The Total Pension Liability as of December 31, 2015 and 2014 is based on actuarial valuations for the same period, updated using generally accepted actuarial procedures.

4. NET PENSION LIABILITY OF EMPLOYERS: (Continued)

Information on the actuarial valuation and assumptions is for both Plan A and Plan B is as follows:

Valuation date	December 31, 2015	December 31, 2014
Actuarial cost method	Entry Age Normal Cost	Entry Age Normal Cost
Investment rate of return	7.00%, net of pension plan investment expense, including inflation	7.25%
Inflation rate	2.50%	3.00%
Mortality	RP-2000 Healthy Annuitant Sex Distinct Tables projected to 2031 using Scale AA were selected for annuitant and beneficiary mortality. For employees, the RP-2000 Employees Sex Distinct Tables set back 4 years for males and 3 years for females was selected. The RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females was selected for disabled annuitants.	RP-2000 Combined Healthy Mortality Table
Salary Increases	5.25%	5.75%

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and 2.30% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.55% and 8.11% for the year ended December 31, 2015 and 2014, respectively.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2015 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Estate of Return
Fixed Income	34%	1.06%
Equity	51%	3.56%
Alternatives	12%	0.74%
Real Estate	3%	0.19%
Totals	100%	5.55%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.55%

4. NET PENSION LIABILITY OF EMPLOYERS: (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2014 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Estate of Return
Fixed Income	34%	1.30%
Equity	51%	3.55%
Alternatives	12%	0.77%
Real Estate	3%	0.19%
Totals	100%	5.81%
Inflation		2.30%
Expected Arithmetic Nominal Return		8.11%

The discount rate used to measure the total pension liability was 7.00% and 7.25% for the years ended December 31, 2015 and 2014, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PERSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In accordance with GASB 67, regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the following presents the net pension liability of the participating employers calculated as of December 31, 2015 and 2014 using the discount rate of 7.00% and 7.25%, respectively, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.00% and 6.25%%, respectively, or one percentage point higher 8.00% and 8.25%%, respectively, than the current rate.

Changes in the discount rate for the years ended December 31, 2015 and 2014 for Plan A are as follows:

	PLAN A		
	1% Decrease	Current Discount Rate	1% Increase
	6.00%	7.00%	8.00%
Net Pension Liability (Asset) - December 31, 2015	$ 659,483,673	$ 263,228,764	$ (71,654,419)
	6.25%	7.25%	8.25%
Net Pension Liability (Asset) - December 31, 2014	$ 395,251,797	$ 27,340,837	$ (284,286,663)

4. NET PENSION LIABILITY OF EMPLOYERS: (Continued)

Changes in the discount rate for the years ended December 31, 2015 and 2014 for Plan B are as follows:

	PLAN B		
	1% Decrease	Current Discount Rate	1% Increase
	6.00%	7.00%	8.00%
Net Pension Liability (Asset) - December 31, 2015	$ 52,583,222	$ 17,804,535	$ (11,527,103)
	6.25%	7.25%	8.25%
Net Pension Liability (Asset) - December 31, 2014	$ 32,220,062	$ 277,727	$ (26,678,721)

5. REQUIRED SUPPLEMENTARY SCHEDULE INFORMATION:

Information in the Required Supplementary Schedules on pages 31 through 38 is designed to provide information about the System's progress made in accumulating sufficient assets to pay benefits.

6. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS:

The following are the components of the Plan' deposits, cash equivalents and investments at December 31, 2015 and 2014:

	2015	2014
Deposits (bank balance)	$ 17,313,853	$ 2,705,911
Cash equivalents	89,571,949	56,762,169
Investments	3,254,385,277	3,352,305,261
	$ 3,361,271,079	$ 3,411,773,341

The System maintains cash balances deposited in financial institutions. For the year ended December 31, 2015, the System was not fully covered by $250,000 of federal depository insurance and $6,297,216 of pledge collateral. There was $10,766,637 in bank deposits that were not covered as of December 31, 2015. For the year ended December 31, 2014, the System was fully covered by $250,000 of federal depository insurance and $6,157,457 of pledged collateral.

Cash Equivalents:

Cash equivalents in the amount of $89,571,949 and $56,762,169 for December 31, 2015 and 2014, 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.

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

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 or market exposure.

The System's investment policy specified the following investment parameters:

	December 31, 2015	December 31, 2014
Domestic equities	25%-35%	26%-35%
Foreign equities	10%-18%	18%-27%
Emerging market equities	4%-10%	4%-10%
Fixed income	28%-40%	20%-40%
Alternative investments	10%-20%	5%-20%

At December 31, 2015 and 2014, the components of the System's investment portfolio fell within the allowable ranges.

Credit Risk/Interest Rate Risk:

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Interest rate risk is defined as the risk that changes in the interest rates will adversely affect the fair value of an investment.

The System owns a government bond that is not rated in the amount of $1,127,364 and $1,352,605 as of December 31, 2015 and 2014, respectively, with a maturity between one and five years. The System also owns corporate obligations with Doubleline Structured Credit that are not rated in the amount of $8,489,186 and $-0- as of December 31, 2015 and 2014, respectively. The maturity dates for Doubleline's corporate obligations range from six to ten years for $97,593 and more than ten years for the remaining $8,391,593.

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

Credit Risk/Interest Rate Risk: (Continued)

The System also invests in fixed income funds in the amount $1,151,599,081 and $923,915,761 for the years ended December 31, 2015 and 2014, respectively, as follows:

a. The System invested in the OFIGTC Senior Loan Fund in the amount of $92,772,442 and $64,372,847 for the years ended December 31, 2015 and 2014, respectively. The Fund will invest at least 80% of its net assets in loans made to U.S. and foreign borrowers that are corporations, partnerships or other business entities. The Fund can invest without limits in loans that are below investment grade and may also invest in unrated loans. The Fund had an average credit quality rating of B by Standard and Poor's rating service. The average portfolio duration of the OFIGTC Senior Loan Fund was .15 years.

b. The System invested in Loomis Sayles Core Plus Full Discretion Fund in the amount of $283,021,925 and $254,737,510 for the years ended December 31, 2015 and 2014, respectively. The Fund will invest at least 90% of the market value of its assets in fixed income securities. It may invest up to 15% of the market value of its assets in securities rated below investment grade, but it primarily invests in investment grade fixed income securities. The average credit quality of the Fund is A3 according to Moody's Investors Services. The average portfolio duration of the Loomis Sayles Core Plus Full Discretion Fund was 5.02 years.

c. The System invested in the Prudential Private Place Bond Separate Account (PRIVEST) in the amount of $212,196,128 and $208,557,061 for the years ended December 31, 2015 and 2014, respectively. The objective of PRIVEST is to achieve a long-term total return greater than public bond portfolios of comparable credit quality and duration by primarily investing in privately placed corporate debt securities, with credit qualities ranging from AAA to CCC. The account had an average credit quality rating of BBB+ according to Standard & Poor's rating service. The average portfolio duration of PRIVEST was 5.70 years.

d. The System invested in Brandywine Global Opportunistic Fixed Income Fund in the amount of $273,670,211 and $217,340,850 for the years ended December 31, 2015 and 2014, respectively. The objective of the Global Opportunistic Fixed Income portfolio is to capture interest income and additionally generate principal growth through capital appreciation when market conditions permit. Brandywine's goal is to outperform the Investment Benchmark by at least 2%, on an average annual basis, over rolling five-year periods. The Fund had an average credit quality rating of A. The average portfolio duration of the Brandywine Global Opportunistic Fixed Income Fund was 7.86 years.

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

Credit Risk/Interest Rate Risk: (Continued)

e. The System invested in Stone Harbor Emerging Market Debt Fund in the amount of $165,189,251 and $146,599,108 for the years ended December 31, 2015 and 2014, respectively. The Fund normally will invest at least 80% of its net assets (plus any borrowings made for investment purposes) in Emerging Markets Corporate Debt Investments. The Fund had an average credit quality rating of BB by Standard & Poor's rating service. The average portfolio duration of the Stone Harbor Emerging Market Debt Fund was 6.64 years.

f. The System invested in Franklin Templeton Global Multisector Plus Trust in the amount of $124,749,124 and $-0- for the years ended December 31, 2015 and 2014, respectively. The Fund's primary investments will include fixed and floating debt securities and debt obligations of governments, and government-related or corporate issuers worldwide. The Fund may invest up to 50% of total net assets in bonds that are rated below investment grade or securities that are not rated. The Trust had an average credit quality rating of BBB+ by Standard & Poor's rating service. The average portfolio duration of the Franklin Templeton Global Multisector Plus Trust was .77 years.

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, 2015 and 2014 for the cash equivalents balance in the amount of $89,571,982 and $56,762,169, respectively.

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.

For the years ended December 31, 2015 and 2014, the System invested in a foreign security that is listed in Canadian dollars in the amount of $-0- and $1,789,984, respectively. All other foreign securities held by the System are traded in United States and denominated in U.S. dollars and do not pose a foreign currency risk.

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

Money-Weighted Rate of Return:

For the years ended December 31, 2015 and 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, for Plan A was -2.72% and 3.81% and for Plan B was 2.01% and 9.00%, respectively. The money-weighted return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

7. FIXED ASSETS:

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

2015	Beginning Balance	Additions	Deletions	Ending Balance
Land	$ 120,618	$ -	$ -	$ 120,618
Building and improvements	755,010	-	-	755,010
Office equipment and furniture	250,735	2,866	-	253,601
Less: accumulated depreciation	(359,874)	(31,282)	-	(391,156)
	$ 766,489	$ (28,416)	$ -	$ 738,073

2014	Beginning Balance	Additions	Deletions	Ending Balance
Land	$ 120,618	$ -	$ -	$ 120,618
Building and improvements	755,010	-	-	755,010
Office equipment and furniture	240,313	10,422	-	250,735
Less: accumulated depreciation	(322,652)	(37,222)	-	(359,874)
	$ 793,289	$ (26,800)	$ -	$ 766,489

Depreciation expense for the year ended December 31, 2015 and 2014 was $31,282 and 37,222, 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*.

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

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, 2014. Information on the actuarial valuation is provided in this footnote. The July 1, 2015 valuation was not available.

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. The plan is currently financed on a pay as you go basis. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage.

The System had two retirees receiving health benefits through the Office of Group Benefits as of December 31, 2015 and 2014. During 2015, both retirees were enrolled in the Blue Cross Magnolia Plus plan. During 2014, both retirees were enrolled in the Blue Cross HMO plan. For December 31, 2015 and 2014, the total employee premiums for these benefits totaled $2,204 and $1,433, respectively. For December 31, 2015 and 2014, the premiums contributed by the System for these benefits totaled $6,611 and $8,397, respectively.

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.

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, 2014 and 2013. 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 ended July 1, 2014 and 2013 was $65,500 and $42,800, respectively, as set forth below:

	2014	2013
Normal Cost	$ 37,000	$ 20,600
30-year UAL amortization amount	25,981	20,554
Interest on the above	2,519	1,646
Annual required contribution (ARC)	$ 65,500	$ 42,800
Ending Net OPEB Obligation	$ 533,110	$ 474,221

The following table presents the System's OPEB obligation for the year ended July 1, 2014 and 2013.

	2014	2013
Annual required contribution (ARC)	$ 65,500	$ 42,800
Contributions made	(6,611)	(8,396)
Change in NET OPEB Obligation	58,889	34,404
Beginning NET OPEB Obligation	474,221	439,817
Ending NET OPEB Obligation	$ 533,110	$ 474,221

Utilizing the pay–as–you–go method, the System contributed during the year ended December 31, 2015 and 2014, 10.09% and 19.62%, respectively, of the annual post-employment benefits.

Year Ended	Annual OPEB Cost	Actual Employer Contribution	Percentage Contributed	Net OPEB Obligation (Asset)
July 1, 2012	$ 48,100	$ 10,800	22.45%	$ 439,817
July 1, 2013	$ 42,800	$ 8,396	19.62%	$ 474,221
July 1, 2014	$ 65,500	$ 6,611	10.09%	$ 533,110

Funded Status and Funding Progress

In the year ended December 31, 2015 and 2014, 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 $679,500 and $548,000 as of July 1, 2014 and 2013, respectively, was unfunded.

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

Funded Status and Funding Progress (Continued)

The funded status of the plan, as determined by an actuary as of July 1, 2014 and 2013, was as follows:

	2014	2013
Actuarial accrued liability (AAL)	$ 679,500	$ 548,600
Actuarial value of plan assets	-	-
Unfunded actuarial accrued liability (UAAL)	$ 679,500	$ 548,600
Funded ratio (actuarial value of plan assets/AAL)	0%	0%
Covered payroll (annual payroll of active employees coveed by the plan)	698,685	702,399
UAAL as a percentage of covered payroll	97.25%	78.10%

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, 2014 and 2013, 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 8.0% and 7.0% for 2014 and 8.0% and 6.0% for 2013, respectively, scaling down to ultimate rates of 4.5% per year in both 2014 and 2013. 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, 2014, was twenty two years.

REQUIRED SUPPLEMENTARY INFORMATION

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY - PLAN A
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
Total Pension Liability:		
Service cost	$ 92,179,543	$ 89,258,252
Interest	232,727,540	221,836,067
Changes of benefit terms	-	20,487,101
Differences between expected and actual experience	(44,975,205)	(16,205,443)
Changes of assumptions	78,202,025	-
Benefit payments	(163,209,008)	(151,787,333)
Refunds of member contributions	(10,977,072)	(11,000,773)
Other	883,237	(222,109)
Net change in total pension liability	184,831,060	152,365,762
Total pension liability - beginning	3,202,990,836	3,050,625,074
Total pension liability - ending (a)	$ 3,387,821,896	$ 3,202,990,836
Plan Fiduciary Net Position:		
Contributions - employer	$ 84,459,009	$ 90,704,837
Contributions - member	51,488,106	50,375,250
Net investment income	(18,772,102)	149,043,734
Contributions - nonemployer contributing entities	7,276,289	7,137,180
Benefit payments	(163,209,008)	(151,787,333)
Refunds of member contributions	(10,977,072)	(11,000,773)
Administrative expenses	(1,334,292)	(1,252,136)
Other	12,203	(1,089,446)
Net change in plan fiduciary net position	(51,056,867)	132,131,313
Plan fiduciary net position - beginning	3,175,649,999	3,043,518,686
Plan fiduciary net position - ending (b)	$ 3,124,593,132	$ 3,175,649,999
Net pension liability - ending (a) - (b)	$ 263,228,764	$ 27,340,837
Plan fiduciary net position as a percentage of total pension liability	92.23%	99.15%
Covered employee payroll	$ 577,451,897	$ 562,757,869
Net pension liability as a percentage of covered employee payroll	45.58%	4.86%

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

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY - PLAN B
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
Total Pension Liability:		
Service cost	$ 8,544,264	$ 8,412,233
Interest	18,696,801	17,562,661
Changes of benefit terms	-	1,309,944
Differences between expected and actual experience	(2,179,740)	(3,451,795)
Changes of assumptions	3,098,805	-
Benefit payments	(8,914,800)	(7,542,480)
Refunds of member contributions	(601,666)	(663,027)
Other	484,797	555,593
Net change in total pension liability	19,128,461	16,183,129
Total pension liability - beginning	253,779,471	237,596,342
Total pension liability - ending (a)	$ 272,907,932	$ 253,779,471
Plan Fiduciary Net Position:		
Contributions - employer	8,676,229	8,390,840
Contributions - member	2,805,634	2,629,127
Contributions - nonemployer contributing entities	1,194,705	1,176,417
Net investment income	(1,801,444)	11,734,154
Benefit payments	(8,914,800)	(7,542,480)
Refunds of member contributions	(601,666)	(663,027)
Administrative expenses	(218,483)	(204,921)
Other	461,478	555,593
Net change in plan fiduciary net position	1,601,653	16,075,703
Plan fiduciary net position - beginning	253,501,744	237,426,041
Plan fiduciary net position - ending (b)	$ 255,103,397	$ 253,501,744
Net pension liability - ending (a) - (b)	$ 17,804,535	$ 277,727
Plan fiduciary net position as a percentage of total pension liability	93.48%	99.89%
Covered employee payroll	$ 96,402,089	$ 90,711,784
Net pension liability as a percentage of covered employee payroll	18.47%	0.31%

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

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY - PLAN A
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Total Pension Liability	Plan Fiduciary Net Postion	Employers' Net Pension Liability	Plan Fiduciary Net Position as a Percentage of Total Pension Liability	Covered Employee Payroll	Employers' Net Pension Liability as a Percentage of Covered Employee Payroll
2014	$ 3,202,990,836	$ 3,175,649,999	$ 27,340,837	99.15%	$ 562,757,869	4.86%
2015	$ 3,387,821,896	$ 3,124,593,132	$ 263,228,764	92.23%	$ 577,451,897	45.58%

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

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY - PLAN B
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Total Pension Liability	Plan Fiduciary Net Postion	Employers' Net Pension Liability	Plan Fiduciary Net Position as a Percentage of Total Pension Liability	Covered Employee Payroll	Employers' Net Pension Liability as a Percentage of Covered Employee Payroll
2014	$ 253,779,471	$ 253,501,744	$ 277,727	99.89%	$ 90,711,784	0.31%
2015	$ 272,907,932	$ 255,103,397	$ 17,804,535	93.48%	$ 96,402,089	18.47%

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

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
EMPLOYER AND NON-EMPLOYER CONTRIBUTING ENTITIES - PLAN A
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

Date	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Liability	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
2014	$ 94,496,545	97,842,017	$ (3,345,472)	$ 562,757,869	17.39%
2015	$ 82,513,991	$ 91,735,298	$ (9,221,307)	$ 577,451,897	15.89%

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

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
EMPLOYER AND NON-EMPLOYER CONTRIBUTING ENTITIES - PLAN B
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

Date	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Liability	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
2014	$ 9,507,318	$ 9,567,257	$ (59,939)	$ 90,711,784	10.55%
2015	$ 9,469,961	$ 9,870,934	$ (400,973)	$ 96,402,089	10.24%

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

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF MONEY-WEIGHTED INVESTMENT RETURNS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

Fiscal Year End	Annual Money-Weighted Rate of Return*	
	Plan A	Plan B
2014	3.81%	9.00%
2015	-2.72%	2.01%

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

* Annual money-weighted rates of return are presented net of investment expense.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS –
OTHER POST-EMPLOYEMENT BENEFIT OBLIGATIONS
JULY 1, 2009 THROUGH 2014

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]
07/01/09	$ -	$ 1,417,300.00	$1,417,300.00	0.00%	$ 554,048.00	255.81%
07/01/10	$ -	$ 801,600.00	$ 801,600.00	0.00%	$ 575,445.00	139.30%
07/01/11	$ -	$ 552,900.00	$ 552,900.00	0.00%	$ 609,194.00	90.76%
07/01/12	$ -	$ 531,000.00	$ 531,000.00	0.00%	$ 689,187.00	77.05%
07/01/13	$ -	$ 548,600.00	$ 548,600.00	0.00%	$ 702,399.00	78.10%
07/01/14	$ -	$ 679,500.00	$ 679,500.00	0.00%	$ 698,685.00	97.25%

1. SCHEDULE OF CHANGES IN NET PENSION LIABILITY:

The total pension liability contained in this schedule was provided by the System's actuary, G. S. Curran & Company, Ltd. The net pension liability is measured as the total pension liability less the amount of the fiduciary net position of the Fund.

2. SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY:

The schedule of employers' net pension liability shows the percentage of the Plan's employers' net pension liability as a percentage of covered employee payroll. The employers' net pension liability is the liability of contributing employers to members for benefits provided through the Plan. Covered employee payroll is the payroll of all employees that are provided with benefits through the Plan.

3. SCHEDULE OF CONTRIBUTIONS – EMPLOYERS AND NON-EMPLOYER CONTRIBUTING ENTITIES:

The difference between the actuarially determined employer contributions and the employer contributions received, and the percentage of employer contributions received to covered employee payroll is presented in this schedule.

4. SCHEDULE OF MONEY-WEIGHTED INVESTMENT RETURNS:

The annual money-weighted rate of return is shown in this schedule. The money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. This expresses investment performance adjusted for the changing amounts actually invested throughout the year, measured using monthly inputs with expenses measured on an accrual basis.

5. ACTUARIAL ASSUMPTIONS NET PENSION LIABILITY:

The information presented in the required supplementary schedules was used in the actuarial valuation for purposes of determining the actuarially determined contribution rate. The assumptions and methods used for the actuarial valuation were recommended by the actuary and adopted by the Board. Additional information on the assumptions and methods used as of the latest actuarial valuation are disclosed in the notes to the financial statements footnote 4, Net Pension Liability of Employers.

6. SCHEDULE OF FUNDING PROGRESS FOR OPEB PLAN:

This schedule shows the Parochial Employees' Retirement System's actuarial accrued liability (AAL) to its retired employees participating in the Office of Group Benefits (OGB) postemployment healthcare plan. The Plan is funded on a "pay-as-you-go" basis. Therefore, the ratio of AAL to unfunded AAL (UAAL) is 0.0%. The schedule also represents the percentage of UAAL to covered payroll.

OTHER SUPPLEMENTARY INFORMATION

PARÓCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
SUPPLEMENTARY INFORMATION
INDIVIDUAL PLANS' STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2015 AND 2014

	PLAN "A"		PLAN "B"		TOTAL	
CURRENT ASSETS:	2015	2014	2015	2014	2015	2014
Cash	$ 16,330,730	$ 2,417,355	$ 877,763	$ 159,324	$ 17,208,493	$ 2,576,679
Contribution receivables	25,513,730	24,058,703	1,643,154	1,539,467	27,156,884	25,598,170
Accrued interest and dividends on investments	483,289	429,010	39,083	31,234	522,372	460,244
Investment receivables	57,739	437,255	4,642	34,868	62,381	472,123
Ad valorem and state revenue sharing receivable	7,267,271	6,596,812	1,191,897	1,081,935	8,459,168	7,678,747
Due to (from) other funds	1,267,715	1,132,092	(1,267,715)	(1,132,092)	-	-
Other current assets	13	13	6,595	6,595	6,608	6,608
TOTAL CURRENT ASSETS	50,920,487	35,071,240	2,495,419	1,721,331	53,415,906	36,792,571
PROPERTY, PLANT & EQUIPMENT (NET OF DEPRECIATION)	641,714	666,428	96,359	100,061	738,073	766,489
INVESTMENTS:						
Cash and cash equivalents	80,031,384	52,008,247	9,540,565	4,753,922	89,571,949	56,762,169
Equities	1,644,650,040	1,972,786,640	130,970,179	156,983,275	1,775,620,219	2,129,769,915
Fixed income	1,071,046,581	855,784,910	90,169,050	69,483,456	1,161,215,631	925,268,366
Real estate	137,284,408	125,351,922	10,473,290	9,521,626	147,757,698	134,873,548
Alternative investments	157,460,560	150,618,884	12,331,169	11,774,548	169,791,729	162,393,432
TOTAL INVESTMENTS	3,090,472,973	3,156,550,603	253,484,253	252,516,827	3,343,957,226	3,409,067,430
CURRENT LIABILITIES:						
Accounts payable	2,043,922	1,871,680	167,290	147,876	2,211,212	2,019,556
Benefits payable	13,707,337	12,991,705	698,889	628,802	14,406,226	13,620,507
Refunds payable	497,445	690,229	48,598	11,103	546,043	701,332
Investment payable	660,228	610,437	57,857	48,694	718,085	659,131
OPEB liabilities	533,110	474,221	-	-	533,110	474,221
TOTAL CURRENT LIABILITIES	17,442,042	16,638,272	972,634	836,475	18,414,676	17,474,747
NET POSITION - RESTRICTED FOR PENSION BENEFITS	$ 3,124,593,132	$ 3,175,649,999	$ 255,103,397	$ 253,501,744	$ 3,379,696,529	$ 3,429,151,743

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
SUPPLEMENTARY INFORMATION
INDIVIDUAL PLANS' STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	PLAN "A"		PLAN "B"		TOTAL	
ADDITIONS:	2015	2014	2015	2014	2015	2014
Contributions:						
Member contributions	$ 51,488,106	$ 50,375,250	$ 2,805,634	$ 2,629,127	$ 54,293,740	$ 53,004,377
Employer contributions	84,459,009	90,704,837	8,676,229	8,390,840	93,135,238	99,095,677
Ad valorem taxes and revenue sharing funds	7,276,289	7,137,180	1,194,705	1,176,417	8,470,994	8,313,597
Total contributions	143,223,404	148,217,267	12,676,568	12,196,384	155,899,972	160,413,651
Investment income:						
Net appreciation (depreciation) in the fair value of investments	(52,358,876)	117,670,182	(4,446,671)	10,224,688	(56,805,547)	127,894,870
Dividends, interest, and other recurring income	45,759,232	43,259,444	3,643,359	2,468,460	49,402,591	45,727,904
Miscellaneous investment income	125,123	97,181	7,135	4,883	132,258	102,064
	(6,474,521)	161,026,807	(796,177)	12,698,031	(7,270,698)	173,724,838
Less: Investment expense:						
Custodial fees	133,330	168,635	21,868	27,658	155,198	196,293
Money manager fees	11,975,791	11,596,858	952,490	900,534	12,928,281	12,497,392
Investment consultant	188,460	217,580	30,909	35,685	219,369	253,265
	12,297,581	11,983,073	1,005,267	963,877	13,302,848	12,946,950
Net investment income (loss)	(18,772,102)	149,043,734	(1,801,444)	11,734,154	(20,573,546)	160,777,888
Other additions:						
Interest - transfers, refund payback	1,126,255	433,123	340,405	181,670	1,466,660	614,793
Transfers in from other systems	1,454,839	985,247	45,545	203,188	1,500,384	1,188,435
Miscellaneous income	10,885	20,929	390	502	11,275	21,431
Total other additions	2,591,979	1,439,299	386,340	385,360	2,978,319	1,824,659
Total additions	127,043,281	298,700,300	11,261,464	24,315,898	138,304,745	323,016,198
DEDUCTIONS:						
Retirement, disability and survivor annuity benefits	143,168,464	130,712,269	7,874,859	7,084,561	151,043,323	137,796,830
DROP benefits	20,040,544	21,075,064	1,039,941	457,919	21,080,485	21,532,983
Transfers to/from plans	243,051	207,506	(243,051)	(207,506)	-	-
Refund of contributions	10,977,072	11,000,773	601,666	663,027	11,578,738	11,663,800
Transfers to other systems	2,336,725	2,321,239	167,913	37,273	2,504,638	2,358,512
Administrative expenses	1,256,524	1,190,224	206,080	195,207	1,462,604	1,385,431
Depreciation expense	27,176	32,356	4,106	4,866	31,282	37,222
OPEB expense	50,592	29,556	8,297	4,848	58,889	34,404
Total deductions	178,100,148	166,568,987	9,659,811	8,240,195	187,759,959	174,809,182
NET INCREASE (DECREASE)	(51,056,867)	132,131,313	1,601,653	16,075,703	(49,455,214)	148,207,016
NET POSITION - RESTRICTED FOR PENSION BENEFITS:						
Beginning of year	3,175,649,999	3,043,518,686	253,501,744	237,426,041	3,429,151,743	3,280,944,727
END OF YEAR	$3,124,593,132	$3,175,649,999	$ 255,103,397	$ 253,501,744	$3,379,696,529	$3,429,151,743

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF ADMINISTRATIVE AND INVESTMENT EXPENSES
BUDGET TO ACTUAL
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015			2014		
	Budget	Actual	Variance (over) under	Budget	Actual	Variance (over) under
ADMINISTRATIVE EXPENSES:						
SALARIES AND RELATED EXPENSES:						
Salaries	$ 700,000	$ 698,685	$ 1,315	$ 716,897	$ 702,378	$ 14,519
Retirement	101,500	101,912	(412)	114,704	115,052	(348)
Group hospitalization	69,000	44,754	24,246	69,000	43,390	25,610
Medicare and payroll taxes	10,150	9,715	435	10,395	9,817	578
Total salaries and related expenses	880,650	855,066	25,584	910,996	870,637	40,359
PROFESSIONAL SERVICES:						
Actuarial consultant	216,050	194,600	21,450	189,250	168,670	20,580
Auditor	95,000	93,292	1,708	47,260	46,998	262
Legal counsel	52,000	60,359	(8,359)	25,000	22,028	2,972
Computer programming	64,000	35,273	28,727	64,000	50,219	13,781
Medical board	33,000	22,131	10,869	33,000	23,650	9,350
Investigation	2,000	1,120	880	2,000	1,120	880
Total professional services	462,050	406,775	55,275	360,510	312,685	47,825
COMMUNICATIONS:						
Printing	27,000	20,688	6,312	27,000	15,957	11,043
Telephone	13,200	10,634	2,566	12,000	12,631	(631)
Postage	35,300	22,024	13,276	33,600	21,484	12,116
Travel	30,000	29,128	872	28,000	25,403	2,597
Website	2,500	2,465	35	2,500	1,020	1,480
Per diem	2,250	1,500	750	2,250	2,025	225
Total communications	110,250	86,439	23,811	105,350	78,520	26,830
GENERAL OFFICE:						
Building maintenance	10,900	6,451	4,449	10,800	6,532	4,268
Rent	2,280	2,280	-	2,280	2,280	-
Supplies	14,000	6,874	7,126	18,000	13,876	4,124
Dues and subscriptions	16,500	11,574	4,926	16,000	17,240	(1,240)
Equipment rental	30,500	29,191	1,309	30,500	29,724	776
Equipment maintenance	18,000	15,949	2,051	14,000	16,564	(2,564)
Insurance	11,500	10,478	1,022	10,000	10,183	(183)
Janitorial	8,600	7,370	1,230	8,600	8,040	560
Microfilm	8,100	8,048	52	7,300	7,290	10
Training	9,600	10,025	(425)	8,200	5,725	2,475
Utilities	8,500	6,084	2,416	8,500	6,135	2,365
Total general office	138,480	114,324	24,156	134,180	123,589	10,591
TOTAL ADMINISTRATIVE EXPENSES	$ 1,591,430	$ 1,462,604	$ 128,826	$ 1,511,036	$ 1,385,431	$ 125,605
INVESTMENT EXPENSES:						
Custodial Bank	$ 230,000	$ 155,198	$ 74,802	$ 230,000	$ 196,293	$ 33,707
Investment counsultant	231,000	219,369	11,631	262,600	253,265	9,335
TOTAL INVESTMENT EXPENSES	$ 461,000	$ 374,567	$ 86,433	$ 492,600	$ 449,558	$ 43,042
CAPITAL OUTLAYS	$ 10,000	$ 2,866	$ 7,134	$ 13,000	$ 10,422	$ 2,578

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
SUPPLEMENTARY INFORMATION - PLAN "A"
STATEMENT OF CHANGES IN RESERVE BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015					
	ANNUITY SAVINGS	DROP	FUNDING DEPOSIT ACCOUNT	ANNUITY RESERVE	PENSION ACCUMULATION	TOTAL
BALANCE - BEGINNING	$ 402,138,565	$ 61,389,320	$ 23,781,823	$ 1,303,726,307	$ 1,384,613,984	$ 3,175,649,999
REVENUES AND TRANSFERS:						
Employee contributions	51,488,106	-	-	-	-	51,488,106
Employer contributions	-	-	24,138,396	-	60,320,613	84,459,009
Tax collector contributions	-	-	-	-	7,160,489	7,160,489
Revenue sharing contributions	-	-	-	-	115,800	115,800
Net investment income (loss)	-	-	1,724,182	-	(20,496,284)	(18,772,102)
Miscellaneous income	-	-	-	-	10,885	10,885
Transfer from Annuity Savings	-	-	-	26,508,197	-	26,508,197
Transfer from Annuity Reserve	-	22,000,546	-	-	-	22,000,546
Interest - transfers, refund payback	-	-	-	-	1,126,255	1,126,255
Transfer from another system	550,942	-	-	-	903,897	1,454,839
Actuarial transfer	-	-	-	269,798,589	-	269,798,589
	52,039,048	22,000,546	25,862,578	296,306,786	49,141,655	445,350,613
EXPENDITURES AND TRANSFERS:						
Refunds to terminated employees	10,977,072	-	-	-	-	10,977,072
Transfer to Annuity Reserve	26,508,197	-	-	-	-	26,508,197
Transfer to DROP	-	-	-	22,000,546	-	22,000,546
Pensions paid	-	-	-	143,168,464	-	143,168,464
Transfer to other plans	-	-	-	-	243,051	243,051
DROP benefits	-	20,040,544	-	-	-	20,040,544
Administrative expenses	-	-	-	-	1,256,524	1,256,524
Other postemployment benefits	-	-	-	-	50,592	50,592
Depreciation	-	-	-	-	27,176	27,176
Actuarial transfer	-	-	-	-	269,798,589	269,798,589
Transfers to another system	617,675	-	-	-	1,719,050	2,336,725
	38,102,944	20,040,544	-	165,169,010	273,094,982	496,407,480
NET INCREASE (DECREASE)	13,936,104	1,960,002	25,862,578	131,137,776	(223,953,327)	(51,056,867)
BALANCE - ENDING	$ 416,074,669	$ 63,349,322	$ 49,644,401	$ 1,434,864,083	$ 1,160,660,657	$ 3,124,593,132

2014					
ANNUITY SAVINGS	DROP	FUNDING DEPOSIT ACCOUNT	ANNUITY RESERVE	PENSION ACCUMULATION	TOTAL
$ 391,440,116	$ 59,739,258	$ 4,918,053	$ 1,179,297,412	$ 1,408,123,847	$ 3,043,518,686
50,375,250	-	-	-	-	50,375,250
-	-	18,507,211	-	72,197,626	90,704,837
-	-	-	-	7,013,524	7,013,524
-	-	-	-	123,656	123,656
-	-	356,559	-	148,687,175	149,043,734
-	-	-	-	20,929	20,929
-	-	-	28,398,817	-	28,398,817
-	22,725,126	-	-	-	22,725,126
-	-	-	-	433,123	433,123
358,512	-	-	-	626,735	985,247
-	-	-	249,467,473	-	249,467,473
50,733,762	22,725,126	18,863,770	277,866,290	229,102,768	599,291,716
11,000,773	-	-	-	-	11,000,773
28,398,817	-	-	-	-	28,398,817
-	-	-	22,725,126	-	22,725,126
-	-	-	130,712,269	-	130,712,269
-	-	-	-	207,506	207,506
-	21,075,064	-	-	-	21,075,064
-	-	-	-	1,190,224	1,190,224
-	-	-	-	29,556	29,556
-	-	-	-	32,356	32,356
-	-	-	-	249,467,473	249,467,473
635,723	-	-	-	1,685,516	2,321,239
40,035,313	21,075,064	-	153,437,395	252,612,631	467,160,403
10,698,449	1,650,062	18,863,770	124,428,895	(23,509,863)	132,131,313
$ 402,138,565	$ 61,389,320	$ 23,781,823	$ 1,303,726,307	$ 1,384,613,984	$ 3,175,649,999

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
SUPPLEMENTARY INFORMATION - PLAN "B"
STATEMENT OF CHANGES IN RESERVE BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015					
	ANNUITY SAVINGS	DROP	FUNDING DEPOSIT ACCOUNT	ANNUITY RESERVE	PENSION ACCUMULATION	TOTAL
BALANCE - BEGINNING	$ 20,656,063	$ 4,004,697	$ 2,281,164	$ 69,002,890	$ 157,556,930	$ 253,501,744
REVENUES AND TRANSFERS:						
Employee contributions	2,805,634	-	-	-	-	2,805,634
Employer contributions	-	-	2,175,941	-	6,500,288	8,676,229
Net investment income (loss)	-	-	165,384	-	(1,966,828)	(1,801,444)
Tax collector contributions	-	-	-	-	1,166,056	1,166,056
Revenue sharing contributions	-	-	-	-	28,649	28,649
Miscellaneous income	-	-	-	-	390	390
Transfer from Annuity Savings	-	-	-	1,140,179	-	1,140,179
Transfer from Annuity Reserve	-	1,424,670	-	-	-	1,424,670
Transfer from another system	13,810	-	-	-	31,735	45,545
Transfer (to) / from other plans	-	-	-	-	243,051	243,051
Interest - transfers refund payback	-	-	-	-	340,405	340,405
Actuarial transfer	-	-	-	17,092,519	-	17,092,519
	2,819,444	1,424,670	2,341,325	18,232,698	6,343,746	31,161,883
EXPENDITURES AND TRANSFERS:						
Refunds to terminated employees	601,666	-	-	-	-	601,666
Transfer to Annuity Reserve	1,140,179	-	-	-	-	1,140,179
Transfer to DROP	-	-	-	1,424,670	-	1,424,670
Pensions paid	-	-	-	7,874,859	-	7,874,859
Transfer to other plans	-	-	-	-	-	-
DROP benefits	-	1,039,941	-	-	-	1,039,941
Administrative expenses	-	-	-	-	206,080	206,080
Other postemployment benefits	-	-	-	-	8,297	8,297
Depreciation	-	-	-	-	4,106	4,106
Transfers to another system	28,726	-	-	-	139,187	167,913
Actuarial transfer	-	-	-	-	17,092,519	17,092,519
	1,770,571	1,039,941	-	9,299,529	17,450,189	29,560,230
NET INCREASE (DECREASE)	1,048,873	384,729	2,341,325	8,933,169	(11,106,443)	1,601,653
BALANCE - ENDING	$ 21,704,936	$ 4,389,426	$ 4,622,489	$ 77,936,059	$ 146,450,487	$ 255,103,397

2014					
ANNUITY SAVINGS	DROP	FUNDING DEPOSIT ACCOUNT	ANNUITY RESERVE	PENSION ACCUMULATION	TOTAL
$ 19,598,137	$ 3,063,277	$ 2,126,959	$ 63,111,519	$ 149,526,149	$ 237,426,041
2,629,127	-	-	-	-	2,629,127
-	-	-	-	8,390,840	8,390,840
-	-	154,205	-	11,579,949	11,734,154
-	-	-	-	1,149,398	1,149,398
-	-	-	-	27,019	27,019
-	-	-	-	502	502
-	-	-	978,238	-	978,238
-	1,399,339	-	-	-	1,399,339
73,289	-	-	-	129,899	203,188
-	-	-	-	207,506	207,506
-	-	-	-	181,670	181,670
-	-	-	13,397,033	-	13,397,033
2,702,416	1,399,339	154,205	14,375,271	21,666,783	40,298,014
663,027	-	-	-	-	663,027
978,238	-	-	-	-	978,238
-	-	-	1,399,339	-	1,399,339
-	-	-	7,084,561	-	7,084,561
-	-	-	-	-	-
-	457,919	-	-	-	457,919
-	-	-	-	195,207	195,207
-	-	-	-	4,848	4,848
-	-	-	-	4,866	4,866
3,225	-	-	-	34,048	37,273
-	-	-	-	13,397,033	13,397,033
1,644,490	457,919	-	8,483,900	13,636,002	24,222,311
1,057,926	941,420	154,205	5,891,371	8,030,781	16,075,703
$ 20,656,063	$ 4,004,697	$ 2,281,164	$ 69,002,890	$ 157,556,930	$ 253,501,744

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUSIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
DECEMBER 31, 2015 AND 2014

	2015	2014
Gwen LeBlanc	$ 300	$ 450
Terrie Rodrigue	300	450
Tim Ware	300	450
Jerry Milner	300	375
Sandy Treme	300	300
TOTAL	$1,500	$2,025

DHHM certified public accountants

Duplantier
Hrapmann
Hogan &
Maher, LLP

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*

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June 20, 2016

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 fiduciary net position and the related statements of changes in fiduciary net position of Parochial Employees' Retirement System, as of and for the year ended December 31, 2015 and the related notes to the financial statements, which collectively comprise Parochial Employees' Retirement System's basic financial statements and have issued our report thereon dated June 20, 2016.

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.

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 was for the limited purpose described in the preceding paragraph 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. We did identify one deficiency in internal control, described in the accompanying schedule of findings as item 15-01 that we consider to be a material weaknesses and 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 and contracts, 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying summary schedule of findings as item 15-02.

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 and Maher, LLP

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2015

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, 2015 was unmodified.

2. Internal Control

    Material weakness: 15-01
    Significant deficiency: 15-01

    15-01 Investment Transactions

    During the audit of the System's investments, it was noted that investment transactions were incorrectly recorded in the System's general ledger. Investment transactions should be recorded in the general ledger using the custodian and investment manager statements and reviewed to ensure proper reporting. As a result of the misposts, investment interest income, investment appreciation/depreciation and ending investment balances were misstated. We recommend that investment activity journal entries, and reconciliation of custodian trust statements and/or investment manager statements to the general ledger, be reviewed to ensure proper reporting of investment transactions.

3. Compliance and Other Matters

    15-02 FDIC and Pledged Collateral Coverage

    During the audit of the System, it was noted that $10,766,637 of cash balances at year end held were not fully covered by FDIC insurance and pledged securities. The insufficient collateral was due to an end of the year transfer of funds to the operating account to pay benefits for the next fiscal year. Cash balances held in the bank should be fully collateralized throughout the year. Cash balances held in the bank that are not fully collateralized could result in a loss of funds. We recommend the System monitor cash bank balances and obtain additional pledge securities when necessary to insure cash balances at all times.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2015

SUMMARY OF PRIOR YEAR FINDINGS:

1. 14-01 Investment Transactions

During the audit of the System's investments, it was noted that investment transactions were incorrectly recorded in the System's general ledger. On the financial statements, interest income transactions should be reported as investment income and gains and losses should be reported as investment appreciation or depreciation. As a result of the misposts, investment interest income, investment appreciation/depreciation and ending investment balances were misstated. Investment activity journal entries should be reviewed by management to verify proper recording of transactions. We recommended that investment activity journal entries, and reconciliation of custodian trust statements and/or investment manager statements to the general ledger, be review by management.

Status: This finding was recurring in the current year audit. See comment 15-01.