

ANNUAL FINANCIAL REPORT  
PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM  
OF LOUISIANA  
BATON ROUGE, LOUISIANA  
DECEMBER 31, 2016 AND 2015

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

INDEX TO ANNUAL FINANCIAL REPORT

DECEMBER 31, 2016 AND 2015

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT .....	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS .....	4 - 9
FINANCIAL STATEMENTS:	
Statements of Fiduciary Net Position.....	10
Statements of Changes in Fiduciary Net Position .....	11
Notes to Financial Statements .....	12 - 40
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Changes in Net Pension Liability – Plan A & B.....	41 - 42
Schedule of Employers' Net Pension Liability – Plan A & B.....	43 - 44
Schedule of Contributions – Employer and Non-Employer Contributing Entities – Plan A & B .....	45 - 46
Schedule of Investment Returns – Plan A & B .....	47
Schedule of Funding Progress - Other Post-Employment Benefit Obligations.....	48
Notes to Required Supplementary Information.....	49
OTHER SUPPLEMENTARY INFORMATION:	
Individual Plans' Statements of Fiduciary Net Position .....	50
Individual Plans' Statements of Changes in Fiduciary Net Position.....	51
Schedule of Administrative and Investment Expenses – Budget to Actual.....	52
Statements of Changes in Reserve Balances – Plan A & B.....	53 - 54
Schedule of Per Diem Paid to Board Members.....	55
Schedule of Compensation, Benefits, and Other Payments to Agency Head.....	56
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 .....	57 - 58
SUMMARY SCHEDULE OF FINDINGS.....	59 - 60



Duplantier  
Hrapmann  
Hogan &  
Maher, LLP

INDEPENDENT AUDITOR'S REPORT

June 19, 2017

William G. Stamm, CPA  
Lindsay J. Calub, CPA, LLC  
Guy L. Duplantier, CPA  
Michelle H. Cunningham, CPA  
Dennis W. Dillon, CPA  
Grady C. Lloyd, III CPA

Heather M. Jovanovich, CPA  
Terri L. Kitto, CPA

Michael J. O'Rourke, CPA  
David A. Burgard, CPA  
Clifford J. Giffin, Jr., CPA

A.J. Duplantier, Jr., CPA  
(1919-1985)

Felix J. Hrapmann, Jr., CPA  
(1919-1990)

William R. Hogan, Jr., CPA  
(1920-1996)

James Maher, Jr., CPA  
(1921-1999)

**New Orleans**

1615 Poydras Street,  
Suite 2100  
New Orleans, LA 70112  
Phone: (504) 586-8866  
Fax: (504) 525-5888

**Northshore**

1290 Seventh Street  
Slidell, LA 70458  
Phone: (985) 641-1272  
Fax: (985) 781-6497

**Houma**

247 Corporate Drive  
Houma, LA 70360  
Phone: (985) 868-2630  
Fax: (985) 872-3833

**Napoleonville**

5047 Highway 1  
P.O. Box 830  
Napoleonville, LA 70390  
Phone: (985) 369-6003  
Fax: (985) 369-9941

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

We have audited the accompanying financial statements of the Parochial Employees' Retirement System of Louisiana, as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Parochial Employees' Retirement System of Louisiana's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Parochial Employees' Retirement System of Louisiana as of December 31, 2016 and 2015, 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 the Parochial Employees' Retirement System was \$3,519,868,332 and \$3,387,821,896 for Plan A and \$288,746,752 and \$272,907,932 and Plan B, respectively, as of December 31, 2016 and 2015. 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, 2016 and 2015 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 analysis and other 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 the Parochial Employees' Retirement System's basic financial statements. The supplementary 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 supplementary information 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 supplementary information is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated June 19, 2017 on our consideration of the 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 the Parochial Employees' Retirement System of Louisiana.

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

New Orleans, LA

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2016

The Management's Discussion and Analysis of the Parochial Employees' Retirement System's financial performance presents a narrative overview and analysis of the Parochial Employees' Retirement System's financial activities for the year ended December 31, 2016. This document focuses on the current year's activities, resulting changes, currently known facts in comparison with the prior year's information. Please read this document in conjunction with the information contained in the 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 2016 by \$3,589,673,035 which represents an increase from last fiscal year. The net position restricted for pension benefits increased by \$209,976,506 or 6.21%. The increase is due to favorable investment returns during 2016.
- Contributions to the Plan by members and employers totaled \$142,481,004, a decrease of \$4,947,974 or 3.36% over the prior year.
- The net appreciation in the fair value of investments was \$221,563,009 for 2016, compared to a net depreciation of \$56,805,547 in 2015. Net appreciation resulted from favorable investment returns during 2016.
- The rate of return on the System's investments was 7.65% for Plan A and Plan B based on the market value. This represents an increase from the 2015 results in both plans.
- Pension benefits paid to retirees and beneficiaries increased by \$11,125,572 or 7.37%. This increase is due to a rise in the number of retirees and the larger benefit amounts for the newer retirees.
- Administrative expenses totaled \$1,562,657, an increase of \$100,053 or 6.84%.
- The cost of administering the System per member during 2016 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.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2016

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, 2016 and 2015.

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,	
	<u>2016</u>	<u>2015</u>
Cash and investments	\$ 3,574,607,454	\$ 3,361,165,719
Receivables	35,839,366	36,207,413
Property and equipment	710,587	738,073
Total assets	<u>3,611,157,407</u>	<u>3,398,111,205</u>
Total liabilities	<u>21,484,372</u>	<u>18,414,676</u>
Net Position Restricted for Pension Benefits	<u>\$ 3,589,673,035</u>	<u>\$ 3,379,696,529</u>

Fiduciary net position increased by \$209,976,506 or 6.21% (\$3,589,673,035 compared to \$3,379,696,529). All of these assets are restricted in use to provide monthly retirement allowances to members who contributed to the System as employees and their beneficiaries. The increase in fiduciary net position in 2016 was due mainly to the favorable market returns for 2016 offset by an increase in retirement benefits paid.

	Statements of Changes in Fiduciary Net	
	Position	
	December 31,	
	<u>2016</u>	<u>2015</u>
Additions:		
Contributions	\$ 151,077,246	\$ 155,899,972
Net investment income (loss)	258,332,705	(20,573,546)
Other	2,241,120	2,978,319
Total additions	<u>\$ 411,651,071</u>	<u>138,304,745</u>
Total deductions	<u>(201,674,565)</u>	<u>(187,759,959)</u>
Increase (Decrease) in Fiduciary Net Position	<u>\$ 209,976,506</u>	<u>\$ (49,455,214)</u>

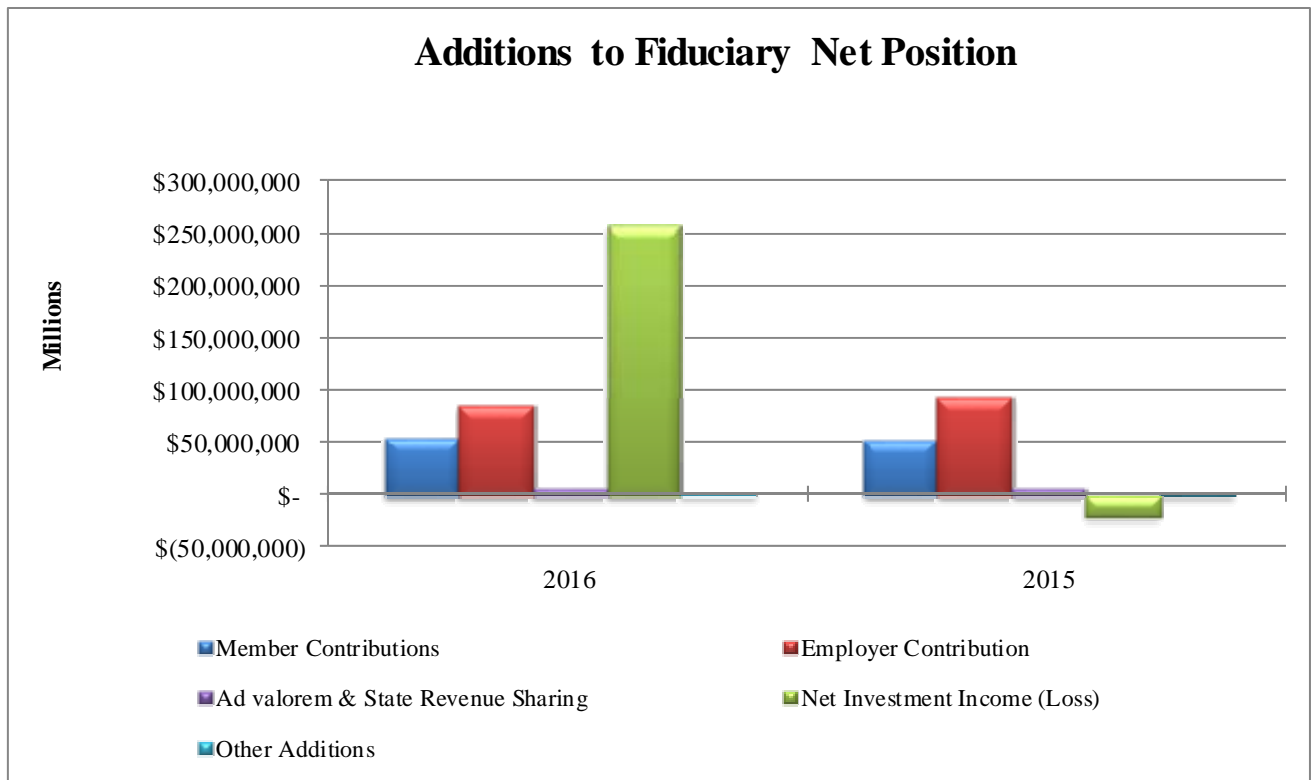
PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2016

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 \$2,203,597 or 4.06% and employer contributions decreased \$7,151,571 or 7.68%. The System experienced net investment income of \$258,332,705 as compared to a net investment loss of \$20,573,546 in the previous year. The increase in fiduciary net position in 2016 was due mainly to favorable investment returns in 2016.

	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u> <u>Percentage</u>
Member Contributions	\$ 56,497,337	\$ 54,293,740	4.06%
Employer Contributions	85,983,667	93,135,238	-7.68%
Ad valorem & State Revenue Sharing	8,596,242	8,470,994	1.48%
Net Investment Income (Loss)	258,332,705	(20,573,546)	1355.65%
Other Additions	2,241,120	2,978,319	-24.75%
<b>Total Additions</b>	<b><u>\$ 411,651,071</u></b>	<b><u>\$ 138,304,745</u></b>	





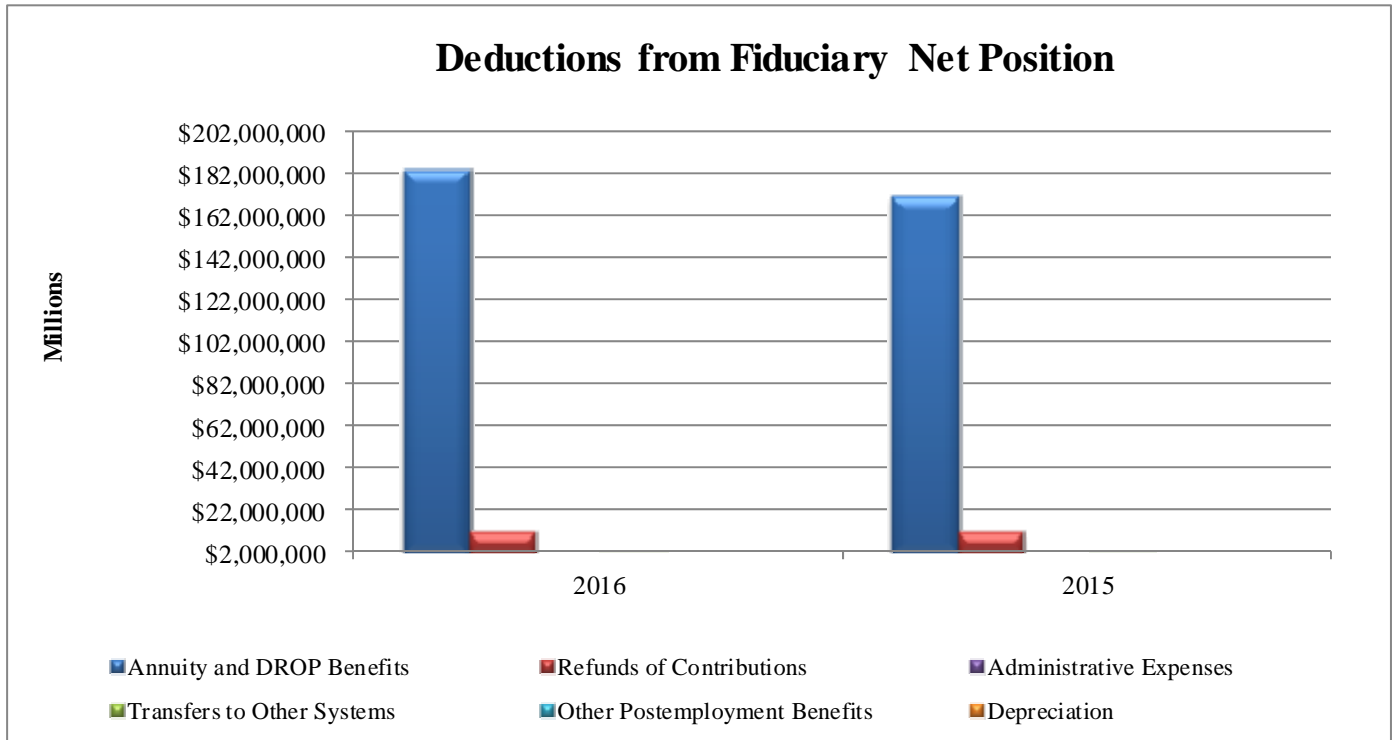
PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2016

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 \$201,674,565 in fiscal year 2016. Deductions from fiduciary net position increased by \$13,914,606. Retirement benefits accounted for the majority of the increase. Annuity benefits increased by \$11,125,572 as a result of the increase in the number of retirees and the larger benefit amounts generally paid to newer retirees.

	<u>2016</u>	<u>2015</u>	Increase (Decrease) <u>Percentage</u>
Annuity and DROP Benefits	\$ 185,438,340	\$ 172,123,808	7.74%
Refunds of Contributions	11,572,168	11,578,738	-0.06%
Administrative Expenses	1,562,657	1,462,604	6.84%
Transfers to Other Systems	3,012,146	2,504,638	20.26%
Other Postemployment Benefits	61,768	58,889	4.89%
Depreciation	27,486	31,282	-12.13%
<b>Total</b>	<b><u><u>\$ 201,674,565</u></u></b>	<b><u><u>\$ 187,759,959</u></u></b>	



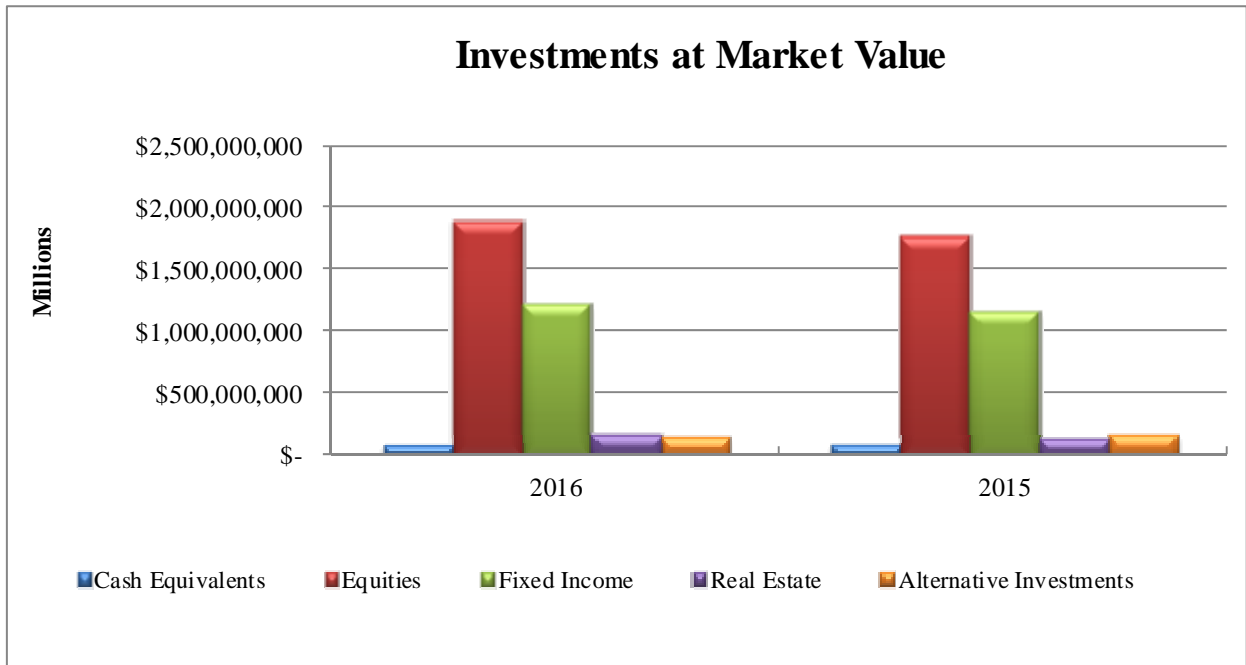
**PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2016**

**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, 2016 was \$3,548,526,441 as compared to \$3,343,957,226 at December 31, 2015 which is an increase of \$204,569,215 or 6.12%. The System's investments in various markets at the end of the 2016 and 2015 fiscal years are indicated in the following table:

	<u>2016</u>	<u>2015</u>	Increase (Decrease) <u>Percentage</u>
Cash equivalents	\$ 85,380,276	\$ 89,571,949	-4.68%
Equities	1,912,116,897	1,775,620,219	7.69%
Fixed income	1,225,973,837	1,161,215,631	5.58%
Real estate	174,276,277	175,040,790	-0.44%
Alternative investments	150,779,154	142,508,637	5.80%
<b>Total</b>	<b><u>\$ 3,548,526,441</u></b>	<b><u>\$ 3,343,957,226</u></b>	



PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2016

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 the 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, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
Cash	\$ 26,081,013	\$ 17,208,493
Receivables:		
Contribution receivables	23,740,778	27,156,884
Accrued interest and dividends on investments	1,316,735	522,372
Investment receivables	2,490,777	62,381
Ad valorem and state revenue sharing receivable	8,283,965	8,459,168
Other current assets	7,111	6,608
Total receivables	<u>35,839,366</u>	<u>36,207,413</u>
Investments, at fair value:		
Cash and cash equivalents	85,380,276	89,571,949
Equities	1,912,116,897	1,775,620,219
Fixed income	1,225,973,837	1,161,215,631
Real estate	174,276,277	175,040,790
Alternative investments	150,779,154	142,508,637
Total investments	<u>3,548,526,441</u>	<u>3,343,957,226</u>
Property, plant and equipment (Net of accumulated depreciation)	710,587	738,073
Total assets	<u>3,611,157,407</u>	<u>3,398,111,205</u>
<u>LIABILITIES AND NET POSITION</u>		
Liabilities:		
Accounts payable	2,309,840	2,211,212
Benefits payable	14,448,053	14,406,226
Refunds payable	827,916	546,043
Investment payable	3,303,685	718,085
OPEB liabilities	594,878	533,110
Total liabilities	<u>21,484,372</u>	<u>18,414,676</u>
NET POSITION - RESTRICTED FOR PENSION BENEFITS	<u>\$ 3,589,673,035</u>	<u>\$ 3,379,696,529</u>

See accompanying notes.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
 STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<b>ADDITIONS:</b>		
Contributions:		
Member contributions	\$ 56,497,337	\$ 54,293,740
Employer contributions	85,983,667	93,135,238
Ad valorem taxes and revenue sharing funds	8,596,242	8,470,994
Total contributions	<u>151,077,246</u>	<u>155,899,972</u>
<b>INVESTMENT INCOME (LOSS):</b>		
Net appreciation (depreciation) in the market value of investments	221,563,009	(56,805,547)
Dividends, interest, and other recurring income	55,432,448	49,402,591
Miscellaneous investment income	87,657	132,258
	<u>277,083,114</u>	<u>(7,270,698)</u>
Less - Investment expense:		
Custodial fee	220,346	155,198
Money manager fees	17,513,837	12,928,281
Other investment expense	741,667	-
Investment consulting	274,559	219,369
	<u>18,750,409</u>	<u>13,302,848</u>
Net investment income (loss)	<u>258,332,705</u>	<u>(20,573,546)</u>
Other additions:		
Interest - transfers, refund payback	1,036,576	1,466,660
Transfers in from other systems	1,179,617	1,500,384
Miscellaneous income	24,927	11,275
Total other additions	<u>2,241,120</u>	<u>2,978,319</u>
Total additions	<u>411,651,071</u>	<u>138,304,745</u>
<b>DEDUCTIONS:</b>		
Retirement, disability and survivor annuity benefits	162,168,895	151,043,323
DROP benefits	23,269,445	21,080,485
Refund of contributions	11,572,168	11,578,738
Transfers to other systems	3,012,146	2,504,638
Administrative expenses	1,562,657	1,462,604
Depreciation expense	27,486	31,282
OPEB expense	61,768	58,889
Total deductions	<u>201,674,565</u>	<u>187,759,959</u>
<b>NET INCREASE (DECREASE)</b>	<b>209,976,506</b>	<b>(49,455,214)</b>
<b>NET POSITION RESTRICTED FOR PENSION BENEFITS:</b>		
Beginning of year	3,379,696,529	3,429,151,743
<b>END OF YEAR</b>	<u><u>\$ 3,589,673,035</u></u>	<u><u>\$ 3,379,696,529</u></u>

See accompanying notes.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

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 administered by a Board of Trustees, that consist 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. 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.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

The System's basic financial statements were prepared in conformity with 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, increased footnote disclosures regarding the pension liabilities and other related information, 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.

New Accounting Standard:

During the year ended December 31, 2016, the System adopted the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 established new standards on reporting fair value hierarchy including inputs used to determine the fair value. GASB 72 is retroactive and has been applied to the December 31, 2015 financial statements and footnotes.

Method Used to Value Investments:

As required by GASB Statement No. 72, investments are reported at fair value. Fair value is described as an exit price. This statement requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. This statement establishes a hierarchy of inputs to valuation techniques used to measure fair value. That hierarchy has three levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs—other than quoted prices—included within Level 1 that are observable for the asset or liability, whether directly or indirectly. Finally, Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security. This statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. These disclosures are organized by type of asset or liability. GASB 72 also requires additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent). These disclosures are located in Note 6.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Method Used to Value Investments: (Continued)

Short-term investments are reported at market value when published prices are available, or 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. Realized and unrealized gains and losses are reported in the Statements of Changes in Fiduciary Net Position as net appreciation (depreciation) in fair value of investments during the period the instruments are held, and when instruments are sold or expire. 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 an 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. Because of the inherent uncertainties in estimating fair values, it is at least reasonably possible that the estimates will change in the near term. Investments that do not have an established market are reported at estimated fair value.

Property, Plant, and Equipment:

Fixed assets of the 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:

The 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, 2016, there were 236 contributing employers in Plan A and 52 in Plan B.



PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

2. PLAN DESCRIPTION: (Continued)

Statewide retirement membership consisted of:

<u>2016</u>	<u>PLAN A</u>	<u>PLAN B</u>	<u>TOTAL</u>
Inactive plan members or beneficiaries receiving benefits	7,050	792	7,842
Inactive plan members entitled to but not yet receiving benefits	8,032	1,746	9,778
Active members	<u>14,330</u>	<u>2,415</u>	<u>16,745</u>
TOTAL PARTICIPATING AS OF VALUATION DATE	<u>29,412</u>	<u>4,953</u>	<u>34,365</u>
<u>2015</u>	<u>PLAN A</u>	<u>PLAN B</u>	<u>TOTAL</u>
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	<u>14,232</u>	<u>2,413</u>	<u>16,645</u>
TOTAL PARTICIPATING AS OF VALUATION DATE	<u>28,875</u>	<u>4,853</u>	<u>33,728</u>

Eligibility Requirements:

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

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

Retirement Benefits:

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

For employees hired prior to January 1, 2007:

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

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

2. PLAN DESCRIPTION: (Continued)

Retirement Benefits: (Continued)

For employees hired after January 1, 2007:

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

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

For employees hired prior to January 1, 2007:

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

For employees hired after January 1, 2007:

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

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of an amount equal to 3.00% 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 2.00% of the members' final average compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits:

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

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

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

2. PLAN DESCRIPTION: (Continued)

Survivor Benefits: (Continued)

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 DROP, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account.

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

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

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

2. PLAN DESCRIPTION: (Continued)

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 (5) years of creditable service or if hired after January 1, 2007, has seven (7) 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 3.00% of the member's final average compensation multiplied by his years of service, not to be less than 15, or 3.00% multiplied by years of service assuming continued service to age 60.

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 (5) years of creditable service or if hired after January 1, 2007, has seven (7) 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 2.00% of the member's final average compensation multiplied by his years of service, not to be less than 15, 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 2.00% 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 65 equal to 2.00% 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 2.50% for retirees 62 and older. (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.50% cost of living adjustment commencing at age 55.

3. CONTRIBUTIONS AND RESERVES:

Contributions:

Contributions for all members are established by statute at 9.50% of compensation for Plan A members and 3.00% of compensation for Plan B. The contributions are deducted from the member's salary and remitted by the participating employer.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

3. CONTRIBUTIONS AND RESERVES: (Continued)

Contributions: (Continued)

According to state statute, contributions for all employers are actuarially determined each year. For the years ended December 31, 2016 and 2015, the actuarially determined contribution rate was 10.52% and 10.40% of member's compensation for Plan A and 7.20% and 6.91% of member's compensation for Plan B. The actual contribution rate for the fiscal years ending December 31, 2016 and 2015 was 13.00% and 14.50% for Plan A and 8.00% and 9.00% for Plan B.

According to state statute, the System also receives  $\frac{1}{4}$  of 1.00% 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 \$416,074,669 for December 31, 2016 and 2015, respectively. The balance for Plan B was \$22,580,556 and \$21,704,936 as of December 31, 2016 and 2015, respectively.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

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, 2016 and 2015 was \$1,219,605,369 and \$1,160,660,657, respectively. The balance for Plan B was \$156,109,410 and \$146,450,487 as of December 31, 2016 and 2015, 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, 2016 and 2015 for Plan A was \$1,533,743,272 and \$1,434,864,083, respectively. The balance for Plan B was \$87,124,168 and \$77,936,059 as of December 31, 2016 and 2015, 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, 2016 and 2015 was \$61,214,776 and \$63,349,322, respectively. The balance for Plan B as of December 31, 2016 and 2015 was \$4,339,628 and \$4,389,426, 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

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

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, 2016 and 2015 was \$68,896,088 and \$49,644,401, respectively. The balance for Plan B as of December 31, 2016 and 2015 was \$5,602,259 and \$4,622,489, 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, 2016 and 2015 are as follows:

	<u>PLAN A</u>		<u>PLAN B</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability	\$ 3,519,868,332	\$ 3,387,821,896	\$ 288,746,752	\$ 272,907,932
Plan Fiduciary Net Position	<u>3,313,917,014</u>	<u>3,124,593,132</u>	<u>275,756,021</u>	<u>255,103,397</u>
Employers' Net Position Liability	205,951,318	263,228,764	12,990,731	17,804,535
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	94.15%	92.23%	95.50%	93.48%

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, 2016 valuation were based on the assumptions used in the December 31, 2016 actuarial funding valuation, which were based on results of an actuarial experience study for the period of January 1, 2010 through December 31, 2014. The actuarial assumptions used in the December 31, 2015 valuation were based on the assumptions used in the December 31, 2015 actuarial funding valuation, which (with the exception of mortality) were based on results of an actuarial experience study for the period of January 1, 2010 through December 31, 2014. 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's fiduciary net positions are increasing or decreasing over time relative to the total pension liability. The Total Pension Liability as of December 31, 2016 and 2015 is based on actuarial valuations for the same period, updated using generally accepted actuarial procedures.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

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, 2016	December 31, 2015
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	7.00%, net of pension plan investment expense, including inflation
Inflation rate	2.50%	2.50%
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 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.
Salary increases	5.25%	5.25%

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 an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.66% and 7.55% for the years ended December 31, 2016 and 2015, 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, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Estate of Return</u>
Fixed Income	35%	1.24%
Equity	52%	3.63%
Alternatives	11%	0.67%
Real Estate	2%	0.12%
Totals	<u>100%</u>	<u>5.66%</u>
Inflation		<u>2.00%</u>
Expected Arithmetic Nominal Return		<u><u>7.66%</u></u>



PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

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, 2015 are summarized in the following table:

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

The discount rate used to measure the total pension liability was 7.00% for the years ended December 31, 2016 and 2015, 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, 2016 and 2015 using the discount rate of 7.00% 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%), or one percentage point higher (8.00%), than the current rate.

Changes in the discount rate for the years ended December 31, 2016 and 2015 for Plan A are as follows:

	PLAN A		
	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability (Asset) - December 31, 2016	<u>\$ 616,083,089</u>	<u>\$ 205,951,318</u>	<u>\$ (140,827,554)</u>
Net Pension Liability (Asset) - December 31, 2015	<u>\$ 659,483,673</u>	<u>\$ 263,228,764</u>	<u>\$ (71,654,419)</u>

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

4. NET PENSION LIABILITY OF EMPLOYERS: (Continued)

Changes in the discount rate for the years ended December 31, 2016 and 2015 for Plan B are as follows:

	PLAN B		
	Current		
	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability (Asset) - December 31, 2016	\$ 49,387,413	\$ 12,990,731	\$ (17,733,113)
	6.00%	7.00%	8.00%
Net Pension Liability (Asset) - December 31, 2015	\$ 52,583,222	\$ 17,804,535	\$ (11,527,103)

5. FIXED ASSETS:

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

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>Balance</u>
<u>2016</u>				
Land	\$ 120,618	\$ -	\$ -	\$ 120,618
Building and improvements	755,010	-	-	755,010
Office equipment and furniture	253,601	-	-	253,601
Less: accumulated depreciation	(391,156)	(27,486)	-	(418,642)
	\$ 738,073	\$ (27,486)	\$ -	\$ 710,587
<u>2015</u>				
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

Depreciation expense for the year ended December 31, 2016 and 2015 was \$27,486 and 31,282, respectively.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

6. INVESTMENTS AT FAIR VALUE:

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The System has the following recurring fair value measurements as of December 31, 2016 and 2015, respectively:

	December 31, 2016	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
Cash and cash equivalents	\$ 85,380,276	-	-	\$ 85,380,276
Fixed Income Investments:				
U.S. government agency obligations	1,572,237	-	690,771	881,466
Asset backed securities	79,056,379	-	79,056,379	-
Corporate bonds - domestic	14,333,435	-	14,333,435	-
Corporate bonds - foreign	3,415,325	-	3,415,325	-
Total fixed income investments	<u>98,377,376</u>	<u>-</u>	<u>97,495,910</u>	<u>881,466</u>
Equity Securities:				
Domestic equities:				
Large cap	224,383,991	224,383,991	-	-
Mid cap	207,309,376	207,309,376	-	-
Small cap	96,934,656	96,934,656	-	-
Total domestic equities	<u>528,628,023</u>	<u>528,628,023</u>	<u>-</u>	<u>-</u>
Foreign equities:				
Large cap	8,588,166	8,588,166	-	-
Mid cap	26,022,183	26,022,183	-	-
Small cap	4,924,170	4,924,170	-	-
Total foreign equities	<u>39,534,519</u>	<u>39,534,519</u>	<u>-</u>	<u>-</u>
Total equity securities	<u>568,162,542</u>	<u>568,162,542</u>	<u>-</u>	<u>-</u>
Total Investments at Fair Value Level	<u>\$ 751,920,194</u>	<u>\$ 568,162,542</u>	<u>\$ 97,495,910</u>	<u>\$ 86,261,742</u>
Investments measured at the Net Asset Value (NAV):				
Fixed income fund	\$ 1,127,596,461			
Equity funds	1,343,954,355			
Real estate funds	174,276,277			
Alternative Investments				
Hedge funds	131,908,962			
Private equity funds	18,870,192			
Total investments at NAV	<u>\$ 2,796,606,247</u>			
Total investments at fair value	<u>\$ 3,548,526,441</u>			

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

6. INVESTMENTS AT FAIR VALUE: (Continued)

	December 31, 2015	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
Cash and cash equivalents	\$ 89,571,949	-	-	\$ 89,571,949
Fixed Income Investments:				
U.S. government agency obligations	1,127,364	-	-	1,127,364
Asset backed securities	8,489,186	-	8,489,186	-
Total fixed income securities	9,616,550	-	8,489,186	1,127,364
Equity Securities:				
Domestic equities:				
Large cap	198,822,488	198,822,488	-	-
Mid cap	202,935,621	202,935,621	-	-
Small cap	83,047,236	83,047,236	-	-
Total domestic equities	484,805,345	484,805,345	-	-
Foreign Equities:				
Large cap	4,822,215	4,822,215	-	-
Mid cap	21,134,039	21,134,039	-	-
Small cap	3,454,968	3,454,968	-	-
Total domestic equities	29,411,222	29,411,222	-	-
Total equity securities	514,216,567	514,216,567	-	-
Total Investments at Fair Value Level	\$ 613,405,066	\$ 514,216,567	\$ 8,489,186	\$ 90,699,313
Investments measured at the Net Asset Value (NAV):				
Fixed income funds	\$ 1,151,599,081			
Equity funds	1,261,403,652			
Real estate funds	175,040,790			
Alternative investments				
Hedge funds	127,699,135			
Private equity funds	14,809,502			
Total investments at NAV	2,730,552,160			
Total investments at fair value	\$ 3,343,957,226			

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

6. INVESTMENTS AT FAIR VALUE: (Continued)

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Investments classified in Level 3 of the fair value hierarchy are valued using unobservable inputs and are not directly corroborated with market data.

The unfunded commitments and redemption terms for investments measured at the net asset value (NAV) per share or its equivalent as of December 31, 2016 is presented on the following table:

	Net Asset Value December 31, 2016	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Investments measured at the NAV:				
Fixed Income Funds	\$ 1,127,596,461	-	Daily-Monthly	1 day - 1 Month
Equity Funds	1,343,954,355	-	Daily-Monthly	3 - 15 Days
Real Estate Funds	174,276,277	56,885,458	Quarterly	N/A
Alternative assets:				
Hedge Funds	131,908,962	-	Semi Annual- Yearly	95 days/July & August of preceding year
Private Equity Funds	18,870,192	58,809,232	N/A	N/A
Total Investments at NAV	<u>\$ 2,796,606,247</u>	<u>\$ 115,694,690</u>		

The unfunded commitments and redemption terms for investments measured at the net asset value (NAV) per share or its equivalent as of December 31, 2015 is presented on the following table:

	Net Asset Value December 31, 2015	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Investments measured at the NAV:				
Fixed Income Funds	\$ 1,151,599,081	-	Daily-Monthly	1 day - 1 Month
Equity Funds	1,261,403,652	-	Daily-Monthly	3 - 15 Days
Real Estate Funds	175,040,790	72,052,000	Quarterly	N/A
Alternative assets:				
Hedge Funds	127,699,135	-	Semi Annual- Yearly	95 days/July & August of preceding year
Private Equity Funds	14,809,502	14,228,709	N/A	N/A
Total Investments at NAV	<u>\$ 2,730,552,160</u>	<u>\$ 86,280,709</u>		

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

6. INVESTMENTS AT FAIR VALUE: (Continued)

Equity Funds:

Equity funds consist of three strategies. The largest strategy invests in U.S. securities across all capitalization ranges and all industries providing exposure to the U.S. equity market. The second strategy invests in global securities throughout the 20+ countries broadly considered developed and across all capitalization sizes and sectors. The final strategy utilizes quantitative and fundamental analysis to invest in equity of companies domiciled, listed, and/or traded on the securities exchanges of emerging market countries to benefit from economic growth in excess of developed markets.

Fixed Income Funds:

Fixed income funds consist of three strategies. The largest strategy is benchmarked to the Barclays Aggregate Bond Index and invests largely in mortgage backed securities and investment grade corporate debt. The second strategy invests in the sovereign debt of emerging market countries denominated in U.S. dollars to benefit from improving credit quality and economic growth in excess of developed markets. The third strategy invests in below investment grade corporate securities located in the U.S. and Western Europe.

Real Estate Funds:

Real estate funds consist of two open ended funds and four closed end funds. These funds invest in well located, institutional quality assets in markets mostly throughout the United States to benefit from durable income streams, partial inflation hedge, and appreciation over the mid to long term. The funds are diversified by property type (office, industrial, apartment, retail), economic exposure, and geography. The fair value of the investments in these funds has been determined using the NAV per share (or equivalent) of the Plan's ownership interest in partners' capital. With respect to the open ended funds, unit valuation is quarterly and redemption of units requires one quarter notification. Any amount redeemed will be paid the following quarter subject to cash availability. The closed end funds investments are not eligible for redemptions; however distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated between ten to fifteen years from the commencement of the fund.

Alternative Investments:

Alternative investments include hedge funds and private equity investments.

Hedge fund investments consist of two funds that employ multiple strategies (long/short equity, stat-arb, fixed income relative value, distressed debt, activism) to achieve capital appreciation and generate income.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

6. INVESTMENTS AT FAIR VALUE: (Continued)

Alternative Investments: (Continued)

Private equity investments consist of four funds. These funds invest in the equity and debt of companies that are privately held, rather than publicly traded on a stock exchange. These funds employ a combination of strategies (venture capital, buyout, growth equity, and mezzanine) to achieve return levels in excess of public market returns. The fair value of the investments in these funds has been determined using the NAV per share (or equivalent) of the Plan's ownership interest in partners' capital. These investments are not eligible for redemptions; however distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated between ten to fifteen years from the commencement of the fund.

7. REQUIRED SUPPLEMENTARY SCHEDULE INFORMATION:

The information in the Required Supplementary Schedules on pages 41 through 49 is designed to provide information about the System's progress made in accumulating sufficient assets to pay benefits.

8. DEPOSITS, CASH EQUIVALENTS, AND INVESTMENTS:

The following are the components of the Plan' deposits, cash equivalents, and investments at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Deposits (bank balance)	\$ 26,259,264	\$ 17,313,853
Cash equivalents	85,380,276	89,571,949
Investments	3,463,146,165	3,254,385,277
	<u>\$ 3,574,785,705</u>	<u>\$ 3,361,271,079</u>

The System maintains cash balances deposited in financial institutions. For the year ended December 31, 2016, the System was covered by \$250,000 of federal depository insurance and \$20,151,814 of pledge collateral. During the years ended December 31, 2016 and 2015, there was \$5,857,450 and \$10,766,637, respectively, in bank deposits that were not covered by federal depository insurance or pledged collateral.

Cash Equivalents:

Cash equivalents in the amount of \$85,380,276 and \$89,571,949 for December 31, 2016 and 2015, 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.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

8. 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 55% 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, <u>2016</u>	December 31, <u>2015</u>
Domestic equities	25%-35%	25%-35%
Foreign equities	10%-18%	10%-18%
Emerging market equities	5%-11%	4%-10%
Fixed income	30%-40%	28%-40%
Alternative investments	10%-16%	10%-20%

At December 31, 2016 and 2015, the components of the System's investment portfolio fell within the allowable ranges.

The System had the following investments that represent five percent or more of the net position as of December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Stock Index Fund	\$ 250,093,385	\$ 223,157,052
<u>Fixed Income Funds</u>		
Prudential Rivate Place Bond	191,160,643	212,196,128
Brandywine Global Opportunistic	274,084,416	273,670,191
Stone Harbor Emerging Market	188,529,024	-



PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

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

Credit Risk:

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The standardized rating systems are a good tool with which to assess credit risk on debt obligations. The System's investment policy requires most debt investments to be rated A to BBB- depending on the investment. Investments in a fixed income structured credit strategy may invest in securities of any credit rating (including unrated securities) and may invest without limit in higher risk, below investment-grade debt securities. Interest rate swaps and currency swaps must have a credit quality rating of not less than A per S&P. Bank loan fixed income funds may invest, without limit, in bank loans that are below investment grade. Bank loan fixed income funds may invest in unrated loans, whether or not determined by the loan fund manager to be investment grade or better according to the methodology used by the Barclays Capital Global Bond Indices. Emerging market fixed income funds may invest in securities of any credit rating (including unrated securities) and may invest without limit in higher risk, below investment-grade debt securities.

The following table provides credit rating information for the PERS' bond holdings at December 31, 2016.

	Government Bonds	Asset Backed Securities	Corporate Bonds Domestic	Corporate Bonds Foreign
AAA	\$ -	\$ 182,002	\$ -	\$ -
BB+	-	-	343,350	-
BB-	-	-	2,799,983	2,717,750
B+	-	-	1,637,392	580,125
B	-	-	3,823,403	117,450
B-	-	-	205,675	-
CCC+	-	-	3,801,800	-
CC	423,334	-	-	-
DD	187,481	-	-	-
Not rated	961,422	78,874,377	1,721,832	-
	<u>\$ 1,572,237</u>	<u>\$ 79,056,379</u>	<u>\$ 14,333,435</u>	<u>\$ 3,415,325</u>

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

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

Credit Risk: (Continued)

The following table provides credit rating information for the PERS' bond holdings at December 31, 2015.

	Government <u>Bonds</u>	Asset Backed <u>Securities</u>	Corporate Bonds <u>Domestic</u>	Corporate Bonds <u>Foreign</u>
AAA	\$ -	\$ -	\$ -	\$ -
BB+	-	-	-	-
BB-	-	-	-	-
B+	-	-	-	-
B	-	-	-	-
B-	-	-	-	-
CCC+	-	-	-	-
CC	-	-	-	-
DD	-	-	-	-
Not rated	1,127,364	8,489,186	-	-
	<u>\$ 1,127,364</u>	<u>\$ 8,489,186</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk:

Interest rate risk is defined as the risk that changes in the interest rates will adversely affect the fair value of an investment. The risk is applicable to debt investments with fair values that are sensitive to changes in interest rates. One indicator of the measure of interest rate risk is the dispersion of maturity dates for debt instruments. The System's policy on interest rate risk requires fixed income investments not to exceed between 1 to 10 years in duration depending on the investment. Emerging market funds' average duration may be outside this range at times. Structured credit fixed income funds have no limits and can invest in securities of any maturity or duration.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

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

Interest Rate Risk: (Continued)

The following table shows the PERS' fixed income investments and maturities in actively managed accounts at December 31, 2016.

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	Greater Than 10
Corporate Bonds (Domestic)	\$ 14,333,435	-	\$ 5,497,496	\$ 8,352,939	\$ 483,000
Corporate Bonds (Foreign)	3,415,325	-	2,130,925	1,284,400	-
Asset Backed Securities	79,056,379	-	-	1,291,464	77,764,915
Government Bonds	<u>1,572,237</u>	-	<u>881,467</u>	<u>79,955</u>	<u>610,815</u>
Total	<u>\$ 98,377,376</u>	<u>\$ -</u>	<u>\$ 8,509,888</u>	<u>\$ 11,008,758</u>	<u>\$ 78,858,730</u>

The following table shows the PERS' fixed income investments and maturities in actively managed accounts at December 31, 2015.

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	Greater Than 10
Corporate Bonds (Domestic)	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate Bonds (Foreign)	-	-	-	-	-
Asset Backed Securities	8,489,186	-	-	97,594	8,391,592
Government Bonds	<u>1,127,364</u>	-	<u>1,127,364</u>	-	-
Total	<u>\$ 9,616,550</u>	<u>\$ -</u>	<u>\$ 1,127,364</u>	<u>\$ 97,594</u>	<u>\$ 8,391,592</u>

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

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

Fixed Income Funds:

The System also invests in fixed income funds in the amount \$1,127,596,461 and \$1,151,599,081 for the years ended December 31, 2016 and 2015, respectively, as follows:

- a. The System invested in the OFIGTC Senior Loan Fund in the amount of \$104,573,683 and \$92,772,442 for the years ended December 31, 2016 and 2015, respectively. The Fund will invest at least 80% of its net assets in loans made to U.S. and 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. Fund had an average credit quality rating of B by Standard & Poor's rating service. The average portfolio duration of the OFIGTC Senior Loan Fund was .14 years.
- b. The System invested in Loomis Sayles Core Plus Full Discretion Fund in the amount of \$235,290,121 and \$283,021,925 for the years ended December 31, 2016 and 2015, 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 4.68 years.
- c. The System invested in the Prudential Private Place Bond Separate Account (PRIVEST) in the amount of \$191,160,643 and \$212,196,128 for the years ended December 31, 2016 and 2015, 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 5.90 years.
- d. The System invested in Brandywine Global Opportunistic Fixed Income Fund in the amount of \$274,084,416 and \$273,670,211 for the years ended December 31, 2016 and 2015, 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 according to Standard & Poor's rating service. The average portfolio duration of the Brandywine Global Opportunistic Fixed Income Fund was 6.60 years.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

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

Fixed Income Funds: (Continued)

- e. The System invested in Stone Harbor Emerging Market Debt Fund in the amount of \$188,529,024 and \$165,189,251 for the years ended December 31, 2016 and 2015, 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 6.13 years.
  
- f. The System invested in Franklin Templeton Global Multisector Plus Trust in the amount of \$133,958,574 and \$124,749,124 for the years ended December 31, 2016 and 2015, 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 .40 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, 2016 and 2015 for the cash equivalents balance in the amount of \$85,380,276 and \$89,571,949, 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, 2016 and 2015, the System invested in a foreign security that is listed in Euro in the amount of \$1,378,519 and \$-0-, 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. The System's policy regarding foreign currency risk states that the portfolio's exposure may be hedged to U.S. dollars. Cross hedging to non-U.S. currencies is permitted. Hedging instruments may include options, forward foreign currency contracts and futures contracts.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

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

Money-Weighted Rate of Return:

For the years ended December 31, 2016 and 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, for Plan A was 4.67% and -2.72% and for Plan B was 8.84% and 2.01%, respectively. The money-weighted return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

9. 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.

10. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS:

Substantially all System employees become eligible for post-employment health care and life insurance benefits if they reach normal retirement age while working for the System. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid jointly by the employee and the System.

Plan Description:

The System's employees may participate in the State of Louisiana's Other Post-Employment 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](http://www.doa.la.gov/osrap).

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 post-employment 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.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

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

Funding Policy: (Continued)

Employees hired before January 1, 2002 pay approximately 25% of the cost of coverage (except single retirees under age 65 pay approximately 25% of the active employee cost). Total annual per capita medical contribution rates for 2016 are shown in the following tables.

Employees hired on or after January 1, 2002 pay a percentage of the total contribution rate upon retirement based on the following schedule:

<u>OGB Participation</u>	<u>Retiree Share</u>	<u>State Share</u>
Under 10 years	81%	19%
10-14 years	62%	38%
15-19 years	44%	56%
20+ years	25%	75%

The Plan is currently financed on a pay as you go basis. The total monthly per capita premium rates effective as of January 1, 2016 are as follows:

	Magnolia			Pelican		Vantage
	<u>Open Access</u>	<u>Local</u>	<u>Local Plus</u>	<u>HSA775</u>	<u>HRA 1000</u>	<u>MHHMO</u>
<u>Active</u>						
Single	\$ 653	\$ 556	\$ 629	\$ 237	\$ 410	\$ 627
With Spouse	1,388	1,181	1,335	504	871	1,332
With Children	797	678	767	289	500	765
Family	1,464	1,246	1,408	531	918	1,404
<u>Retired No Medicare &amp; Re-employed Retiree:</u>						
Single	\$ 1,216	\$ 1,034	\$ 1,173	N/A	\$ 763	\$ 1,170
With Spouse	2,147	1,827	2,071	N/A	1,347	2,066
With Children	1,354	1,152	1,307	N/A	850	1,304
Family	2,136	1,818	2,061	N/A	1,340	2,056
<u>Retired with 1 Medicare</u>						
Single	\$ 395	\$ 336	\$ 388	N/A	\$ 248	\$ 387
With Spouse	1,461	1,243	1,418	N/A	916	1,415
With Children	684	582	668	N/A	429	666
Family	1,946	1,656	1,888	N/A	1,221	1,883
<u>Retired with 2 Medicare</u>						
With Spouse	\$ 711	\$ 605	\$ 696	N/A	\$ 446	\$ 694
Family	880	749	861	N/A	552	859

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

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

Funding Policy: (Continued)

All members who retire on or after July 1, 1007 must have Medicare Parts A and B in order to qualify for reduced premiums rates. The monthly premium rates for the Medicare supplement plans for retirees are as follows:

Retiree	Vantage			Peoples
	Premium			Health
	<u>HMO-POS</u>	<u>HMO-POS</u>	<u>MHHMO</u>	<u>HMO-POS</u>
1 Medicare	268	535	N/A	242
2 Medicare	197	395	N/A	484

Retirees pay \$.54 for each \$1,000 of personal life insurance and \$.98 for each \$1,000 of spousal life insurance

The System had two retirees receiving health benefits through the Office of Group Benefits as of December 31, 2016 and 2015. For December 31, 2016 and 2015, the premiums contributed by the System for these benefits totaled \$7,232 and \$6,611, respectively.

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, 2015 and 2014. 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, 2015 and 2014 was \$69,000 and \$65,500, respectively, as set forth below:

	<u>2015</u>	<u>2014</u>
Normal cost	\$ 39,000	\$ 37,000
30-year UAL amortization amount	27,346	25,981
Interest on the above	2,654	2,519
Annual required contribution (ARC)	<u>\$ 69,000</u>	<u>\$ 65,500</u>
Ending Net OPEB Obligation	<u>\$ 594,878</u>	<u>\$ 533,110</u>

The following table presents the System's OPEB obligation for the year ended July 1, 2015 and 2014.

	<u>2015</u>	<u>2014</u>
Annual required contribution (ARC)	\$ 69,000	\$ 65,500
Contributions made	(7,232)	(6,611)
Change in Net OPEB Obligation	61,768	58,889
Beginning Net OPEB Obligation	533,110	474,221
Ending Net OPEB Obligation	<u>\$ 594,878</u>	<u>\$ 533,110</u>



PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

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

Annual OPEB Cost: (Continued)

The System's percentage of annual OPEB cost contributed to the Plan utilizing the pay-as-you-go method, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation reported for the year ended December 31, 2016, and the two preceding years were as follows:

Year <u>Ended</u>	Annual OPEB <u>Cost</u>	Actual Employer <u>Contribution</u>	Percentage <u>Contributed</u>	Net OPEB Obligation <u>(Asset)</u>
July 1, 2013	\$ 42,800	\$ 8,396	19.62%	\$ 474,221
July 1, 2014	\$ 65,500	\$ 6,611	10.09%	\$ 533,110
July 1, 2015	\$ 69,000	\$ 7,232	10.48%	\$ 594,878

Funded Status and Funding Progress:

In the year ended December 31, 2016 and 2015, 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 \$741,000 and \$679,500 as of July 1, 2015 and 2014, respectively, was unfunded.

The funded status of the Plan, as determined by an actuary as of July 1, 2015 and 2014, was as follows:

	<u>2015</u>	<u>2014</u>
Actuarial accrued liability (AAL)	\$ 741,000	\$ 679,500
Actuarial value of plan assets	-	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 741,000</u>	<u>\$ 679,500</u>
Funded ratio (actuarial value of plan assets/AAL)	0%	0%
Covered payroll (annual payroll of active employees covered by the plan)	751,661	698,685
UAAL as a percentage of covered payroll	98.58%	97.25%

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.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

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

Actuarial Methods and Assumptions: (Continued)

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, 2015 and 2014, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses). An initial annual healthcare cost trend rate for pre-Medicare and Medicare eligible of 7.5% and 6.5% for 2015 and 8.0% and 7.0% for 2014, respectively, scaling down to ultimate rates of 4.5% per year in both 2015 and 2014. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis over thirty years.

REQUIRED SUPPLEMENTARY INFORMATION

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY - PLAN A  
FOR THE THREE YEARS ENDED DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability:</b>			
Service cost	\$ 93,628,785	\$ 92,179,543	\$ 89,258,252
Interest	237,294,449	232,727,540	221,836,067
Changes of benefit terms	-	-	20,487,101
Differences between expected and actual experience	(12,667,455)	(44,975,205)	(16,205,443)
Changes of assumptions	-	78,202,025.00	-
Benefit payments	(175,282,523)	(163,209,008)	(151,787,333)
Refunds of member contributions	(11,028,687)	(10,977,072)	(11,000,773)
Other	101,867	883,237	(222,109)
Net change in total pension liability	<u>132,046,436</u>	<u>184,831,060</u>	<u>152,365,762</u>
Total pension liability - beginning	<u>3,387,821,896</u>	<u>3,202,990,836</u>	<u>3,050,625,074</u>
Total pension liability - ending (a)	<u>\$ 3,519,868,332</u>	<u>\$ 3,387,821,896</u>	<u>\$ 3,202,990,836</u>
<b>Plan Fiduciary Net Position:</b>			
Contributions - employer	\$ 77,431,442	\$ 84,459,009	\$ 90,704,837
Contributions - member	53,518,453	51,488,106	50,375,250
Net investment income	238,615,848	(18,772,102)	149,043,734
Contributions - nonemployer contributing entities	7,386,897	7,276,289	7,137,180
Benefit payments	(175,282,523)	(163,209,008)	(151,787,333)
Refunds of member contributions	(11,028,687)	(10,977,072)	(11,000,773)
Administrative expenses	(1,419,415)	(1,334,292)	(1,252,136)
Other	101,867	12,203	(1,089,446)
Net change in plan fiduciary net position	<u>189,323,882</u>	<u>(51,056,867)</u>	<u>132,131,313</u>
Plan fiduciary net position - beginning	<u>3,124,593,132</u>	<u>3,175,649,999</u>	<u>3,043,518,686</u>
Plan fiduciary net position - ending (b)	<u>\$ 3,313,917,014</u>	<u>\$ 3,124,593,132</u>	<u>\$ 3,175,649,999</u>
Net pension liability - ending (a) - (b)	<u>\$ 205,951,318</u>	<u>\$ 263,228,764</u>	<u>\$ 27,340,837</u>
Plan fiduciary net position as a percentage of total pension liability	94.15%	92.23%	99.15%
Covered employee payroll	\$ 595,626,477	\$ 577,451,897	\$ 562,757,869
Net pension liability as a percentage of covered employee payroll	34.58%	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 THREE YEARS ENDED DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability:</b>			
Service cost	\$ 9,633,861	\$ 8,544,264	\$ 8,412,233
Interest	19,404,284	18,696,801	17,562,661
Changes of benefit terms	-	-	1,309,944
Differences between expected and actual experience	(2,340,186)	(2,179,740)	(3,451,795)
Changes of assumptions	-	3,098,805	-
Benefit payments	(10,155,817)	(8,914,800)	(7,542,480)
Refunds of member contributions	(543,481)	(601,666)	(663,027)
Other	(159,841)	484,797	555,593
Net change in total pension liability	<u>15,838,820</u>	<u>19,128,461</u>	<u>16,183,129</u>
Total pension liability - beginning	<u>272,907,932</u>	<u>253,779,471</u>	<u>237,596,342</u>
Total pension liability - ending (a)	<u><u>\$ 288,746,752</u></u>	<u><u>\$ 272,907,932</u></u>	<u><u>\$ 253,779,471</u></u>
<b>Plan Fiduciary Net Position:</b>			
Contributions - employer	7,943,831	8,676,229	8,390,840
Contributions - member	2,874,226	2,805,634	2,629,127
Contributions - nonemployer contributing entities	1,209,345	1,194,705	1,176,417
Net investment income	19,716,857	(1,801,444)	11,734,154
Benefit payments	(10,155,817)	(8,914,800)	(7,542,480)
Refunds of member contributions	(543,481)	(601,666)	(663,027)
Administrative expenses	(232,496)	(218,483)	(204,921)
Other	(159,841)	461,478	555,593
Net change in plan fiduciary net position	<u>20,652,624</u>	<u>1,601,653</u>	<u>16,075,703</u>
Plan fiduciary net position - beginning	<u>255,103,397</u>	<u>253,501,744</u>	<u>237,426,041</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 275,756,021</u></u>	<u><u>\$ 255,103,397</u></u>	<u><u>\$ 253,501,744</u></u>
Net pension liability - ending (a) - (b)	<u><u>\$ 12,990,731</u></u>	<u><u>\$ 17,804,535</u></u>	<u><u>\$ 277,727</u></u>
Plan fiduciary net position as a percentage of total pension liability	95.50%	93.48%	99.89%
Covered employee payroll	\$ 99,297,888	\$ 96,402,089	\$ 90,711,784
Net pension liability as a percentage of covered employee payroll	13.08%	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 THREE YEARS ENDED DECEMBER 31, 2016

	Total Pension Liability	Plan Fiduciary Net Position	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%
2016	\$3,519,868,332	\$3,313,917,014	\$ 205,951,318	94.15%	\$595,626,477	34.58%

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 THREE YEARS ENDED DECEMBER 31, 2016

	Total Pension Liability	Plan Fiduciary Net Position	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%
2016	\$288,746,752	\$ 275,756,021	\$ 12,990,731	95.50%	\$99,297,888	13.08%

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 THREE YEARS ENDED DECEMBER 31, 2016

<u>Date</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in Relation to the Actuarially Determined Liability</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
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%
2016	\$ 70,025,994	\$ 84,818,339	\$ (14,792,345)	\$ 595,626,477	14.24%

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 CONTRIBUTIONS  
 EMPLOYER AND NON-EMPLOYER CONTRIBUTING ENTITIES - PLAN B  
FOR THE THREE YEARS ENDED DECEMBER 31, 2016

<u>Date</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in Relation to the Actuarially Determined Liability</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
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%
2016	\$ 8,421,102	\$ 9,153,176	\$ (732,074)	\$ 99,297,888	9.22%

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 INVESTMENT RETURNS  
FOR THE THREE YEARS ENDED DECEMBER 31, 2016

<u>Fiscal Year End</u>	<u>Annual Money-Weighted Rate of Return*</u>	
	<u>Plan A</u>	<u>Plan B</u>
2014	3.81%	9.00%
2015	-2.72%	2.01%
2016	4.67%	8.84%

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, 2010 THROUGH 2015

Actuarial Valuation <u>Date</u>	Actuarial Value of <u>Assets</u> (a)	Actuarial Accrued Liability <u>Entry Age</u> (b)	Unfunded (Excess) AAL <u>UAAL</u> (b-a)	Funded <u>Ratio</u> (a/b)	Covered <u>Payroll</u> (c)	UAAL as a Percentage of Covered <u>Payroll</u> [(b-a)/c]
07/01/10	\$ -	\$ 801,600	\$ 801,600	0.00%	\$ 575,445	139.30%
07/01/11	\$ -	\$ 552,900	\$ 552,900	0.00%	\$ 609,194	90.76%
07/01/12	\$ -	\$ 531,000	\$ 531,000	0.00%	\$ 689,187	77.05%
07/01/13	\$ -	\$ 548,600	\$ 548,600	0.00%	\$ 702,399	78.10%
07/01/14	\$ -	\$ 679,500	\$ 679,500	0.00%	\$ 698,685	97.25%
07/01/15	\$ -	\$ 741,000	\$ 741,000	0.00%	\$ 751,661	98.58%

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2016 AND 2015

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) post-employment 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

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
SUPPLEMENTARY INFORMATION  
INDIVIDUAL PLANS' STATEMENT OF FIDUCIARY NET POSITION  
DECEMBER 31, 2016 AND 2015

	<u>PLAN "A"</u>		<u>PLAN "B"</u>		<u>TOTAL</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
CURRENT ASSETS:						
Cash	\$ 24,304,376	\$ 16,330,730	\$ 1,776,637	\$ 877,763	\$ 26,081,013	\$ 17,208,493
Contribution receivables	22,177,778	25,513,730	1,563,000	1,643,154	23,740,778	27,156,884
Accrued interest and dividends on investments	1,213,479	483,289	103,256	39,083	1,316,735	522,372
Investment receivables	2,301,715	57,739	189,062	4,642	2,490,777	62,381
Ad valorem and state revenue sharing receivable	7,116,754	7,267,271	1,167,211	1,191,897	8,283,965	8,459,168
Due (to) from other funds	1,464,820	1,267,715	(1,464,820)	(1,267,715)	-	-
Other current assets	13	13	7,098	6,595	7,111	6,608
<b>TOTAL CURRENT ASSETS</b>	<b><u>58,578,935</u></b>	<b><u>50,920,487</u></b>	<b><u>3,341,444</u></b>	<b><u>2,495,419</u></b>	<b><u>61,920,379</u></b>	<b><u>53,415,906</u></b>
PROPERTY, PLANT & EQUIPMENT (NET OF DEPRECIATION)	<u>617,843</u>	<u>641,714</u>	<u>92,744</u>	<u>96,359</u>	<u>710,587</u>	<u>738,073</u>
INVESTMENTS:						
Cash and cash equivalents	74,308,726	80,031,384	11,071,550	9,540,565	85,380,276	89,571,949
Equities	1,767,110,160	1,644,650,040	145,006,737	130,970,179	1,912,116,897	1,775,620,219
Fixed income	1,133,091,618	1,071,046,581	92,882,219	90,169,050	1,225,973,837	1,161,215,631
Real estate	161,073,541	162,650,084	13,202,736	12,390,706	174,276,277	175,040,790
Alternative investments	139,346,218	132,094,884	11,432,936	10,413,753	150,779,154	142,508,637
<b>TOTAL INVESTMENTS</b>	<b><u>3,274,930,263</u></b>	<b><u>3,090,472,973</u></b>	<b><u>273,596,178</u></b>	<b><u>253,484,253</u></b>	<b><u>3,548,526,441</u></b>	<b><u>3,343,957,226</u></b>
CURRENT LIABILITIES:						
Accounts payable	2,129,420	2,043,922	180,420	167,290	2,309,840	2,211,212
Benefits payable	13,624,175	13,707,337	823,878	698,889	14,448,053	14,406,226
Refunds payable	813,679	497,445	14,237	48,598	827,916	546,043
Investment payable	3,047,875	660,228	255,810	57,857	3,303,685	718,085
OPEB liabilities	594,878	533,110	-	-	594,878	533,110
<b>TOTAL CURRENT LIABILITIES</b>	<b><u>20,210,027</u></b>	<b><u>17,442,042</u></b>	<b><u>1,274,345</u></b>	<b><u>972,634</u></b>	<b><u>21,484,372</u></b>	<b><u>18,414,676</u></b>
NET POSITION - RESTRICTED FOR PENSION BENEFITS	<b><u>\$3,313,917,014</u></b>	<b><u>\$3,124,593,132</u></b>	<b><u>\$275,756,021</u></b>	<b><u>\$255,103,397</u></b>	<b><u>\$ 3,589,673,035</u></b>	<b><u>\$ 3,379,696,529</u></b>

**PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA**  
**SUPPLEMENTARY INFORMATION**  
**INDIVIDUAL PLANS' STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>PLAN "A"</u>		<u>PLAN "B"</u>		<u>TOTAL</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>ADDITIONS:</b>						
Contributions:						
Member contributions	\$ 53,616,261	\$ 51,488,106	\$ 2,881,076	\$ 2,805,634	\$ 56,497,337	\$ 54,293,740
Employer contributions	78,039,836	84,459,009	7,943,831	8,676,229	85,983,667	93,135,238
Ad valorem taxes and revenue sharing funds	7,386,897	7,276,289	1,209,345	1,194,705	8,596,242	8,470,994
Total contributions	<u>139,042,994</u>	<u>143,223,404</u>	<u>12,034,252</u>	<u>12,676,568</u>	<u>151,077,246</u>	<u>155,899,972</u>
Investment income:						
Net appreciation (depreciation) in the fair value of investments	204,619,999	(52,358,876)	16,943,010	(4,446,671)	221,563,009	(56,805,547)
Dividends, interest, and other recurring income	51,207,333	45,759,232	4,225,115	3,643,359	55,432,448	49,402,591
Miscellaneous investment income (expense)	80,898	125,123	6,759	7,135	87,657	132,258
	<u>255,908,230</u>	<u>(6,474,521)</u>	<u>21,174,884</u>	<u>(796,177)</u>	<u>277,083,114</u>	<u>(7,270,698)</u>
Less: Investment expense:						
Custodial fees	189,299	133,330	31,047	21,868	220,346	155,198
Money manager fees	16,183,786	11,975,791	1,330,051	952,490	17,513,837	12,928,281
Other investment expenses	683,423	-	58,244	-	741,667	-
Investment consultant	235,874	188,460	38,685	30,909	274,559	219,369
	<u>17,292,382</u>	<u>12,297,581</u>	<u>1,458,027</u>	<u>1,005,267</u>	<u>18,750,409</u>	<u>13,302,848</u>
Net investment income (loss)	<u>238,615,848</u>	<u>(18,772,102)</u>	<u>19,716,857</u>	<u>(1,801,444)</u>	<u>258,332,705</u>	<u>(20,573,546)</u>
Other additions:						
Interest - transfers, refund payback	973,182	1,126,255	63,394	340,405	1,036,576	1,466,660
Transfers in from other systems	1,140,746	1,454,839	38,871	45,545	1,179,617	1,500,384
Miscellaneous income	22,361	10,885	2,566	390	24,927	11,275
Total other additions	<u>2,136,289</u>	<u>2,591,979</u>	<u>104,831</u>	<u>386,340</u>	<u>2,241,120</u>	<u>2,978,319</u>
Total additions	<u>379,795,131</u>	<u>127,043,281</u>	<u>31,855,940</u>	<u>11,261,464</u>	<u>411,651,071</u>	<u>138,304,745</u>
<b>DEDUCTIONS:</b>						
Retirement, disability and survivor annuity benefits	153,388,380	143,168,464	8,780,515	7,874,859	162,168,895	151,043,323
DROP benefits	21,894,143	20,040,544	1,375,302	1,039,941	23,269,445	21,080,485
Transfers to/from plans	(179,592)	243,051	179,592	(243,051)	-	-
Refund of contributions	11,028,687	10,977,072	543,481	601,666	11,572,168	11,578,738
Transfers to other systems	2,920,216	2,336,725	91,930	167,913	3,012,146	2,504,638
Administrative expenses	1,342,479	1,256,524	220,178	206,080	1,562,657	1,462,604
Depreciation expense	23,871	27,176	3,615	4,106	27,486	31,282
OPEB expense	53,065	50,592	8,703	8,297	61,768	58,889
Total deductions	<u>190,471,249</u>	<u>178,100,148</u>	<u>11,203,316</u>	<u>9,659,811</u>	<u>201,674,565</u>	<u>187,759,959</u>
NET INCREASE (DECREASE)	189,323,882	(51,056,867)	20,652,624	1,601,653	209,976,506	(49,455,214)
<b>NET POSITION - RESTRICTED FOR PENSION BENEFITS:</b>						
Beginning of year	3,124,593,132	3,175,649,999	255,103,397	253,501,744	3,379,696,529	3,429,151,743
END OF YEAR	<u>\$3,313,917,014</u>	<u>\$3,124,593,132</u>	<u>\$ 275,756,021</u>	<u>\$ 255,103,397</u>	<u>\$3,589,673,035</u>	<u>\$3,379,696,529</u>

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF ADMINISTRATIVE AND INVESTMENT EXPENSES  
 BUDGET TO ACTUAL  
 FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016			2015		
	Budget	Actual	Variance (over) under	Budget	Actual	Variance (over) under
<b>ADMINISTRATIVE EXPENSES:</b>						
<b>SALARIES AND RELATED EXPENSES:</b>						
Salaries	\$ 752,000	\$ 754,157	\$ (2,157)	\$ 700,000	\$ 698,685	\$ 1,315
Retirement	98,000	99,456	(1,456)	101,500	101,912	(412)
Group hospitalization	69,000	60,277	8,723	69,000	44,754	24,246
Medicare and payroll taxes	11,000	10,359	641	10,150	9,715	435
Total salaries and related expenses	930,000	924,249	5,751	880,650	855,066	25,584
<b>PROFESSIONAL SERVICES:</b>						
Actuarial consultant	216,050	193,410	22,640	216,050	194,600	21,450
Accounting	100,000	96,095	3,905	95,000	93,292	1,708
Legal counsel	70,000	69,257	743	52,000	60,359	(8,359)
Computer programming	65,000	49,456	15,544	64,000	35,273	28,727
Medical board	33,000	23,700	9,300	33,000	22,131	10,869
Investigation	2,000	1,620	380	2,000	1,120	880
Total professional services	486,050	433,538	52,512	462,050	406,775	55,275
<b>COMMUNICATIONS:</b>						
Printing	28,000	20,482	7,518	27,000	20,688	6,312
Telephone	13,200	10,746	2,454	13,200	10,634	2,566
Postage	37,100	21,451	15,649	35,300	22,024	13,276
Travel	33,500	20,550	12,950	30,000	29,128	872
Website	2,500	2,295	205	2,500	2,465	35
Per diem	2,250	1,500	750	2,250	1,500	750
Total communications	116,550	77,024	39,526	110,250	86,439	23,811
<b>GENERAL OFFICE:</b>						
Building maintenance	16,700	7,361	9,339	10,900	6,451	4,449
Rent	2,280	2,280	-	2,280	2,280	-
Supplies	15,000	12,943	2,057	14,000	6,874	7,126
Dues and subscriptions	16,840	10,516	6,324	16,500	11,574	4,926
Equipment rental	33,000	30,785	2,215	30,500	29,191	1,309
Equipment maintenance	18,000	14,033	3,967	18,000	15,949	2,051
Insurance	11,500	11,424	76	11,500	10,478	1,022
Janitorial	8,600	8,040	560	8,600	7,370	1,230
Microfilm	8,100	6,774	1,326	8,100	8,048	52
Training	21,000	17,460	3,540	9,600	10,025	(425)
Utilities	8,500	6,230	2,270	8,500	6,084	2,416
Total general office	159,520	127,846	31,674	138,480	114,324	24,156
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>\$ 1,692,120</b>	<b>\$ 1,562,657</b>	<b>\$ 129,463</b>	<b>\$ 1,591,430</b>	<b>\$ 1,462,604</b>	<b>\$ 128,826</b>
<b>INVESTMENT EXPENSES:</b>						
Custodial Bank	\$ 230,000	\$ 220,346	\$ 9,654	\$ 230,000	\$ 155,198	\$ 74,802
Investment consultant	265,000	274,559	(9,559)	231,000	219,369	11,631
<b>TOTAL INVESTMENT EXPENSES</b>	<b>\$ 495,000</b>	<b>\$ 494,905</b>	<b>\$ 95</b>	<b>\$ 461,000</b>	<b>\$ 374,567</b>	<b>\$ 86,433</b>
<b>CAPITAL OUTLAYS</b>	<b>\$ 5,000</b>	<b>\$ -</b>	<b>\$ 5,000</b>	<b>\$ 10,000</b>	<b>\$ 2,866</b>	<b>\$ 7,134</b>



PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
 SUPPLEMENTARY INFORMATION - PLAN "A"  
 STATEMENT OF CHANGES IN RESERVE BALANCES  
 FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016					
	ANNUITY SAVINGS	DROP	FUNDING DEPOSIT ACCOUNT	ANNUITY RESERVE	PENSION ACCUMULATION	TOTAL
BALANCE - BEGINNING	\$ 416,074,669	\$ 63,349,322	\$ 49,644,401	\$ 1,434,864,083	\$ 1,160,660,657	\$ 3,124,593,132
REVENUES AND TRANSFERS:						
Employee contributions	53,616,261	-	-	-	-	53,616,261
Employer contributions	-	-	15,776,579	-	62,263,257	78,039,836
Tax collector contributions	-	-	-	-	7,250,091	7,250,091
Revenue sharing contributions	-	-	-	-	136,806	136,806
Net investment income (loss)	-	-	3,475,108	-	235,140,740	238,615,848
Miscellaneous income	-	-	-	-	22,361	22,361
Transfer from Annuity Savings	-	-	-	27,655,389	-	27,655,389
Transfer from Annuity Reserve	-	19,759,597	-	-	-	19,759,597
Interest - transfers, refund payback	-	-	-	-	973,182	973,182
Transfer from another system	345,153	-	-	-	795,593	1,140,746
Transfer from other plans	-	-	-	-	179,592	179,592
Actuarial transfer	-	-	-	244,371,777	-	244,371,777
	<u>53,961,414</u>	<u>19,759,597</u>	<u>19,251,687</u>	<u>272,027,166</u>	<u>306,761,622</u>	<u>671,761,486</u>
EXPENDITURES AND TRANSFERS:						
Refunds to terminated employees	11,028,687	-	-	-	-	11,028,687
Transfer to Annuity Reserve	27,655,389	-	-	-	-	27,655,389
Transfer to DROP	-	-	-	19,759,597	-	19,759,597
Pensions paid	-	-	-	153,388,380	-	153,388,380
Transfer to other plans	-	-	-	-	-	-
DROP benefits	-	21,894,143	-	-	-	21,894,143
Administrative expenses	-	-	-	-	1,342,479	1,342,479
Other postemployment benefits	-	-	-	-	53,065	53,065
Depreciation	-	-	-	-	23,871	23,871
Actuarial transfer	-	-	-	-	244,371,777	244,371,777
Transfers to another system	894,498	-	-	-	2,025,718	2,920,216
	<u>39,578,574</u>	<u>21,894,143</u>	<u>-</u>	<u>173,147,977</u>	<u>247,816,910</u>	<u>482,437,604</u>
NET INCREASE (DECREASE)	<u>14,382,840</u>	<u>(2,134,546)</u>	<u>19,251,687</u>	<u>98,879,189</u>	<u>58,944,712</u>	<u>189,323,882</u>
BALANCE - ENDING	<u>\$ 430,457,509</u>	<u>\$ 61,214,776</u>	<u>\$ 68,896,088</u>	<u>\$ 1,533,743,272</u>	<u>\$ 1,219,605,369</u>	<u>\$ 3,313,917,014</u>

<u>ANNUITY SAVINGS</u>	<u>DROP</u>	<u>FUNDING DEPOSIT ACCOUNT</u>	<u>ANNUITY RESERVE</u>	<u>PENSION ACCUMULATION</u>	<u>TOTAL</u>
\$ 402,138,565	\$ 61,389,320	\$ 23,781,823	\$ 1,303,726,307	\$ 1,384,613,984	\$ 3,175,649,999
51,488,106	-	-	-	-	51,488,106
-	-	24,138,396	-	60,320,613	84,459,009
-	-	-	-	7,160,489	7,160,489
-	-	-	-	115,800	115,800
-	-	1,724,182	-	(20,496,284)	(18,772,102)
-	-	-	-	10,885	10,885
-	-	-	26,508,197	-	26,508,197
-	22,000,546	-	-	-	22,000,546
-	-	-	-	1,126,255	1,126,255
550,942	-	-	-	903,897	1,454,839
-	-	-	-	-	-
-	-	-	269,798,589	-	269,798,589
<u>52,039,048</u>	<u>22,000,546</u>	<u>25,862,578</u>	<u>296,306,786</u>	<u>49,141,655</u>	<u>445,350,613</u>
10,977,072	-	-	-	-	10,977,072
26,508,197	-	-	-	-	26,508,197
-	-	-	22,000,546	-	22,000,546
-	-	-	143,168,464	-	143,168,464
-	-	-	-	243,051	243,051
-	20,040,544	-	-	-	20,040,544
-	-	-	-	1,256,524	1,256,524
-	-	-	-	50,592	50,592
-	-	-	-	27,176	27,176
-	-	-	-	269,798,589	269,798,589
617,675	-	-	-	1,719,050	2,336,725
<u>38,102,944</u>	<u>20,040,544</u>	<u>-</u>	<u>165,169,010</u>	<u>273,094,982</u>	<u>496,407,480</u>
<u>13,936,104</u>	<u>1,960,002</u>	<u>25,862,578</u>	<u>131,137,776</u>	<u>(223,953,327)</u>	<u>(51,056,867)</u>
\$ 416,074,669	\$ 63,349,322	\$ 49,644,401	\$ 1,434,864,083	\$ 1,160,660,657	\$ 3,124,593,132

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
 SUPPLEMENTARY INFORMATION - PLAN "B"  
 STATEMENT OF CHANGES IN RESERVE BALANCES  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016					
	ANNUITY SAVINGS	DROP	FUNDING DEPOSIT ACCOUNT	ANNUITY RESERVE	PENSION ACCUMULATION	TOTAL
BALANCE - BEGINNING	\$ 21,704,936	\$ 4,389,426	\$ 4,622,489	\$ 77,936,059	\$ 146,450,487	\$ 255,103,397
REVENUES AND TRANSFERS:						
Employee contributions	2,881,076	-	-	-	-	2,881,076
Employer contributions	-	-	656,196	-	7,287,635	7,943,831
Net investment income (loss)	-	-	323,574	-	19,393,283	19,716,857
Tax collector contributions	-	-	-	-	1,189,079	1,189,079
Revenue sharing contributions	-	-	-	-	20,266	20,266
Miscellaneous income	-	-	-	-	2,566	2,566
Transfer from Annuity Savings	-	-	-	1,455,051	-	1,455,051
Transfer from Annuity Reserve	-	1,325,504	-	-	-	1,325,504
Transfer from another system	17,690	-	-	-	21,181	38,871
Transfer from other plans	-	-	-	-	-	-
Interest - transfers refund payback	-	-	-	-	63,394	63,394
Actuarial transfer	-	-	-	17,839,077	-	17,839,077
	<u>2,898,766</u>	<u>1,325,504</u>	<u>979,770</u>	<u>19,294,128</u>	<u>27,977,404</u>	<u>52,475,572</u>
EXPENDITURES AND TRANSFERS:						
Refunds to terminated employees	543,481	-	-	-	-	543,481
Transfer to Annuity Reserve	1,455,051	-	-	-	-	1,455,051
Transfer to DROP	-	-	-	1,325,504	-	1,325,504
Pensions paid	-	-	-	8,780,515	-	8,780,515
Transfer to other plans	-	-	-	-	179,592	179,592
DROP benefits	-	1,375,302	-	-	-	1,375,302
Administrative expenses	-	-	-	-	220,178	220,178
Other postemployment benefits	-	-	-	-	8,703	8,703
Depreciation	-	-	-	-	3,615	3,615
Transfers to another system	24,614	-	-	-	67,316	91,930
Actuarial transfer	-	-	-	-	17,839,077	17,839,077
	<u>2,023,146</u>	<u>1,375,302</u>	<u>-</u>	<u>10,106,019</u>	<u>18,318,481</u>	<u>31,822,948</u>
NET INCREASE (DECREASE)	<u>875,620</u>	<u>(49,798)</u>	<u>979,770</u>	<u>9,188,109</u>	<u>9,658,923</u>	<u>20,652,624</u>
BALANCE - ENDING	<u>\$ 22,580,556</u>	<u>\$ 4,339,628</u>	<u>\$ 5,602,259</u>	<u>\$ 87,124,168</u>	<u>\$ 156,109,410</u>	<u>\$ 275,756,021</u>

2015

<u>ANNUITY SAVINGS</u>	<u>DROP</u>	<u>FUNDING DEPOSIT ACCOUNT</u>	<u>ANNUITY RESERVE</u>	<u>PENSION ACCUMULATION</u>	<u>TOTAL</u>
<u>\$ 20,656,063</u>	<u>\$ 4,004,697</u>	<u>\$ 2,281,164</u>	<u>\$ 69,002,890</u>	<u>\$ 157,556,930</u>	<u>\$ 253,501,744</u>
2,805,634	-	-	-	-	2,805,634
-	-	2,175,941	-	6,500,288	8,676,229
-	-	165,384	-	(1,966,828)	(1,801,444)
-	-	-	-	1,166,056	1,166,056
-	-	-	-	28,649	28,649
-	-	-	-	390	390
-	-	-	1,140,179	-	1,140,179
-	1,424,670	-	-	-	1,424,670
13,810	-	-	-	31,735	45,545
-	-	-	-	243,051	243,051
-	-	-	-	340,405	340,405
-	-	-	17,092,519	-	17,092,519
<u>2,819,444</u>	<u>1,424,670</u>	<u>2,341,325</u>	<u>18,232,698</u>	<u>6,343,746</u>	<u>31,161,883</u>
601,666	-	-	-	-	601,666
1,140,179	-	-	-	-	1,140,179
-	-	-	1,424,670	-	1,424,670
-	-	-	7,874,859	-	7,874,859
-	-	-	-	-	-
-	1,039,941	-	-	-	1,039,941
-	-	-	-	206,080	206,080
-	-	-	-	8,297	8,297
-	-	-	-	4,106	4,106
28,726	-	-	-	139,187	167,913
-	-	-	-	17,092,519	17,092,519
<u>1,770,571</u>	<u>1,039,941</u>	<u>-</u>	<u>9,299,529</u>	<u>17,450,189</u>	<u>29,560,230</u>
<u>1,048,873</u>	<u>384,729</u>	<u>2,341,325</u>	<u>8,933,169</u>	<u>(11,106,443)</u>	<u>1,601,653</u>
<u>\$ 21,704,936</u>	<u>\$ 4,389,426</u>	<u>\$ 4,622,489</u>	<u>\$ 77,936,059</u>	<u>\$ 146,450,487</u>	<u>\$ 255,103,397</u>

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS  
DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Gwen LeBlanc	\$ 300	\$ 300
Terrie Rodrigue	300	300
Tim Ware	300	300
Tammy Bufkin	300	-
Sandy Treme	300	300
Jerry Milner	<u>-</u>	<u>300</u>
 TOTAL	 <u>\$ 1,500</u>	 <u>\$ 1,500</u>

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF COMPENSATION, BENEFITS  
AND OTHER PAYMENTS TO AGENCY HEAD  
DECEMBER 31, 2016

Agency Head Name: Terrie Rodrigue, Chairman of the Board

<u>PURPOSE</u>	<u>AMOUNT</u>
Per Diem	\$ 300
Travel	458
Registration fees	1,125
Conference travel	<u>1,679</u>
TOTAL	<u><u>\$ 3,562</u></u>



Duplantier  
Hrapmann  
Hogan &  
Maher, LLP

William G. Stamm, CPA  
Lindsay J. Calub, CPA, LLC  
Guy L. Duplantier, CPA  
Michelle H. Cunningham, CPA  
Dennis W. Dillon, CPA  
Grady C. Lloyd, III CPA

Heather M. Jovanovich, CPA  
Terri L. Kitto, CPA

Michael J. O'Rourke, CPA  
David A. Burgard, CPA  
Clifford J. Giffin, Jr., CPA

A.J. Duplantier, Jr., CPA  
(1919-1985)  
Felix J. Hrapmann, Jr., CPA  
(1919-1990)  
William R. Hogan, Jr., CPA  
(1920-1996)  
James Maher, Jr., CPA  
(1921-1999)

**New Orleans**  
1615 Poydras Street,  
Suite 2100  
New Orleans, LA 70112  
Phone: (504) 586-8866  
Fax: (504) 525-5888

**Northshore**  
1290 Seventh Street  
Slidell, LA 70458  
Phone: (985) 641-1272  
Fax: (985) 781-6497

**Houma**  
247 Corporate Drive  
Houma, LA 70360  
Phone: (985) 868-2630  
Fax: (985) 872-3833

**Napoleonville**  
5047 Highway 1  
P.O. Box 830  
Napoleonville, LA 70390  
Phone: (985) 369-6003  
Fax: (985) 369-9941

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

June 19, 2017

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 the Parochial Employees' Retirement System, as of and for the year ended December 31, 2016 and the related notes to the financial statements, which collectively comprise the Parochial Employees' Retirement System's basic financial statements and have issued our report thereon dated June 19, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 the Parochial Employees' Retirement System's internal control. Accordingly, we do not express an opinion on the effectiveness of the Parochial Employees' Retirement System's internal control.

[www.dhhmcpa.com](http://www.dhhmcpa.com)

Members  
American Institute of  
Certified Public Accountants  
Society of LA CPAs

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 two deficiencies in internal control, described in the accompanying schedule of findings as items 16-01 and 16-02 that we consider to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

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

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

New Orleans, LA



PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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, 2016 was unmodified.

2. Internal Control

Material weakness: None

Significant deficiency:

16-01      Annuity Savings and DROP

During the audit of the System's annuity savings and DROP it was noted that detail schedules of annuity savings and DROP were not being reconciled with the general ledger. The annuity savings and DROP detail reports generated from the database system should be reconciled with the amounts reported on the general ledger. Not reconciling the detail reporting with the general ledger could result in a misstatement of a participant's account. We recommend that the annuity savings and DROP detail reports per the database system are reconciled with the annuity savings and DROP account balances, respectively, per the general ledger.

16-02      Cash Transactions and Bank Reconciliations

During the audit we noted bank statements were not properly reconciled to the appropriate general ledger accounts and various cash transactions were routinely misposted to the general ledger. Not properly reconciling the bank statements to the appropriate general ledger accounts could result in errors occurring in both cash transactions and financial reporting, and not be detected timely. In order to ensure accurate financial reporting, the System should accurately post cash activity and correctly reconcile bank statements to the general ledger accounts, on a timely basis. Cash reconciliations between the bank balance and the general ledger balance assist the System to ensure all cash transactions are recorded properly and to discover any bank errors. We recommend all cash activity and journal entries are posted accurately, bank statements reconciled on a timely basis to the appropriate general ledger accounts, and review of the reconciliations be performed by management.

3. Compliance and Other Matters

Noncompliance material to financial statements: none noted

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2016

SUMMARY OF PRIOR YEAR FINDINGS:

1. 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. 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 resolved.

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.

Status: This finding was resolved.