ANNUAL FINANCIAL REPORT

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
BATON ROUGE, LOUISIANA

DECEMBER 31, 2017 AND 2016

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

INDEX TO ANNUAL FINANCIAL REPORT

DECEMBER 31, 2017 AND 2016

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INDEPENDENT AUDITOR'S REPORT

June 14, 2018

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, 2017 and 2016, 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, 2017 and 2016, and the results of its operations and changes in net position for the years then ended in accordance 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 $3,754,795,626 and $3,519,868,332 for Plan A and $313,044,837 and $288,746,752 and Plan B, respectively, as of December 31, 2017 and 2016. 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, 2017 and 2016 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 as a whole. The other supplementary information, as listed in the index, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The other 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 other 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 14, 2018 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 the effectiveness of the System's 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 and compliance of the Parochial Employees' Retirement System of Louisiana.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, LA

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, 2017. This document focuses on the current year's activities, resulting changes, and 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 2017 by $4,154,647,159, which represents an increase from last fiscal year. The net position restricted for pension benefits increased by $564,974,124 or 15.74%. The increase is due to favorable investment returns during 2017.
- Contributions to the System by members and employers totaled $147,682,253, an increase of $5,201,249 or 3.65% over the prior year.
- The net appreciation in the fair value of investments was $580,266,490 for 2017, compared to $221,563,009 in 2016, an increase of 161.90%. The increase is due to favorable investment returns during 2017.
- The rate of return on the System's investments was 17.3% for Plan A and Plan B based on the market value. This represents an increase from the 2016 results in both plans.
- Pension benefits paid to retirees and beneficiaries increased by $12,282,487 or 6.62%. This increase is due to a rise in the number of retirees and the larger benefit amounts for the newer retirees.
- Administrative expenses totaled $1,603,864, an increase of $41,207 or 2.64%.
- The cost of administering the System per member during 2017 was $46 per individual. This figure is derived by dividing total administrative expenses by the sum of active and retired employees, survivors, and terminated employees eligible for a refund or benefit.

OVERVIEW OF THE FINANCIAL STATEMENTS:

The discussion and analysis is intended to serve as an introduction to the System's basic financial statements, which are comprised of three components:

- Statement of fiduciary net position,
- Statement of changes in fiduciary net position, and
- Notes to the financial statements.

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

OVERVIEW OF THE FINANCIAL STATEMENTS: (Continued)

The statement of fiduciary net position reports the System's assets, liabilities, and resultant net position restricted for pension benefits. It discloses the financial position of the System as of December 31, 2017 and 2016.

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,	
	2017	2016
Cash and investments	$ 4,137,324,171	$ 3,574,607,454
Receivables	40,145,932	35,839,366
Property and equipment	687,410	710,587
Total assets	4,178,157,513	3,611,157,407
Total liabilities	23,510,354	21,484,372
Net Position Restricted for Pension Benefits	$ 4,154,647,159	$ 3,589,673,035

Fiduciary net position increased by $564,974,124 or 15.74% ($4,154,647,159 compared to $3,589,673,035). 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 2017 was due mainly to the favorable market returns for 2017 offset by an increase in retirement benefits paid.

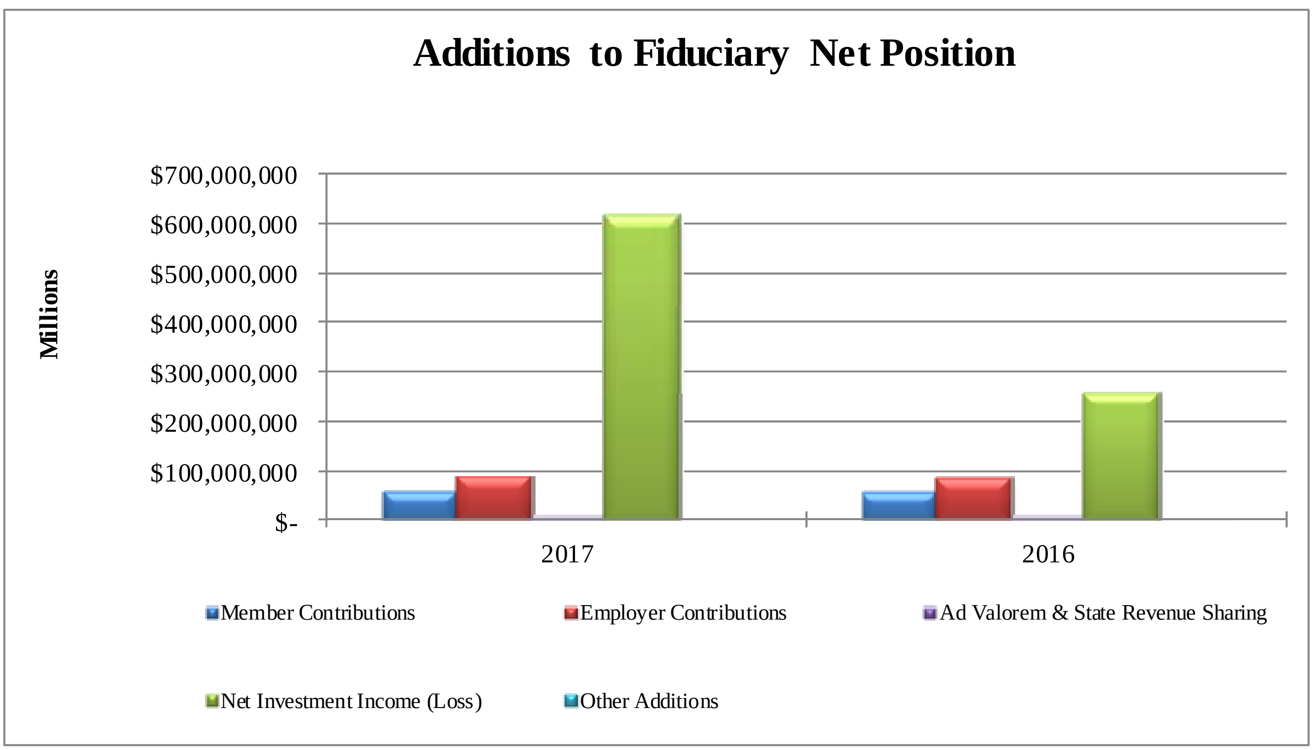
	Statements of Changes in Fiduciary Net Position December 31,	
	2017	2016
Additions:		
Contributions	$ 156,386,544	$ 151,077,246
Net investment income	617,977,026	258,332,705
Other	4,381,989	2,241,120
Total additions	$ 778,745,559	411,651,071
Total deductions	(213,771,435)	(201,674,565)
Increase in Fiduciary Net Position	$ 564,974,124	$ 209,976,506

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 $2,303,436 or 4.08% and employer contributions increased $2,897,813 or 3.37%. The System experienced net investment income of $617,977,026 compared to $258,332,705 in the previous year. The increase in fiduciary net position in 2017 was due mainly to favorable investment returns in 2017.

	2017	2016	Increase (Decrease) Percentage
Member Contributions	$ 58,800,773	$ 56,497,337	4.08%
Employer Contributions	88,881,480	85,983,667	3.37%
Ad Valorem & State Revenue Sharing	8,704,291	8,596,242	1.26%
Net Investment Income	617,977,026	258,332,705	139.22%
Other Additions	4,381,989	2,241,120	95.53%
Total Additions	$ 778,745,559	$ 411,651,071	

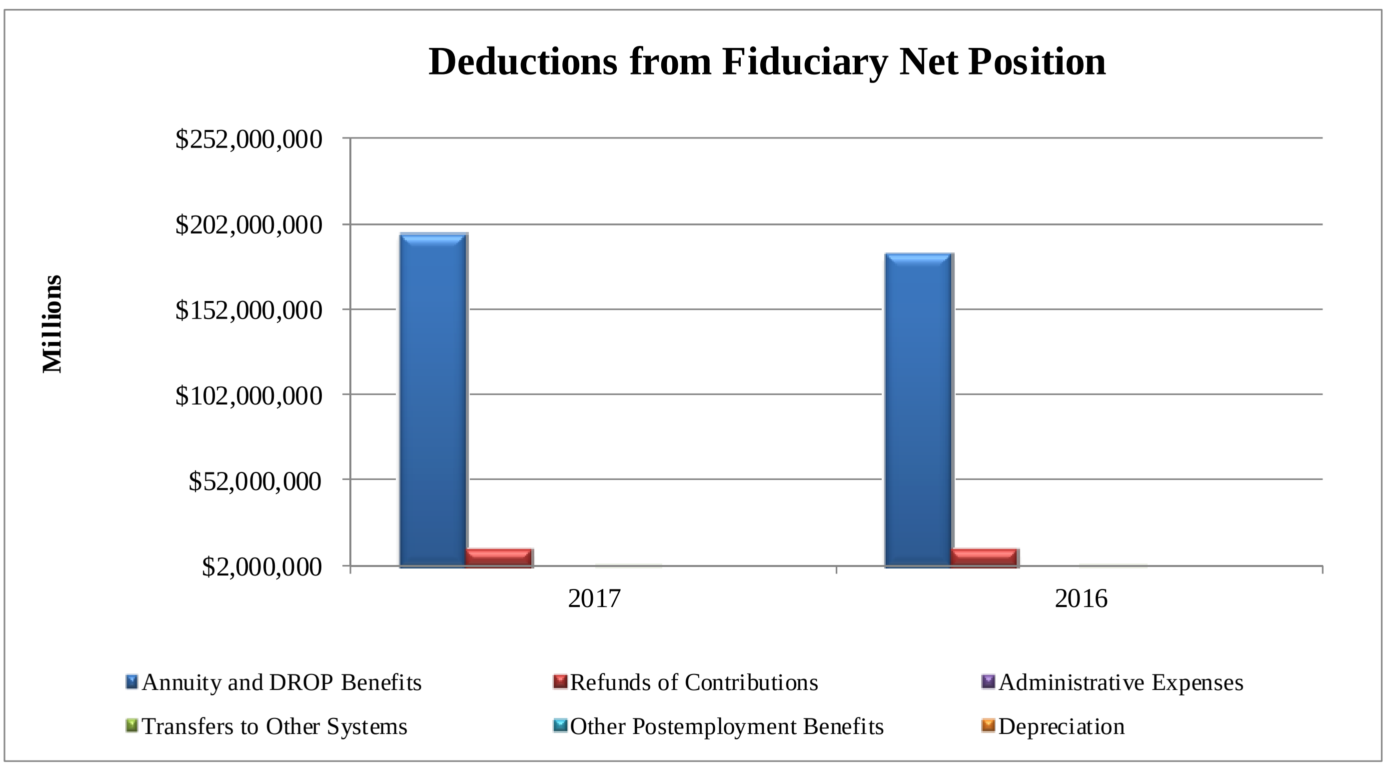


FINANCIAL ANALYSIS OF THE FUND: (Continued)

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 $213,771,435 in fiscal year 2017. Deductions from fiduciary net position increased by $12,096,870. Retirement benefits accounted for the majority of the increase. Annuity benefits increased by $12,282,487 as a result of the increase in the number of retirees and the larger benefit amounts generally paid to newer retirees.

	2017	2016	Increase (Decrease) Percentage
Annuity and DROP Benefits	$ 197,720,827	$ 185,438,340	6.62%
Refunds of Contributions	11,640,264	11,572,168	0.59%
Administrative Expenses	1,603,864	1,562,657	2.64%
Transfers to Other Systems	2,741,059	3,012,146	-9.00%
Other Postemployment Benefits	42,244	61,768	-31.61%
Depreciation	23,177	27,486	-15.68%
Total	$ 213,771,435	$ 201,674,565	

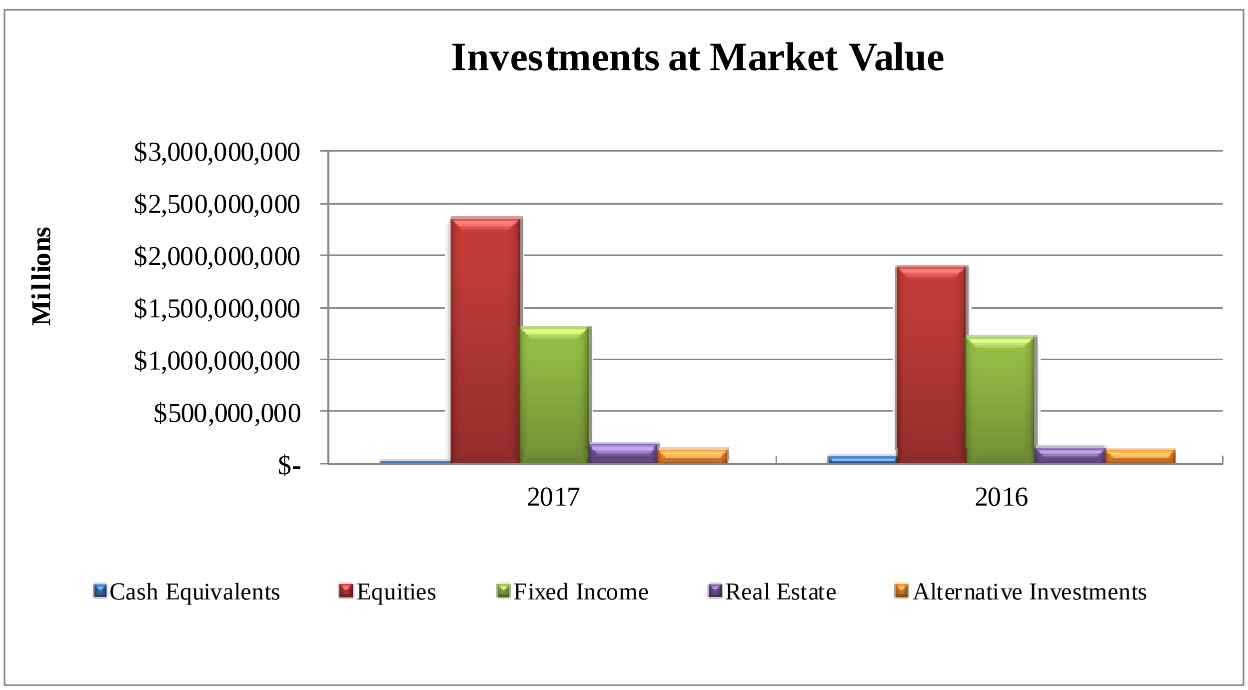


FINANCIAL ANALYSIS OF THE FUND: (Continued)

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, 2017 was $4,111,600,508 as compared to $3,548,526,441 at December 31, 2016 which is an increase of $563,074,067 or 15.87%. The System's investments in various markets at the end of the 2017 and 2016 fiscal years are indicated in the following table:

	2017	2016	Percentage
Cash equivalents	$ 47,761,852	$ 85,380,276	-44.06%
Equities	2,362,778,034	1,912,116,897	23.57%
Fixed income	1,326,976,422	1,225,973,837	8.24%
Real estate	197,535,385	174,276,277	13.35%
Alternative investments	176,548,815	150,779,154	17.09%
Total	$ 4,111,600,508	$ 3,548,526,441	



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, 2017 AND 2016

	2017	2016
ASSETS		
Cash	$ 25,723,663	$ 26,081,013
Receivables:		
Contribution receivables	23,429,806	23,740,778
Irregular contributions receivable	3,075,776	-
Accrued interest and dividends on investments	2,318,112	1,316,735
Investment receivables	3,153,517	2,490,777
Ad valorem and state revenue sharing receivable	8,161,760	8,283,965
Other current assets	6,961	7,111
Total receivables	40,145,932	35,839,366
Investments, at fair value:		
Cash and cash equivalents	47,761,852	85,380,276
Equities	2,362,778,034	1,912,116,897
Fixed income	1,326,976,422	1,225,973,837
Real estate	197,535,385	174,276,277
Alternative investments	176,548,815	150,779,154
Total investments	4,111,600,508	3,548,526,441
Property, plant, and equipment (Net of accumulated depreciation)	687,410	710,587
Total assets	4,178,157,513	3,611,157,407
LIABILITIES AND NET POSITION		
Liabilities:		
Accounts payable	2,674,065	2,309,840
Benefits payable	15,790,863	14,448,053
Refunds payable	575,982	827,916
Investment payable	3,832,322	3,303,685
OPEB liabilities	637,122	594,878
Total liabilities	23,510,354	21,484,372
NET POSITION - RESTRICTED FOR PENSION BENEFITS	$ 4,154,647,159	$ 3,589,673,035

See accompanying notes.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
ADDITIONS:		
Contributions:		
Member contributions	$ 58,800,773	$ 56,497,337
Employer contributions	88,881,480	85,983,667
Ad valorem taxes and revenue sharing funds	8,704,291	8,596,242
Total contributions	156,386,544	151,077,246
INVESTMENT INCOME:		
Net appreciation in the fair value of investments	580,266,490	221,563,009
Dividends, interest, and other recurring income	58,952,182	55,432,448
Miscellaneous investment income	153,500	87,657
	639,372,172	277,083,114
Less - Investment expense:		
Custodial fee	226,880	220,346
Money manager fees	18,942,300	17,513,837
Other investment expense	1,952,771	741,667
Investment consulting	273,195	274,559
	21,395,146	18,750,409
Net investment income	617,977,026	258,332,705
Other additions:		
Interest - transfers, refund payback	2,034,314	1,036,576
Transfers in from other systems	2,325,415	1,179,617
Miscellaneous income	22,260	24,927
Total other additions	4,381,989	2,241,120
Total additions	778,745,559	411,651,071
DEDUCTIONS:		
Retirement, disability and survivor annuity benefits	173,844,145	162,168,895
DROP benefits	23,876,682	23,269,445
Refund of contributions	11,640,264	11,572,168
Transfers to other systems	2,741,059	3,012,146
Administrative expenses	1,603,864	1,562,657
Depreciation expense	23,177	27,486
OPEB expense	42,244	61,768
Total deductions	213,771,435	201,674,565
NET INCREASE	564,974,124	209,976,506
NET POSITION RESTRICTED FOR PENSION BENEFITS:		
Beginning of year	3,589,673,035	3,379,696,529
END OF YEAR	$ 4,154,647,159	$ 3,589,673,035

See accompanying notes.

DESCRIPTION OF ORGANIZATION:

The Parochial Employees' Retirement System of Louisiana (System) was originally established, effective January 1, 1953, by Act #205 of the 1952 regular session of the Legislature of the State of Louisiana to provide retirement benefits to all employees of any parish in the State of Louisiana or any governing body or a parish which employs and pays persons serving the parish.

The System is administered by a Board of Trustees, that consists of seven trustees, four of whom are active or retired members of the System with at least 10 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.

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.

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.

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 and independent appraisal or comparable sales. Fair value of investments in limited partnerships (which include private equities and hedge funds) is calculated as the System's percentage of ownership of the partner's capital reported by the partnership. 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, 2017, there were 287 contributing employers in Plan A and 53 in Plan B.

2. PLAN DESCRIPTION: (Continued)

Statewide retirement membership consisted of:

2017	PLAN A	PLAN B	TOTAL
Inactive plan members or beneficiaries receiving benefits	7,301	855	8,156
Inactive plan members entitled to but not yet receiving benefits	8,191	1,779	9,970
Active members	14,201	2,459	16,660
TOTAL PARTICIPATING AS OF VALUATION DATE	29,693	5,093	34,786

2016	PLAN A	PLAN B	TOTAL
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	14,330	2,415	16,745
TOTAL PARTICIPATING AS OF VALUATION DATE	29,412	4,953	34,365

Eligibility Requirements:

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

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

Retirement Benefits:

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

For employees hired prior to January 1, 2007:

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

2. PLAN DESCRIPTION: (Continued)

Retirement Benefits: (Continued)

For employees hired after January 1, 2007:

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

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

For employees hired prior to January 1, 2007:

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

For employees hired after January 1, 2007:

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

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of an amount equal to 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 member's 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.

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.

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.

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, 2017 and 2016, the actuarially determined contribution rate was 9.35% and 10.52%, respectively, of member’s compensation for Plan A and 6.75% and 7.20%, respectively, of member’s compensation for Plan B. The actual contribution rate for the fiscal years ending December 31, 2017 and 2016 was 12.50% and 13.00%, respectively, for Plan A and 8.00% and 8.00%, respectively, for Plan B.

According to state statute, the System also receives ¼ 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 $445,628,256 and $430,457,509 for December 31, 2017 and 2016, respectively. The balance for Plan B was $23,192,579 and $22,580,556 as of December 31, 2017 and 2016, respectively.

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

3. CONTRIBUTIONS AND RESERVES: (Continued)

Reserves: (Continued)

b. Pension Accumulation Reserve:

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, 2017 and 2016 was $1,563,692,545 and $1,219,605,369, respectively. The balance for Plan B was $190,736,917 and $156,109,410 as of December 31, 2017 and 2016, 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, 2017 and 2016 for Plan A was $1,695,304,808 and $1,533,743,272, respectively. The balance for Plan B was $101,618,663 and $87,124,168 as of December 31, 2017 and 2016, 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, 2017 and 2016 was $57,484,279 and $61,214,776, respectively. The balance for Plan B as of December 31, 2017 and 2016 was $4,716,748 and $4,339,628, 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 (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 motion authorized by the Board of

3. CONTRIBUTIONS AND RESERVES: (Continued)

Reserves: (Continued)

e. Funding Deposit Account: (Continued)

Trustees at the June 20, 2017 meeting, funds were withdrawn from the Funding Deposit Account, for Plan A and Plan B, in order to fund a COLA for retirees age 62 and older effective January 1, 2018. The Funding Deposit Account balance for Plan A as of December 31, 2017 and 2016 was $66,910,393 and $68,896,088, respectively. The balance for Plan B as of December 31, 2017 and 2016 was $5,361,971 and $5,602,259, respectively.

4. NET PENSION LIABILITY (ASSET) OF EMPLOYERS:

The components of the net pension liability (asset) of the System's employers for Plan A and Plan B determined in accordance with GASB No. 67 as of December 31, 2017 and 2016 are as follows:

	PLAN A		PLAN B	
	2017	2016	2017	2016
Total Pension Liability	$ 3,754,795,626	$ 3,519,868,332	$ 313,044,837	$ 288,746,752
Plan Fiduciary Net Position	3,829,020,281	3,313,917,014	325,626,878	275,756,021
Employers' Net Pension Liability (Asset)	(74,224,655)	205,951,318	(12,582,041)	12,990,731
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	101.98%	94.15%	104.02%	95.50%

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, 2017 valuation were based on the assumptions used in the December 31, 2017 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, 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 required Schedules of Employers' Net Pension Liability (Asset) 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, 2017 and 2016 is based on actuarial valuations for the same period, updated using generally accepted actuarial procedures.

4. NET PENSION LIABILITY (ASSET) 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, 2017	December 31, 2016
Actuarial cost method	Entry Age Normal Cost	Entry Age Normal Cost
Investment rate of return	6.75%, 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 7.62% and 7.66% for the years ended December 31, 2017 and 2016, respectively.

4. NET PENSION LIABILITY (ASSET) 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, 2017 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Estate of Return
Fixed Income	35%	1.24%
Equity	52%	3.57%
Alternatives	11%	0.69%
Real Assets	2%	0.12%
Totals	100%	5.62%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.62%

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:

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

The discount rate used to measure the total pension liability was 6.75% and 7.00% for the years ended December 31, 2017 and 2016, 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.

4. NET PENSION LIABILITY (ASSET) OF EMPLOYERS: (Continued)

In accordance with GASB 67, regarding the disclosure of the sensitivity of the net pension liability (asset) to changes in the discount rate, the following presents the net pension liability (asset) of the participating employers calculated as of December 31, 2017 and 2016 using the discount rate of 6.75% and 7.00%, respectively, as well as what the employers' net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) and (6.00%), respectively, or one percentage point higher (7.75%) and (8.00%), respectively, than the current rate.

Changes in the discount rate for the years ended December 31, 2017 and 2016 for Plan A are as follows:

	PLAN A		
	1% Decrease	Current Discount Rate	1% Increase
	5.75%	6.75%	7.75%
Net Pension Liability (Asset) - December 31, 2017	$ 223,934,173	$ (74,224,655)	$ (568,685,383)
	6.00%	7.00%	8.00%
Net Pension Liability (Asset) - December 31, 2016	$ 616,083,089	$ 205,951,318	$ (140,827,554)

Changes in the discount rate for the years ended December 31, 2017 and 2016 for Plan B are as follows:

	PLAN B		
	1% Decrease	Current Discount Rate	1% Increase
	5.75%	6.75%	7.75%
Net Pension Liability (Asset) - December 31, 2017	$ 12,957,116	$ (12,582,041)	$ (57,808,735)
	6.00%	7.00%	8.00%
Net Pension Liability (Asset) - December 31, 2016	$ 49,387,413	$ 12,990,731	$ (17,733,113)

5. FIXED ASSETS:

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

2017	Beginning Balance	Additions	Deletions	Ending Balance
Land	$ 120,618	$ -	$ -	$ 120,618
Building and improvements	755,010	-	-	755,010
Office equipment and furniture	253,601	-	-	253,601
Less: accumulated depreciation	(418,642)	(23,177)	-	(441,819)
	$ 710,587	$ (23,177)	$ -	$ 687,410

5. FIXED ASSETS: (Continued)

2016	Beginning Balance	Additions	Deletions	Ending Balance
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

Depreciation expense for the year ended December 31, 2017 and 2016 was $23,177 and 27,486, respectively.

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, 2017 and 2016, respectively.

6. INVESTMENTS AT FAIR VALUE: (Continued)

	December 31, 2017	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	$ 47,761,852	$ -	$ -	$ 47,761,852
Fixed Income Investments:				
U.S. Government agency obligations	2,048,501	-	2,048,501	-
Asset backed securities	113,822,240	-	113,822,240	-
Corporate bonds - domestic	69,487,981	-	69,487,981	-
Corporate bonds - foreign	4,720,150	-	4,720,150	-
Total fixed income investments	190,078,872	-	190,078,872	-
Equity Securities:				
Domestic equities:				
Large cap	263,854,387	263,854,387	-	-
Mid cap	219,597,577	219,597,577	-	-
Small cap	128,393,777	128,393,777	-	-
Total domestic equities	611,845,741	611,845,741	-	-
Foreign equities:				
Large cap	8,308,114	8,308,114	-	-
Mid cap	15,195,214	15,195,214	-	-
Small cap	6,044,586	6,044,586	-	-
Total foreign equities	29,547,914	29,547,914	-	-
Total equity securities	641,393,655	641,393,655	-	-
Total Investments at Fair Value Level	$ 879,234,379	$ 641,393,655	$ 190,078,872	$ 47,761,852
Investments measured at the Net Asset Value (NAV):				
Fixed income fund	$ 1,136,897,550			
Equity funds	1,721,384,379			
Real estate funds	197,535,385			
Alternative Investments				
Hedge funds	128,348,151			
Private equity funds	48,200,664			
Total investments at NAV	$ 3,232,366,129			
Total investments at fair value	$ 4,111,600,508			
Investment derivatives:				
Forward currency contract receivables	$ 14,874,400	-	14,874,400	-
Forward currency contract payables	(15,046,783)	-	(15,046,783)	-
Total investment derivatives	$ (172,383)	-	(172,383)	-

6. INVESTMENTS AT FAIR VALUE: (Continued)

		Fair Value Measurements Using		
	December 31, 2016	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 securities	98,377,376	-	97,495,910	881,466
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	528,628,023	528,628,023	-	-
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 domestic equities	39,534,519	39,534,519	-	-
Total equity securities	568,162,542	568,162,542	-	-
Total Investments at Fair Value Level	$ 751,920,194	$ 568,162,542	$ 97,495,910	$ 86,261,742
Investments measured at the Net Asset Value (NAV):				
Fixed income funds	$ 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	2,796,606,247			
Total investments at fair value	$ 3,548,526,441			
Investment derivatives:				
Forward currency contract receivables	$ -	-	-	-
Forward currency contract payables	-	-	-	-
Total investment derivatives	$ -	-	-	-

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, 2017 is presented on the following table:

	Net Asset Value December 31, 2017	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Investments measured at the NAV:				
Fixed Income Funds	$ 1,136,897,550	$ -	Daily-Monthly	1 Day - 1 Month
Equity Funds	1,721,384,379	-	Daily-Monthly	3 - 15 Days
Real Estate Funds	197,535,385	39,532,325	Quarterly for PRISA funds-N/A for closed end funds	N/A
Alternative investments:				
Hedge Funds	128,348,151	-	Semi Annual-Yearly	95 days/July & August of preceding year
Private Equity Funds	48,200,664	89,448,883	Not eligible	N/A
Total Investments at NAV	$ 3,232,366,129	$ 128,981,208		

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
Alternative investments:				
Hedge Funds	131,908,962	-	Semi Annual-Yearly	95 days/July & August of preceding year
Private Equity Funds	18,870,192	58,809,232	Not eligible	N/A
Total Investments at NAV	$ 2,796,606,247	$ 115,694,690		

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.

6. INVESTMENTS AT FAIR VALUE: (Continued)

Alternative Investments: (Continued)

Private equity investments consist of six 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 10 to 15 years from the commencement of the fund.

7. REQUIRED SUPPLEMENTARY SCHEDULE INFORMATION:

The information in the Required Supplementary Schedules on pages 42 through 50 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, 2017 and 2016:

	2017	2016
Deposits (bank balance)	$ 23,753,309	$ 26,259,264
Cash equivalents	47,761,852	85,380,276
Investments	4,063,838,656	3,463,146,165
	$ 4,135,353,817	$ 3,574,785,705

The System maintains cash balances deposited in financial institutions. During the years ended December 31, 2017 and 2016, the System's bank deposits were fully covered by federal depository insurance or pledged collateral.

Cash Equivalents:

Cash equivalents in the amount of $47,761,852 and $85,380,276 for December 31, 2017 and 2016, 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.

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, 2017	December 31, 2016
Domestic equities	25%-35%	25%-35%
Foreign equities	10%-18%	10%-18%
Emerging market equities	5%-11%	5%-11%
Fixed income	30%-40%	30%-40%
Alternative investments	10%-16%	10%-16%

At December 31, 2017 and 2016, the components of the System's investment portfolio fell within the allowable ranges.

The System had the following investments that represent 5% or more of the net position as of December 31, 2017 and 2016:

	2017	2016
Stock Index Funds		
SSGA - 1000 Index	$ 298,820,256	$ 250,093,385
Fixed Income Funds		
Prudential Private Placement Bond	-	191,160,643
Brandywine Global Opportunistic	259,347,787	274,084,416
Stone Harbor Emerging Market	210,376,684	188,529,024
Loomis Sayles Fixed Fund	250,097,238	-

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, 2017.

	Government Bonds	Asset Backed Securities	Corporate Bonds Domestic	Corporate Bonds Foreign
AA+	$ -	$ 66,134	$ -	$ -
AA	7,021	114,393	-	-
A+	-	119,860	-	-
A	-	59,794	-	-
BBB	-	2,684,685	-	-
BBB-	-	242,498	1,558,101	-
BB+	-	1,048,210	4,518,611	-
BB	-	1,834,001	4,026,432	-
BB-	-	-	7,659,524	687,866
B+	-	128,295	8,394,064	411,238
B	-	-	8,187,363	-
B-	-	2,283,798	6,752,637	1,138,890
CCC+	-	-	4,333,561	-
CCC	-	13,683,922	1,410,120	124,767
CCC-	92,438	-	-	177,989
CC	743,394	-	-	-
D	73,313	8,897,765	-	-
Not rated	1,132,335	82,658,885	22,647,568	2,179,400
	$ 2,048,501	$ 113,822,240	$ 69,487,981	$ 4,720,150

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

Credit Risk: (Continued)

The following table provides credit rating information for 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	-
	$ 1,572,237	$ 79,056,379	$ 14,333,435	$ 3,415,325

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.

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, 2017.

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less Than 1	1-5	6-10	Greater Than 10
Corporate Bonds (Domestic)	$ 69,487,981	$ 1,509,618	$ 29,366,696	$ 31,520,488	$ 7,091,179
Corporate Bonds (Foreign)	4,720,150	-	3,343,989	1,376,161	-
Asset Backed Securities	113,822,240	-	3,254,728	16,073,242	94,494,270
Government Bonds	2,048,501	-	750,185	226,282	1,072,034
Total	$ 190,078,872	$ 1,509,618	$ 36,715,598	$ 49,196,173	$ 102,657,483

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

		Investment Maturities (in Years)			
Investment Type	Fair Value	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	1,572,237	-	881,467	79,955	610,815
Total	$ 98,377,376	$ -	$ 8,509,888	$ 11,008,758	$ 78,858,730

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

Fixed Income Funds:

The System also invests in fixed income funds in the amount $1,136,897,550 and $1,127,596,461 for the years ended December 31, 2017 and 2016, respectively, as follows:

a. The System invested in the OFIGTC Senior Loan Fund in the amount of $109,203,390 and $104,573,683 for the years ended December 31, 2017 and 2016, 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 BB- by Standard & Poor's rating service. The average portfolio duration of the OFIGTC Senior Loan Fund was .19 years.

b. The System invested in Loomis Sayles Core Plus Full Discretion Fund in the amount of $250,097,238 and $235,290,121 for the years ended December 31, 2017 and 2016, 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 4.73 years.

c. The System invested in the Prudential Private Place Bond Separate Account (PRIVEST) in the amount of $160,957,139 and $191,160,643 for the years ended December 31, 2017 and 2016, 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 6.00 years.

d. The System invested in Brandywine Global Opportunistic Fixed Income Fund in the amount of $259,347,787 and $274,084,416 for the years ended December 31, 2017 and 2016, 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 4.36 years.

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 $210,376,682 and $188,529,024 for the years ended December 31, 2017 and 2016, 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 6.38 years.

f. The System invested in Franklin Templeton Global Multisector Plus Trust in the amount of $146,915,314 and $133,958,574 for the years ended December 31, 2017 and 2016, 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 (.18) 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, 2017 and 2016 for the cash equivalents balance in the amount of $47,761,852 and $85,380,776, 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.

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

Foreign Currency Risk: (Continued)

For the years ended December 31, 2017 and 2016, the System had the following currency exposures in its investment portfolio.

Currency	2017	2016
Canadian Dollar	$ 1,064,170	$ -
Euro	13,155,753	1,378,519
British Pound	554,751	-
Total	$ 14,774,674	$ 1,378,519

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.

Money-Weighted Rate of Return:

For the years ended December 31, 2017 and 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, for Plan A was 13.86% and 4.67% and for Plan B was 18.02% and 8.84%, 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. POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS:

Substantially all System employees become eligible for postemployment 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.

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

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.

Funding Policy:

The contribution requirements of plan members and the System are established and may be amended by LRS 42:801-883. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule.

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 capital medical contribution rates for 2017 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:

OGB Participation	Retiree Share	State Share
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, 2017 are as follows:

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

Funding Policy: (Continued)

	Magnolia			Pelican		Vantage
	Open Access	Local	Local Plus	HSA775	HRA 1000	MHHMO
Active						
Single	$ 702	$ 573	$ 676	$ 244	$ 422	$ 671
With Spouse	1,492	1,216	1,435	519	897	1,425
With Children	857	698	824	298	515	818
Family	1,574	1,283	1,513	547	946	1,503
Retired No Medicare & Re-employed Retiree						
Single	$ 1,307	$ 1,065	$ 1,261	N/A	$ 785	$ 1,252
With Spouse	2,308	1,881	2,227	N/A	1,387	2,211
With Children	1,456	1,187	1,405	N/A	875	1,395
Family	2,296	1,872	2,216	N/A	1,380	2,201
Retired with 1 Medicare						
Single	$ 425	$ 346	$ 417	N/A	$ 255	$ 414
With Spouse	1,570	1,280	1,525	N/A	944	1,514
With Children	736	600	718	N/A	442	713
Family	2,092	1,706	2,029	N/A	1,257	2,015
Retired with 2 Medicare						
With Spouse	$ 764	$ 623	$ 748	N/A	$ 459	$ 743
Family	946	771	926	N/A	568	920

All members who retire on or after July 1, 1997 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:

	Vantage			Peoples Health
	Premium HMO-POS	HMO-POS	MHHMO	HMO-POS
Retiree				
1 Medicare	N/A	197	414	247
2 Medicare	N/A	395	743	494

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, 2017 and 2016. For December 31, 2017 and 2016, the premiums contributed by the System for these benefits totaled $8,756 and $7,232, respectively.

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

Annual OPEB Cost:

The System's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The actuarial valuation was done as of July 1, 2016 and 2015. 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 30 years. A level percentage of payroll amortization method, open period, was used. The total ARC for the fiscal year ended July 1, 2016 and 2015 was $51,000 and $69,000, respectively, as set forth below:

	2016	2015
Normal cost	$ 28,000	$ 39,000
30-year UAL amortization amount	21,133	27,346
Interest on the above	1,867	2,654
Annual required contribution (ARC)	$ 51,000	$ 69,000
Ending Net OPEB Obligation	$ 637,122	$ 594,878

The following table presents the System's OPEB obligation for the year ended July 1, 2016 and 2015.

	2016	2015
Annual required contribution (ARC)	$ 51,000	$ 69,000
Contributions made	(8,756)	(7,232)
Change in Net OPEB Obligation	42,244	61,768
Beginning Net OPEB Obligation	594,878	533,110
Ending Net OPEB Obligation	$ 637,122	$ 594,878

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, 2017, and the two preceding years were as follows:

Year Ended	Annual OPEB Cost	Actual Employer Contribution	Percentage Contributed	Net OPEB Obligation (Asset)
July 1, 2014	$ 65,500	$ 6,611	10.09%	$ 533,110
July 1, 2015	$ 69,000	$ 7,232	10.48%	$ 594,878
July 1, 2016	$ 51,000	$ 8,756	17.17%	$ 637,122

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

Funded Status and Funding Progress:

In the year ended December 31, 2017 and 2016, the System made no contributions to its postemployment benefits plan trust. Since the Plan has not been funded, the entire actuarial accrued liability of $568,000 and $741,000 as of July 1, 2016 and 2015, respectively, was unfunded.

The funded status of the Plan, as determined by an actuary as of July 1, 2016 and 2015, was as follows:

Actuarial accrued liability (AAL)	$ 568,000	$ 741,000
Actuarial value of plan assets	-	-
Unfunded actuarial accrued liability (UAAL)	$ 568,000	$ 741,000
Funded ratio (actuarial value of plan assets/AAL)	0%	0%
Covered payroll (annual payroll of active employees covered by the plan)	766,832	751,661
UAAL as a percentage of covered payroll	74.07%	98.58%

Actuarial Methods and Assumptions:

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

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

In the July 1, 2016 and 2015, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions for 2016 and 2015 included a 3.8% and 4.0% investment rate of return (net of administrative expenses), respectively. An initial annual healthcare cost trend rate for pre-Medicare and Medicare eligible of 7.0% and 6.0% for 2016 and 7.5% and 6.5% for 2015, respectively, scaling down to ultimate rates of 4.5% per year in both 2016 and 2015. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis over 30 years.

REQUIRED SUPPLEMENTARY INFORMATION

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) - PLAN A
FOR THE FOUR YEARS ENDED DECEMBER 31, 2017

	2017	2016	2015	2014
Total Pension Liability:				
Service cost	$ 96,851,197	$ 93,628,785	$ 92,179,543	$ 89,258,252
Interest	246,511,966	237,294,449	232,727,540	221,836,067
Changes of benefit terms	26,860,777	-	-	20,487,101
Differences between expected and actual experience	(40,626,421)	(12,667,455)	(44,975,205)	(16,205,443)
Changes of assumptions	98,842,690	-	78,202,025	-
Benefit payments	(186,762,347)	(175,282,523)	(163,209,008)	(151,787,333)
Refunds of member contributions	(11,051,467)	(11,028,687)	(10,977,072)	(11,000,773)
Other	4,300,899	101,867	883,237	(222,109)
Net change in total pension liability	234,927,294	132,046,436	184,831,060	152,365,762
Total pension liability - beginning	3,519,868,332	3,387,821,896	3,202,990,836	3,050,625,074
Total pension liability - ending (a)	$ 3,754,795,626	$ 3,519,868,332	$ 3,387,821,896	$ 3,202,990,836
Plan Fiduciary Net Position:				
Contributions - employer	$ 77,029,442	$ 77,431,442	$ 84,459,009	$ 90,704,837
Contributions - member	55,665,016	53,518,453	51,488,106	50,375,250
Net investment income (loss)	569,914,523	238,615,848	(18,772,102)	149,043,734
Contributions - nonemployer contributing entities	7,434,422	7,386,897	7,276,289	7,137,180
Benefit payments	(186,762,347)	(175,282,523)	(163,209,008)	(151,787,333)
Refunds of member contributions	(11,051,467)	(11,028,687)	(10,977,072)	(11,000,773)
Administrative expenses	(1,427,221)	(1,419,415)	(1,334,292)	(1,252,136)
Other	4,300,899	101,867	12,203	(1,089,446)
Net change in plan fiduciary net position	515,103,267	189,323,882	(51,056,867)	132,131,313
Plan fiduciary net position - beginning	3,313,917,014	3,124,593,132	3,175,649,999	3,043,518,686
Plan fiduciary net position - ending (b)	$ 3,829,020,281	$ 3,313,917,014	$ 3,124,593,132	$ 3,175,649,999
Net pension liability (asset) - ending (a) - (b)	$ (74,224,655)	$ 205,951,318	$ 263,228,764	$ 27,340,837
Plan fiduciary net position as a percentage of total pension liability	101.98%	94.15%	92.23%	99.15%
Covered employee payroll	$ 616,235,536	$ 595,626,477	$ 577,451,897	$ 562,757,869
Net pension liability as a percentage of covered employee payroll	N/A	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 (ASSET) - PLAN B
FOR THE FOUR YEARS ENDED DECEMBER 31, 2017

	2017	2016	2015	2014
Total Pension Liability:				
Service cost	$ 9,844,786	$ 9,633,861	$ 8,544,264	$ 8,412,233
Interest	20,549,184	19,404,284	18,696,801	17,562,661
Changes of benefit terms	1,753,159	-	-	1,309,944
Differences between expected and actual experience	(6,450,008)	(2,340,186)	(2,179,740)	(3,451,795)
Changes of assumptions	8,837,618	-	3,098,805	-
Benefit payments	(10,958,480)	(10,155,817)	(8,914,800)	(7,542,480)
Refunds of member contributions	(588,797)	(543,481)	(601,666)	(663,027)
Other	1,310,623	(159,841)	484,797	555,593
Net change in total pension liability	24,298,085	15,838,820	19,128,461	16,183,129
Total pension liability - beginning	288,746,752	272,907,932	253,779,471	237,596,342
Total pension liability - ending (a)	$ 313,044,837	$ 288,746,752	$ 272,907,932	$ 253,779,471
Plan Fiduciary Net Position:				
Contributions - employer	$ 8,096,586	$ 7,943,831	$ 8,676,229	$ 8,390,840
Contributions - member	2,920,617	2,874,226	2,805,634	2,629,127
Contributions - nonemployer contributing entities	1,269,869	1,209,345	1,194,705	1,176,417
Net investment income (loss)	48,062,503	19,716,857	(1,801,444)	11,734,154
Benefit payments	(10,958,480)	(10,155,817)	(8,914,800)	(7,542,480)
Refunds of member contributions	(588,797)	(543,481)	(601,666)	(663,027)
Administrative expenses	(242,065)	(232,496)	(218,483)	(204,921)
Other	1,310,624	(159,841)	461,478	555,593
Net change in plan fiduciary net position	49,870,857	20,652,624	1,601,653	16,075,703
Plan fiduciary net position - beginning	275,756,021	255,103,397	253,501,744	237,426,041
Plan fiduciary net position - ending (b)	$ 325,626,878	$ 275,756,021	$ 255,103,397	$ 253,501,744
Net pension liability (asset) - ending (a) - (b)	$ (12,582,041)	$ 12,990,731	$ 17,804,535	$ 277,727
Plan fiduciary net position as a percentage of total pension liability	104.02%	95.50%	93.48%	99.89%
Covered employee payroll	$ 101,207,325	$ 99,297,888	$ 96,402,089	$ 90,711,784
Net pension liability as a percentage of covered employee payroll	N/A	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 (ASSET) - PLAN A
FOR THE FOUR YEARS ENDED DECEMBER 31, 2017

	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	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%
2017	$3,754,795,626	$3,829,020,281	$ (74,224,655)	101.98%	$616,235,536	N/A

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 (ASSET) - PLAN B
FOR THE FOUR YEARS ENDED DECEMBER 31, 2017

	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	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%
2017	$313,044,837	$ 325,626,878	$ (12,582,041)	104.02%	$101,207,325	N/A

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 FOUR YEARS ENDED DECEMBER 31, 2017

Date	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
2014	$ 94,496,545	$ 97,842,017	$ (3,345,472)	$ 562,757,869	17.39%
2015	$ 82,513,991	$ 91,735,298	$ (9,221,307)	$ 577,451,897	15.89%
2016	$ 70,025,994	$ 84,818,339	$ (14,792,345)	$ 595,626,477	14.24%
2017	$ 72,215,108	$ 84,463,864	$ (12,248,756)	$ 616,235,536	13.71%

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 FOUR YEARS ENDED DECEMBER 31, 2017

Date	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
2014	$ 9,507,318	$ 9,567,257	$ (59,939)	$ 90,711,784	10.55%
2015	$ 9,469,961	$ 9,870,934	$ (400,973)	$ 96,402,089	10.24%
2016	$ 8,421,102	$ 9,153,176	$ (732,074)	$ 99,297,888	9.22%
2017	$ 8,602,151	$ 9,366,455	$ (764,304)	$ 101,207,325	9.25%

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 FOUR YEARS ENDED DECEMBER 31, 2017

Fiscal Year End	Annual Money-Weighted Rate of Return*	
	Plan A	Plan B
2014	3.81%	9.00%
2015	-2.72%	2.01%
2016	4.67%	8.84%
2017	13.86%	18.02%

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, 2014 THROUGH 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability Entry Age (b)	Unfunded (Excess) AAL UAAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
07/01/14	$ -	$ 679,500	$ 679,500	0.00%	$ 698,685	97.25%
07/01/15	$ -	$ 741,000	$ 741,000	0.00%	$ 751,661	98.58%
07/01/16	$ -	$ 568,000	$ 568,000	0.00%	$ 766,832	74.07%

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 System'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 System. Covered employee payroll is the payroll of all employees that are provided with benefits through the System.

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

The difference between the actuarially determined employer contributions for employers and non-employer contributing entities and the contributions received and the percentage of contributions received to covered employee payroll is presented in this schedule. Ad valorem taxes and revenue sharing funds received from the State of Louisiana are considered to be support from non-employer contributing entities.

4. SCHEDULE OF 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, 2017 AND 2016

	PLAN "A"		PLAN "B"		TOTAL	
CURRENT ASSETS:	2017	2016	2017	2016	2017	2016
Cash	$ 24,256,825	$ 24,304,376	$ 1,466,838	$ 1,776,637	$ 25,723,663	$ 26,081,013
Contribution receivables	21,867,512	22,177,778	1,562,294	1,563,000	23,429,806	23,740,778
Irregular contributions receivables	3,075,776	-	-	-	3,075,776	-
Accrued interest and dividends on investments	2,124,582	1,213,479	193,530	103,256	2,318,112	1,316,735
Investment receivables	2,949,213	2,301,715	204,304	189,062	3,153,517	2,490,777
Ad valorem and state revenue sharing receivable	6,976,673	7,116,754	1,185,087	1,167,211	8,161,760	8,283,965
Due (to) from other funds	212,161	1,464,820	(212,161)	(1,464,820)	-	-
Other current assets	13	13	6,948	7,098	6,961	7,111
TOTAL CURRENT ASSETS	61,462,755	58,578,935	4,406,840	3,341,444	65,869,595	61,920,379
PROPERTY, PLANT & EQUIPMENT (NET OF DEPRECIATION)	597,716	617,843	89,694	92,744	687,410	710,587
INVESTMENTS:						
Cash and cash equivalents	34,860,773	74,308,726	12,901,079	11,071,550	47,761,852	85,380,276
Equities	2,182,706,488	1,767,110,160	180,071,546	145,006,737	2,362,778,034	1,912,116,897
Fixed income	1,225,833,493	1,133,091,618	101,142,929	92,882,219	1,326,976,422	1,225,973,837
Real estate	182,526,077	161,073,541	15,009,308	13,202,736	197,535,385	174,276,277
Alternative investments	163,109,067	139,346,218	13,439,748	11,432,936	176,548,815	150,779,154
TOTAL INVESTMENTS	3,789,035,898	3,274,930,263	322,564,610	273,596,178	4,111,600,508	3,548,526,441
CURRENT LIABILITIES:						
Accounts payable	2,473,126	2,129,420	200,939	180,420	2,674,065	2,309,840
Benefits payable	14,921,513	13,624,175	869,350	823,878	15,790,863	14,448,053
Refunds payable	511,515	813,679	64,467	14,237	575,982	827,916
Investment payable	3,532,812	3,047,875	299,510	255,810	3,832,322	3,303,685
OPEB liabilities	637,122	594,878	-	-	637,122	594,878
TOTAL CURRENT LIABILITIES	22,076,088	20,210,027	1,434,266	1,274,345	23,510,354	21,484,372
NET POSITION - RESTRICTED FOR PENSION BENEFITS	$ 3,829,020,281	$ 3,313,917,014	$ 325,626,878	$ 275,756,021	$ 4,154,647,159	$ 3,589,673,035

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
SUPPLEMENTARY INFORMATION
INDIVIDUAL PLANS' STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	PLAN "A"		PLAN "B"		TOTAL	
ADDITIONS:	2017	2016	2017	2016	2017	2016
Contributions:						
Member contributions	$ 55,871,118	$ 53,616,261	$ 2,929,655	$ 2,881,076	$ 58,800,773	$ 56,497,337
Employer contributions	80,784,894	78,039,836	8,096,586	7,943,831	88,881,480	85,983,667
Ad valorem taxes and revenue sharing funds	7,434,422	7,386,897	1,269,869	1,209,345	8,704,291	8,596,242
Total contributions	144,090,434	139,042,994	12,296,110	12,034,252	156,386,544	151,077,246
Investment income:						
Net appreciation in the fair value of investments	535,152,073	204,619,999	45,114,417	16,943,010	580,266,490	221,563,009
Dividends, interest, and other recurring income	54,359,691	51,207,333	4,592,491	4,225,115	58,952,182	55,432,448
Miscellaneous investment income	106,629	80,898	46,871	6,759	153,500	87,657
	589,618,393	255,908,230	49,753,779	21,174,884	639,372,172	277,083,114
Less: Investment expense:						
Custodial fees	193,937	189,299	32,943	31,047	226,880	220,346
Money manager fees	17,475,380	16,183,786	1,466,920	1,330,051	18,942,300	17,513,837
Other investment expenses	1,801,026	683,423	151,745	58,244	1,952,771	741,667
Investment consultant	233,527	235,874	39,668	38,685	273,195	274,559
	19,703,870	17,292,382	1,691,276	1,458,027	21,395,146	18,750,409
Net investment income	569,914,523	238,615,848	48,062,503	19,716,857	617,977,026	258,332,705
Other additions:						
Interest - transfers, refund payback	2,023,314	973,182	11,000	63,394	2,034,314	1,036,576
Transfers in from other systems	2,325,415	1,140,746	-	38,871	2,325,415	1,179,617
Miscellaneous income	20,659	22,361	1,601	2,566	22,260	24,927
Total other additions	4,369,388	2,136,289	12,601	104,831	4,381,989	2,241,120
Total additions	718,374,345	379,795,131	60,371,214	31,855,940	778,745,559	411,651,071
DEDUCTIONS:						
Retirement, disability and survivor annuity benefits	164,136,927	153,388,380	9,707,218	8,780,515	173,844,145	162,168,895
DROP benefits	22,625,420	21,894,143	1,251,262	1,375,302	23,876,682	23,269,445
Transfers to/from plans	1,485,353	(179,592)	(1,485,353)	179,592	-	-
Refund of contributions	11,051,467	11,028,687	588,797	543,481	11,640,264	11,572,168
Transfers to other systems	2,544,690	2,920,216	196,369	91,930	2,741,059	3,012,146
Administrative expenses	1,370,984	1,342,479	232,880	220,178	1,603,864	1,562,657
Depreciation expense	20,127	23,871	3,050	3,615	23,177	27,486
OPEB expense	36,110	53,065	6,134	8,703	42,244	61,768
Total deductions	203,271,078	190,471,249	10,500,357	11,203,316	213,771,435	201,674,565
NET INCREASE	515,103,267	189,323,882	49,870,857	20,652,624	564,974,124	209,976,506
NET POSITION - RESTRICTED FOR PENSION BENEFITS:						
Beginning of year	3,313,917,014	3,124,593,132	275,756,021	255,103,397	3,589,673,035	3,379,696,529
END OF YEAR	$3,829,020,281	$3,313,917,014	$ 325,626,878	$ 275,756,021	$4,154,647,159	$3,589,673,035

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF ADMINISTRATIVE AND INVESTMENT EXPENSES
BUDGET TO ACTUAL
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017			2016		
	Budget	Actual	Variance (over) under	Budget	Actual	Variance (over) under
ADMINISTRATIVE EXPENSES:						
SALARIES AND RELATED EXPENSES:						
Salaries	$ 765,000	$ 762,081	$ 2,919	$ 752,000	$ 754,157	$ (2,157)
Retirement	96,000	96,893	(893)	98,000	99,456	(1,456)
Group hospitalization	69,000	63,160	5,840	69,000	60,277	8,723
Medicare and payroll taxes	11,100	10,558	542	11,000	10,359	641
Total salaries and related expenses	941,100	932,692	8,408	930,000	924,249	5,751
PROFESSIONAL SERVICES:						
Actuarial consultant	216,050	213,560	2,490	216,050	193,410	22,640
Accounting	105,000	108,147	(3,147)	100,000	96,095	3,905
Legal counsel	70,000	57,287	12,713	70,000	69,257	743
Computer programming	65,000	32,384	32,616	65,000	49,456	15,544
Medical board	33,000	26,250	6,750	33,000	23,700	9,300
Investigation	2,000	1,620	380	2,000	1,620	380
Total professional services	491,050	439,248	51,802	486,050	433,538	52,512
COMMUNICATIONS:						
Printing	20,800	18,318	2,482	28,000	20,482	7,518
Telephone	18,000	17,879	121	13,200	10,746	2,454
Postage	39,000	27,157	11,843	37,100	21,451	15,649
Travel	31,000	21,917	9,083	33,500	20,550	12,950
Website	2,500	1,955	545	2,500	2,295	205
Per diem	2,250	1,500	750	2,250	1,500	750
Total communications	113,550	88,726	24,824	116,550	77,024	39,526
GENERAL OFFICE:						
Building maintenance	16,700	12,065	4,635	16,700	7,361	9,339
Rent	2,500	2,848	(348)	2,280	2,280	-
Supplies	15,000	15,926	(926)	15,000	12,943	2,057
Dues and subscriptions	23,000	23,487	(487)	16,840	10,516	6,324
Equipment rental	33,000	26,682	6,318	33,000	30,785	2,215
Equipment maintenance	16,000	19,899	(3,899)	18,000	14,033	3,967
Insurance	12,500	11,114	1,386	11,500	11,424	76
Janitorial	8,600	8,040	560	8,600	8,040	560
Microfilm	9,000	6,544	2,456	8,100	6,774	1,326
Miscellaneous	-	84	(84)	-	-	-
Training	10,000	10,088	(88)	21,000	17,460	3,540
Transfers to other plans	-	465	(465)	-	-	-
Utilities	8,500	5,956	2,544	8,500	6,230	2,270
Total general office	154,800	143,198	11,602	159,520	127,846	31,674
TOTAL ADMINISTRATIVE EXPENSES	$ 1,700,500	$ 1,603,864	$ 96,636	$ 1,692,120	$ 1,562,657	$ 129,463
INVESTMENT EXPENSES:						
Custodial Bank	$ 300,000	$ 226,880	$ 73,120	$ 230,000	$ 220,346	$ 9,654
Investment consultant	275,000	273,195	1,805	265,000	274,559	(9,559)
TOTAL INVESTMENT EXPENSES	$ 575,000	$ 500,075	$ 74,925	$ 495,000	$ 494,905	$ 95
CAPITAL OUTLAYS	$ 10,500	$ -	$ 10,500	$ 5,000	$ -	$ 5,000

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
SUPPLEMENTARY INFORMATION - PLAN "A"
STATEMENT OF CHANGES IN RESERVE BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017					
	ANNUITY SAVINGS	DROP	FUNDING DEPOSIT ACCOUNT	ANNUITY RESERVE	PENSION ACCUMULATION	TOTAL
BALANCE - BEGINNING	$ 430,457,509	$ 61,214,776	$ 68,896,088	$ 1,533,743,272	$ 1,219,605,369	$ 3,313,917,014
REVENUES AND TRANSFERS:						
Employee contributions	55,871,118	-	-	-	-	55,871,118
Employer contributions	-	-	20,052,356	-	60,732,538	80,784,894
Tax collector contributions	-	-	-	-	7,308,573	7,308,573
Revenue sharing contributions	-	-	-	-	125,849	125,849
Net investment income	-	100,653	4,822,726	-	564,991,144	569,914,523
Miscellaneous income	-	-	-	-	20,659	20,659
Transfer from Annuity Savings	-	-	-	29,671,326	-	29,671,326
Transfer from Annuity Reserve	-	18,794,270	-	-	-	18,794,270
Interest - transfers, refund payback	-	-	-	-	2,023,314	2,023,314
Transfer from another system	780,334	-	-	-	1,545,081	2,325,415
Transfer from other plans	-	-	-	-	-	-
Actuarial transfer	-	-	-	314,821,407	26,860,777	341,682,184
	56,651,452	18,894,923	24,875,082	344,492,733	663,607,935	1,108,522,125
EXPENDITURES AND TRANSFERS:						
Refunds to terminated employees	11,051,467	-	-	-	-	11,051,467
Transfer to Annuity Reserve	29,671,326	-	-	-	-	29,671,326
Transfer to DROP	-	-	-	18,794,270	-	18,794,270
Pensions paid	-	-	-	164,136,927	-	164,136,927
Transfer to other plans	-	-	-	-	-	-
DROP benefits	-	22,625,420	-	-	1,485,353	24,110,773
Administrative expenses	-	-	-	-	1,370,984	1,370,984
Other postemployment benefits	-	-	-	-	36,110	36,110
Depreciation	-	-	-	-	20,127	20,127
Actuarial transfer	-	-	26,860,777	-	314,821,407	341,682,184
Transfers to another system	757,912	-	-	-	1,786,778	2,544,690
	41,480,705	22,625,420	26,860,777	182,931,197	319,520,759	593,418,858
NET INCREASE (DECREASE)	15,170,747	(3,730,497)	(1,985,695)	161,561,536	344,087,176	515,103,267
BALANCE - ENDING	$ 445,628,256	$ 57,484,279	$ 66,910,393	$ 1,695,304,808	$ 1,563,692,545	$ 3,829,020,281

2016					
ANNUITY SAVINGS	DROP	FUNDING DEPOSIT ACCOUNT	ANNUITY RESERVE	PENSION ACCUMULATION	TOTAL
$ 416,074,669	$ 63,349,322	$ 49,644,401	$ 1,434,864,083	$ 1,160,660,657	$ 3,124,593,132
53,616,261	-	-	-	-	53,616,261
-	-	15,776,579	-	62,263,257	78,039,836
-	-	-	-	7,250,091	7,250,091
-	-	-	-	136,806	136,806
-	-	3,475,108	-	235,140,740	238,615,848
-	-	-	-	22,361	22,361
-	-	-	27,655,389	-	27,655,389
-	19,759,597	-	-	-	19,759,597
-	-	-	-	973,182	973,182
345,153	-	-	-	795,593	1,140,746
-	-	-	-	179,592	179,592
-	-	-	244,371,777	-	244,371,777
53,961,414	19,759,597	19,251,687	272,027,166	306,761,622	671,761,486
11,028,687	-	-	-	-	11,028,687
27,655,389	-	-	-	-	27,655,389
-	-	-	19,759,597	-	19,759,597
-	-	-	153,388,380	-	153,388,380
-	-	-	-	-	-
-	21,894,143	-	-	-	21,894,143
-	-	-	-	1,342,479	1,342,479
-	-	-	-	53,065	53,065
-	-	-	-	23,871	23,871
-	-	-	-	244,371,777	244,371,777
894,498	-	-	-	2,025,718	2,920,216
39,578,574	21,894,143	-	173,147,977	247,816,910	482,437,604
14,382,840	(2,134,546)	19,251,687	98,879,189	58,944,712	189,323,882
$ 430,457,509	$ 61,214,776	$ 68,896,088	$ 1,533,743,272	$ 1,219,605,369	$ 3,313,917,014

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
SUPPLEMENTARY INFORMATION - PLAN "B"
STATEMENT OF CHANGES IN RESERVE BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017					
	ANNUITY SAVINGS	DROP	FUNDING DEPOSIT ACCOUNT	ANNUITY RESERVE	PENSION ACCUMULATION	TOTAL
BALANCE - BEGINNING	$ 22,580,556	$ 4,339,628	$ 5,602,259	$ 87,124,168	$ 156,109,410	$ 275,756,021
REVENUES AND TRANSFERS:						
Employee contributions	2,929,655	-	-	-	-	2,929,655
Employer contributions	-	-	1,120,713	-	6,975,873	8,096,586
Net investment income	-	7,731	392,158	-	47,662,614	48,062,503
Tax collector contributions	-	-	-	-	1,248,684	1,248,684
Revenue sharing contributions	-	-	-	-	21,185	21,185
Miscellaneous income	-	-	-	-	1,601	1,601
Transfer from Annuity Savings	-	-	-	1,692,011	-	1,692,011
Transfer from Annuity Reserve	-	1,620,651	-	-	-	1,620,651
Transfer from another system	-	-	-	-	-	-
Transfer from other plans	-	-	-	-	1,485,353	1,485,353
Interest - transfers refund payback	-	-	-	-	11,000	11,000
Actuarial transfer	-	-	-	24,130,353	1,753,159	25,883,512
	2,929,655	1,628,382	1,512,871	25,822,364	59,159,469	91,052,741
EXPENDITURES AND TRANSFERS:						
Refunds to terminated employees	588,797	-	-	-	-	588,797
Transfer to Annuity Reserve	1,692,011	-	-	-	-	1,692,011
Transfer to DROP	-	-	-	1,620,651	-	1,620,651
Pensions paid	-	-	-	9,707,218	-	9,707,218
Transfer to other plans	-	-	-	-	-	-
DROP benefits	-	1,251,262	-	-	-	1,251,262
Administrative expenses	-	-	-	-	232,880	232,880
Other postemployment benefits	-	-	-	-	6,134	6,134
Depreciation	-	-	-	-	3,050	3,050
Transfers to another system	36,824	-	-	-	159,545	196,369
Actuarial transfer	-	-	1,753,159	-	24,130,353	25,883,512
	2,317,632	1,251,262	1,753,159	11,327,869	24,531,962	41,181,884
NET INCREASE (DECREASE)	612,023	377,120	(240,288)	14,494,495	34,627,507	49,870,857
BALANCE - ENDING	$ 23,192,579	$ 4,716,748	$ 5,361,971	$ 101,618,663	$ 190,736,917	$ 325,626,878

2016					
ANNUITY SAVINGS	DROP	FUNDING DEPOSIT ACCOUNT	ANNUITY RESERVE	PENSION ACCUMULATION	TOTAL
$ 21,704,936	$ 4,389,426	$ 4,622,489	$ 77,936,059	$ 146,450,487	$ 255,103,397
2,881,076	-	-	-	-	2,881,076
-	-	656,196	-	7,287,635	7,943,831
-	-	323,574	-	19,393,283	19,716,857
-	-	-	-	1,189,079	1,189,079
-	-	-	-	20,266	20,266
-	-	-	-	2,566	2,566
-	-	-	1,455,051	-	1,455,051
-	1,325,504	-	-	-	1,325,504
17,690	-	-	-	21,181	38,871
-	-	-	-	-	-
-	-	-	-	63,394	63,394
-	-	-	17,839,077	-	17,839,077
2,898,766	1,325,504	979,770	19,294,128	27,977,404	52,475,572
543,481	-	-	-	-	543,481
1,455,051	-	-	-	-	1,455,051
-	-	-	1,325,504	-	1,325,504
-	-	-	8,780,515	-	8,780,515
-	-	-	-	179,592	179,592
-	1,375,302	-	-	-	1,375,302
-	-	-	-	220,178	220,178
-	-	-	-	8,703	8,703
-	-	-	-	3,615	3,615
24,614	-	-	-	67,316	91,930
-	-	-	-	17,839,077	17,839,077
2,023,146	1,375,302	-	10,106,019	18,318,481	31,822,948
875,620	(49,798)	979,770	9,188,109	9,658,923	20,652,624
$ 22,580,556	$ 4,339,628	$ 5,602,259	$ 87,124,168	$ 156,109,410	$ 275,756,021

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUSIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
DECEMBER 31, 2017 AND 2016

	2017	2016
Gwen LeBlanc	$ 300	$ 300
Terrie Rodrigue	300	300
Tim Ware	300	300
Tammy Bufkin	300	300
Sandy Treme	300	300
TOTAL	$ 1,500	$ 1,500

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUSIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
DECEMBER 31, 2017

Agency Head Name: Terrie Rodrigue, Chairman of the Board

PURPOSE	AMOUNT
Per Diem	$ 300
Travel	386
Registration fees	1,175
Conference travel	1,156
TOTAL	$ 3,017

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

June 14, 2018

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, 2017 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 14, 2018.

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.

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. We did identify one deficiency in internal control, described in the accompanying schedule of findings as item 17-01 that we consider to be material weakness.

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. We did identify three deficiencies in internal control, described in the accompanying schedule of findings as items 17-02 and 17-03 that we consider to be significant deficiencies.

Our consideration of internal control was for the limited purpose described in the preceding paragraphs 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.

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, 2017

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of the Parochial Employees' Retirement System of Louisiana for the year ended December 31, 2017 was unmodified.

2. Internal Control

Material weakness:

17-01 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 and a reconciliation of investment balances was not prepared upon transfer of assets from the custodian bank's old investment platform to the new investment platform. A reconciliation should be performed when the System's investment are changed from one platform of reporting to another. In addition, investment transactions should be recorded in the general ledger using the custodian and investment manager statements and reviewed to ensure proper reporting. As a result of the reconciliation between platforms not being prepared, in addition to the misposts, cash transfers, investment interest income, investment appreciation/depreciation, and ending investment balances were misstated. We recommended that investment activity journal entries and reconciliation of custodian trust statements and/or investment manager statements to the general ledger, be reviewed to ensure proper reporting of investment transactions. We also recommended that when investment balances are transferred between platforms they should be reconciled, to ensure all investment balances are transferred accurately.

Significant deficiency:

17-02 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.

SUMMARY OF AUDITOR'S RESULTS: (Continued)

2. Internal Control (Continued)

Significant deficiency: (Continued)

17-03 Cash Transactions and Bank Reconciliations

During the audit, we noted bank statements were not properly reconciled to the general ledger and various cash transactions were routinely misposted to the general ledger. Not properly reconciling the bank statements to the general ledger 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 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 general ledger, and review of the reconciliations be performed by management.

3. Compliance and Other Matters

Noncompliance material to financial statements: none noted

SUMMARY OF PRIOR YEAR FINDINGS:

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.

Status: This finding was repeated as 17-02.

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.

Status: This finding was repeated as 17-03.