ANNUAL FINANCIAL REPORT

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
BATON ROUGE, LOUISIANA

DECEMBER 31, 2018 AND 2017

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

INDEX TO ANNUAL FINANCIAL REPORT

DECEMBER 31, 2018 AND 2017

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INDEPENDENT AUDITOR'S REPORT

June 14, 2019

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, 2018 and 2017, 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, 2018 and 2017, 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 $3,984,796,378 and $3,754,795,626 for Plan A and $334,817,251 and $313,044,837 and Plan B, respectively, as of December 31, 2018 and 2017. 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, 2018 and 2017 could be understated or overstated.

As disclosed in Note 10 to the financial statements, for the year ended December 31, 2018, the System adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The new standard required the System to record its proportionate share of OPEB amounts related to its participation in a multiple-employer defined benefit OPEB plan. As a result of the adoption of the new accounting standard, the System's beginning net position decreased by $240,536, total OPEB liability increased by $198,758, beginning deferred outflows increased by $8,163 and beginning deferred inflows increased by $49,941 for the year ended December 31, 2018.

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, 2019 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, 2018. 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 and deferred outflows exceeded its liabilities and deferred inflows at the close of fiscal year 2018 by $3,848,761,225, which represents a decrease from last fiscal year. The net position restricted for pension benefits decreased by $305,885,934 or 7.36%. The decrease is due to unfavorable investment returns during 2018.
- Contributions to the System by members and employers totaled $134,368,132, a decrease of $13,314,121 or 9.02% over the prior year.
- The net depreciation in the fair value of investments was $277,891,069 for 2018, compared to net appreciation of $580,266,490 in 2017, a decrease of 147.89%. The decrease is due to unfavorable investment returns during 2018.
- The rate of return on the System's investments was (5.67%) for Plan A and Plan B based on the market value. This represents a decrease from the 2017 results in both plans.
- Pension benefits including DROP paid to retirees and beneficiaries increased by $5,936,427 or 3.00%. This increase is due to a rise in the number of retirees and the larger benefit amounts for the newer retirees.
- Administrative expenses totaled $1,623,041, an increase of $19,177 or 1.20%.
- The cost of administering the System per member during 2018 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 are 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, 2018 and 2017.

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.

	Condensed Statements of Fiduciary Net Position December 31,	
	2018	2017
Cash and investments	$ 3,833,830,381	$ 4,137,324,171
Receivables	35,314,135	40,145,932
Property and equipment	664,469	687,410
Total assets	3,869,808,985	4,178,157,513
Deferred outflows of resources	10,248	-
Total liabilities	20,982,788	23,510,354
Deferred inflows of resources	75,220	-
Net Position Restricted for Pension Benefits	$ 3,848,761,225	$ 4,154,647,159

Fiduciary net position decreased by $305,885,934 or 7.36% ($3,848,761,225 compared to $4,154,647,159). All of these assets are restricted in use to provide monthly retirement allowances to members who contributed to the System as employees and their beneficiaries. The decrease in fiduciary net position in 2018 was due mainly to the unfavorable market returns for 2018 and to an increase in retirement benefits paid.

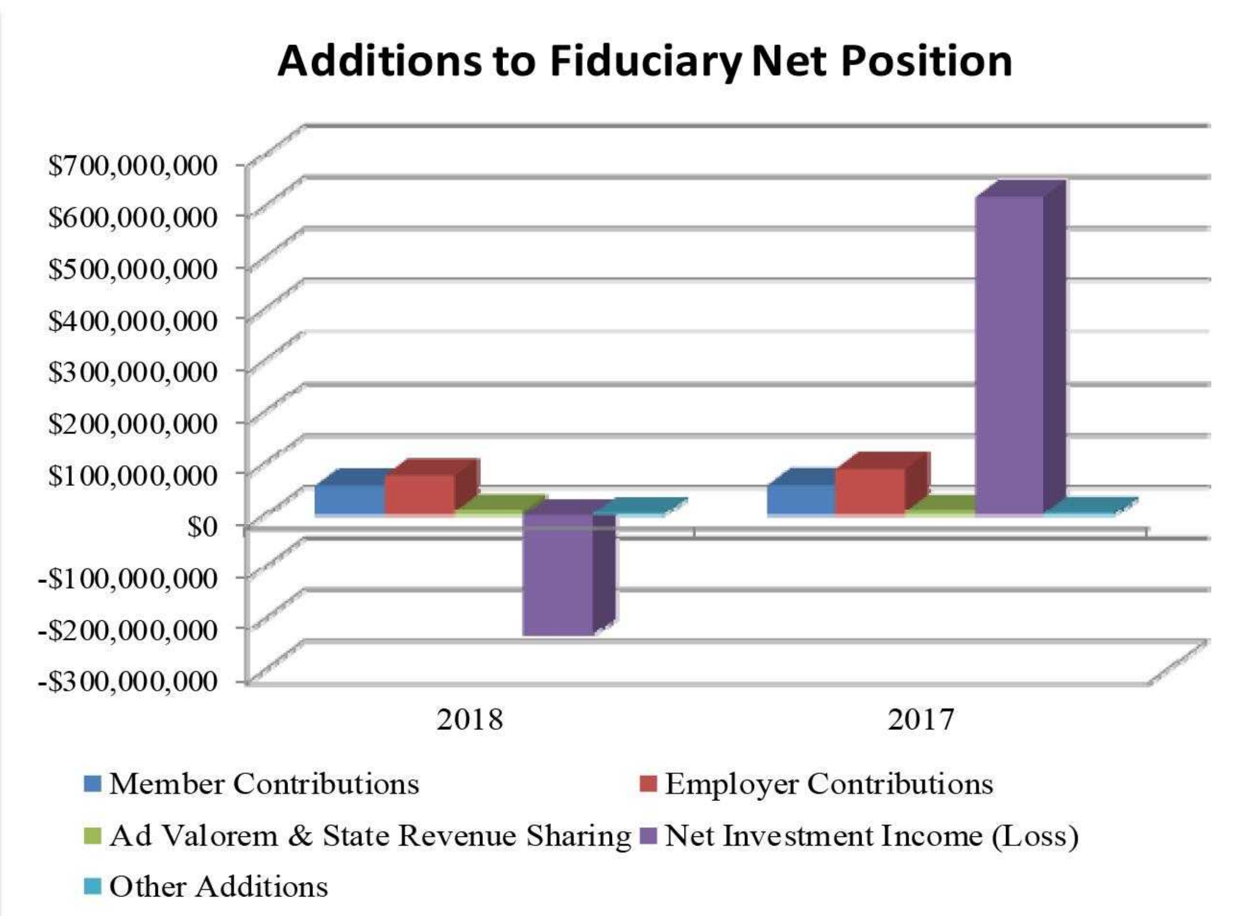
	Condensed Statements of Changes in Fiduciary Net Position December 31,	
	2018	2017
Additions:		
Contributions	$ 143,321,587	$ 156,386,544
Net investment income (loss)	(231,790,220)	617,977,026
Other	3,687,582	4,381,989
Total	(84,781,051)	778,745,559
Total deductions	(220,864,347)	(213,771,435)
Net effect of a change in accounting principle	(240,536)	-
(Decrease) Increase in Fiduciary Net Position	$ (305,885,934)	$ 564,974,124

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 decreased by $1,310,531 or 2.23% and employer contributions decreased by $12,003,590 or 13.51%. The System experienced net investment loss of $231,790,220 compared to net investment income of $617,977,026 in the previous year. The decrease in fiduciary net position in 2018 was due mainly to unfavorable investment returns in 2018.

	2018	2017	Increase (Decrease) Percentage
Member Contributions	$ 57,490,242	$ 58,800,773	-2.23%
Employer Contributions	76,877,890	88,881,480	-13.51%
Ad Valorem & State Revenue Sharin	8,953,455	8,704,291	2.86%
Net Investment Income (Loss)	(231,790,220)	617,977,026	-137.51%
Other Additions	3,687,582	4,381,989	-15.85%
Total	$ (84,781,051)	$ 778,745,559	

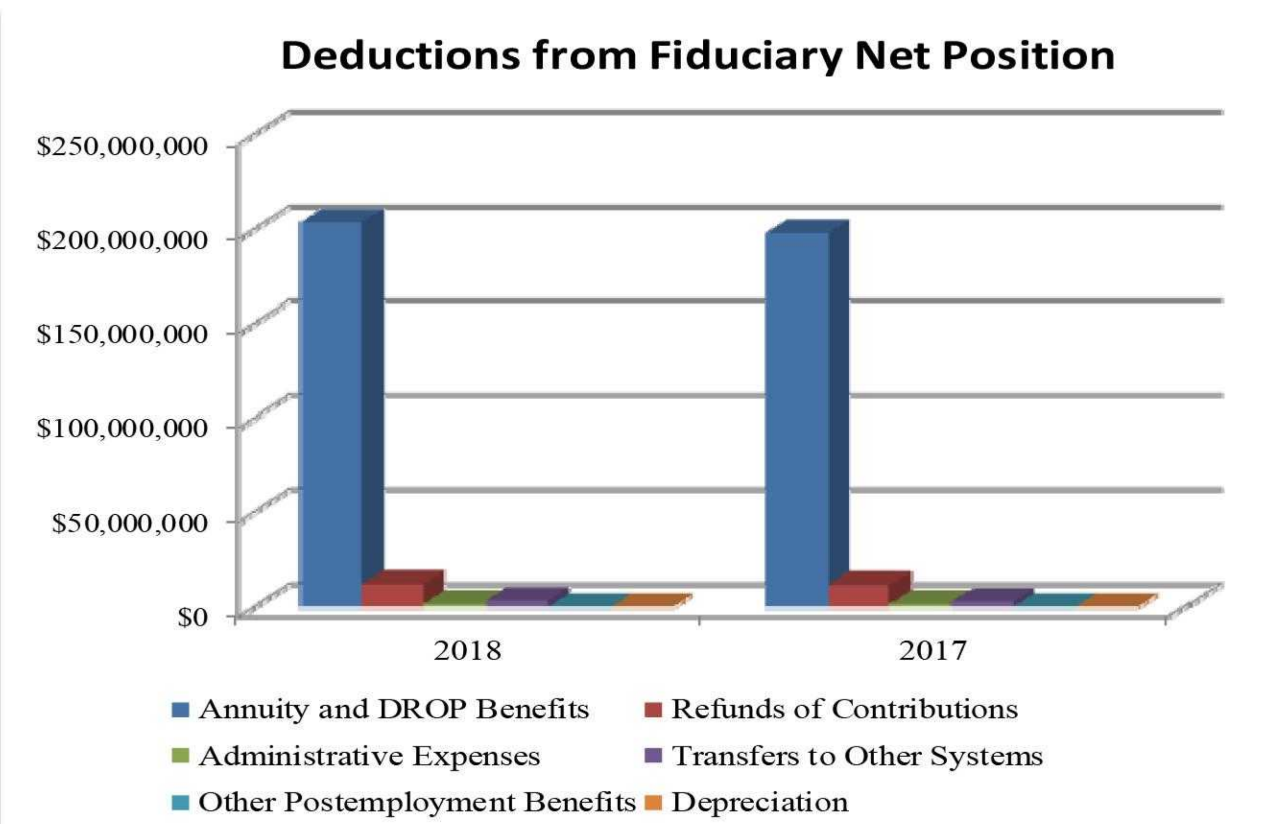


FINANCIAL ANALYSIS OF THE FUND: (Continued)

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 $220,864,347 in fiscal year 2018. Deductions from fiduciary net position increased by $7,092,912. Retirement benefits accounted for the majority of the increase. Annuity benefits increased by $5,936,427 as a result of the increase in the number of retirees and the larger benefit amounts generally paid to newer retirees.

	2018	2017	Increase (Decrease) Percentage
Annuity and DROP Benefits	$ 203,657,254	$ 197,720,827	3.00%
Refunds of Contributions	12,167,921	11,640,264	4.53%
Administrative Expenses	1,623,041	1,603,864	1.20%
Transfers to Other Systems	3,358,480	2,741,059	22.52%
Other Postemployment Benefits	34,710	42,244	-17.83%
Depreciation	22,941	23,177	-1.02%
Total	$ 220,864,347	$ 213,771,435	

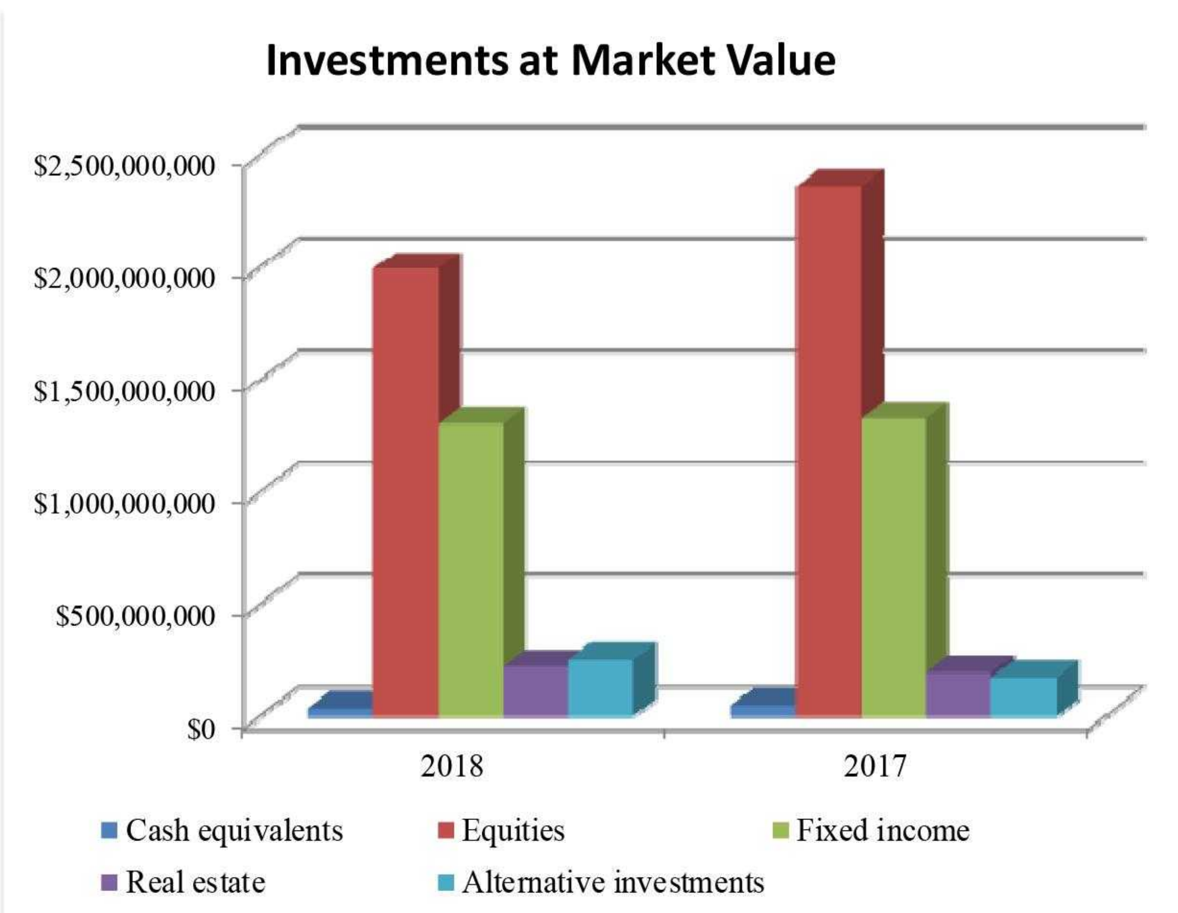


FINANCIAL ANALYSIS OF THE FUND: (Continued)

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, 2018 was $3,808,167,794 as compared to $4,111,600,508 at December 31, 2017 which is an decrease of $303,432,714 or 7.38%. The System's investments in various markets at the end of the 2018 and 2017 fiscal years are indicated in the following table:

	2018	2017	Increase (Decrease) Percentage
Cash equivalents	$ 34,749,021	$ 47,761,852	-27.25%
Equities	1,993,405,477	2,362,778,034	-15.63%
Fixed income	1,304,315,024	1,326,976,422	-1.71%
Real estate	223,130,980	197,535,385	12.96%
Alternative investments	252,567,292	176,548,815	43.06%
Total	$ 3,808,167,794	$ 4,111,600,508	



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, 2018 AND 2017

	2018	2017
ASSETS		
Cash	$ 25,662,587	$ 25,723,663
Receivables:		
Contribution receivables	21,752,282	23,429,806
Irregular contributions receivable	2,580,910	3,075,776
Accrued interest and dividends on investments	1,059,106	2,318,112
Investment receivables	917,427	3,153,517
Ad valorem and state revenue sharing receivable	8,996,878	8,161,760
Other current assets	7,532	6,961
Total receivables	35,314,135	40,145,932
Investments, at fair value:		
Cash and cash equivalents	34,749,021	47,761,852
Equities	1,993,405,477	2,362,778,034
Fixed income	1,304,315,024	1,326,976,422
Real estate	223,130,980	197,535,385
Alternative investments	252,567,292	176,548,815
Total investments	3,808,167,794	4,111,600,508
Property, plant, and equipment (Net of accumulated depreciation)	664,469	687,410
Total assets	3,869,808,985	4,178,157,513
Deferred outflows of resources		
Deferred outflows of resources related to OPEB	10,248	-
LIABILITIES AND NET POSITION		
Liabilities:		
Accounts payable	$ 2,273,062	$ 2,674,065
Benefits payable	16,000,707	15,790,863
Refunds payable	733,831	575,982
Investment payable	1,133,897	3,832,322
OPEB payable	841,291	637,122
Total liabilities	20,982,788	23,510,354
Deferred inflows of resources		
Deferred inflows of resources related to OPEB	75,220	-
NET POSITION - RESTRICTED FOR PENSION BENEFITS	$ 3,848,761,225	$ 4,154,647,159

See accompanying notes.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
ADDITIONS:		
Contributions:		
Member contributions	$ 57,490,242	$ 58,800,773
Employer contributions	76,877,890	88,881,480
Ad valorem taxes and revenue sharing funds	8,953,455	8,704,291
Total contributions	143,321,587	156,386,544
INVESTMENT INCOME:		
Net appreciation (depreciation) in the fair value of investments	(277,891,069)	580,266,490
Dividends, interest, and other recurring income	68,987,559	58,952,182
Miscellaneous investment income	115,597	153,500
	(208,787,913)	639,372,172
Less - investment expense:		
Custodial fee	260,958	226,880
Money manager fees	20,530,594	18,942,300
Other investment expense	1,932,339	1,952,771
Investment consulting	278,416	273,195
	23,002,307	21,395,146
Net investment income (expense)	(231,790,220)	617,977,026
Other additions:		
Interest - transfers, refund payback	1,459,380	2,034,314
Transfers in from other systems	2,211,250	2,325,415
Miscellaneous income	16,952	22,260
Total other additions	3,687,582	4,381,989
Total	(84,781,051)	778,745,559
DEDUCTIONS:		
Retirement, disability, and survivor annuity benefits	185,630,429	173,844,145
DROP benefits	18,026,825	23,876,682
Refund of contributions	12,167,921	11,640,264
Transfers to other systems	3,358,480	2,741,059
Administrative expenses	1,623,041	1,603,864
Depreciation expense	22,941	23,177
OPEB expense	34,710	42,244
Total deductions	220,864,347	213,771,435
NET INCREASE (DECREASE)	(305,645,398)	564,974,124
NET POSITION RESTRICTED FOR PENSION BENEFITS:		
Beginning of year	4,154,647,159	3,589,673,035
Net effect of change in accounting principle	(240,536)	-
END OF YEAR	$ 3,848,761,225	$ 4,154,647,159

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.

New Accounting Pronouncements:

During the year ended December 31, 2018, the System adopted the provisions of GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. GASB 75 improves accounting and financial reporting for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local government employers about financial support for OPEB that is provided by other entities. The standard required the System to record its OPEB liability related to the participation in a multi-employer defined benefit OPEB plan using specific guidelines outlined in the standard.

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,

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Method Used to Value Investments: (Continued)

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.

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.

Deferred Outflows and Inflows of Resources:

In addition to assets, the statements of fiduciary net position report a separate section for deferred outflows of resources that represents a consumption of net position that applies to future period(s) and will not be recognized as an outflow of resources (expense) until then. The System has one item that qualifies for reporting in this category, which are amounts related to other postemployment benefits.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Deferred Outflows and Inflows of Resources: (Continued)

In addition to liabilities, the statements of fiduciary net position report a separate section for deferred inflows of resources that represents an acquisition of net position that applies to future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The System has one item that meets the criterion for this category, which are amounts related to other postemployment benefits.

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 years ended December 31, 2018 and 2017, there were 290 and 287 contributing employers in Plan A, and 50 and 53 in Plan B, respectively.

Statewide retirement membership consisted of:

2018	PLAN A	PLAN B	TOTAL
Inactive plan members or beneficiaries receiving benefits	7,467	896	8,363
Inactive plan members entitled to but not yet receiving benefits	8,658	1,862	10,520
Active members	14,027	2,429	16,456
TOTAL PARTICIPATING AS OF VALUATION DATE	30,152	5,187	35,339

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

2. PLAN DESCRIPTION: (Continued)

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

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

2. PLAN DESCRIPTION: (Continued)

Retirement Benefits: (Continued)

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.

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.

2. PLAN DESCRIPTION: (Continued)

DROP Benefits: (Continued)

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

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

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

Disability Benefits:

For Plan A, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007 and has at least five (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.

2. PLAN DESCRIPTION: (Continued)

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.

According to state statute, contributions for all employers are actuarially determined each year. For the years ended December 31, 2018 and 2017, the actuarially determined contribution rate was 9.99% and 9.35%, respectively, of member's compensation for Plan A and 7.01% and 6.75%, respectively, of member's compensation for Plan B. The actual contribution rate for the fiscal years ending December 31, 2018 and 2017 was 11.50% and 12.50%, respectively, for Plan A and 7.50% 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:

3. CONTRIBUTIONS AND RESERVES: (Continued)

Reserves: (Continued)

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 $460,908,951 and $445,628,256 for December 31, 2018 and 2017, respectively. The balance for Plan B was $24,105,549 and $23,192,579 as of December 31, 2018 and 2017, 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 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, 2018 and 2017 was $1,087,006,329 and $1,563,692,545, respectively. The balance for Plan B was $158,162,149 and $190,736,917 as of December 31, 2018 and 2017, 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, 2018 and 2017 for Plan A was $1,855,180,147 and $1,695,304,808, respectively. The balance for Plan B was $113,726,264 and $101,618,663 as of December 31, 2018 and 2017, 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/her

3. CONTRIBUTIONS AND RESERVES: (Continued)

Reserves: (Continued)

d. Deferred Retirement Option Account: (Continued)

benefits in a lump sum payment or a true annuity. The Deferred Retirement Option balance for Plan A as of December 31, 2018 and 2017 was $59,017,900 and $57,484,279, respectively. The balance for Plan B as of December 31, 2018 and 2017 was $5,586,212 and $4,716,748, 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 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, 2018 and 2017 was $78,847,141 and $66,910,393, respectively. The balance for Plan B as of December 31, 2018 and 2017 was $6,220,583 and $5,361,971, 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, 2018 and 2017 are as follows:

	PLAN A		PLAN B	
	2018	2017	2018	2017
Total Pension Liability	$ 3,984,796,378	$ 3,754,795,626	$ 334,817,251	$ 313,044,837
Plan Fiduciary Net Position	3,540,960,468	3,829,020,281	307,800,757	325,626,878
Employers' Net Pension Liability (Asset)	443,835,910	(74,224,655)	27,016,494	(12,582,041)
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	88.86%	101.98%	91.93%	104.02%

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

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, 2018 valuation were based on the assumptions used in the December 31, 2018 actuarial funding valuation, which were based on results of an actuarial experience study for the period of January 1, 2013 through December 31, 2017. 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 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, 2018 and 2017 is based on actuarial valuations for the same period, updated using generally accepted actuarial procedures.

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

Valuation date	December 31, 2018	December 31, 2017
Actuarial cost method	Entry Age Normal Cost	Entry Age Normal Cost
Investment rate of return	6.50%, net of pension plan investment expense, including inflation	6.75%, net of pension plan investment expense, including inflation
Inflation rate	2.40%	2.50%
Mortality	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale 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	4.75% - Plan A, and 4.25% - Plan B	5.25%

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

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 7.43% and 7.62% for the years ended December 31, 2018 and 2017, respectively.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2018 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Estate of Return
Fixed Income	35%	1.22%
Equity	52%	3.45%
Alternatives	11%	0.65%
Real Assets	2%	0.11%
Totals	100%	5.43%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.43%

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%

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

The discount rate used to measure the total pension liability was 6.50% and 6.75% for the years ended December 31, 2018 and 2017, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PERSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In accordance with GASB 67, regarding the disclosure of the sensitivity of the net pension liability (asset) to changes in the discount rate, the following presents the net pension liability (asset) of the participating employers calculated as of December 31, 2018 and 2017 using the discount rate of 6.50% and 6.75%, 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 (5.50%) and (5.75%), respectively, or one percentage point higher (7.50%) and (7.75%), respectively, than the current rate.

Changes in the discount rate for the years ended December 31, 2018 and 2017 for Plan A are as follows:

	PLAN A		
	1% Decrease	Current Discount Rate	1% Increase
	5.50%	6.50%	7.50%
Net Pension Liability (Asset) - December 31, 2018	$ 942,588,352	$ 443,835,910	$ 26,922,092
	5.75%	6.75%	7.75%
Net Pension Liability (Asset) - December 31, 2017	$ 223,934,173	$ (74,224,655)	$ (568,685,383)

Changes in the discount rate for the years ended December 31, 2018 and 2017 for Plan B are as follows:

	PLAN B		
	1% Decrease	Current Discount Rate	1% Increase
	5.50%	6.50%	7.50%
Net Pension Liability (Asset) - December 31, 2018	$ 71,078,139	$ 27,016,494	$ (9,794,657)
	5.75%	6.75%	7.75%
Net Pension Liability (Asset) - December 31, 2017	$ 12,957,116	$ (12,582,041)	$ (57,808,735)

5. FIXED ASSETS:

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

2018	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	(441,819)	(22,941)	-	(464,760)
	$687,410	$(22,941)	$ -	$664,469

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

Depreciation expense for the year ended December 31, 2018 and 2017 was $22,941 and $23,177, 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, 2018 and 2017, respectively:

6. INVESTMENTS AT FAIR VALUE: (Continued)

		Fair Value Measurements Using		
	December 31, 2018	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	$ 34,749,021	$ -	$ -	$ 34,749,021
Fixed Income Investments:				
U.S. Government agency obligations	750,185	-	750,185	-
Asset backed securities	95,867,618	-	95,867,618	-
Total fixed income investments	96,617,803	-	96,617,803	-
Equity Securities:				
Domestic equities:				
Large cap	287,789,894	287,789,894	-	-
Mid cap	109,794,876	109,794,876	-	-
Small cap	99,574,438	99,574,438	-	-
Total domestic equities	497,159,208	497,159,208	-	-
Foreign equities:				
Large cap	26,305,605	26,305,605	-	-
Mid cap	7,086,706	7,086,706	-	-
Small cap	3,391,384	3,391,384	-	-
Total foreign equities	36,783,695	36,783,695	-	-
Total equity securities	533,942,903	533,942,903	-	-
Alternative Investments:				
Publicly traded partnerships	404,688	404,688	-	-
Total Investments at Fair Value Level	$ 665,714,415	$ 534,347,591	$ 96,617,803	$ 34,749,021
Investments measured at the Net Asset Value (NAV):				
Fixed income fund	$ 1,207,697,221			
Equity funds	1,459,462,574			
Real estate funds	223,130,980			
Alternative Investments				
Hedge funds	184,491,004			
Private equity funds	67,671,600			
Total investments at NAV	$ 3,142,453,379			
Total investments at fair value	$ 3,808,167,794			
Investment derivatives:				
Forward currency contract receivables	$ -	$ -	$ -	$ -
Forward currency contract payables	-	-	-	-
Total investment derivatives	$ -	$ -	$ -	$ -

6. INVESTMENTS AT FAIR VALUE: (Continued)

		Fair Value Measurements Using		
	December 31, 2017	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 securities	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 domestic 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 funds	$ 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)

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, 2018 is presented on the following table:

	Net Asset Value December 31, 2018	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Investments measured at the NAV:				
Fixed Income Funds	$ 1,207,697,221	$ -	Daily-Monthly	1 Day - 1 Month
Equity Funds	1,459,462,574	-	Daily-Monthly	3 - 15 Days
Real Estate Funds	223,130,980	32,371,889	Quarterly for PRISA funds-N/A for closed end funds	N/A
Alternative investments:				
Hedge Funds	184,491,004	-	Semi Annual-Yearly	95 days/July & August of preceding year
Private Equity Funds	67,671,600	121,235,575	Not eligible	N/A
Total Investments at NAV	$ 3,142,453,379	$ 153,607,464		

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		

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 43 through 54 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, 2018 and 2017:

	2018	2017
Deposits (bank balance)	$ 21,185,973	$ 23,753,309
Cash equivalents	34,749,021	47,761,852
Investments	3,773,418,773	4,063,838,656
	$ 3,829,353,767	$ 4,135,353,817

The System maintains cash balances deposited in financial institutions. During the years ended December 31, 2018 and 2017, the System's bank deposits were fully covered by federal depository insurance or pledged collateral.

Cash Equivalents:

Cash equivalents in the amount of $34,749,021 and $47,761,852 for December 31, 2018 and 2017, 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, 2018	December 31, 2017
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, 2018 and 2017, 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, 2018 and 2017:

	2018	2017
Stock Index Funds		
LSV Large Cap Value	$ 259,607,586	$ -
SSGA - 1000 Index	249,462,748	298,820,256
Fixed Income Funds		
Brandywine Global Opportunistic	246,053,769	259,347,787
Loomis Sayles Fixed Fund	250,788,913	250,097,238
Stone Harbor Emerging Market	193,254,337	210,376,684

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, 2018.

	Government Bonds	Asset Backed Securities
BBB-	$ -	$ 35,030
B-	-	1,319,650
CCC	-	1,309,373
D	-	1,020,150
Not rated	750,185	92,183,415
	$ 750,185	$ 95,867,618

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

Credit Risk: (Continued)

The following table provides credit rating information for 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

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, 2018.

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less Than 1	1-5	6-10	Greater Than 10
Asset Backed Securities	$ 95,867,618	$ -	$ 4,247,907	$ 987,297	$ 90,632,414
Government Bonds	750,185	-	750,185	-	-
Total	$ 96,617,803	$ -	$ 4,998,092	$ 987,297	$ 90,632,414

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

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

Fixed Income Funds:

The System also invests in fixed income funds in the amount $1,207,697,221 and $1,136,897,550 for the years ended December 31, 2018 and 2017, respectively, as follows:

a. The System invested in the OFIGTC Senior Loan Fund in the amount of $108,981,494 and $109,203,390 for the years ended December 31, 2018 and 2017, respectively. The Fund will invest at least 80% of its net assets in loans made to U.S. and borrowers that are corporations, partnerships or other business entities. The Fund can invest without limits in loans that are below investment grade and may also invest in unrated loans. Fund had an average credit quality rating of B by Standard & Poor's rating service. The average portfolio duration of the OFIGTC Senior Loan Fund was .23 years.

b. The System invested in Loomis Sayles Core Plus Full Discretion Fund in the amount of $250,788,913 and $250,097,238 for the years ended December 31, 2018 and 2017, 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 A- according to Moody's Investors Services. The average portfolio duration of the Loomis Sayles Core Plus Full Discretion Fund was 4.55 years.

c. The System invested in the Prudential Private Place Bond Separate Account (PRIVEST) in the amount of $116,137,469 and $160,957,139 for the years ended December 31, 2018 and 2017, respectively. The objective of PRIVEST is to achieve a long-term total return greater than public bond portfolios of comparable credit quality and duration by primarily investing in privately placed corporate debt securities, with credit qualities ranging from AAA to CCC. The account had an average credit quality rating of BBB+ according to Standard & Poor's rating service. The average portfolio duration of PRIVEST was 5.89 years.

d. The System invested in Brandywine Global Opportunistic Fixed Income Fund in the amount of $246,053,769 and $259,347,787 for the years ended December 31, 2018 and 2017, 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 5.93 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 \$193,254,337 and \$210,376,682 for the years ended December 31, 2018 and 2017, 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 5.9 years.

f. The System invested in Franklin Templeton Global Multisector Plus Trust in the amount of \$146,893,075 and \$146,915,314 for the years ended December 31, 2018 and 2017, 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 (1.41) years.

g. The System invested in Golden Tree Multi-Sector Cayman, Ltd. in the amount of \$145,588,164 for the year ended December 31, 2018. The objective of the Golden Tree Fixed Income portfolio is long-only strategy, which invests primarily in leveraged loans, high yield bonds and structured products. The Funds seeks to generate mid to high single digit net returns across market cycles by investing in securities which meet the System's disciplined investment process and by allocating dynamically across sectors based on the most attractive risk-adjusted returns. The Fund had an average credit quality rating of BB- according to Standard & Poor's rating service. The average portfolio duration of the Golden Tree Fixed Income Fund was 2.3 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, 2018 and 2017 for the cash equivalents balance in the amount of \$34,749,021 and \$47,761,852, respectively.

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

Foreign Currency Risk:

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

For the years ended December 31, 2018 and 2017, the System had the following currency exposures in its investment portfolio.

Currency	2018	2017
Canadian Dollar	$ -	$ 1,064,170
Euro	-	13,155,753
British Pound	-	554,751
Total	$ -	$14,774,674

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, 2018 and 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, for Plan A was (5.63)% and 13.86% and for Plan B was (5.58)% and 18.02%, 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. OTHER POSTRETIREMENT 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. At December 31, 2018 and 2017, three and two retirees, respectively, were receiving postemployment benefits.

10. OTHER POSTRETIREMENT 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.

Benefits Provided:

The OPEB Plan provides benefits such as death benefits, life insurance, disability, and long-term care that are paid in the period after employment and that are provided separately from a pension plan, as we all as healthcare benefits paid in the period after employment. The OPEB plan does not provide termination benefits or termination payments for sick leave.

Contributions:

The contribution requirements of plan members and the System are established and may be amended by LRS 42:801-883. The OPEB Plan is currently funded on a pay-as-you-go basis through a combination of retiree and System contributions. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving post-employment benefits. The retirees contribute to the cost of their postemployment benefits based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. Employee premiums for these benefits totaled $4,581 and $3,123 for the years ended December 31, 2018 and 2017, respectively. Employer contributions to the OPEB Plan from the System were $12,211 and $8,756 for the years ended December 31, 2018 and 2017, respectively.

Employer contributions are based on plan premiums and the employer contribution percentage. This percentage is based on the date of participation in an OGB plan (before or after January 1, 2002) and employee years of service at retirement. Employees who began participation or rejoined the plan before January 1, 2002, pay approximately 25% of the cost of coverage (except single retirees under age 65 who pay approximately 25% of the active employee cost). For those beginning participation or rejoining on or after January 1, 2002, the percentage of premiums contributed by the employer is based on the following schedule:

10. OTHER POSTRETIREMENT BENEFITS: (Continued)

Contributions: (Continued)

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%

In addition to healthcare benefits, retirees may elect to receive life insurance benefits. Basic and supplemental life insurance is available for the individual retiree and spouses of retirees, subject to maximum values. The retiree pays $.54 monthly for each $1,000 of life insurance. The retiree pays $.98 monthly for each $1,000 of spouse life insurance. The employer pays the remaining amount.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflow of Resources Related to OPEB:

At December 31, 2018, the System reported a total OPEB liability of $841,291. The total OPEB liability was measured as of July 1, 2018 and was determined by an actuarial valuation as of that date.

For the year ended December 31, 2018, the System recognized OPEB expense of $34,710. As of December 31, 2018, the System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ -	$ 54,783
Changes in proportion	4,143	-
Difference in expected and actual experience	-	6,865
Difference in expected and actual payments	-	13,572
Employer contributions subsequent to the measurement date	6,105	-
Total	$ 10,248	$ 75,220

10. OTHER POSTRETIREMENT BENEFITS: (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflow of Resources Related to OPEB: (Continued)

Deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date of $6,105 will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (benefit) as follows:

Year Ended December 31	Amount
2019	$ 19,461
2020	19,461
2021	24,466
2022	7,689
	$ 71,077

Actuarial Methods and Assumptions:

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.8%
Salary Increases	Consistent with the pension valuation assumptions
Investment Rate of Return	2.98%, based on the S&P Municipal Bond 20-Year High Grade Rate Index
Healthcare Cost Trend	7% - 4.5%
Mortality Rates	For healthy lives the RP-2014 Combined Healthy Mortality Table, projected on a fully generational basis by Mortality Improvement Scale MP-2018 For existing disabled lives, the RP-2014 Disabled Retiree Mortality Table, projected on a fully generational basis by Mortality Improvement Scale MP-2018.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience studies performed for the Statewide Retirement Systems. As a result of the 2018 actuarial experience studies, the assumptions were adjusted in the July 1, 2018 actuarial valuation to more closely reflect actual experience.

10. OTHER POSTRETIREMENT BENEFITS: (Continued)

Discount Rate:

The discount rate used to measure the total OPEB liability was 2.98%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at contractually required rates. Based on this assumption and as the OPEB Plan is unfunded, the OPEB plan's fiduciary net position was not projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was determined using a discount rate that reflects the 20-year tax-exempt municipal bond yield or index rate.

The discount rate used to measure the total OPEB liability was decreased to 2.98% in the July 1, 2018 valuation from 3.13% as of July 1, 2017. The discount rate in the current valuation reflects that the Bond Buyers' 20-Year General Obligation Municipal Bond Index rate was unchanged from the prior year.

Sensitivity of the District's OPEB Liability to Changes in the Discount Rate:

The following presents the District's total OPEB liability, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.98%) or 1% higher (3.98%) than the current discount rate:

	1.0% Decrease	Discount Rate	1.0% Increase
System's total OPEB liability	$ 996,258	$ 841,291	$ 718,180

Sensitivity of the District's OPEB Liability to Changes in the Healthcare Cost Trend Rates:

The following presents the District's total OPEB liability, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	1.0% Decrease	Healthcare Cost Trend Rate	1.0% Increase
System's total OPEB liability	$ 712,276	$ 841,291	$1,007,069

10. OTHER POSTRETIREMENT BENEFITS: (Continued)

Payables to the OPEB Plan:

As of December 31, 2018, the System reported $1,018 for outstanding contributions to the OPEB plan required for the year ended December 31, 2018.

REQUIRED SUPPLEMENTARY INFORMATION

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) - PLAN A
FOR THE FIVE YEARS ENDED DECEMBER 31, 2018

	2018	2017	2016	2015	2014
Total Pension Liability:					
Service cost	$ 103,162,285	$ 96,851,197	$ 93,628,785	$ 92,179,543	$ 89,258,252
Interest	253,635,577	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	(4,746,111)	(40,626,421)	(12,667,455)	(44,975,205)	(16,205,443)
Changes of assumptions	82,069,583	98,842,690	-	78,202,025	-
Benefit payments	(191,685,061)	(186,762,347)	(175,282,523)	(163,209,008)	(151,787,333)
Refunds of member contributions	(11,486,631)	(11,051,467)	(11,028,687)	(10,977,072)	(11,000,773)
Other	(948,890)	4,300,899	101,867	883,237	(222,109)
Net change in total pension liability	230,000,752	234,927,294	132,046,436	184,831,060	152,365,762
Total pension liability - beginning	3,754,795,626	3,519,868,332	3,387,821,896	3,202,990,836	3,050,625,074
Total pension liability - ending (a)	$ 3,984,796,378	$ 3,754,795,626	$ 3,519,868,332	$ 3,387,821,896	$ 3,202,990,836
Plan Fiduciary Net Position:					
Contributions - employer	$ 69,015,634	$ 77,029,442	$ 77,431,442	$ 84,459,009	$ 90,704,837
Contributions - member	54,385,489	55,665,016	53,518,453	51,488,106	50,375,250
Net investment income (loss)	(213,305,699)	569,914,523	238,615,848	(18,772,102)	149,043,734
Contributions - nonemployer contributing entities	7,641,523	7,434,422	7,386,897	7,276,289	7,137,180
Benefit payments	(191,685,061)	(186,762,347)	(175,282,523)	(163,209,008)	(151,787,333)
Refunds of member contributions	(11,486,631)	(11,051,467)	(11,028,687)	(10,977,072)	(11,000,773)
Administrative expenses	(1,676,178)	(1,427,221)	(1,419,415)	(1,334,292)	(1,252,136)
Other	(948,890)	4,300,899	101,867	12,203	(1,089,446)
Net change in plan fiduciary net position	(288,059,813)	515,103,267	189,323,882	(51,056,867)	132,131,313
Plan fiduciary net position - beginning	3,829,020,281	3,313,917,014	3,124,593,132	3,175,649,999	3,043,518,686
Plan fiduciary net position - ending (b)	$ 3,540,960,468	$ 3,829,020,281	$ 3,313,917,014	$ 3,124,593,132	$ 3,175,649,999
Net pension liability (asset) - ending (a) - (b)	$ 443,835,910	$ (74,224,655)	$ 205,951,318	$ 263,228,764	$ 27,340,837
Plan fiduciary net position as a percentage of total pension liability	88.86%	101.98%	94.15%	92.23%	99.15%
Covered employee payroll	$ 600,135,948	$ 616,235,536	$ 595,626,477	$ 577,451,897	$ 562,757,869
Net pension liability as a percentage of covered employee payroll	73.96%	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 FIVE YEARS ENDED DECEMBER 31, 2018

	2018	2017	2016	2015	2014
Total Pension Liability:					
Service cost	$ 10,443,125	$ 9,844,786	$ 9,633,861	$ 8,544,264	$ 8,412,233
Interest	21,460,208	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	(2,945,913)	(6,450,008)	(2,340,186)	(2,179,740)	(3,451,795)
Changes of assumptions	4,117,485	8,837,618	-	3,098,805	-
Benefit payments	(11,972,193)	(10,958,480)	(10,155,817)	(8,914,800)	(7,542,480)
Refunds of member contributions	(681,290)	(588,797)	(543,481)	(601,666)	(663,027)
Other	1,350,992	1,310,623	(159,841)	484,797	555,593
Net change in total pension liability	21,772,414	24,298,085	15,838,820	19,128,461	16,183,129
Total pension liability - beginning	313,044,837	288,746,752	272,907,932	253,779,471	237,596,342
Total pension liability - ending (a)	$ 334,817,251	$ 313,044,837	$ 288,746,752	$ 272,907,932	$ 253,779,471
Plan Fiduciary Net Position:					
Contributions - employer	$ 7,846,175	$ 8,096,586	$ 7,943,831	$ 8,676,229	$ 8,390,840
Contributions - member	3,047,834	2,920,617	2,874,226	2,805,634	2,629,127
Contributions - nonemployer contributing entities	1,311,932	1,269,869	1,209,345	1,194,705	1,176,417
Net investment income (loss)	(18,484,521)	48,062,503	19,716,857	(1,801,444)	11,734,154
Benefit payments	(11,972,193)	(10,958,480)	(10,155,817)	(8,914,800)	(7,542,480)
Refunds of member contributions	(681,290)	(588,797)	(543,481)	(601,666)	(663,027)
Administrative expenses	(245,050)	(242,065)	(232,496)	(218,483)	(204,921)
Other	1,350,992	1,310,624	(159,841)	461,478	555,593
Net change in plan fiduciary net position	(17,826,121)	49,870,857	20,652,624	1,601,653	16,075,703
Plan fiduciary net position - beginning	325,626,878	275,756,021	255,103,397	253,501,744	237,426,041
Plan fiduciary net position - ending (b)	$ 307,800,757	$ 325,626,878	$ 275,756,021	$ 255,103,397	$ 253,501,744
Net pension liability (asset) - ending (a) - (b)	$ 27,016,494	$ (12,582,041)	$ 12,990,731	$ 17,804,535	$ 277,727
Plan fiduciary net position as a percentage of total pension liability	91.93%	104.02%	95.50%	93.48%	99.89%
Covered employee payroll	$ 104,615,667	$ 101,207,325	$ 99,297,888	$ 96,402,089	$ 90,711,784
Net pension liability as a percentage of covered employee payroll	25.82%	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 FIVE YEARS ENDED DECEMBER 31, 2018

	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
2018	$ 3,984,796,378	$ 3,540,960,468	$ 443,835,910	88.86%	$ 600,135,948	73.96%

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 FIVE YEARS ENDED DECEMBER 31, 2018

	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
2018	$ 334,817,251	$ 307,800,757	$ 27,016,494	91.93%	$ 104,615,667	25.82%

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 FIVE YEARS ENDED DECEMBER 31, 2018

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%
2018	$ 63,069,363	$ 76,657,157	$ (13,587,794)	$ 600,135,948	12.77%

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 FIVE YEARS ENDED DECEMBER 31, 2018

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%
2018	$ 8,348,365	$ 9,158,107	$ (809,742)	$ 104,615,667	8.75%

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 FIVE YEARS ENDED DECEMBER 31, 2018

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%
2018	-5.63%	-5.58%

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 CHANGES IN THE TOTAL OPEB LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2018

Fiscal Year*	System's Beginning Total OPEB Liability	Service Cost	Interest	Differences between Expected and Actual Experience	Changes in Assumptions	Changes in Proportion	Differences between Expected and Actual Payments	Contributions	System's Ending Total OPEB Liability
2018	$ 835,880	$ 27,370	$ 26,800	$ (8,672)	$ (20,324)	$ 5,542	$ (17,142)	$ (8,163)	$ 841,291

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

* The amounts presented for each fiscal year were determined as of July 1 of corresponding fiscal year.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SYSTEM'S OPEB CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2018

Fiscal Year	Actuarially Estimated Contributions	System's Actual Contributions	Contributions Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll	Total OPEB Liability as a Percentage of Covered Employee Payroll
2018	$ 8,163	$ 12,211	$ (4,048)	$ 311,604	3.92%	269.99%

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

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 CHANGES IN THE TOTAL OPEB LIABILITY:

This schedule reflects the participation of the System's employees in the State of Louisiana Postemployment Benefits Plan and changes in the total other postemployment liability.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of the Governmental Accounting Standards Board Statement No. 75 to pay related benefits.

7. CHANGES ACTUARIAL ASSUMPTIONS:

Pension Plan:

During the year ended June 30, 2018, due to an actuarial experience study and expectations of future experience, mortality, retirement, DROP entry, and withdrawal rates were changed. Family statistics were also updated based on more recent measures available from the United States Census Bureau and the salary scale assumption was decreased. Following is a detail description of the changes for both Plan A and B:

Valuation Date	Investment Rate of Return	Inflation Rate	Mortality Rate - Annuitant and Beneficiary	Mortality Rate - Employees	Mortality Rate - Disabled Annuitaints	Salary Increases
June 30, 2018	6.50%	2.40%	Pub-2010 Public Ret Mortality Table for Healthy Retirees multiplied by 130% for males and 125% for females using MP2018 scale	Pub-2010 Public Ret Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale	Pub-2010 Public Ret Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale	4.75% for Plan A, and 4.25% for Plan B
June 30, 2017	6.75%	2.50%	RP-2000 Healthy Annuitant SexDistinct Tables projected to 2031 using Scale AA set back 1 year for females	RP-2000 Employee table set back 4 years for males and 3 years for females	RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females	5.25%
June 30, 2016	7.00%	2.50%	RP-2000 Healthy Annuitant SexDistinct Tables projected to 2031 using Scale AA set back 1 year for females	RP-2000 Employee table set back 4 years for males and 3 years for females	RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females	5.25%
June 30, 2015	7.00%	2.50%	RP-2000 Healthy Annuitant SexDistinct Tables projected to 2031 using Scale AA set back 1 year for females	RP-2000 Employee table set back 4 years for males and 3 years for females	RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females	5.25%
June 30, 2014	7.25%	3.00%	RP-2000 Healthy Annuitant Mortality Table set back 1 year for males and females	RP-2000 Employee Mortality table set back 1 year for males and females	RP-2000 Disabled Lives Mortaity table	5.75%

7. CHANGES ACTUARIAL ASSUMPTIONS: (Continued)

OPEB Plan:

The discount rate changed from 3.13% as of July 1, 2017 to 2.98% as of July 1, 2018 for the State of Louisiana Postemployment Benefit Plan.

OTHER SUPPLEMENTARY INFORMATION

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
SUPPLEMENTARY INFORMATION
INDIVIDUAL PLANS' STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2018 AND 2017

	PLAN "A"		PLAN "B"		TOTAL	
CURRENT ASSETS:	2018	2017	2018	2017	2018	2017
Cash	$ 19,390,908	$ 24,256,825	$ 6,271,679	$ 1,466,838	$ 25,662,587	$ 25,723,663
Contribution receivables	20,114,088	21,867,512	1,638,194	1,562,294	21,752,282	23,429,806
Irregular contributions receivable	2,580,910	3,075,776	-	-	2,580,910	3,075,776
Accrued interest and dividends on investments	956,953	2,124,582	102,153	193,530	1,059,106	2,318,112
Investment receivables	847,854	2,949,213	69,573	204,304	917,427	3,153,517
Ad valorem and state revenue sharing receivable	7,683,334	6,976,673	1,313,544	1,185,087	8,996,878	8,161,760
Due (to) from other funds	(501,252)	212,161	501,252	(212,161)	-	-
Other current assets	13	13	7,519	6,948	7,532	6,961
TOTAL CURRENT ASSETS	51,072,808	61,462,755	9,903,914	4,406,840	60,976,722	65,869,595
PROPERTY, PLANT & EQUIPMENT (NET OF DEPRECIATION)	577,794	597,716	86,675	89,694	664,469	687,410
INVESTMENTS:						
Cash and cash equivalents	22,466,143	34,860,773	12,282,878	12,901,079	34,749,021	47,761,852
Equities	1,842,581,974	2,182,706,488	150,823,503	180,071,546	1,993,405,477	2,362,778,034
Fixed income	1,204,806,658	1,225,833,493	99,508,366	101,142,929	1,304,315,024	1,326,976,422
Real estate	206,098,783	182,526,077	17,032,197	15,009,308	223,130,980	197,535,385
Alternative investments	233,131,299	163,109,067	19,435,993	13,439,748	252,567,292	176,548,815
TOTAL INVESTMENTS	3,509,084,857	3,789,035,898	299,082,937	322,564,610	3,808,167,794	4,111,600,508
TOTAL ASSETS	3,560,735,459	3,851,096,369	309,073,526	327,061,144	3,869,808,985	4,178,157,513
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows of resources related to OPEB	10,248	-	-	-	10,248	-
LIABILITIES:						
Accounts payable	2,096,672	2,473,126	176,390	200,939	2,273,062	2,674,065
Benefits payable	15,049,108	14,921,513	951,599	869,350	16,000,707	15,790,863
Refunds payable	678,503	511,515	55,328	64,467	733,831	575,982
Investment payable	1,044,445	3,532,812	89,452	299,510	1,133,897	3,832,322
OPEB payable	841,291	637,122	-	-	841,291	637,122
TOTAL LIABILITIES	19,710,019	22,076,088	1,272,769	1,434,266	20,982,788	23,510,354
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources related to OPEB	75,220	-	-	-	75,220	-
NET POSITION - RESTRICTED FOR PENSION BENEFITS	$ 3,540,960,468	$ 3,829,020,281	$ 307,800,757	$ 325,626,878	$ 3,848,761,225	$ 4,154,647,159

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
SUPPLEMENTARY INFORMATION
INDIVIDUAL PLANS' STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	PLAN "A"		PLAN "B"		TOTAL	
ADDITIONS:	2018	2017	2018	2017	2018	2017
Contributions:						
Member contributions	$ 54,441,777	$ 55,871,118	$ 3,048,465	$ 2,929,655	$ 57,490,242	$ 58,800,773
Employer contributions	69,031,715	80,784,894	7,846,175	8,096,586	76,877,890	88,881,480
Ad valorem taxes and revenue sharing funds	7,641,523	7,434,422	1,311,932	1,269,869	8,953,455	8,704,291
Total contributions	131,115,015	144,090,434	12,206,572	12,296,110	143,321,587	156,386,544
Investment income:						
Net appreciation (depreciation) in the fair value of investments	(255,806,780)	535,152,073	(22,084,289)	45,114,417	(277,891,069)	580,266,490
Dividends, interest, and other recurring income	63,535,812	54,359,691	5,451,747	4,592,491	68,987,559	58,952,182
Miscellaneous investment income (loss)	119,305	106,629	(3,708)	46,871	115,597	153,500
	(192,151,663)	589,618,393	(16,636,250)	49,753,779	(208,787,913)	639,372,172
Less: Investment expense:						
Custodial fees	222,858	193,937	38,100	32,943	260,958	226,880
Money manager fees	18,914,215	17,475,380	1,616,379	1,466,920	20,530,594	18,942,300
Other investment expenses	1,779,196	1,801,026	153,143	151,745	1,932,339	1,952,771
Investment consultant	237,767	233,527	40,649	39,668	278,416	273,195
	21,154,036	19,703,870	1,848,271	1,691,276	23,002,307	21,395,146
Net investment income (loss)	(213,305,699)	569,914,523	(18,484,521)	48,062,503	(231,790,220)	617,977,026
Other additions:						
Interest - transfers, refund payback	1,399,929	2,023,314	59,451	11,000	1,459,380	2,034,314
Transfers in from other systems	1,769,481	2,325,415	441,769	-	2,211,250	2,325,415
Miscellaneous income	12,776	20,659	4,176	1,601	16,952	22,260
Total other additions	3,182,186	4,369,388	505,396	12,601	3,687,582	4,381,989
Total	(79,008,498)	718,374,345	(5,772,553)	60,371,214	(84,781,051)	778,745,559
DEDUCTIONS:						
Retirement, disability and survivor annuity benefits	174,661,919	164,136,927	10,968,510	9,707,218	185,630,429	173,844,145
DROP benefits	17,023,142	22,625,420	1,003,683	1,251,262	18,026,825	23,876,682
Transfers to/from plans	1,062,257	1,485,353	(1,062,257)	(1,485,353)	-	-
Refund of contributions	11,486,631	11,051,467	681,290	588,797	12,167,921	11,640,264
Transfers to other systems	3,141,188	2,544,690	217,292	196,369	3,358,480	2,741,059
Administrative expenses	1,386,077	1,370,984	236,964	232,880	1,623,041	1,603,864
Depreciation expense	19,922	20,127	3,019	3,050	22,941	23,177
OPEB expense	29,643	36,110	5,067	6,134	34,710	42,244
Total deductions	208,810,779	203,271,078	12,053,568	10,500,357	220,864,347	213,771,435
NET INCREASE (DECREASE)	(287,819,277)	515,103,267	(17,826,121)	49,870,857	(305,645,398)	564,974,124
NET POSITION - RESTRICTED FOR PENSION BENEFITS:						
Beginning of year	3,829,020,281	3,313,917,014	325,626,878	275,756,021	4,154,647,159	3,589,673,035
Net effect of a change in accounting principle	(240,536)	-	-	-	(240,536)	-
END OF YEAR	$3,540,960,468	$3,829,020,281	$ 307,800,757	$ 325,626,878	$3,848,761,225	$4,154,647,159

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF ADMINISTRATIVE AND INVESTMENT EXPENSES
BUDGET TO ACTUAL
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	Budget	Actual	Variance (over) under	Budget	Actual	Variance (over) under
ADMINISTRATIVE EXPENSES:						
SALARIES AND RELATED EXPENSES:						
Salaries	$ 775,000	$ 739,925	$ 35,075	$ 765,000	$ 762,081	$ 2,919
Retirement	92,000	88,176	3,824	96,000	96,893	(893)
Group hospitalization	79,000	53,599	25,401	69,000	63,160	5,840
Medicare and payroll taxes	11,300	10,253	1,047	11,100	10,558	542
Total salaries and related expenses	957,300	891,953	65,347	941,100	932,692	8,408
PROFESSIONAL SERVICES:						
Actuarial consultant	216,050	198,548	17,502	216,050	213,560	2,490
Accounting	130,000	126,180	3,820	105,000	108,147	(3,147)
Legal counsel	90,000	91,779	(1,779)	70,000	57,287	12,713
Computer programming	65,000	47,166	17,834	65,000	32,384	32,616
Medical board	25,000	16,700	8,300	33,000	26,250	6,750
Investigation	2,000	1,820	180	2,000	1,620	380
Total professional services	528,050	482,193	45,857	491,050	439,248	51,802
COMMUNICATIONS:						
Printing	21,000	20,860	140	20,800	18,318	2,482
Telephone	23,000	22,546	454	18,000	17,879	121
Postage	41,000	19,901	21,099	39,000	27,157	11,843
Travel	31,000	26,799	4,201	31,000	21,917	9,083
Website	3,000	2,550	450	2,500	1,955	545
Per diem	2,250	2,100	150	2,250	1,500	750
Total communications	121,250	94,756	26,494	113,550	88,726	24,824
GENERAL OFFICE:						
Building maintenance	25,000	12,889	12,111	16,700	12,065	4,635
Rent	2,500	2,520	(20)	2,500	2,848	(348)
Supplies	15,000	26,224	(11,224)	15,000	15,926	(926)
Dues and subscriptions	23,000	16,632	6,368	23,000	23,487	(487)
Equipment rental	35,000	32,117	2,883	33,000	26,682	6,318
Equipment maintenance	19,000	16,776	2,224	16,000	19,899	(3,899)
Insurance	12,500	11,558	942	12,500	11,114	1,386
Janitorial	8,600	7,600	1,000	8,600	8,040	560
Microfilm	9,000	8,506	494	9,000	6,544	2,456
Miscellaneous	-	1,723	(1,723)	-	84	(84)
Training	12,000	11,448	552	10,000	10,088	(88)
Transfers to other plans	-	-	-	-	465	(465)
Utilities	8,500	6,146	2,354	8,500	5,956	2,544
Total general office	170,100	154,139	15,961	154,800	143,198	11,602
TOTAL ADMINISTRATIVE EXPENSES	$ 1,776,700	$ 1,623,041	$ 153,659	$ 1,700,500	$ 1,603,864	$ 96,636
INVESTMENT EXPENSES:						
Custodial Bank	$ 375,000	$ 260,958	$ 114,042	$ 300,000	$ 226,880	$ 73,120
Investment consultant	293,000	278,416	14,584	275,000	273,195	1,805
TOTAL INVESTMENT EXPENSES	$ 668,000	$ 539,374	$ 128,626	$ 575,000	$ 500,075	$ 74,925
CAPITAL OUTLAYS	$ 13,000	$ -	$ 13,000	$ 10,500	$ -	$ 10,500

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
SUPPLEMENTARY INFORMATION - PLAN "A"
STATEMENT OF CHANGES IN RESERVE BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018					
	ANNUITY SAVINGS	DROP	FUNDING DEPOSIT ACCOUNT	ANNUITY RESERVE	PENSION ACCUMULATION	TOTAL
BALANCE - BEGINNING	$ 445,628,256	$ 57,484,279	$ 66,910,393	$ 1,695,304,808	$ 1,563,692,545	$ 3,829,020,281
REVENUES AND TRANSFERS:						
Employee contributions	54,441,777	-	-	-	-	54,441,777
Employer contributions	-	-	7,420,296	-	61,611,419	69,031,715
Tax collector contributions	-	-	-	-	7,506,412	7,506,412
Revenue sharing contributions	-	-	-	-	135,111	135,111
Net investment income (loss)	-	192,430	4,516,452	-	(218,014,581)	(213,305,699)
Miscellaneous income	-	-	-	-	12,776	12,776
Transfer from Annuity Savings	-	-	-	27,457,195	-	27,457,195
Transfer from Annuity Reserve	-	18,364,333	-	-	-	18,364,333
Interest - transfers, refund payback	-	-	-	-	1,399,929	1,399,929
Transfer from another system	648,113	-	-	-	1,121,368	1,769,481
Transfer from other plans	-	-	-	-	-	-
Actuarial transfer	-	-	-	325,444,396	-	325,444,396
	55,089,890	18,556,763	11,936,748	352,901,591	(146,227,566)	292,257,426
EXPENDITURES AND TRANSFERS:						
Refunds to terminated employees	11,486,631	-	-	-	-	11,486,631
Transfer to Annuity Reserve	27,457,195	-	-	-	-	27,457,195
Transfer to DROP	-	-	-	18,364,333	-	18,364,333
Pensions paid	-	-	-	174,661,919	-	174,661,919
Transfer to other plans	-	-	-	-	1,062,257	1,062,257
DROP benefits	-	17,023,142	-	-	-	17,023,142
Administrative expenses	-	-	-	-	1,386,077	1,386,077
Other postemployment benefits	-	-	-	-	29,643	29,643
Depreciation	-	-	-	-	19,922	19,922
Actuarial transfer	-	-	-	-	325,444,396	325,444,396
Transfers to another system	865,369	-	-	-	2,275,819	3,141,188
	39,809,195	17,023,142	-	193,026,252	330,218,114	580,076,703
NET INCREASE (DECREASE)	15,280,695	1,533,621	11,936,748	159,875,339	(476,445,680)	(287,819,277)
Net effect of a change in accounting principle	-	-	-	-	(240,536)	(240,536)
BALANCE - ENDING	$ 460,908,951	$ 59,017,900	$ 78,847,141	$ 1,855,180,147	$ 1,087,006,329	$ 3,540,960,468

2017					
ANNUITY SAVINGS	DROP	FUNDING DEPOSIT ACCOUNT	ANNUITY RESERVE	PENSION ACCUMULATION	TOTAL
$ 430,457,509	$ 61,214,776	$ 68,896,088	$ 1,533,743,272	$ 1,219,605,369	$ 3,313,917,014
55,871,118	-	-	-	-	55,871,118
-	-	20,052,356	-	60,732,538	80,784,894
-	-	-	-	7,308,573	7,308,573
-	-	-	-	125,849	125,849
-	100,653	4,822,726	-	564,991,144	569,914,523
-	-	-	-	20,659	20,659
-	-	-	29,671,326	-	29,671,326
-	18,794,270	-	-	-	18,794,270
-	-	-	-	2,023,314	2,023,314
780,334	-	-	-	1,545,081	2,325,415
-	-	-	-	-	-
-	-	-	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
11,051,467	-	-	-	-	11,051,467
29,671,326	-	-	-	-	29,671,326
-	-	-	18,794,270	-	18,794,270
-	-	-	164,136,927	-	164,136,927
-	-	-	-	1,485,353	1,485,353
-	22,625,420	-	-	-	22,625,420
-	-	-	-	1,370,984	1,370,984
-	-	-	-	36,110	36,110
-	-	-	-	20,127	20,127
-	-	26,860,777	-	314,821,407	341,682,184
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
15,170,747	(3,730,497)	(1,985,695)	161,561,536	344,087,176	515,103,267
-	-	-	-	-	-
$ 445,628,256	$ 57,484,279	$ 66,910,393	$ 1,695,304,808	$ 1,563,692,545	$ 3,829,020,281

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
SUPPLEMENTARY INFORMATION - PLAN "B"
STATEMENT OF CHANGES IN RESERVE BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018					
	ANNUITY SAVINGS	DROP	FUNDING DEPOSIT ACCOUNT	ANNUITY RESERVE	PENSION ACCUMULATION	TOTAL
BALANCE - BEGINNING	$ 23,192,579	$ 4,716,748	$ 5,361,971	$ 101,618,663	$ 190,736,917	$ 325,626,878
REVENUES AND TRANSFERS:						
Employee contributions	3,048,465	-	-	-	-	3,048,465
Employer contributions	-	-	496,679	-	7,349,496	7,846,175
Net investment income (loss)	-	17,099	361,933	-	(18,863,553)	(18,484,521)
Tax collector contributions	-	-	-	-	1,283,297	1,283,297
Revenue sharing contributions	-	-	-	-	28,635	28,635
Miscellaneous income	-	-	-	-	4,176	4,176
Transfer from Annuity Savings	-	-	-	1,585,825	-	1,585,825
Transfer from Annuity Reserve	-	1,856,048	-	-	-	1,856,048
Transfer from another system	166,904	-	-	-	274,865	441,769
Transfer from other plans	-	-	-	-	1,062,257	1,062,257
Interest - transfers refund payback	-	-	-	-	59,451	59,451
Actuarial transfer	-	-	-	23,346,334	-	23,346,334
	3,215,369	1,873,147	858,612	24,932,159	(8,801,376)	22,077,911
EXPENDITURES AND TRANSFERS:						
Refunds to terminated employees	681,290	-	-	-	-	681,290
Transfer to Annuity Reserve	1,585,825	-	-	-	-	1,585,825
Transfer to DROP	-	-	-	1,856,048	-	1,856,048
Pensions paid	-	-	-	10,968,510	-	10,968,510
Transfer to other plans	-	-	-	-	-	-
DROP benefits	-	1,003,683	-	-	-	1,003,683
Administrative expenses	-	-	-	-	236,964	236,964
Other postemployment benefits	-	-	-	-	5,067	5,067
Depreciation	-	-	-	-	3,019	3,019
Transfers to another system	35,284	-	-	-	182,008	217,292
Actuarial transfer	-	-	-	-	23,346,334	23,346,334
	2,302,399	1,003,683	-	12,824,558	23,773,392	39,904,032
NET INCREASE (DECREASE)	912,970	869,464	858,612	12,107,601	(32,574,768)	(17,826,121)
BALANCE - ENDING	$ 24,105,549	$ 5,586,212	$ 6,220,583	$ 113,726,264	$ 158,162,149	$ 307,800,757

2017					
ANNUITY SAVINGS	DROP	FUNDING DEPOSIT ACCOUNT	ANNUITY RESERVE	PENSION ACCUMULATION	TOTAL
$ 22,580,556	$ 4,339,628	$ 5,602,259	$ 87,124,168	$ 156,109,410	$ 275,756,021
2,929,655	-	-	-	-	2,929,655
-	-	1,120,713	-	6,975,873	8,096,586
-	7,731	392,158	-	47,662,614	48,062,503
-	-	-	-	1,248,684	1,248,684
-	-	-	-	21,185	21,185
-	-	-	-	1,601	1,601
-	-	-	1,692,011	-	1,692,011
-	1,620,651	-	-	-	1,620,651
-	-	-	-	-	-
-	-	-	-	1,485,353	1,485,353
-	-	-	-	11,000	11,000
-	-	-	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
588,797	-	-	-	-	588,797
1,692,011	-	-	-	-	1,692,011
-	-	-	1,620,651	-	1,620,651
-	-	-	9,707,218	-	9,707,218
-	-	-	-	-	-
-	1,251,262	-	-	-	1,251,262
-	-	-	-	232,880	232,880
-	-	-	-	6,134	6,134
-	-	-	-	3,050	3,050
36,824	-	-	-	159,545	196,369
-	-	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
612,023	377,120	(240,288)	14,494,495	34,627,507	49,870,857
$ 23,192,579	$ 4,716,748	$ 5,361,971	$ 101,618,663	$ 190,736,917	$ 325,626,878

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUSIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
DECEMBER 31, 2018 AND 2017

	2018	2017
Tammy Bufkin	$ 450	$ 300
Bruce Kelly	450	-
Gwen LeBlanc	375	300
Terrie Rodrigue	450	300
Sandy Treme	375	300
Tim Ware	-	300
TOTAL	$ 2,100	$ 1,500

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUSIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
DECEMBER 31, 2018

Agency Head Name: Terrie Rodrigue, Chairman of the Board

PURPOSE	AMOUNT
Per Diem	$ 450
Travel	589
Registration fees	1,255
Conference travel	2,542
TOTAL	$ 4,836

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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 <u>*GOVERNMENT AUDITING STANDARDS*</u>

June 14, 2019

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, 2018 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, 2019.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist and not be 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, 2018

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, 2018 was unmodified.

2. Internal Control

Material weakness:	None noted
Significant deficiency:	None noted

3. Compliance and Other Matters

Noncompliance material to financial statements: none noted

SUMMARY OF PRIOR YEAR FINDINGS:

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 investments 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 recommend that the 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 recommend that when investment balances are transferred between platforms they should be reconciled, to ensure all investment balances are transferred accurately.

Status: This finding was resolved.

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.

Status: This finding was resolved.

17-03 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

SUMMARY OF PRIOR YEAR FINDINGS: (Continued)

17-03 Cash Transactions and Bank Reconciliations (Continued)

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 resolved.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM

BATON ROUGE, LOUISIANA

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED UPON PROCEDURES

FOR THE PERIOD JANUARY 1, 2018
THROUGH DECEMBER 31, 2018

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES

June 14, 2019

Board of Trustees
Parochial Employees' Retirement System
and Louisiana Legislative Auditor

We have applied the procedures enumerated below, which were agreed to by the Parochial Employees' Retirement System (System) and the Louisiana Legislative Auditor (LLA), (the specified parties) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. The System's management is responsible for those C/C areas identified in the SAUPs.

This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1) We obtained and inspected the System's written policies and procedures and determined whether those written policies and procedures addressed each of the following financial/business functions, as applicable:

   a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget.

Written Policies and Procedures (Continued)

b) *Purchasing*, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

c) *Disbursements*, including processing, reviewing, and approving.

d) *Receipts/Collections*, including receiving, recording, and preparing deposits including management's actions to determine the completeness of all collections for each type of revenue or agency fund additions.

e) *Payroll/Personnel*, including (1) payroll processing and (2) reviewing and approving time and attendance records, including leave and overtime worked.

f) *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

g) *Credit Cards (and Debit Cards, Fuel Cards, P-Cards, if applicable*), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage.

h) *Travel and Expense Reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the System's ethics policy.

j) *Debt Service*, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Upon applying the agreed upon procedures above, we noted that the System has written policies and procedures for all applicable areas. However, it was noted that travel and expense reimbursement policies and procedures did not include dollar thresholds by category of expense.

<u>Management's Response</u>:

The System did have dollar thresholds by category of expense; however, they were not documented in writing. Subsequent to year end, the System has updated their written travel and expense reimbursement policy to include dollar thresholds by category of expense.

Bank Reconciliations

2) We obtained a listing of System's bank accounts for the fiscal period from management and management's representation that the listing is complete. We also asked management to identify the System's main operating account. Using the listing provided by management, we selected all three of the System's bank accounts. For each of the bank accounts selected, we obtained bank statements and reconciliations for one month from the fiscal period and determined whether:

   a) Bank reconciliations included evidence that they were prepared within two months of the related statement closing date;

   b) Bank reconciliations included evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) had reviewed each bank reconciliation; and

   c) Management had documentation reflecting that it had researched reconciling items that have been outstanding for more than twelve months from the statement closing date, if applicable.

   No findings were noted as a result of applying the procedures above.

Collections

3) We obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/ money orders (cash) are prepared and management's representation that the listing is complete. We selected the only deposit site for testing.

   No findings were noted as a result of applying the procedure above.

4) For the deposit site selected, we obtained a list of collection locations and management's representation that the listing was complete. We selected the only cash collection location the deposit site selected. For the cash location selected, we obtained and inspected existing written policies and procedures relating to employee job duties at the collection location and observed that job duties are properly segregated such that:

   a) Employees that are responsible for cash collections do not share cash drawers/ registers.

   b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation to the deposit.

   c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/ official is responsible for reconciling ledger postings to each other and to the deposit.

Collections (Continued)

d) The employees responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

No findings were noted as a result of applying the procedures above.

5) We inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

No findings were noted as a result of applying the procedure above.

6) For each of the three bank accounts selected for procedure #2 under "bank reconciliations" above, we randomly selected two deposit dates. For each deposit date selected, we obtained supporting documentation and:

a) Observed that all receipts are sequentially pre-numbered.

b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

c) Traced the deposit slip total to the actual deposit per the bank statement.

d) Observed that the deposit was made within one business day of receipt at the collection location (or within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100).

e) Traced the actual deposit per the bank statement to the general ledger.

No findings were noted as a result of applying the procedures above.

Non-Payroll Disbursements – General (excluding credit card purchases/payments, travel reimbursements, and petty cash purchases)

7) We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. We selected the only location that processes payments.

No findings were noted as a result of applying the procedure above.

8) For each location selected under #7 above, we obtained a listing of those employees involved with non-payroll purchasing and payment functions. We also obtained written policies and procedures relating to employee job duties and observed that job duties were properly segregated such that:

<u>Non-Payroll Disbursements – General (excluding credit card purchases/payments, travel reimbursements, and patty cash purchases)</u> (Continued)

a) At least two employees were involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

b) At least two employees were involved in processing and approving payments to vendors.

c) The employee responsible for processing payment was prohibited from adding/ modifying vendor files, unless another employee was responsible for periodically reviewing changes to vendor files.

d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

No findings were noted as a result of applying the procedures above.

9) For each location selected under #8 above, we obtained the System's non-payroll disbursement transaction population and obtained management's representation that the population is complete. We randomly selected five disbursements for each location, obtained supporting documentation for each transaction and:

a) Observed that the disbursement matched the related original invoice/billing statement.

b) Observed that the disbursement documentation included evidence of segregation of duties tested under procedure #8 above, as applicable.

No findings were noted as a result of applying the procedures above.

<u>Ethics</u>

11) We obtained a listing of employees and elected officials employed during the fiscal period and obtained management's representation that the listing is complete. We randomly selected five employees/officials, obtained ethics documentation from management, and:

a) Observed that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period, and

b) Observed that the documentation demonstrates each employee/official attested through signature verification that he or she has read the System's ethics policy during the fiscal period.

Upon applying the agreed upon procedures above, we noted that one of the five employees selected for testing did not complete ethics training during 2018.

Ethics (Continued)

Management's Response:

The employee in question was hired in October 2018 and had not completed ethics training during 2018 at their prior employer. Ethics training was completed for this employee and all other current employees during April 2019.

Other

12) We inquired of management whether the System had any misappropriations of public funds or assets.

    No misappropriations were noted as a result of applying the procedure above.

13) We observed and determined whether the System has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

    No findings were noted as a result of applying the procedure above.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana