

ANNUAL FINANCIAL REPORT
PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
BATON ROUGE, LOUISIANA
DECEMBER 31, 2020 AND 2019

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

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DECEMBER 31, 2020 AND 2019

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INDEPENDENT AUDITOR'S REPORT

June 18, 2021

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 (the System), as of and for the years ended December 31, 2020 and 2019, 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 index to annual financial report.

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.

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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 System'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 System'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 fiduciary net position of the Parochial Employees' Retirement System of Louisiana as of December 31, 2020 and 2019, and the respective changes in fiduciary 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 \$4,385,659,960 and \$4,096,496,036 for Plan A and \$379,984,366 and \$353,658,541 for Plan B, respectively, as of December 31, 2020 and 2019. 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, 2020 and 2019 could be understated or overstated.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the index, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Parochial Employees' Retirement System's basic financial statements. The 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 as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2021 on our consideration of the Parochial Employees' Retirement System of Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. 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, Sharpness, Hogan and Gruber, LLP

New Orleans, LA

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020. 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 2020 by \$4,966,658,304, which represents an increase from last fiscal year. The net position restricted for pension benefits increased by \$513,976,557 or 11.54%. The increase is due to favorable investment returns during 2020.
- Contributions to the System by members and employers totaled \$154,498,092, an increase of \$12,603,811 or 8.8% over the prior year.
- The net appreciation in the fair value of investments was \$542,529,090 for 2020, compared to net appreciation of \$627,262,869 in 2019, a decrease of 13.51%. The decrease is due to a reduction in investment returns during 2020.
- The rate of return on the System's investments was 13.4% for Plan A and Plan B based on the market value. This represents a decrease from the 2019 results in both plans.
- Pension benefits including DROP paid to retirees and beneficiaries increased by \$16,905,510 or 7.95%. This increase is due to a rise in the number of retirees and the larger benefit amounts for the newer retirees.
- Administrative expenses totaled \$1,892,599, an increase of \$133,181 or 7.57%.
- The cost of administering the System per member during 2020 was \$52 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.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020 and 2019.

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, | |
|--|--|-------------------------|
| | <u>2020</u> | <u>2019</u> |
| Cash and investments | \$ 4,957,154,085 | \$ 4,439,835,664 |
| Receivables | 41,967,032 | 34,558,144 |
| Capital asset, net | 622,531 | 642,898 |
| Total assets | <u>4,999,743,648</u> | <u>4,475,036,706</u> |
| Deferred outflows of resources | 15,372 | 6,048 |
| Total liabilities | 32,898,380 | 22,077,513 |
| Deferred inflows of resources | 202,336 | 283,494 |
| Net Position Restricted for Pension Benefits | <u>\$ 4,966,658,304</u> | <u>\$ 4,452,681,747</u> |

Fiduciary net position increased by \$513,976,557 or 11.54% (\$4,966,658,304 compared to \$4,452,681,747). All of these assets are restricted in use to provide monthly retirement allowances to members who contributed to the System as employees and their beneficiaries. The increase in fiduciary net position in 2020 was due primarily to the favorable market returns for 2020 offset with an increase in retirement benefits paid.

| | Condensed Statements of Changes in Fiduciary Net Position December 31, | |
|------------------------------------|--|-----------------------|
| | <u>2020</u> | <u>2019</u> |
| Additions: | | |
| Contributions | \$ 164,421,213 | \$ 151,381,058 |
| Net investment income | 591,637,311 | 679,423,056 |
| Other | 3,225,365 | 2,315,376 |
| Total | <u>759,283,889</u> | <u>833,119,490</u> |
| Total deductions | <u>(245,307,332)</u> | <u>(229,198,968)</u> |
| Increase in Fiduciary Net Position | <u>\$ 513,976,557</u> | <u>\$ 603,920,522</u> |

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

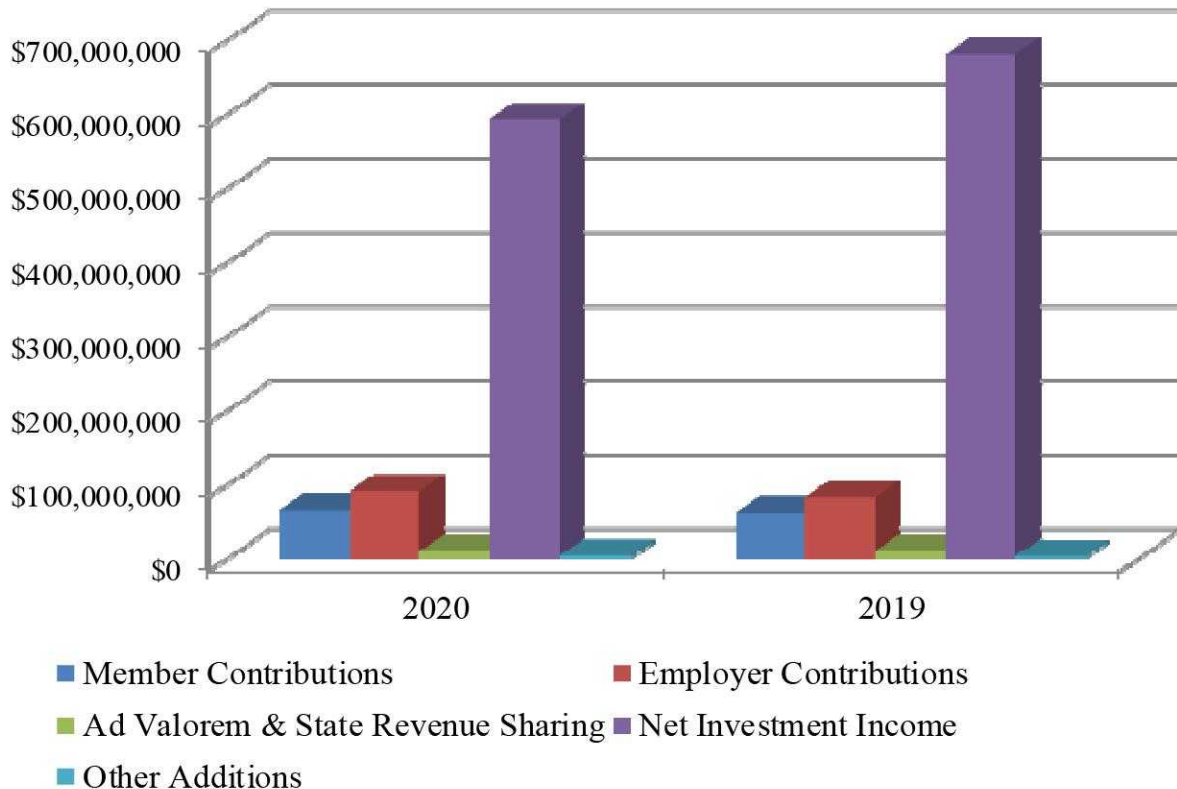
FINANCIAL ANALYSIS OF THE FUND: (Continued)

Additions to Fiduciary Net Position:

Additions to the System's fiduciary net position were derived from member and employer contributions and net investment income. Member contributions increased by \$3,475,569 or 5.74% and employer contributions increased by \$9,128,242 or 11.23%. The System experienced net investment income of \$591,637,311 compared to net investment income of \$679,423,056 in the previous year. The increase in fiduciary net position in 2020 was due primarily to favorable investment returns in 2020.

| | <u>2020</u> | <u>2019</u> | <u>Increase Percentage</u> |
|------------------------------------|-----------------------|-----------------------|--------------------------------|
| Member Contributions | \$ 64,053,695 | \$60,578,126 | 5.74% |
| Employer Contributions | 90,444,397 | 81,316,155 | 11.23% |
| Ad Valorem & State Revenue Sharing | 9,923,121 | 9,486,777 | 4.60% |
| Net Investment Income | 591,637,311 | 679,423,056 | -12.92% |
| Other Additions | 3,225,365 | 2,315,376 | 39.30% |
| Total | <u>\$ 759,283,889</u> | <u>\$ 833,119,490</u> | |

Additions to Fiduciary Net Position



PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

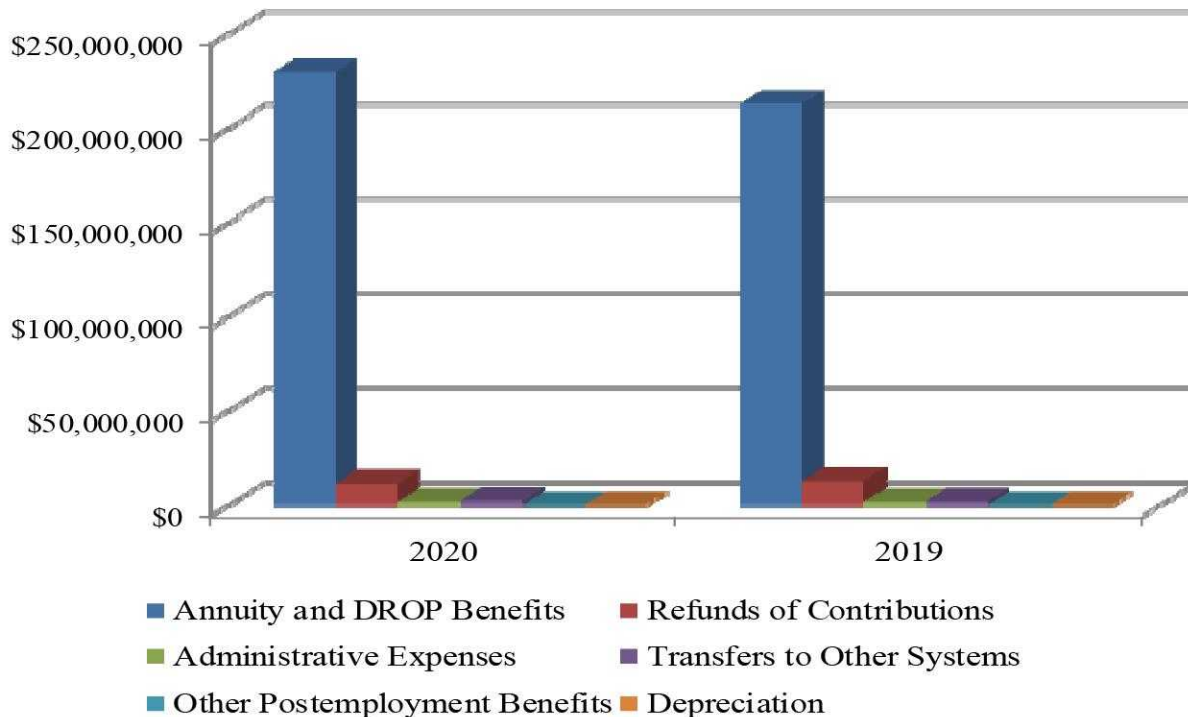
FINANCIAL ANALYSIS OF THE FUND: (Continued)

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 \$245,307,332 in fiscal year 2020. Deductions from fiduciary net position increased by \$16,108,364. Retirement benefits accounted for the increase. Annuity benefits increased by \$16,905,510 as a result of the increase in the number of retirees and the larger benefit amounts generally paid to newer retirees.

| | | | Increase (Decrease) |
|----------------------------|-----------------------|-----------------------|---------------------|
| | <u>2020</u> | <u>2019</u> | <u>Percentage</u> |
| Annuity and DROP Benefits | \$ 229,557,443 | \$ 212,651,933 | 7.95% |
| Refunds of Contributions | 11,357,613 | 12,764,695 | -11.02% |
| Administrative Expenses | 1,892,599 | 1,759,418 | 7.57% |
| Transfers to Other Systems | 2,479,310 | 2,001,351 | 23.88% |
| Depreciation expense | 20,367 | 21,571 | -5.58% |
| Total | <u>\$ 245,307,332</u> | <u>\$ 229,198,968</u> | |

Deductions from Fiduciary Net Position



PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

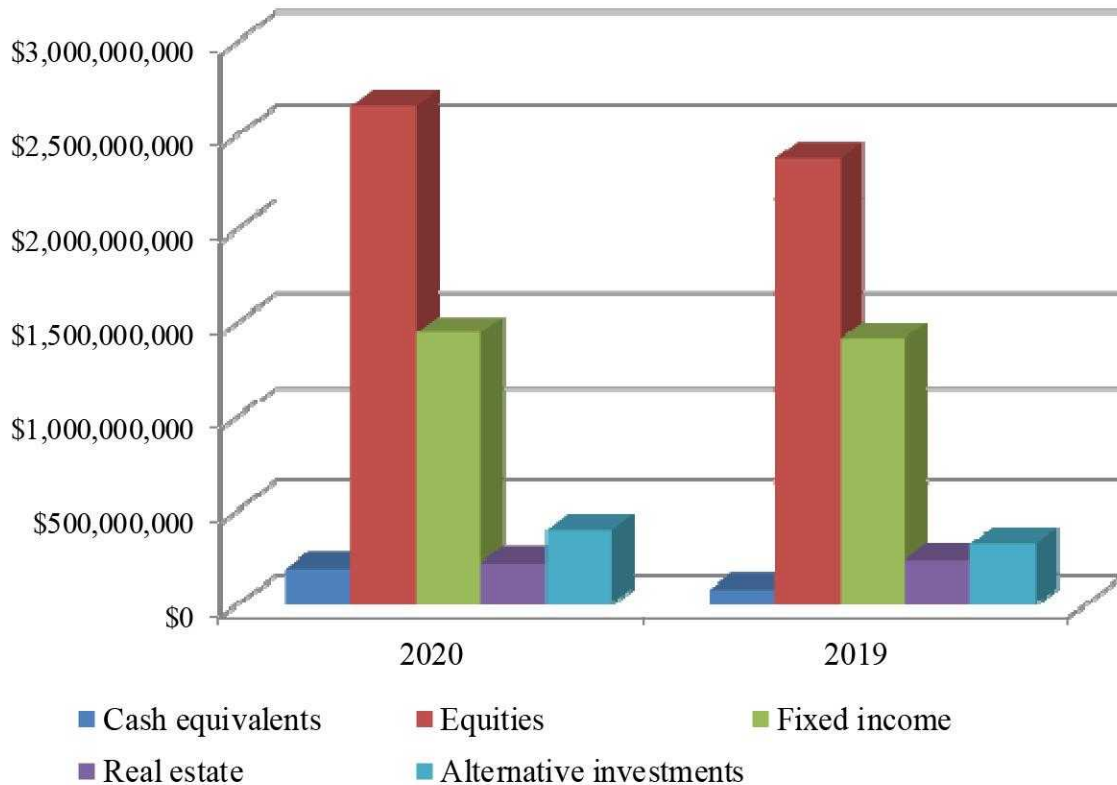
FINANCIAL ANALYSIS OF THE FUND: (Continued)

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, 2020 was \$4,888,287,616 as compared to \$4,416,563,627 at December 31, 2019 which is an increase of \$471,723,989 or 10.68%. The System's investments in various markets at the end of the 2020 and 2019 fiscal years are indicated in the following table:

| | <u>2020</u> | <u>2019</u> | <u>Increase (Decrease)</u> <u>Percentage</u> |
|-------------------------|-------------------------|-------------------------|---|
| Cash equivalents | \$ 186,279,097 | \$ 80,904,282 | 130.25% |
| Equities | 2,650,899,879 | 2,370,543,853 | 11.83% |
| Fixed income | 1,439,962,307 | 1,412,533,615 | 1.94% |
| Real estate | 217,027,782 | 234,057,199 | -7.28% |
| Alternative investments | 394,118,551 | 318,524,678 | 23.73% |
| Total | <u>\$ 4,888,287,616</u> | <u>\$ 4,416,563,627</u> | |

Investments at Market Value



PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020 AND 2019

| | <u>2020</u> | <u>2019</u> |
|---|-------------------------|-------------------------|
| ASSETS: | | |
| Cash | \$ 68,866,469 | \$ 23,272,037 |
| Receivables: | | |
| Contribution receivables | 28,057,417 | 22,567,470 |
| Irregular contributions receivable | 1,558,926 | 2,130,805 |
| Accrued interest and dividends on investments | 1,693,221 | 1,099,396 |
| Investment receivables | 1,557,931 | 318,000 |
| Ad valorem and state revenue sharing receivable | 9,090,549 | 8,434,752 |
| Other current assets | 8,988 | 7,721 |
| Total receivables | <u>41,967,032</u> | <u>34,558,144</u> |
| Investments, at fair value: | | |
| Cash and cash equivalents | 186,279,097 | 80,904,282 |
| Equities | 2,650,899,879 | 2,370,543,853 |
| Fixed income | 1,439,962,307 | 1,412,533,615 |
| Real estate | 217,027,782 | 234,057,199 |
| Alternative investments | 394,118,551 | 318,524,678 |
| Total investments | <u>4,888,287,616</u> | <u>4,416,563,627</u> |
| Capital assets | | |
| (Net of accumulated depreciation) | 622,531 | 642,898 |
| Total assets | <u>4,999,743,648</u> | <u>4,475,036,706</u> |
| DEFERRED OUTFLOWS OF RESOURCES: | | |
| Deferred outflows of resources related to OPEB | <u>15,372</u> | <u>6,048</u> |
| LIABILITIES: | | |
| Accounts payable | \$ 2,905,715 | \$ 2,644,684 |
| Benefits payable | 19,114,079 | 17,428,448 |
| Refunds payable | 1,254,153 | 1,216,425 |
| Investment payable | 9,004,267 | 196,907 |
| OPEB payable | 620,166 | 591,049 |
| Total liabilities | <u>32,898,380</u> | <u>22,077,513</u> |
| DEFERRED INFLOWS OF RESOURCES: | | |
| Deferred inflows of resources related to OPEB | <u>202,336</u> | <u>283,494</u> |
| NET POSITION - RESTRICTED FOR PENSION BENEFITS | <u>\$ 4,966,658,304</u> | <u>\$ 4,452,681,747</u> |

See accompanying notes.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

| | <u>2020</u> | <u>2019</u> |
|---|-------------------------|-------------------------|
| ADDITIONS: | | |
| Contributions: | | |
| Member contributions | \$ 64,053,695 | \$ 60,578,126 |
| Employer contributions | 90,444,397 | 81,316,155 |
| Ad valorem taxes and revenue sharing funds | 9,923,121 | 9,486,777 |
| Total contributions | <u>164,421,213</u> | <u>151,381,058</u> |
| INVESTMENT INCOME: | | |
| Net appreciation in the fair value of investments | 542,529,090 | 627,262,869 |
| Dividends, interest, and other recurring income | 73,241,651 | 76,923,071 |
| Miscellaneous investment income | 618,090 | 187,856 |
| | <u>616,388,831</u> | <u>704,373,796</u> |
| Less - investment expense: | | |
| Custodial fee | 305,377 | 242,429 |
| Money manager fees | 21,743,712 | 21,346,864 |
| Other investment expense | 2,369,921 | 3,076,071 |
| Investment consulting | 332,510 | 285,376 |
| | <u>24,751,520</u> | <u>24,950,740</u> |
| Net investment income | <u>591,637,311</u> | <u>679,423,056</u> |
| Other additions: | | |
| Interest - transfers, refund payback | 1,621,074 | 1,078,938 |
| Transfers in from other systems | 1,555,381 | 1,182,695 |
| Miscellaneous income | 5,874 | 25,385 |
| OPEB benefit | 43,036 | 28,358 |
| Total other additions | <u>3,225,365</u> | <u>2,315,376</u> |
| Total | <u>759,283,889</u> | <u>833,119,490</u> |
| DEDUCTIONS: | | |
| Retirement, disability, and survivor annuity benefits | 205,792,838 | 194,217,699 |
| DROP benefits | 23,764,605 | 18,434,234 |
| Refund of contributions | 11,357,613 | 12,764,695 |
| Transfers to other systems | 2,479,310 | 2,001,351 |
| Administrative expenses | 1,892,599 | 1,759,418 |
| Depreciation expense | 20,367 | 21,571 |
| Total deductions | <u>245,307,332</u> | <u>229,198,968</u> |
| NET INCREASE | 513,976,557 | 603,920,522 |
| NET POSITION RESTRICTED FOR PENSION BENEFITS: | | |
| Beginning of year | 4,452,681,747 | 3,848,761,225 |
| END OF YEAR | <u>\$ 4,966,658,304</u> | <u>\$ 4,452,681,747</u> |

See accompanying notes.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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 Statements – and Management's Discussion and Analysis for State and Local Governments and related standards*. This standard provides for the inclusion of management's discussion and analysis as supplementary information and other changes.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

The System's basic financial statements were prepared in conformity with the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans*. GASB Statement No. 67 established new standards of financial reporting for defined pension plans. Significant changes included an actuarial calculation of total and net pension liability, increased footnote disclosures regarding the pension liabilities and other related information, and provided for additional required supplementary information schedules.

Basis of Accounting:

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

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

Expenses are recognized in the period incurred.

Method Used to Value Investments:

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

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

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Method Used to Value Investments: (Continued)

(depreciation) in fair value of investments during the period the instruments are held, and when instruments are sold or expire. Shares in external investment pools and mutual funds are equivalent to the fair value of the external investment pool and mutual funds. The investment in real estate consists of partnerships and real estate equity portfolios. These investments are valued at fair market value, which is based upon an independent appraisal or comparable sales. Fair value of investments in limited partnerships (which include private equities and hedge funds) is calculated as the System's percentage of ownership of the partner's capital reported by the partnership. Because of the inherent uncertainties in estimating fair values, it is at least reasonably possible that the estimates will change in the near term. Investments that do not have an established market are reported at estimated fair value.

Capital Assets:

Capital 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. The System utilizes various investments instruments, which by nature, are exposed to a variety of risk levels and risk types, such as interest rate risk, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term, and those changes could materially affect the amounts reported in the statements of fiduciary net position.

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 is amounts related to other postemployment benefits.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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 is 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, 2020 and 2019, there were 272 and 290 contributing employers in Plan A, and 54 and 55 in Plan B, respectively.

Statewide retirement membership consisted of:

| <u>2020</u> | <u>PLAN A</u> | <u>PLAN B</u> | <u>TOTAL</u> |
|--|-------------------|-------------------|-------------------|
| Inactive plan members or beneficiaries receiving benefits | 7,873 | 985 | 8,858 |
| Inactive plan members entitled to but not yet receiving benefits | 9,200 | 1,999 | 11,199 |
| Active members | <u>13,750</u> | <u>2,387</u> | <u>16,137</u> |
| TOTAL PARTICIPATING AS OF VALUATION DATE | <u>30,823</u> | <u>5,371</u> | <u>36,194</u> |
| <u>2019</u> | <u>PLAN A</u> | <u>PLAN B</u> | <u>TOTAL</u> |
| Inactive plan members or beneficiaries receiving benefits | 7,651 | 942 | 8,593 |
| Inactive plan members entitled to but not yet receiving benefits | 8,785 | 1,921 | 10,706 |
| Active members | <u>14,042</u> | <u>2,462</u> | <u>16,504</u> |
| TOTAL PARTICIPATING AS OF VALUATION DATE | <u>30,478</u> | <u>5,325</u> | <u>35,803</u> |

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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 individual's 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, if not eligible for normal retirement, 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 those members who are enrolled prior to January 1, 2007 and to age 62 for those members who are enrolled January 1, 2007 and later.

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, if not eligible for normal retirement, 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 years of service, to age 60 for those members who are enrolled prior to January 1, 2007 and to age 62 for those members who are enrolled January 1, 2007 and later.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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, 2020 and 2019, the actuarially determined contribution rate was 11.11% and 12.18%, respectively, of member's compensation for Plan A and 7.39% and 7.53%, respectively, of member's compensation for Plan B. The actual contribution rate for the fiscal years ending December 31, 2020 and 2019 was 12.25% and 11.50%, respectively, for Plan A and 7.50% and 7.50%, respectively, for Plan B.

According to state statute, the System also receives $\frac{1}{4}$ of 1.00% of ad valorem taxes collected within the respective parishes except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-contributing entities.

Administrative costs of the System are financed through employer contributions.

Reserves:

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

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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 members 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 \$491,297,716 and \$476,258,585 for December 31, 2020 and 2019, respectively. The balance for Plan B was \$26,795,303 and \$25,356,591 as of December 31, 2020 and 2019, 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, 2020 and 2019 was \$1,878,398,909 and \$1,563,101,481, respectively. The balance for Plan B was \$229,460,013 and \$199,152,705 as of December 31, 2020 and 2019, 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, 2020 and 2019 for Plan A was \$2,077,506,294 and \$1,907,077,750, respectively. The balance for Plan B was \$138,145,742 and \$123,183,681 as of December 31, 2020 and 2019, 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

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

3. CONTRIBUTIONS AND RESERVES: (Continued)

Reserves: (Continued)

d. Deferred Retirement Option Account: (Continued)

participate in the program for three years, and upon termination may receive his/her benefits in a lump sum payment or a true annuity. The Deferred Retirement Option balance for Plan A as of December 31, 2020 and 2019 was \$58,620,951 and \$61,378,554, respectively. The balance for Plan B as of December 31, 2020 and 2019 was \$6,373,983 and \$6,272,148, respectively.

e. Funding Deposit Account:

The Funding Deposit Account was created by state law and consists of excess contributions 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 September 21, 2020 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, 2021. The Funding Deposit Account balance for Plan A as of December 31, 2020 and 2019 was \$55,177,473 and \$83,972,205, respectively. The balance for Plan B as of December 31, 2020 and 2019 was \$4,881,920 and \$6,928,047, respectively.

4. NET PENSION LIABILITY (ASSET) OF EMPLOYERS:

The components of the net pension liability of the System's employers for Plan A and Plan B determined in accordance with GASB No. 67 as of December 31, 2020 and 2019 are as follows:

| | <u>PLAN A</u> | | <u>PLAN B</u> | |
|--|-------------------------|----------------------|------------------------|-----------------------|
| | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> |
| Total Pension Liability | \$ 4,385,659,960 | \$ 4,096,496,036 | \$ 379,984,366 | \$ 353,658,541 |
| Plan Fiduciary Net Position | <u>4,561,001,343</u> | <u>4,091,788,575</u> | <u>405,656,961</u> | <u>360,893,172</u> |
| Employers' Net Pension Liability/(Asset) | <u>\$ (175,341,383)</u> | <u>\$ 4,707,461</u> | <u>\$ (25,672,595)</u> | <u>\$ (7,234,631)</u> |
| Plan Fiduciary Net Position as a percentage of the Total Pension Liability | 104.00% | 99.89% | 106.76% | 102.05% |

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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, 2020 valuation were based on the assumptions used in the December 31, 2020 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, 2019 valuation were based on the assumptions used in the December 31, 2019 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 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, 2020 and 2019 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, 2020 | December 31, 2019 |
|---------------------------|---|---|
| Actuarial cost method | Entry Age Normal Cost | Entry Age Normal Cost |
| Investment rate of return | 6.40%, net of pension plan investment expense, including inflation | 6.50%, net of pension plan investment expense, including inflation |
| Inflation rate | 2.30% | 2.40% |
| 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. | 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. |
| Salary increases | 4.75% - Plan A, and 4.25% - Plan B | 4.75% - Plan A, and 4.25% - Plan B |

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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 7.00% and 7.18% for the years ended December 31, 2020 and 2019, 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, 2020 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Asset Allocation</u> | <u>Long-Term Expected Portfolio Real Rate of Return</u> |
|------------------------------------|--------------------------------|---|
| Fixed Income | 33% | 0.86% |
| Equity | 51% | 3.36% |
| Alternatives | 14% | 0.67% |
| Real Assets | 2% | 0.11% |
| Totals | <u>100%</u> | <u>5.00%</u> |
| Inflation | | <u>2.00%</u> |
| Expected Arithmetic Nominal Return | | <u>7.00%</u> |

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, 2019 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Asset Allocation</u> | <u>Long-Term Expected Portfolio Real Rate of Return</u> |
|------------------------------------|--------------------------------|---|
| Fixed Income | 35% | 1.05% |
| Equity | 52% | 3.41% |
| Alternatives | 11% | 0.61% |
| Real Assets | 2% | 0.11% |
| Totals | <u>100%</u> | <u>5.18%</u> |
| Inflation | | <u>2.00%</u> |
| Expected Arithmetic Nominal Return | | <u>7.18%</u> |

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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

The discount rate used to measure the total pension liability was 6.40% and 6.50% for the years ended December 31, 2020 and 2019, 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 PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In accordance with GASB 67, regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the following presents the net pension liability of the participating employers calculated as of December 31, 2020 and 2019 using the discount rate of 6.40% and 6.50%, respectively, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.40% and 5.50%, respectively), or one percentage point higher (7.40% and 7.50%, respectively), than the current rate.

Changes in the discount rate for the years ended December 31, 2020 and 2019 for Plan A are as follows:

| | PLAN A | | |
|---|----------------------|-----------------------------------|----------------------|
| | 1% Decrease 5.40% | Current Discount Rate 6.40% | 1% Increase 7.40% |
| Net Pension Liability (Asset) - December 31, 2020 | \$ 367,639,664 | \$ (175,341,383) | \$ (630,076,590) |
| | 5.50% | 6.50% | 7.50% |
| Net Pension Liability (Asset) - December 31, 2019 | \$ 508,789,262 | \$ 4,707,461 | \$ (417,703,230) |

Changes in the discount rate for the years ended December 31, 2020 and 2019 for Plan B are as follows:

| | PLAN B | | |
|---|----------------------|-----------------------------------|----------------------|
| | 1% Decrease 5.40% | Current Discount Rate 6.40% | 1% Increase 7.40% |
| Net Pension Liability (Asset) - December 31, 2020 | \$ 24,000,373 | \$ (25,672,595) | \$ (67,181,039) |
| | 5.50% | 6.50% | 7.50% |
| Net Pension Liability (Asset) - December 31, 2019 | \$ 38,864,568 | \$ (7,234,631) | \$ (45,765,229) |

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
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5. CAPITAL ASSETS:

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

| | Beginning | | | Ending |
|--------------------------------|-------------------|--------------------|------------------|-------------------|
| <u>2020</u> | <u>Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> |
| Land | \$ 120,618 | \$ - | \$ - | \$ 120,618 |
| Building and improvements | 755,010 | - | - | 755,010 |
| Office equipment and furniture | 253,601 | - | - | 253,601 |
| Less: accumulated depreciation | <u>(486,331)</u> | <u>(20,367)</u> | <u>-</u> | <u>(506,698)</u> |
| | <u>\$ 642,898</u> | <u>\$ (20,367)</u> | <u>\$ -</u> | <u>\$ 622,531</u> |

| | Beginning | | | Ending |
|--------------------------------|-------------------|--------------------|------------------|-------------------|
| <u>2019</u> | <u>Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> |
| Land | \$ 120,618 | \$ - | \$ - | \$ 120,618 |
| Building and improvements | 755,010 | - | - | 755,010 |
| Office equipment and furniture | 253,601 | - | - | 253,601 |
| Less: accumulated depreciation | <u>(464,760)</u> | <u>(21,571)</u> | <u>-</u> | <u>(486,331)</u> |
| | <u>\$ 664,469</u> | <u>\$ (21,571)</u> | <u>\$ -</u> | <u>\$ 642,898</u> |

Depreciation expense for the year ended December 31, 2020 and 2019 was \$20,367 and \$21,571, 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, 2020 and 2019, respectively:

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

6. INVESTMENTS AT FAIR VALUE: (Continued)

| | | Fair Value Measurements Using | | |
|--|------------------|-------------------------------|----------------|----------------|
| | | Quoted Prices in | Significant | Significant |
| | | Active Markets for | Other | Unobservable |
| | December 31, | Identical Assets | Observable | Inputs |
| | 2020 | (Level 1) | Inputs | (Level 3) |
| | | | (Level 2) | |
| Investments by Fair Value Level: | | | | |
| Cash and cash equivalents | \$ 186,279,097 | \$ - | \$ - | \$ 186,279,097 |
| Fixed Income Investments: | | | | |
| Asset backed securities | 195,302,828 | - | 195,302,828 | - |
| Total fixed income investments | 195,302,828 | - | 195,302,828 | - |
| Equity Securities: | | | | |
| Domestic equities: | | | | |
| Large cap | 454,126,043 | 454,126,043 | - | - |
| Mid cap | 191,910,540 | 191,910,540 | - | - |
| Small cap | 158,962,834 | 158,962,834 | - | - |
| Total domestic equities | 804,999,417 | 804,999,417 | - | - |
| Foreign equities: | | | | |
| Large cap | 38,293,905 | 38,293,905 | - | - |
| Mid cap | 26,787,864 | 26,787,864 | - | - |
| Small cap | 4,254,941 | 4,254,941 | - | - |
| Total foreign equities | 69,336,710 | 69,336,710 | - | - |
| Total equity securities | 874,336,127 | 874,336,127 | - | - |
| Total Investments at Fair Value Level | \$ 1,255,918,052 | \$ 874,336,127 | \$ 195,302,828 | \$ 186,279,097 |
| Investments measured at the Net Asset Value (NAV): | | | | |
| Fixed income fund | \$ 1,244,659,479 | | | |
| Equity funds | 1,776,563,752 | | | |
| Real estate funds | 217,027,782 | | | |
| Alternative Investments: | | | | |
| Hedge funds | 220,472,664 | | | |
| Real asset funds | 16,889,748 | | | |
| Private equity funds | 156,756,139 | | | |
| Total investments at NAV | \$ 3,632,369,564 | | | |
| Total investments at fair value | \$ 4,888,287,616 | | | |
| Investment Derivatives: | | | | |
| Foreign currency future receivables | \$ 553,243 | \$ 553,243 | \$ - | \$ - |
| Foreign currency future payables | (7,646,378) | (7,555,720) | (90,658) | - |
| Total Investment Derivatives | \$ (7,093,135) | \$ (7,002,477) | \$ (90,658) | \$ - |

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

6. INVESTMENTS AT FAIR VALUE: (Continued)

| | December 31, 2019 | Fair Value Measurements Using | | |
|--|----------------------|---|---|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments by Fair Value Level: | | | | |
| Cash and cash equivalents | \$ 80,904,282 | \$ - | \$ - | \$ 80,904,282 |
| Fixed Income Investments: | | | | |
| Asset backed securities | 101,925,970 | - | 101,925,970 | - |
| Total fixed income securities | 101,925,970 | - | 101,925,970 | - |
| Equity Securities: | | | | |
| Domestic equities: | | | | |
| Large cap | 363,838,489 | 363,838,489 | - | - |
| Mid cap | 143,277,154 | 143,277,154 | - | - |
| Small cap | 112,735,653 | 112,735,653 | - | - |
| Total domestic equities | 619,851,296 | 619,851,296 | - | - |
| Foreign Equities: | | | | |
| Large cap | 39,754,387 | 39,754,387 | - | - |
| Mid cap | 14,997,089 | 14,997,089 | - | - |
| Small cap | 4,507,584 | 4,507,584 | - | - |
| Total foreign equities | 59,259,060 | 59,259,060 | - | - |
| Total equity securities | 679,110,356 | 679,110,356 | - | - |
| Total Investments at Fair Value Level | \$ 861,940,608 | \$ 679,110,356 | \$ 101,925,970 | \$ 80,904,282 |
| Investments measured at the Net Asset Value (NAV): | | | | |
| Fixed income funds | \$ 1,310,607,645 | | | |
| Equity funds | 1,691,433,497 | | | |
| Real estate funds | 234,057,199 | | | |
| Alternative investments | | | | |
| Hedge funds | 208,494,735 | | | |
| Real asset funds | 14,856,926 | | | |
| Private equity funds | 95,173,017 | | | |
| Total investments at NAV | 3,554,623,019 | | | |
| Total investments at fair value | \$ 4,416,563,627 | | | |
| Investment Derivatives: | | | | |
| Foreign currency future receivables | \$ - | \$ - | \$ - | \$ - |
| Foreign currency future payables | - | - | - | - |
| Total Investment Derivatives | \$ - | \$ - | \$ - | \$ - |

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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, 2020 is presented on the following table:

| | Net Asset Value December 31, 2020 | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
|----------------------------------|---|-------------------------|--|-----------------------------|
| Investments measured at the NAV: | | | | |
| Fixed Income Funds | \$ 1,244,659,479 | \$ - | Daily / Monthly / Quarterly | 1 - 90 Days |
| Equity Funds | 1,776,563,752 | - | Daily / Monthly | 1 - 30 Days |
| Real Estate Funds | 217,027,782 | 9,566,500 | Quarterly for PRISA funds- N/A for closed end funds | N/A |
| Alternative investments: | | | | |
| Hedge Funds | 220,472,664 | - | Semi Annual | 95 Days |
| Real Asset Funds | 16,889,748 | 51,348,490 | Not eligible | N/A |
| Private Equity Funds | 156,756,139 | 49,520,167 | Not eligible | N/A |
| Total Investments at NAV | <u>\$ 3,632,369,564</u> | <u>\$ 110,435,157</u> | | |

The unfunded commitments and redemption terms for investments measured at the net asset value (NAV) per share or its equivalent as of December 31, 2019 is presented on the following table:

| | Net Asset Value December 31, 2019 | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
|----------------------------------|---|-------------------------|--|--|
| Investments measured at the NAV: | | | | |
| Fixed Income Funds | \$ 1,310,607,645 | \$ - | Daily-Monthly | 1 Day - 1 Month |
| Equity Funds | 1,691,433,497 | - | Daily-Monthly | 3 - 15 Days |
| Real Estate Funds | 234,057,199 | 4,443,977 | Quarterly for PRISA funds- N/A for closed end funds | N/A |
| Alternative investments: | | | | |
| Hedge Funds | 208,494,735 | - | Semi Annual- Yearly | 95 days/July & August of preceding year |
| Real Asset Funds | 14,856,926 | 58,203,153 | Not eligible | N/A |
| Private Equity Funds | 95,173,017 | 79,207,526 | Not eligible | N/A |
| Total Investments at NAV | <u>\$ 3,554,623,019</u> | <u>\$ 141,854,656</u> | | |

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

6. INVESTMENTS AT FAIR VALUE: (Continued)

Equity Funds:

Equity funds consist of seven funds with various objectives and portfolio characteristics. There is one index strategy and six actively managed strategies. Two of the funds (one active and one passive) invest primarily in stocks of large U.S. domiciled companies. The remaining five funds invest in stocks of foreign based entities including both those based in developed and emerging markets. The fair value of the investments in these funds has been determined using the NAV per share (or equivalent) of the investments. Unit valuation ranges from daily to monthly and requirements for redemption of units range from advanced notice of one to fifteen days. Any amount redeemed will be paid within three trading days or four trading days after the beginning of the following month.

Fixed Income Funds:

Fixed income funds fall into one of three broad strategies within the fixed income allocation of the portfolio. The first strategy is focused primarily on investment grade bonds issued by companies domiciled in the United States, and benchmarked to the Barclays Aggregate Bond and/or Barclays Credit Indexes. There are two funds that fall in that category. The second strategy consists of one fund and focuses on investments in below investment grade sectors of the bond and fixed income markets including securitized issues, bonds, and bank loans. The third strategy is invested in bonds primarily of governments and corporations headquartered outside of the United States, some of which are rated below investment grade. In addition, this strategy will actively manage the currency exposure of its holdings in foreign bonds. There are two funds in this category.

Real Estate Funds:

Real estate funds consist of two open ended funds and five 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. Also included is a closed end partnership that invests in timber properties located in the United States. The partnership will be fully liquidated within 10-15 years of the initial investment.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

6. INVESTMENTS AT FAIR VALUE: (Continued)

Alternative Investments:

The portfolio invests in alternative assets to increase the level of overall diversification. The funds in this area fall into one of three general areas, hedge funds, real assets (infrastructure) outside of real estate, and private equity investments.

Hedge fund investments consists of one fund that employs multiple strategies (long/short equity, stat-arb, fixed income relative value, distressed debt, activism) to achieve capital appreciation and generate income. The fair value of the investments in these funds has been determined using the NAV per share (or equivalent) of the investments. Unit valuation is monthly and redemption of units requires advance notice of 95 days written notice or up to one year of fund commencement date. Any amount redeemed will be paid within thirty days of the annual redemption date.

Real asset investments are comprised of two funds. The two funds are invested in infrastructure closed end partnerships that will convert to open ended structures in June of 2024. At that point, there will be limited quarterly liquidity available to investors.

Private equity investments consist of seven 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 44 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, 2020 and 2019:

| | <u>2020</u> | <u>2019</u> |
|-------------------------|-------------------------|-------------------------|
| Deposits (bank balance) | \$ 29,267,228 | \$ 23,477,159 |
| Cash equivalents | 186,279,097 | 80,904,282 |
| Investments | 4,702,008,519 | 4,335,659,345 |
| | <u>\$ 4,917,554,844</u> | <u>\$ 4,440,040,786</u> |

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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

The System maintains cash balances deposited in financial institutions. During the years ended December 31, 2020 and 2019, the System's bank deposits were fully covered by federal depository insurance or pledged collateral.

Cash Equivalents:

Cash equivalents in the amount of \$186,279,097 and \$80,904,282 for December 31, 2020 and 2019, respectively, consist of balances invested in a money market mutual fund. The mutual fund account is established in the name of the System's custodian as an omnibus account for all custodial clients invested in the fund.

Investments:

In accordance with LRS 11:263, the System is authorized to invest under the Prudent-Man Rule. The Prudent-Man Rule requires each fiduciary of a retirement system and each board of trustees to act collectively on behalf of the System and to exercise the judgment and care under the circumstances then prevailing that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the permanent disposition of funds considering probable safety of capital as well as probable income. Notwithstanding the Prudent-Man Rule, the System shall not invest more than 55% of the total portfolio in common stock.

Concentration of Credit Risk:

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of the System's investment in a single issuer or market exposure.

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

| | December 31, <u>2020</u> | December 31, <u>2019</u> |
|-------------------------|-----------------------------|-----------------------------|
| Equities | 41%-56% | 40%-64% |
| Fixed income | 28%-44% | 30%-40% |
| Alternative investments | 0%-20% | 10%-16% |

At December 31, 2020 and 2019, the components of the System's investment portfolio fell within the allowable ranges.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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

Concentration of Credit Risk: (Continued)

The System had the following investments that represent 5% or more of the net position as of December 31, 2020 and 2019:

| | <u>2020</u> | <u>2019</u> |
|---------------------------------|----------------|----------------|
| <u>Stock Index Funds</u> | | |
| LSV Large Cap Value | \$ 360,169,974 | \$ 330,719,944 |
| SSGA - 1000 Index | 339,444,191 | 301,953,152 |
| Aberdeen Emerging Market | 279,520,963 | - |
| Artisan MidCap Growth | 250,682,172 | - |
| Loomis Large Cap Growth | 352,265,045 | - |
| <u>Fixed Income Funds</u> | | |
| Brandywine Global Opportunistic | 300,565,240 | 268,968,625 |
| Loomis Sayles Fixed Fund | 305,167,703 | 272,994,245 |
| Stone Harbor Emerging Market | - | 222,688,963 |

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, 2020 and 2019.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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

Credit Risk: (Continued)

| | <u>2020</u> | | <u>2019</u> |
|-----------|----------------------------|-----------|----------------------------|
| | Asset Backed Securities | | Asset Backed Securities |
| A | \$ 2,823,109 | A | \$ 762,609 |
| A- | 1,133,533 | A- | 38,908 |
| AA | 810,630 | AA | - |
| AA+ | 22,243,229 | AA+ | 38,254 |
| AAA | 793,356 | AAA | - |
| B | 1,233,972 | B | - |
| B- | 2,223,258 | B- | 268,725 |
| B+ | 476,100 | B+ | 1,045 |
| BB- | 15,341,467 | BB- | 538,952 |
| BBB | 3,326,935 | BBB | - |
| BBB- | 11,248,306 | BBB- | 788,635 |
| BBB+ | 1,321,178 | BBB+ | 125,302 |
| CC | 6,518,064 | CC | 6,913,093 |
| CCC | 2,628,791 | CCC | 5,635,229 |
| D | 4,028,681 | D | 4,850,170 |
| Not rated | 119,152,219 | Not rated | 81,965,048 |
| | <u>\$195,302,828</u> | | <u>\$101,925,970</u> |

Interest Rate Risk:

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

The following table shows the PERS' fixed income investments and maturities in actively managed accounts at December 31, 2020.

| Investment Type | Fair Value | Investment Maturities (in Years) | | | |
|----------------------------|-----------------------|----------------------------------|----------------------|----------------------|-----------------------|
| | | Less Than 1 | 1-5 | 6-10 | Greater Than 10 |
| Asset Backed Securities | \$ 195,302,828 | \$ 501,493 | \$ 17,587,962 | \$ 20,671,200 | \$ 156,542,173 |
| Total | <u>\$ 195,302,828</u> | <u>\$ 501,493</u> | <u>\$ 17,587,962</u> | <u>\$ 20,671,200</u> | <u>\$ 156,542,173</u> |

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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, 2019.

| Investment Type | Fair Value | Investment Maturities (in Years) | | | |
|----------------------------|-----------------------|----------------------------------|----------------------|-------------------|----------------------|
| | | Less Than 1 | 1-5 | 6-10 | Greater Than 10 |
| Asset Backed Securities | \$ 101,925,970 | \$ - | \$ 10,703,336 | \$ 987,647 | \$ 90,234,987 |
| Total | <u>\$ 101,925,970</u> | <u>\$ -</u> | <u>\$ 10,703,336</u> | <u>\$ 987,647</u> | <u>\$ 90,234,987</u> |

Fixed Income Funds:

The System also invests in fixed income funds in the amount \$1,244,659,479 and \$1,310,607,645 for the years ended December 31, 2020 and 2019, respectively, as follows:

- a. The System invested in the OFIGTC Senior Loan Fund. The fair market value of the fund was \$111,526,528 for the year ended December 31, 2019. The account was closed during the year ended December 31, 2020. The Fund invested at least 80% of its net assets in loans made to U.S. and foreign borrowers that are corporations, partnerships or other business entities, and in derivatives and other instruments that have economic characteristics similar to such securities. The Fund could invest without limits in loans that were below investment grade and could also invest in unrated loans. In 2019, the 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 .09 years.
- b. The System invested in Loomis Sayles Core Plus Full Discretion Fund. The fair market value of the fund was of \$305,167,703 and \$272,994,245 for the years ended December 31, 2020 and 2019, respectively. The Fund will invest at least 90% of the market value of its assets in fixed income securities. It may invest up to 10% of the market value of its assets in securities rated below investment grade, but it primarily invests in investment grade fixed income securities. The average credit quality of the Fund is A3 according to Moody's Investors Services. The average portfolio duration of the Loomis Sayles Core Plus Full Discretion Fund was 5.94 years.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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

Fixed Income Funds: (Continued)

- c. The System invested in the Prudential Private Place Bond Separate Account (PRIVEST). The fair market value of the investment was \$179,940,991 and \$127,393,305 for the years ended December 31, 2020 and 2019, 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 primarily from A+ to BBB-. The account had an average credit quality rating of BBB+ according to Standard & Poor's rating service. The average portfolio duration of PRIVEST was 6.30 years.
- d. The System invested in Brandywine Global Opportunistic Fixed Income Fund. The fair market value of the fund was \$300,565,240 and \$268,968,625 for the years ended December 31, 2020 and 2019, 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 3.72 years.
- e. The System invested in Stone Harbor Emerging Market Debt Fund. The fair market value of the fund was \$238,403,023 and \$222,688,963 for the years ended December 31, 2020 and 2019, 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 8.20 years.
- f. The System invested in Franklin Templeton Global Multisector Plus Trust. The fair market value of the investment was \$145,692,553 for the year ended December 31, 2019. The account was closed during the year ended December 31, 2020. The Fund's primary investments included fixed and floating debt securities and debt obligations of governments, and government-related or corporate issuers worldwide. The Fund could invest up to 50% of total net assets in bonds that were rated below investment grade or securities that were not rated. In 2019, the Trust had an average credit quality rating of A- by Standard & Poor's rating service. The average portfolio duration of the Franklin Templeton Global Multisector Plus Trust was (1.04) years.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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

Fixed Income Funds: (Continued)

- g. The System invested in Golden Tree Multi-Sector Cayman, Ltd. The fair market value of the investment was \$220,582,522 and \$161,343,426 for the years ended December 31, 2020 and 2019, respectively. 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 2.62 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, 2020 and 2019 for the cash equivalents balance in the amount of \$186,279,097 and \$80,904,282, respectively.

Foreign Currency Risk:

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

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.

The System invest in various foreign holdings. All securities held by the System are traded in the United States and denominated in U.S. dollars. However, the System is indirectly exposed to foreign currency risk through investment in various foreign equities and foreign fixed income funds and other foreign securities, through foreign currency exchange. The foreign currency hedge is designed to offset this risk. See note 11 for derivative investments.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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

Money-Weighted Rate of Return:

For the years ended December 31, 2020 and 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, for Plan A was 13.47% and 17.91% and for Plan B was 13.66% and 17.86%, 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. For each of the years ended, December 31, 2020 and 2019, four retirees were receiving postemployment benefits.

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 well as healthcare benefits paid in the period after employment. The OPEB plan does not provide termination benefits or termination payments for sick leave.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

10. OTHER POSTRETIREMENT BENEFITS: (Continued)

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 \$6,694 and \$5,594 for the years ended December 31, 2020 and 2019, respectively. Employer contributions to the OPEB Plan from the System were \$26,333 and \$18,764 for the years ended December 31, 2020 and 2019, 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:

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

In accordance with a motion authorized by the Board of Trustees at the June 18, 2019 meeting, the Board adopted the health insurance policy permitting payment of the employer rate for health insurance using the 75% participation rate schedule published by the OGB plan for any retiree who was employed by the System for 20 years or more and who maintained health insurance coverage through OGB for at least 10 years or more prior to their date of retirement.

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 50% of the Prudential Company of America premium. The retiree pays 100% of the Prudential Company of America premium for spousal coverage. The employer pays the remaining amount.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

10. OTHER POSTRETIREMENT BENEFITS: (Continued)

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

At December 31, 2020 and 2019, the System reported a total OPEB liability of \$620,166 and \$591,049, respectively. The total OPEB liability was measured as of July 1, 2020 and 2019, respectively, and was determined by an actuarial valuation as of that date.

For the years ended December 31, 2020 and 2019, the System recognized OPEB benefit of \$43,036 and \$28,358, respectively. As of December 31, 2020 and 2019, the System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>2020</u> | |
|--|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Changes in assumptions | \$ 686 | \$ 74,509 |
| Changes in proportion | 1,345 | - |
| Difference in expected and actual experience | 9,994 | 121,397 |
| Difference in expected and actual payments | - | 6,430 |
| Employer contributions subsequent to the measurement date | 3,347 | - |
| Total | <u>\$ 15,372</u> | <u>\$ 202,336</u> |

| | <u>2019</u> | |
|--|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Changes in assumptions | \$ - | \$ 108,094 |
| Changes in proportion | 2,744 | - |
| Difference in expected and actual experience | - | 165,400 |
| Difference in expected and actual payments | - | 10,000 |
| Employer contributions subsequent to the measurement date | 3,304 | - |
| Total | <u>\$ 6,048</u> | <u>\$ 283,494</u> |

Deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date of \$3,347 will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2021. 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:

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

10. OTHER POSTRETIREMENT BENEFITS: (Continued)

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

| Year Ended December 31 | Amount |
|---------------------------|-------------------|
| 2021 | \$ 81,952 |
| 2022 | 65,179 |
| 2023 | 45,430 |
| 2024 | (2,250) |
| | <u>\$ 190,311</u> |

Actuarial Methods and Assumptions:

The total OPEB liability in the July 1, 2020 and 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| Valuation date | July 1, 2020 | July 1, 2019 |
|---------------------------|---|---|
| Inflation | 2.8% | 2.8% |
| Salary Increases | Consistent with the pension valuation assumptions | Consistent with the pension valuation assumptions |
| Investment Rate of Return | 2.66%, based on the S&P Municipal Bond 20-Year High Grade Rate Index | 2.79%, based on the S&P Municipal Bond 20-Year High Grade Rate Index |
| Healthcare Cost Trend | 6.75% - 4.5% | 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 | 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 |

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

10. OTHER POSTRETIREMENT BENEFITS: (Continued)

Actuarial Methods and Assumptions: (Continued)

The actuarial assumptions used in the July 1, 2020 and 2019 valuation were based on the results of actuarial experience studies performed for the Statewide Retirement Systems. As a result of the 2020 and 2019 actuarial experience studies, the assumptions were adjusted in the July 1, 2020 and 2019 actuarial valuation to more closely reflect actual experience.

Discount Rate:

The discount rate used to measure the total OPEB liability at December 31, 2020 and 2019 was 2.66% and 2.79%, respectively. 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 2.66% in the July 1, 2020 valuation from 2.79% as of July 1, 2019.

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

The following presents the System's total OPEB liability, as well as what the System's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate as of December 31, 2020 and 2019:

| | <u>2020</u> | | |
|-------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | 1.0% Decrease <u>(1.66%)</u> | Discount Rate <u>(2.66%)</u> | 1.0% Increase <u>(3.66%)</u> |
| System's total OPEB liability | <u>\$ 719,228</u> | <u>\$ 620,166</u> | <u>\$ 540,206</u> |
| | <u>2019</u> | | |
| | 1.0% Decrease <u>(1.79%)</u> | Discount Rate <u>(2.79%)</u> | 1.0% Increase <u>(3.79%)</u> |
| System's total OPEB liability | <u>\$ 685,548</u> | <u>\$ 591,049</u> | <u>\$ 514,722</u> |

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

10. OTHER POSTRETIREMENT BENEFITS: (Continued)

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

The following presents the System's total OPEB liability, as well as what the System'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 as of December 31, 2020 and 2019:

| | <u>1.0%</u> <u>Decrease</u> | <u>2020</u> Healthcare Cost Trend <u>Rate</u> | <u>1.0%</u> <u>Increase</u> |
|-------------------------------|--------------------------------|--|--------------------------------|
| System's total OPEB liability | <u>\$ 540,479</u> | <u>\$ 620,166</u> | <u>\$ 719,678</u> |

| | <u>1.0%</u> <u>Decrease</u> | <u>2019</u> Healthcare Cost Trend <u>Rate</u> | <u>1.0%</u> <u>Increase</u> |
|-------------------------------|--------------------------------|--|--------------------------------|
| System's total OPEB liability | <u>\$ 515,661</u> | <u>\$ 591,049</u> | <u>\$ 685,023</u> |

Payables to the OPEB Plan:

The System reported \$-0- for outstanding contributions to the OPEB plan required for each of the years ended December 31, 2020 and 2019.

11. DERIVATIVES:

The System reports derivatives in accordance with Governmental Accounting Standards Board (GASB) Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. GASB 53 requires investment derivatives to be recorded at fair value and requires certain disclosures.

The System invests in futures contracts to mitigate exposure to foreign currency risk and improve the overall risk / return profile of the System's investment portfolio. The System invests in currency futures to hedge against the impact foreign currency fluctuations may have on the dollar value of its investments. In addition, the System invests in currencies that it anticipates will appreciate 2.50% – 3.00% per year on average in a dollar value similar to the notional amount of the currencies hedged. The fair values of the foreign currency futures contracts were estimated based on the present value of their estimated future cash flows.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

11. DERIVATIVES: (Continued)

Futures contracts are standardized, exchange-traded contracts to purchase or sell a specific financial instrument at a predetermined price. Gains and losses on futures contracts are settled daily based on a notional (underlying) principal value and do not involve an actual transfer of the specific instrument. The exchange assumes the risk that the counterparty will not pay and generally requires margin payments to minimize such risk. Futures are used primarily as a tool to increase or decrease market exposure to various asset classes. The System did not invest directly in derivatives during the year ended December 31, 2019. At December 30, 2020, the System has the following derivative instruments categorized as investment derivative instruments:

| 2020: | <u>Changes in Fair Value</u> | | <u>Fair Value</u> | | <u>Notional Amount</u> |
|--------------------------|------------------------------|----------------|------------------------|----------------|------------------------|
| | <u>Classification</u> | <u>Amount</u> | <u>Classification</u> | <u>Amount</u> | |
| Investment derivatives: | | | | | |
| Foreign Currency Futures | Net app/(depr) | \$ (7,646,378) | Investments payable | \$ (7,646,378) | \$ (361,703,640) |
| Foreign Currency Futures | Net app/(depr) | \$ 553,243 | Investments receivable | \$ 553,243 | \$ (33,236,463) |

Credit Risk:

All futures contracts held by the System at December 31, 2020, were exchange-traded, thereby minimizing counterparty credit risk through the use of a futures clearing merchant. The clearing merchant acts as an intermediary who contracts with the buyer and seller to facilitate trades. The National Securities Clearing Corporation (NSCC), a subsidiary of the Depository Trust Clearing Corporation (DTCC), oversees the responsibilities and laws governing the clearing merchants.

Foreign Currency Risk:

The System's futures contracts are denominated in U.S. dollars. Although denominated in U.S. dollars, the System's futures contracts are indirectly exposed to foreign currency risk, at December 31, 2020, due to currency fluctuations in exchanges rates.

Interest Rate Risk:

The System is not exposed to interest rate risk on foreign currency futures.

12. UNCERTAINTIES:

During March 2020, the World Health Organization declared the outbreak of novel coronavirus disease ("COVID-19") as a pandemic, and the disease continues to spread throughout the United States. As a result of the spread of COVID-19, economic uncertainties have arisen which may continue to impact the results of our operations and financial position. The related financial impact and duration cannot be reasonably estimated at this time.

REQUIRED SUPPLEMENTARY INFORMATION

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) - PLAN A
FOR THE SEVEN YEARS ENDED DECEMBER 31, 2020

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| Total Pension Liability: | | | | |
| Service cost | \$ 105,864,756 | \$ 103,278,431 | \$ 103,162,285 | \$ 96,851,197 |
| Interest | 266,019,266 | 258,973,110 | 253,635,577 | 246,511,966 |
| Changes of benefit terms | 34,252,925 | - | - | 26,860,777 |
| Differences between expected and actual experience | 56,919,551 | (39,482,931) | (4,746,111) | (40,626,421) |
| Changes of assumptions | 49,131,750 | - | 82,069,583 | 98,842,690 |
| Benefit payments | (214,886,274) | (199,534,313) | (191,685,061) | (186,762,347) |
| Refunds of member contributions | (10,631,201) | (12,208,207) | (11,486,631) | (11,051,467) |
| Other | 2,493,151 | 673,568 | (948,890) | 4,300,899 |
| Net change in total pension liability | 289,163,924 | 111,699,658 | 230,000,752 | 234,927,294 |
| Total pension liability - beginning | 4,096,496,036 | 3,984,796,378 | 3,754,795,626 | 3,519,868,332 |
| Total pension liability - ending (a) | <u>\$ 4,385,659,960</u> | <u>\$ 4,096,496,036</u> | <u>\$ 3,984,796,378</u> | <u>\$ 3,754,795,626</u> |
| Plan Fiduciary Net Position: | | | | |
| Contributions - employer | \$ 81,854,501 | \$ 72,984,730 | \$ 69,015,634 | \$ 77,029,442 |
| Contributions - member | 60,430,089 | 57,299,760 | 54,385,489 | 55,665,016 |
| Net investment income (loss) | 543,135,978 | 625,015,609 | (213,305,699) | 569,914,523 |
| Contributions - nonemployer contributing entities | 8,407,288 | 8,092,294 | 7,641,523 | 7,434,422 |
| Benefit payments | (214,886,274) | (199,534,313) | (191,685,061) | (186,762,347) |
| Refunds of member contributions | (10,631,201) | (12,208,207) | (11,486,631) | (11,051,467) |
| Administrative expenses | (1,590,764) | (1,495,334) | (1,676,178) | (1,427,221) |
| Other | 2,493,151 | 673,568 | (948,890) | 4,300,899 |
| Net change in plan fiduciary net position | 469,212,768 | 550,828,107 | (288,059,813) | 515,103,267 |
| Plan fiduciary net position - beginning | 4,091,788,575 | 3,540,960,468 | 3,829,020,281 | 3,313,917,014 |
| Plan fiduciary net position - ending (b) | <u>\$ 4,561,001,343</u> | <u>\$ 4,091,788,575</u> | <u>\$ 3,540,960,468</u> | <u>\$ 3,829,020,281</u> |
| Net pension liability (asset) - ending (a) - (b) | <u>\$ (175,341,383)</u> | <u>\$ 4,707,461</u> | <u>\$ 443,835,910</u> | <u>\$ (74,224,655)</u> |
| Plan fiduciary net position as a percentage of total pension liability | 104.00% | 99.89% | 88.86% | 101.98% |
| Covered payroll | \$ 668,200,008 | \$ 634,649,826 | \$ 600,135,948 | \$ 616,235,536 |
| Net pension liability as a percentage of covered payroll | N/A | 0.74% | 73.96% | N/A |

(Continued)

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) - PLAN A
FOR THE SEVEN YEARS ENDED DECEMBER 31, 2020

(Continued)

| | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|-------------------------|-------------------------|-------------------------|
| Total Pension Liability: | | | |
| Service cost | \$ 93,628,785 | \$ 92,179,543 | \$ 89,258,252 |
| Interest | 237,294,449 | 232,727,540 | 221,836,067 |
| Changes of benefit terms | - | - | 20,487,101 |
| Differences between expected and actual experience | (12,667,455) | (44,975,205) | (16,205,443) |
| Changes of assumptions | - | 78,202,025 | - |
| Benefit payments | (175,282,523) | (163,209,008) | (151,787,333) |
| Refunds of member contributions | (11,028,687) | (10,977,072) | (11,000,773) |
| Other | 101,867 | 883,237 | (222,109) |
| Net change in total pension liability | <u>132,046,436</u> | <u>184,831,060</u> | <u>152,365,762</u> |
| Total pension liability - beginning | <u>3,387,821,896</u> | <u>3,202,990,836</u> | <u>3,050,625,074</u> |
| Total pension liability - ending (a) | <u>\$ 3,519,868,332</u> | <u>\$ 3,387,821,896</u> | <u>\$ 3,202,990,836</u> |
| Plan Fiduciary Net Position: | | | |
| Contributions - employer | \$ 77,431,442 | \$ 84,459,009 | \$ 90,704,837 |
| Contributions - member | 53,518,453 | 51,488,106 | 50,375,250 |
| Net investment income (loss) | 238,615,848 | (18,772,102) | 149,043,734 |
| Contributions - nonemployer contributing entities | 7,386,897 | 7,276,289 | 7,137,180 |
| Benefit payments | (175,282,523) | (163,209,008) | (151,787,333) |
| Refunds of member contributions | (11,028,687) | (10,977,072) | (11,000,773) |
| Administrative expenses | (1,419,415) | (1,334,292) | (1,252,136) |
| Other | 101,867 | 12,203 | (1,089,446) |
| Net change in plan fiduciary net position | <u>189,323,882</u> | <u>(51,056,867)</u> | <u>132,131,313</u> |
| Plan fiduciary net position - beginning | <u>3,124,593,132</u> | <u>3,175,649,999</u> | <u>3,043,518,686</u> |
| Plan fiduciary net position - ending (b) | <u>\$ 3,313,917,014</u> | <u>\$ 3,124,593,132</u> | <u>\$ 3,175,649,999</u> |
| Net pension liability - ending (a) - (b) | <u>\$ 205,951,318</u> | <u>\$ 263,228,764</u> | <u>\$ 27,340,837</u> |
| Plan fiduciary net position as a percentage of total pension liability | 94.15% | 92.23% | 99.15% |
| Covered payroll | \$ 595,626,477 | \$ 577,451,897 | \$ 562,757,869 |
| Net pension liability as a percentage of covered payroll | 34.58% | 45.58% | 4.86% |

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

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) - PLAN B
FOR THE SEVEN YEARS ENDED DECEMBER 31, 2020

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|------------------------|-----------------------|-----------------------|------------------------|
| Total Pension Liability: | | | | |
| Service cost | \$ 11,056,703 | \$ 10,519,268 | \$ 10,443,125 | \$ 9,844,786 |
| Interest | 23,167,008 | 22,000,199 | 21,460,208 | 20,549,184 |
| Changes of benefit terms | 2,496,450 | - | - | 1,753,159 |
| Differences between expected and actual experience | 1,980,949 | 285,479 | (2,945,913) | (6,450,008) |
| Changes of assumptions | 4,489,680 | - | 4,117,485 | 8,837,618 |
| Benefit payments | (14,671,169) | (13,117,620) | (11,972,193) | (10,958,480) |
| Refunds of member contributions | (726,412) | (556,488) | (681,290) | (588,797) |
| Other | <u>(1,467,384)</u> | <u>(289,548)</u> | <u>1,350,992</u> | <u>1,310,623</u> |
| Net change in total pension liability | 26,325,825 | 18,841,290 | 21,772,414 | 24,298,085 |
| Total pension liability - beginning | <u>353,658,541</u> | <u>334,817,251</u> | <u>313,044,837</u> | <u>288,746,752</u> |
| Total pension liability - ending (a) | <u>\$ 379,984,366</u> | <u>\$ 353,658,541</u> | <u>\$ 334,817,251</u> | <u>\$ 313,044,837</u> |
| Plan Fiduciary Net Position: | | | | |
| Contributions - employer | \$ 8,589,896 | \$ 8,331,425 | \$ 7,846,175 | \$ 8,096,586 |
| Contributions - member | 3,300,858 | 3,180,013 | 3,047,834 | 2,920,617 |
| Contributions - nonemployer contributing entities | 1,515,833 | 1,394,483 | 1,311,932 | 1,269,869 |
| Net investment income (loss) | 48,501,333 | 54,407,447 | (18,484,521) | 48,062,503 |
| Benefit payments | (14,671,169) | (13,117,620) | (11,972,193) | (10,958,480) |
| Refunds of member contributions | (726,412) | (556,488) | (681,290) | (588,797) |
| Administrative expenses | (279,166) | (257,297) | (245,050) | (242,065) |
| Other | <u>(1,467,384)</u> | <u>(289,548)</u> | <u>1,350,992</u> | <u>1,310,624</u> |
| Net change in plan fiduciary net position | 44,763,789 | 53,092,415 | (17,826,121) | 49,870,857 |
| Plan fiduciary net position - beginning | <u>360,893,172</u> | <u>307,800,757</u> | <u>325,626,878</u> | <u>275,756,021</u> |
| Plan fiduciary net position - ending (b) | <u>\$ 405,656,961</u> | <u>\$ 360,893,172</u> | <u>\$ 307,800,757</u> | <u>\$ 325,626,878</u> |
| Net pension liability (asset) - ending (a) - (b) | <u>\$ (25,672,595)</u> | <u>\$ (7,234,631)</u> | <u>\$ 27,016,494</u> | <u>\$ (12,582,041)</u> |
| Plan fiduciary net position as a percentage of total pension liability | 106.76% | 102.05% | 91.93% | 104.02% |
| Covered payroll | \$ 114,531,947 | \$ 111,085,667 | \$ 104,615,667 | \$ 101,207,325 |
| Net pension liability as a percentage of covered payroll | N/A | N/A | 25.82% | N/A |

(Continued)

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) - PLAN B
FOR THE SEVEN YEARS ENDED DECEMBER 31, 2020
(Continued)

| | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|-----------------------|-----------------------|-----------------------|
| Total Pension Liability: | | | |
| Service cost | \$ 9,633,861 | \$ 8,544,264 | \$ 8,412,233 |
| Interest | 19,404,284 | 18,696,801 | 17,562,661 |
| Changes of benefit terms | - | - | 1,309,944 |
| Differences between expected and actual experience | (2,340,186) | (2,179,740) | (3,451,795) |
| Changes of assumptions | - | 3,098,805 | - |
| Benefit payments | (10,155,817) | (8,914,800) | (7,542,480) |
| Refunds of member contributions | (543,481) | (601,666) | (663,027) |
| Other | (159,841) | 484,797 | 555,593 |
| Net change in total pension liability | <u>15,838,820</u> | <u>19,128,461</u> | <u>16,183,129</u> |
| Total pension liability - beginning | <u>272,907,932</u> | <u>253,779,471</u> | <u>237,596,342</u> |
| Total pension liability - ending (a) | <u>\$ 288,746,752</u> | <u>\$ 272,907,932</u> | <u>\$ 253,779,471</u> |
| Plan Fiduciary Net Position: | | | |
| Contributions - employer | \$ 7,943,831 | \$ 8,676,229 | \$ 8,390,840 |
| Contributions - member | 2,874,226 | 2,805,634 | 2,629,127 |
| Contributions - nonemployer contributing entities | 1,209,345 | 1,194,705 | 1,176,417 |
| Net investment income (loss) | 19,716,857 | (1,801,444) | 11,734,154 |
| Benefit payments | (10,155,817) | (8,914,800) | (7,542,480) |
| Refunds of member contributions | (543,481) | (601,666) | (663,027) |
| Administrative expenses | (232,496) | (218,483) | (204,921) |
| Other | (159,841) | 461,478 | 555,593 |
| Net change in plan fiduciary net position | <u>20,652,624</u> | <u>1,601,653</u> | <u>16,075,703</u> |
| Plan fiduciary net position - beginning | <u>255,103,397</u> | <u>253,501,744</u> | <u>237,426,041</u> |
| Plan fiduciary net position - ending (b) | <u>\$ 275,756,021</u> | <u>\$ 255,103,397</u> | <u>\$ 253,501,744</u> |
| Net pension liability - ending (a) - (b) | <u>\$ 12,990,731</u> | <u>\$ 17,804,535</u> | <u>\$ 277,727</u> |
| Plan fiduciary net position as a percentage of total pension liability | 95.50% | 93.48% | 99.89% |
| Covered payroll | \$ 99,297,888 | \$ 96,402,089 | \$ 90,711,784 |
| Net pension liability as a percentage of covered payroll | 13.08% | 18.47% | 0.31% |

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

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY (ASSET) - PLAN A
FOR THE SEVEN YEARS ENDED DECEMBER 31, 2020

| | Total Pension Liability | Plan Fiduciary Net Position | Employers' Net Pension Liability (Asset) | Plan Fiduciary Net Position as a Percentage of Total Pension Liability | Covered Payroll | Employers' Net Pension Liability as a Percentage of Covered 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% |
| 2019 | \$ 4,096,496,036 | \$ 4,091,788,575 | \$ 4,707,461 | 99.89% | \$ 634,649,826 | 0.74% |
| 2020 | \$ 4,385,659,960 | \$ 4,561,001,343 | \$ (175,341,383) | 104.00% | \$ 668,200,008 | N/A |

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

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY (ASSET) - PLAN B
FOR THE SEVEN YEARS ENDED DECEMBER 31, 2020

| | Total Pension Liability | Plan Fiduciary Net Position | Employers' Net Pension Liability (Asset) | Plan Fiduciary Net Position as a Percentage of Total Pension Liability | Covered Payroll | Employers' Net Pension Liability as a Percentage of Covered 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% |
| 2019 | \$ 353,658,541 | \$ 360,893,172 | \$ (7,234,631) | 102.05% | \$ 111,085,667 | N/A |
| 2020 | \$ 379,984,366 | \$ 405,656,961 | \$ (25,672,595) | 106.76% | \$ 114,531,947 | N/A |

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

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
EMPLOYER AND NON-EMPLOYER CONTRIBUTING ENTITIES - PLAN A
FOR THE SEVEN YEARS ENDED DECEMBER 31, 2020

| <u>Date</u> | <u>Actuarially Determined Contribution</u> | <u>Contributions in Relation to the Actuarially Determined Contribution</u> | <u>Contribution Deficiency (Excess)</u> | <u>Covered Payroll</u> | <u>Contributions as a Percentage of Covered Payroll</u> |
|-------------|--|---|---|----------------------------|---|
| 2014 | \$ 94,496,545 | \$ 97,842,017 | \$ (3,345,472) | \$ 562,757,869 | 17.39% |
| 2015 | \$ 82,513,991 | \$ 91,735,298 | \$ (9,221,307) | \$ 577,451,897 | 15.89% |
| 2016 | \$ 70,025,994 | \$ 84,818,339 | \$ (14,792,345) | \$ 595,626,477 | 14.24% |
| 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% |
| 2019 | \$ 71,254,127 | \$ 81,077,024 | \$ (9,822,897) | \$ 634,649,826 | 12.78% |
| 2020 | \$ 90,257,666 | \$ 90,261,789 | \$ (4,123) | \$ 668,200,008 | 13.51% |

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 SEVEN YEARS ENDED DECEMBER 31, 2020

| <u>Date</u> | <u>Actuarially Determined Contribution</u> | <u>Contributions in Relation to the Actuarially Determined Contribution</u> | <u>Contribution Deficiency (Excess)</u> | <u>Covered Payroll</u> | <u>Contributions as a Percentage of Covered Payroll</u> |
|-------------|--|---|---|----------------------------|---|
| 2014 | \$ 9,507,318 | \$ 9,567,257 | \$ (59,939) | \$ 90,711,784 | 10.55% |
| 2015 | \$ 9,469,961 | \$ 9,870,934 | \$ (400,973) | \$ 96,402,089 | 10.24% |
| 2016 | \$ 8,421,102 | \$ 9,153,176 | \$ (732,074) | \$ 99,297,888 | 9.22% |
| 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% |
| 2019 | \$ 9,115,505 | \$ 9,725,908 | \$ (610,403) | \$ 111,085,667 | 8.76% |
| 2020 | \$ 10,067,512 | \$ 10,105,729 | \$ (38,217) | \$ 114,531,947 | 8.82% |

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 INVESTMENT RETURNS
FOR THE SEVEN YEARS ENDED DECEMBER 31, 2020

| <u>Fiscal Year End</u> | <u>Annual Money-Weighted Rate of Return*</u> | |
|----------------------------|--|---------------|
| | <u>Plan A</u> | <u>Plan B</u> |
| 2014 | 3.81% | 9.00% |
| 2015 | -2.72% | 2.01% |
| 2016 | 4.67% | 8.84% |
| 2017 | 13.86% | 18.02% |
| 2018 | -5.63% | -5.58% |
| 2019 | 17.91% | 17.86% |
| 2020 | 13.47% | 13.66% |

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 THREE YEARS ENDED DECEMBER 31, 2020

| Fiscal <u>Year*</u> | System's Beginning Total OPEB <u>Liability</u> | Service <u>Cost</u> | <u>Interest</u> | Differences between Expected and Actual <u>Experience</u> | Changes in <u>Assumptions</u> | Changes in <u>Proportion</u> | Differences between Expected and Actual <u>Payments</u> | <u>Contributions</u> | System's Ending Total OPEB <u>Liability</u> |
|------------------------|---|------------------------|-----------------|---|----------------------------------|---------------------------------|---|----------------------|--|
| 2018 | \$ 835,880 | \$ 27,370 | \$ 26,800 | \$ (8,672) | \$ (20,324) | \$ 5,542 | \$ (17,142) | \$ (8,163) | \$ 841,291 |
| 2019 | 841,291 | 25,744 | 25,657 | (202,536) | (86,896) | - | - | (12,211) | 591,049 |
| 2020 | 591,049 | 17,196 | 16,717 | 12,624 | 866 | - | - | (18,286) | 620,166 |

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 THE SYSTEM'S OPEB CONTRIBUTIONS
FOR THE THREE YEARS ENDED DECEMBER 31, 2020

| <u>Fiscal Year*</u> | <u>Actuarially Estimated Contributions</u> | <u>System's Actual Contributions</u> | <u>Contributions Deficiency (Excess)</u> | <u>Covered Payroll</u> | <u>Contributions as a Percentage of Covered Payroll</u> | <u>Total OPEB Liability as a Percentage of Covered Payroll</u> |
|-------------------------|--|--|--|----------------------------|---|--|
| 2018 | \$ 8,163 | \$ 12,096 | \$ (3,933) | \$ 311,604 | 3.88% | 269.99% |
| 2019 | 11,016 | 12,211 | (1,195) | 680,389 | 1.79% | 86.87% |
| 2020 | 18,286 | 25,825 | (7,539) | 813,406 | 3.17% | 76.24% |

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
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020 AND 2019

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 System.

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 payroll. The employers' net pension liability is the liability of contributing employers to members for benefits provided through the System. Covered payroll is the payroll on which contributions to the system are based.

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 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.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020 AND 2019

7. SCHEDULE OF OPEB CONTRIBUTIONS:

The difference between actuarially determined employer OPEB contributions and actual employer OPEB contributions received, and the percentage of employer OPEB contributions received to covered payroll, is presented in this schedule. The amounts presented in the schedule were determined as July 1 of the corresponding fiscal year.

8. CHANGES IN ACTUARIAL ASSUMPTIONS:

Pension Plan:

The following is a detailed description of the changes in actuarial assumptions 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 Annuitants | Salary Increases |
|-------------------|---------------------------|----------------|---|--|--|--|
| December 31, 2020 | 6.40% | 2.30% | 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 |
| December 31, 2019 | 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 |
| December 31, 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 |
| December 31, 2017 | 6.75% | 2.50% | RP-2000 Healthy Annuitant Sex Distinct 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% |
| December 31, 2016 | 7.00% | 2.50% | RP-2000 Healthy Annuitant Sex Distinct 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% |
| December 31, 2015 | 7.00% | 2.50% | RP-2000 Healthy Annuitant Sex Distinct 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% |
| December 31, 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 Mortality table | 5.75% |

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020 AND 2019

8. CHANGES IN ACTUARIAL ASSUMPTIONS: (Continued)

OPEB Plan:

The discount rate changed from 2.79% as of July 1, 2019 to 2.66% as of July 1, 2020 for the State of Louisiana Postemployment Benefit Plan.

Other changes in assumptions as of July 1, 2020 were as follows:

- Baseline per capita costs (PCCs) were updated to reflect 2020 claims and enrollment for the prescription drug costs and retiree contributions were updated based on 2021 premiums. 2020 medical claims and enrollment experience were reviewed but not included in the projection of expected 2021 plan costs. Due to the COVID-19 pandemic, this experience is not believed to be reflective of what can be expected in future years. Plan claims and premiums increased less than had been expected, which decreased the Plan's liability. In addition, the estimate of future EGWP savings was increased, based on an analysis of recent EGWP experience. This further reduced the Plan's liability.
- The Louisiana State Employee Retirement System (LASERS) and the Teachers' Retirement System of Louisiana (TRSL) have adopted new salary scale assumptions for the June 30, 2020 valuation. The economic assumptions were updated to reflect the updated salary scale assumptions. This slightly increased the Plan's liability. The Louisiana State Police Retirement System (LSPRS) and the Louisiana School Employees' Retirement System (LSERS) salary scale assumptions have not changed since the prior year.
- Several demographic assumptions have been updated based on a review of OPEB experience from July 1, 2017 through June 30, 2020:
 - Medical participation rates have been decreased since the previous valuation. This change decreased the Plan's liability.
 - The life participation rate has been decreased from 52% to 36% since the previous valuation, which decreased the Plan's liability.
 - The age difference between future retirees and their spouses has been updated since the previous valuation. This change increased the Plan's liability.
 - The assumed percent of participants assumed to be Medicare-eligible upon reaching age 65 has been updated since the previous valuation. This change increased the Plan's liability.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020 AND 2019

8. CHANGES IN ACTUARIAL ASSUMPTIONS: (Continued)

OPEB Plan: (Continued)

– Medical plan election percentages have been updated since the previous valuation. This change contributed towards the decrease in the Plan's liability associated with updating baseline per capita costs (PCCs) and premiums.

The discount rate changed from 2.98% as of July 1, 2018 to 2.79% as of July 1, 2019 for the State of Louisiana Postemployment Benefit Plan.

Other changes in assumptions as of July 1, 2019 were as follows:

- Baseline per capita cost (PCCs) were updated to reflect 2019 claims and enrollments and retiree contributions were updated based on 2020 premiums. Plan claims and premiums increased less than had been expected, which decreased the Plan's liability. In addition, the estimate of future EGWP savings was increased, based on an analysis of recent EGWP experience. This further reduced the Plan's liability.
- Life insurance contributions were updated based on updated schedules for 2020 monthly premiums rates, which reduced the Plan's liability.
- Then impact of the High Cost Excise Tax was removed. The high Cost Excise Tax was repealed in December 2019. This reduced the Plan's liability.
- The Louisiana State Employee Retirement System (LASERS) has performed a recent experience study and adopted new assumptions for the June 30, 2019 valuation, based on these studies. The demographic assumptions were updated to reflect the revised assumptions. This reduced the Plan's liability. The Louisiana State Police Retirement System (LSPRS), the Louisiana School Employees' Retirement System (LSERS), and the Teachers' Retirement System of Louisiana (TRSL) demographic assumptions have not changed since the prior year.

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 changes in assumptions as of July 1, 2018 were as follows:

- Baseline per capital costs were updated to reflect 2018 claims and enrollment and retiree contributions were updated based on 2019 premiums. The impact of the High Cost Excise Tax was revisited, reflecting updated plan premiums.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020 AND 2019

8. CHANGES IN ACTUARIAL ASSUMPTIONS: (Continued)

OPEB Plan: (Continued)

- The mortality assumptions for the Louisiana State Employees' Retirement System was updated from RP-2014 Healthy Annuitant and Employee tables for males and females with generational projections using projection scale MP-2017 to the RP-2014 Healthy Annuitant and Employee tables for males and females using projection scale MP-2018.
- The percentage of future retirees assumed to elect medical coverage was modified based on recent plan experience.

9. CHANGES IN BENEFIT TERMS:

Pension Plan:

During the year ended December 31, 2020, the Fund granted a 2.5% Cost of Living Adjustment (COLA) to retirees aged 62 and older, effective January 1, 2021. The actuarial cost of the COLA was included as a change of benefit terms in the Schedule of Changes in Net Pension Liability for the year ended December 31, 2020.

During the year ended December 31, 2017, the Fund granted a 2.5% Cost of Living Adjustment (COLA) to retirees aged 62 and older, effective January 1, 2018. The actuarial cost of the COLA was included as a change of benefit terms in the Schedule of Changes in Net Pension Liability for the year ended December 31, 2017.

During the year ended December 31, 2014, the Fund granted a 2.5% Cost of Living Adjustment (COLA) to retirees aged 62 and older, effective January 1, 2015. The actuarial cost of the COLA was included as a change of benefit terms in the Schedule of Changes in Net Pension Liability for the year ended December 31, 2014.

OPEB Plan:

There were no changes of benefit terms for the OPEB Plan during any of the years presented.

OTHER SUPPLEMENTARY INFORMATION

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
SUPPLEMENTARY INFORMATION
INDIVIDUAL PLANS' STATEMENTS OF FIDUCIARY NET POSITION
DECEMBER 31, 2020 AND 2019

| | <u>PLAN "A"</u> | | <u>PLAN "B"</u> | | <u>TOTAL</u> | |
|--|-------------------------|-------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| CURRENT ASSETS: | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> |
| Cash | \$ 62,940,442 | \$ 20,980,448 | \$ 5,926,027 | \$ 2,291,589 | \$ 68,866,469 | \$ 23,272,037 |
| Contribution receivables | 26,054,713 | 20,836,123 | 2,002,704 | 1,731,347 | 28,057,417 | 22,567,470 |
| Irregular contribution receivables | 1,558,926 | 2,130,805 | - | - | 1,558,926 | 2,130,805 |
| Accrued interest and dividends on investments | 1,560,962 | 986,461 | 132,259 | 112,935 | 1,693,221 | 1,099,396 |
| Investment receivables | 1,434,967 | 293,716 | 122,964 | 24,284 | 1,557,931 | 318,000 |
| Ad valorem and state revenue sharing receivable | 7,731,512 | 7,194,844 | 1,359,037 | 1,239,908 | 9,090,549 | 8,434,752 |
| Due (to) from other funds | 1,858,095 | (93,401) | (1,858,095) | 93,401 | - | - |
| Other current assets | 13 | 13 | 8,975 | 7,708 | 8,988 | 7,721 |
| TOTAL CURRENT ASSETS | <u>103,139,630</u> | <u>52,329,009</u> | <u>7,693,871</u> | <u>5,501,172</u> | <u>110,833,501</u> | <u>57,830,181</u> |
| CAPITAL ASSETS (NET OF DEPRECIATION) | <u>541,341</u> | <u>559,051</u> | <u>81,190</u> | <u>83,847</u> | <u>622,531</u> | <u>642,898</u> |
| INVESTMENTS: | | | | | | |
| Cash and cash equivalents | 150,880,268 | 55,298,109 | 35,398,829 | 25,606,173 | 186,279,097 | 80,904,282 |
| Equities | 2,444,927,061 | 2,189,588,989 | 205,972,818 | 180,954,864 | 2,650,899,879 | 2,370,543,853 |
| Fixed income | 1,328,813,395 | 1,305,050,509 | 111,148,912 | 107,483,106 | 1,439,962,307 | 1,412,533,615 |
| Real estate | 200,507,600 | 216,148,426 | 16,520,182 | 17,908,773 | 217,027,782 | 234,057,199 |
| Alternative investments | 363,167,434 | 293,747,848 | 30,951,117 | 24,776,830 | 394,118,551 | 318,524,678 |
| TOTAL INVESTMENTS | <u>4,488,295,758</u> | <u>4,059,833,881</u> | <u>399,991,858</u> | <u>356,729,746</u> | <u>4,888,287,616</u> | <u>4,416,563,627</u> |
| TOTAL ASSETS | <u>4,591,976,729</u> | <u>4,112,721,941</u> | <u>407,766,919</u> | <u>362,314,765</u> | <u>4,999,743,648</u> | <u>4,475,036,706</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Deferred outflows of resources related to OPEB | <u>15,372</u> | <u>6,048</u> | <u>-</u> | <u>-</u> | <u>15,372</u> | <u>6,048</u> |
| LIABILITIES: | | | | | | |
| Accounts payable | 2,683,935 | 2,437,318 | 221,780 | 207,366 | 2,905,715 | 2,644,684 |
| Benefits payable | 17,990,811 | 16,287,852 | 1,123,268 | 1,140,596 | 19,114,079 | 17,428,448 |
| Refunds payable | 1,219,692 | 1,161,370 | 34,461 | 55,055 | 1,254,153 | 1,216,425 |
| Investment payable | 8,273,818 | 178,331 | 730,449 | 18,576 | 9,004,267 | 196,907 |
| OPEB payable | 620,166 | 591,049 | - | - | 620,166 | 591,049 |
| TOTAL LIABILITIES | <u>30,788,422</u> | <u>20,655,920</u> | <u>2,109,958</u> | <u>1,421,593</u> | <u>32,898,380</u> | <u>22,077,513</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Deferred inflows of resources related to OPEB | <u>202,336</u> | <u>283,494</u> | <u>-</u> | <u>-</u> | <u>202,336</u> | <u>283,494</u> |
| NET POSITION - RESTRICTED FOR PENSION BENEFITS | <u>\$ 4,561,001,343</u> | <u>\$ 4,091,788,575</u> | <u>\$ 405,656,961</u> | <u>\$ 360,893,172</u> | <u>\$ 4,966,658,304</u> | <u>\$ 4,452,681,747</u> |

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
SUPPLEMENTARY INFORMATION
INDIVIDUAL PLANS' STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

| | <u>PLAN "A"</u> | | <u>PLAN "B"</u> | | <u>TOTAL</u> | |
|--|-------------------------|-------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> |
| ADDITIONS: | | | | | | |
| Contributions: | | | | | | |
| Member contributions | \$ 60,747,183 | \$ 57,394,430 | \$ 3,306,512 | \$ 3,183,696 | \$ 64,053,695 | \$ 60,578,126 |
| Employer contributions | 81,854,501 | 72,984,730 | 8,589,896 | 8,331,425 | 90,444,397 | 81,316,155 |
| Ad valorem taxes and revenue sharing funds | 8,407,288 | 8,092,294 | 1,515,833 | 1,394,483 | 9,923,121 | 9,486,777 |
| Total contributions | <u>151,008,972</u> | <u>138,471,454</u> | <u>13,412,241</u> | <u>12,909,604</u> | <u>164,421,213</u> | <u>151,381,058</u> |
| Investment income: | | | | | | |
| Net appreciation | | | | | | |
| in the fair value of investments | 497,997,567 | 577,007,139 | 44,531,523 | 50,255,730 | 542,529,090 | 627,262,869 |
| Dividends, interest, and other recurring income | 67,279,517 | 70,747,914 | 5,962,134 | 6,175,157 | 73,241,651 | 76,923,071 |
| Miscellaneous investment income | 549,020 | 173,408 | 69,070 | 14,448 | 618,090 | 187,856 |
| | <u>565,826,104</u> | <u>647,928,461</u> | <u>50,562,727</u> | <u>56,445,335</u> | <u>616,388,831</u> | <u>704,373,796</u> |
| Less: Investment expense: | | | | | | |
| Custodial fees | 259,723 | 206,792 | 45,654 | 35,637 | 305,377 | 242,429 |
| Money manager fees | 19,971,001 | 19,633,562 | 1,772,711 | 1,713,302 | 21,743,712 | 21,346,864 |
| Other investment expenses | 2,176,602 | 2,829,072 | 193,319 | 246,999 | 2,369,921 | 3,076,071 |
| Investment consultant | 282,800 | 243,426 | 49,710 | 41,950 | 332,510 | 285,376 |
| | <u>22,690,126</u> | <u>22,912,852</u> | <u>2,061,394</u> | <u>2,037,888</u> | <u>24,751,520</u> | <u>24,950,740</u> |
| Net investment income | <u>543,135,978</u> | <u>625,015,609</u> | <u>48,501,333</u> | <u>54,407,447</u> | <u>591,637,311</u> | <u>679,423,056</u> |
| Other additions: | | | | | | |
| Interest - transfers, refund payback | 1,555,866 | 1,062,986 | 65,208 | 15,952 | 1,621,074 | 1,078,938 |
| Transfers in from other systems | 1,408,489 | 1,116,560 | 146,892 | 66,135 | 1,555,381 | 1,182,695 |
| Miscellaneous income | 5,848 | 22,408 | 26 | 2,977 | 5,874 | 25,385 |
| OPEB benefit | 36,602 | 24,189 | 6,434 | 4,169 | 43,036 | 28,358 |
| Total other additions | <u>3,006,805</u> | <u>2,226,143</u> | <u>218,560</u> | <u>89,233</u> | <u>3,225,365</u> | <u>2,315,376</u> |
| Total | <u>697,151,755</u> | <u>765,713,206</u> | <u>62,132,134</u> | <u>67,406,284</u> | <u>759,283,889</u> | <u>833,119,490</u> |
| DEDUCTIONS: | | | | | | |
| Retirement, disability and survivor annuity benefits | 192,876,142 | 182,519,287 | 12,916,696 | 11,698,412 | 205,792,838 | 194,217,699 |
| DROP benefits | 22,010,132 | 17,015,026 | 1,754,473 | 1,419,208 | 23,764,605 | 18,434,234 |
| Transfers to/from plans | (1,579,623) | (178,107) | 1,579,623 | 178,107 | - | - |
| Refund of contributions | 10,631,201 | 12,208,207 | 726,412 | 556,488 | 11,357,613 | 12,764,695 |
| Transfers to other systems | 2,373,769 | 1,801,163 | 105,541 | 200,188 | 2,479,310 | 2,001,351 |
| Administrative expenses | 1,609,656 | 1,500,780 | 282,943 | 258,638 | 1,892,599 | 1,759,418 |
| Depreciation expense | 17,710 | 18,743 | 2,657 | 2,828 | 20,367 | 21,571 |
| Total deductions | <u>227,938,987</u> | <u>214,885,099</u> | <u>17,368,345</u> | <u>14,313,869</u> | <u>245,307,332</u> | <u>229,198,968</u> |
| NET INCREASE | 469,212,768 | 550,828,107 | 44,763,789 | 53,092,415 | 513,976,557 | 603,920,522 |
| NET POSITION - RESTRICTED FOR PENSION BENEFITS: | | | | | | |
| Beginning of year | 4,091,788,575 | 3,540,960,468 | 360,893,172 | 307,800,757 | 4,452,681,747 | 3,848,761,225 |
| END OF YEAR | <u>\$ 4,561,001,343</u> | <u>\$ 4,091,788,575</u> | <u>\$ 405,656,961</u> | <u>\$ 360,893,172</u> | <u>\$ 4,966,658,304</u> | <u>\$ 4,452,681,747</u> |

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF ADMINISTRATIVE AND INVESTMENT EXPENSES
BUDGET TO ACTUAL
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

| | 2020 | | | 2019 | | |
|-------------------------------------|---------------------|---------------------|----------------------------------|---------------------|---------------------|----------------------------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Variance (over) under</u> | <u>Budget</u> | <u>Actual</u> | <u>Variance (over) under</u> |
| <u>ADMINISTRATIVE EXPENSES:</u> | | | | | | |
| SALARIES AND RELATED EXPENSES: | | | | | | |
| Salaries | \$ 935,000 | \$ 932,314 | \$ 2,686 | \$ 870,000 | \$ 862,791 | \$ 7,209 |
| Retirement | 115,000 | 110,012 | 4,988 | 101,000 | 82,280 | 18,720 |
| Group hospitalization and dental | 88,000 | 70,686 | 17,314 | 85,000 | 65,916 | 19,084 |
| Medicare and payroll taxes | 14,000 | 12,976 | 1,024 | 13,000 | 11,994 | 1,006 |
| Total salaries and related expenses | <u>1,152,000</u> | <u>1,125,988</u> | <u>26,012</u> | <u>1,069,000</u> | <u>1,022,981</u> | <u>46,019</u> |
| PROFESSIONAL SERVICES: | | | | | | |
| Actuarial consultant | 228,000 | 220,020 | 7,980 | 241,000 | 224,465 | 16,535 |
| Accounting | 140,000 | 96,613 | 43,387 | 130,000 | 110,272 | 19,728 |
| Legal counsel | 90,000 | 66,108 | 23,892 | 85,000 | 75,047 | 9,953 |
| Computer programming | 90,000 | 81,470 | 8,530 | 65,000 | 60,439 | 4,561 |
| Medical board | 33,000 | 11,800 | 21,200 | 33,000 | 16,250 | 16,750 |
| Investigation | 14,000 | 11,859 | 2,141 | 13,000 | 12,787 | 213 |
| Total professional services | <u>595,000</u> | <u>487,870</u> | <u>107,130</u> | <u>567,000</u> | <u>499,260</u> | <u>67,740</u> |
| COMMUNICATIONS: | | | | | | |
| Printing | 21,000 | 11,268 | 9,732 | 21,000 | 12,538 | 8,462 |
| Telephone | 24,000 | 19,873 | 4,127 | 24,000 | 20,739 | 3,261 |
| Postage | 43,000 | 25,814 | 17,186 | 43,000 | 30,017 | 12,983 |
| Travel | 7,500 | 6,736 | 764 | 33,000 | 22,533 | 10,467 |
| Website | 3,000 | 2,125 | 875 | 3,000 | 1,530 | 1,470 |
| Per diem | 2,250 | 1,350 | 900 | 2,250 | 1,500 | 750 |
| Total communications | <u>100,750</u> | <u>67,166</u> | <u>33,584</u> | <u>126,250</u> | <u>88,857</u> | <u>37,393</u> |
| GENERAL OFFICE: | | | | | | |
| Building maintenance | 65,000 | 73,405 | (8,405) | 18,000 | 14,747 | 3,253 |
| Rent | 2,600 | 2,520 | 80 | 2,600 | 2,520 | 80 |
| Supplies | 15,000 | 25,175 | (10,175) | 15,000 | 18,671 | (3,671) |
| Dues and subscriptions | 23,000 | 22,274 | 726 | 23,000 | 21,481 | 1,519 |
| Equipment rental | 35,000 | 30,590 | 4,410 | 35,000 | 30,253 | 4,747 |
| Equipment maintenance | 18,000 | 14,756 | 3,244 | 18,000 | 15,373 | 2,627 |
| Insurance | 25,000 | 23,524 | 1,476 | 13,700 | 11,959 | 1,741 |
| Janitorial | 7,200 | 6,400 | 800 | 7,200 | 5,400 | 1,800 |
| Microfilm | 11,000 | 5,894 | 5,106 | 10,000 | 9,973 | 27 |
| Training | 3,000 | 1,281 | 1,719 | 12,500 | 12,304 | 196 |
| Utilities | 8,500 | 5,756 | 2,744 | 8,500 | 5,639 | 2,861 |
| Total general office | <u>213,300</u> | <u>211,575</u> | <u>1,725</u> | <u>163,500</u> | <u>148,320</u> | <u>15,180</u> |
| TOTAL ADMINISTRATIVE EXPENSES | <u>\$ 2,061,050</u> | <u>\$ 1,892,599</u> | <u>\$ 168,451</u> | <u>\$ 1,925,750</u> | <u>\$ 1,759,418</u> | <u>\$ 166,332</u> |
| INVESTMENT EXPENSES: | | | | | | |
| Custodial Bank | \$ 350,000 | \$ 305,377 | \$ 44,623 | \$ 300,000 | \$ 242,429 | \$ 57,571 |
| Investment consultant | 365,000 | 332,510 | 32,490 | 300,000 | 285,376 | 14,624 |
| TOTAL INVESTMENT EXPENSES | <u>\$ 715,000</u> | <u>\$ 637,887</u> | <u>\$ 77,113</u> | <u>\$ 600,000</u> | <u>\$ 527,805</u> | <u>\$ 72,195</u> |
| CAPITAL OUTLAYS | <u>\$ 15,000</u> | <u>\$ -</u> | <u>\$ 15,000</u> | <u>\$ 10,500</u> | <u>\$ -</u> | <u>\$ 10,500</u> |

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
SUPPLEMENTARY INFORMATION - PLAN "A"
STATEMENT OF CHANGES IN RESERVE BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

2020

| | ANNUITY SAVINGS | DROP | FUNDING DEPOSIT ACCOUNT | ANNUITY RESERVE | PENSION ACCUMULATION | TOTAL |
|---|--------------------|---------------|-------------------------------|--------------------|-------------------------|------------------|
| BALANCE - BEGINNING | \$ 476,258,585 | \$ 61,378,554 | \$ 83,972,205 | \$ 1,907,077,750 | \$ 1,563,101,481 | \$ 4,091,788,575 |
| REVENUES AND TRANSFERS: | | | | | | |
| Employee contributions | 60,747,183 | - | - | - | - | 60,747,183 |
| Employer contributions | - | - | - | - | 81,854,501 | 81,854,501 |
| Tax collector contributions | - | - | - | - | 8,273,549 | 8,273,549 |
| Revenue sharing contributions | - | - | - | - | 133,739 | 133,739 |
| Net investment income (loss) | - | 609,410 | 5,458,193 | - | 537,068,375 | 543,135,978 |
| Miscellaneous income | - | - | - | - | 5,848 | 5,848 |
| OPEB benefit | - | - | - | - | 36,602 | 36,602 |
| Transfer from Annuity Savings | - | - | - | 34,867,520 | - | 34,867,520 |
| Transfer from Annuity Reserve | - | 18,643,119 | - | - | - | 18,643,119 |
| Interest - transfers, refund payback | - | - | - | - | 1,555,866 | 1,555,866 |
| Transfer from another system | 439,576 | - | - | - | 968,913 | 1,408,489 |
| Transfer from other plans | - | - | - | - | 1,579,623 | 1,579,623 |
| Actuarial transfer | - | - | - | 347,080,285 | 34,252,925 | 381,333,210 |
| | 61,186,759 | 19,252,529 | 5,458,193 | 381,947,805 | 665,729,941 | 1,133,575,227 |
| EXPENDITURES AND TRANSFERS: | | | | | | |
| Refunds to terminated employees | 10,631,201 | - | - | - | - | 10,631,201 |
| Transfer to Annuity Reserve | 34,867,520 | - | - | - | - | 34,867,520 |
| Transfer to DROP | - | - | - | 18,643,119 | - | 18,643,119 |
| Pensions paid | - | - | - | 192,876,142 | - | 192,876,142 |
| Transfer to other plans | - | - | - | - | - | - |
| DROP benefits | - | 22,010,132 | - | - | - | 22,010,132 |
| Administrative expenses | - | - | - | - | 1,609,656 | 1,609,656 |
| Other postemployment benefits | - | - | - | - | - | - |
| Depreciation | - | - | - | - | 17,710 | 17,710 |
| Actuarial transfer | - | - | 34,252,925 | - | 347,080,285 | 381,333,210 |
| Transfers to another system | 648,907 | - | - | - | 1,724,862 | 2,373,769 |
| | 46,147,628 | 22,010,132 | 34,252,925 | 211,519,261 | 350,432,513 | 664,362,459 |
| NET INCREASE (DECREASE) | 15,039,131 | (2,757,603) | (28,794,732) | 170,428,544 | 315,297,428 | 469,212,768 |
| BALANCE - ENDING | \$ 491,297,716 | \$ 58,620,951 | \$ 55,177,473 | \$ 2,077,506,294 | \$ 1,878,398,909 | \$ 4,561,001,343 |

| <u>ANNUITY SAVINGS</u> | <u>DROP</u> | <u>FUNDING DEPOSIT ACCOUNT</u> | <u>ANNUITY RESERVE</u> | <u>PENSION ACCUMULATION</u> | <u>TOTAL</u> |
|------------------------|---------------|--------------------------------|------------------------|-----------------------------|------------------|
| \$ 460,908,951 | \$ 59,017,900 | \$ 78,847,141 | \$ 1,855,180,147 | \$ 1,087,006,329 | \$ 3,540,960,468 |
| 57,394,430 | - | - | - | - | 57,394,430 |
| - | - | - | - | 72,984,730 | 72,984,730 |
| - | - | - | - | 7,958,225 | 7,958,225 |
| - | - | - | - | 134,069 | 134,069 |
| - | 415,779 | 5,125,064 | - | 619,474,766 | 625,015,609 |
| - | - | - | - | 22,408 | 22,408 |
| - | - | - | - | 24,189 | 24,189 |
| - | - | - | 29,710,374 | - | 29,710,374 |
| - | 18,959,901 | - | - | - | 18,959,901 |
| - | - | - | - | 1,062,986 | 1,062,986 |
| 382,793 | - | - | - | 733,767 | 1,116,560 |
| - | - | - | - | 178,107 | 178,107 |
| - | - | - | 223,666,417 | - | 223,666,417 |
| 57,777,223 | 19,375,680 | 5,125,064 | 253,376,791 | 702,573,247 | 1,038,228,005 |
| 12,208,207 | - | - | - | - | 12,208,207 |
| 29,710,374 | - | - | - | - | 29,710,374 |
| - | - | - | 18,959,901 | - | 18,959,901 |
| - | - | - | 182,519,287 | - | 182,519,287 |
| - | - | - | - | - | - |
| - | 17,015,026 | - | - | - | 17,015,026 |
| - | - | - | - | 1,500,780 | 1,500,780 |
| - | - | - | - | - | - |
| - | - | - | - | 18,743 | 18,743 |
| - | - | - | - | 223,666,417 | 223,666,417 |
| 509,008 | - | - | - | 1,292,155 | 1,801,163 |
| 42,427,589 | 17,015,026 | - | 201,479,188 | 226,478,095 | 487,399,898 |
| 15,349,634 | 2,360,654 | 5,125,064 | 51,897,603 | 476,095,152 | 550,828,107 |
| \$ 476,258,585 | \$ 61,378,554 | \$ 83,972,205 | \$ 1,907,077,750 | \$ 1,563,101,481 | \$ 4,091,788,575 |

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
SUPPLEMENTARY INFORMATION - PLAN "B"
STATEMENT OF CHANGES IN RESERVE BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

2020

| | ANNUITY SAVINGS | DROP | FUNDING DEPOSIT ACCOUNT | ANNUITY RESERVE | PENSION ACCUMULATION | TOTAL |
|-------------------------------------|----------------------|---------------------|-------------------------------|-----------------------|-------------------------|-----------------------|
| BALANCE - BEGINNING | \$ 25,356,591 | \$ 6,272,148 | \$ 6,928,047 | \$ 123,183,681 | \$ 199,152,705 | \$ 360,893,172 |
| REVENUES AND TRANSFERS: | | | | | | |
| Employee contributions | 3,306,512 | - | - | - | - | 3,306,512 |
| Employer contributions | - | - | - | - | 8,589,896 | 8,589,896 |
| Net investment income (loss) | - | 62,186 | 450,323 | - | 47,988,824 | 48,501,333 |
| Tax collector contributions | - | - | - | - | 1,492,422 | 1,492,422 |
| Revenue sharing contributions | - | - | - | - | 23,411 | 23,411 |
| Miscellaneous income | - | - | - | - | 26 | 26 |
| OPEB benefit | - | - | - | - | 6,434 | 6,434 |
| Transfer from Annuity Savings | - | - | - | 1,164,305 | - | 1,164,305 |
| Transfer from Annuity Reserve | - | 1,794,122 | - | - | - | 1,794,122 |
| Transfer from another system | 45,498 | - | - | - | 101,394 | 146,892 |
| Transfer from other plans | - | - | - | - | - | - |
| Interest - transfers refund payback | - | - | - | - | 65,208 | 65,208 |
| Actuarial transfer | - | - | - | 28,508,574 | 2,496,450 | 31,005,024 |
| | <u>3,352,010</u> | <u>1,856,308</u> | <u>450,323</u> | <u>29,672,879</u> | <u>60,764,065</u> | <u>96,095,585</u> |
| EXPENDITURES AND TRANSFERS: | | | | | | |
| Refunds to terminated employees | 726,412 | - | - | - | - | 726,412 |
| Transfer to Annuity Reserve | 1,164,305 | - | - | - | - | 1,164,305 |
| Transfer to DROP | - | - | - | 1,794,122 | - | 1,794,122 |
| Pensions paid | - | - | - | 12,916,696 | - | 12,916,696 |
| Transfer to other plans | - | - | - | - | 1,579,623 | 1,579,623 |
| DROP benefits | - | 1,754,473 | - | - | - | 1,754,473 |
| Administrative expenses | - | - | - | - | 282,943 | 282,943 |
| OPEB expense | - | - | - | - | - | - |
| Depreciation | - | - | - | - | 2,657 | 2,657 |
| Transfers to another system | 22,581 | - | - | - | 82,960 | 105,541 |
| Actuarial transfer | - | - | 2,496,450 | - | 28,508,574 | 31,005,024 |
| | <u>1,913,298</u> | <u>1,754,473</u> | <u>2,496,450</u> | <u>14,710,818</u> | <u>30,456,757</u> | <u>51,331,796</u> |
| NET INCREASE (DECREASE) | <u>1,438,712</u> | <u>101,835</u> | <u>(2,046,127)</u> | <u>14,962,061</u> | <u>30,307,308</u> | <u>44,763,789</u> |
| BALANCE - ENDING | <u>\$ 26,795,303</u> | <u>\$ 6,373,983</u> | <u>\$ 4,881,920</u> | <u>\$ 138,145,742</u> | <u>\$ 229,460,013</u> | <u>\$ 405,656,961</u> |

2019

| <u>ANNUITY SAVINGS</u> | <u>DROP</u> | <u>FUNDING DEPOSIT ACCOUNT</u> | <u>ANNUITY RESERVE</u> | <u>PENSION ACCUMULATION</u> | <u>TOTAL</u> |
|----------------------------|--------------|--|----------------------------|---------------------------------|----------------|
| \$ 24,105,549 | \$ 5,586,212 | \$ 6,220,583 | \$ 113,726,264 | \$ 158,162,149 | \$ 307,800,757 |
| 3,183,696 | - | - | - | - | 3,183,696 |
| - | - | 303,126 | - | 8,028,299 | 8,331,425 |
| - | 36,360 | 404,338 | - | 53,966,749 | 54,407,447 |
| - | - | - | - | 1,371,140 | 1,371,140 |
| - | - | - | - | 23,343 | 23,343 |
| - | - | - | - | 2,977 | 2,977 |
| - | - | - | - | 4,169 | 4,169 |
| - | - | - | 1,368,115 | - | 1,368,115 |
| - | 2,068,784 | - | - | - | 2,068,784 |
| 30,659 | - | - | - | 35,476 | 66,135 |
| - | - | - | - | - | - |
| - | - | - | - | 15,952 | 15,952 |
| - | - | - | 21,856,498 | - | 21,856,498 |
| 3,214,355 | 2,105,144 | 707,464 | 23,224,613 | 63,448,105 | 92,699,681 |
| 556,488 | - | - | - | - | 556,488 |
| 1,368,115 | - | - | - | - | 1,368,115 |
| - | - | - | 2,068,784 | - | 2,068,784 |
| - | - | - | 11,698,412 | - | 11,698,412 |
| - | - | - | - | 178,107 | 178,107 |
| - | 1,419,208 | - | - | - | 1,419,208 |
| - | - | - | - | 258,638 | 258,638 |
| - | - | - | - | - | - |
| - | - | - | - | 2,828 | 2,828 |
| 38,710 | - | - | - | 161,478 | 200,188 |
| - | - | - | - | 21,856,498 | 21,856,498 |
| 1,963,313 | 1,419,208 | - | 13,767,196 | 22,457,549 | 39,607,266 |
| 1,251,042 | 685,936 | 707,464 | 9,457,417 | 40,990,556 | 53,092,415 |
| \$ 25,356,591 | \$ 6,272,148 | \$ 6,928,047 | \$ 123,183,681 | \$ 199,152,705 | \$ 360,893,172 |

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
DECEMBER 31, 2020 AND 2019

| | <u>2020</u> | <u>2019</u> |
|----------------------|---------------------|---------------------|
| Tammy Bufkin | \$ 300 | \$ 300 |
| Bruce Kelly | 300 | 300 |
| Julia Fisher-Perrier | 150 | - |
| Terrie Rodrigue | 300 | 300 |
| Sandy Treme | - | 300 |
| Phillip Bourgoyne | <u>300</u> | <u>300</u> |
| TOTAL | <u>\$ 1,350</u> | <u>\$ 1,500</u> |

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
DECEMBER 31, 2020

Agency Head Name: Terrie Rodrigue, Chairman of the Board

| <u>PURPOSE</u> | <u>AMOUNT</u> |
|-------------------|---------------|
| Per Diem | \$ 300 |
| Travel | 484 |
| Registration fees | - |
| Conference travel | <u>-</u> |
| TOTAL | <u>\$ 784</u> |



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

June 18, 2021

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, 2020 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 18, 2021.

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.

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A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the System's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 System'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 System'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, Chapman, Hogan and Parker, LLP

New Orleans, LA

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020 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

FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED
GOVERNMENTAL AUDITING STANDARDS:

None

SUMMARY OF PRIOR YEAR FINDINGS:

None