



2020

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2020



**City of Baton Rouge and Parish of East Baton Rouge
EMPLOYEES' RETIREMENT SYSTEM**

A Component Unit of the Consolidated Government of the
City of Baton Rouge and the Parish of East Baton Rouge, LA

CP
Employees'
Retirement System



**EMPLOYEES' RETIREMENT SYSTEM OF THE
CITY OF BATON ROUGE AND PARISH OF EAST BATON ROUGE
COMPREHENSIVE ANNUAL FINANCIAL REPORT-
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF
THE CITY OF BATON ROUGE AND PARISH OF EAST BATON ROUGE, LOUISIANA
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020**

JEFFREY R. YATES
RETIREMENT ADMINISTRATOR

OFFICE LOCATION

EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF BATON ROUGE
AND PARISH OF EAST BATON ROUGE
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PREPARED BY THE ADMINISTRATIVE AND
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RETIREMENT SYSTEM OF THE CITY OF BATON
ROUGE AND PARISH OF EAST BATON ROUGE

COVER AND DIVIDER DESIGN BY:

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**EMPLOYEES' RETIREMENT SYSTEM OF THE
CITY OF BATON ROUGE AND
PARISH OF EAST BATON ROUGE**

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EMPLOYEES' RETIREMENT SYSTEM**

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City of Baton Rouge and the Parish of East Baton Rouge, LA

CP
Employees'
Retirement System





Employees' Retirement System

City of Baton Rouge
Parish of East Baton Rouge

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Post Office Box 1471
Baton Rouge, Louisiana 70821

Phone: (225) 389-3272
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LETTER OF TRANSMITTAL

June 29, 2021

Board of Trustees
Employees' Retirement System of the
City of Baton Rouge and Parish
of East Baton Rouge
Post Office Box 1471
Baton Rouge, LA 70821

Dear Retirement Board Members:

It is a pleasure to again submit to you the Comprehensive Annual Financial Report (Annual Report) for the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge (the Retirement System, or System) for the fiscal year ended December 31, 2020. The Annual Report is submitted in accordance with Section 1:253 of the Retirement Ordinances, which requires an annual audit report. This section specifically mandates that the Board of Trustees shall have prepared and submitted annually to the Metropolitan Council, an audit report by an independent firm of certified public accountants.

Responsibility for the accuracy of financial statements and all disclosures rests with management of the Retirement Office. To the best of our knowledge and belief, all information is accurate and has been prepared by the administration and accounting staff in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). As a supplement to the financial statements, please refer to Management's Discussion and Analysis in the Financial Section.

As in past years, the format for the Comprehensive Annual Financial Report reflects separate disclosures in appropriate sections relative to the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge (CPERS) original trust and the Police Guarantee Trust (PGT). The 2020 Annual Report is divided into the following seven sections:

- The Introductory Section contains the letter of transmittal, a listing of the members of the Retirement Board of Trustees, a listing of the administrative staff and professional consultants, the Retirement System's organizational chart, the Certificate of Achievement for Excellence in Financial Reporting, legislative changes, and an overall plan summary.
- The Financial Section is composed of the Independent Auditors' Report, the Independent Auditors' 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*, Management's Discussion and Analysis, the System's Financial Statements, and Notes to the Financial Statements, followed by Required Supplementary Information and Supporting Schedules.
- The Investment Section is comprised of the Investment Consultant's Report on Investment Activity, the Statement of Investment Policies and Objectives, Investment Summary, charts showing the actual and target asset allocations, List of Investments, Investment Performance Measurements, Annual Rates of Return, Schedule of Investment Fees and a Schedule of Commissions Paid to Brokers.
- The Actuarial Section for the CPERS trust sets forth information applicable to the City-Parish Employees' Retirement System CPERS trust, and contains the actuary's certification letter, a summary of principal system provisions, a summary of actuarial assumptions and methods, a schedule of funding progress, a summary of actuarial accrued liabilities covered by actuarial value of assets, an analysis of actuarial gains and losses, active and retiree membership data, and other pertinent actuarial data.

- The Actuarial Section for the Police Guarantee Trust (PGT) is applicable only to the Police Guarantee Trust, and contains the actuary's certification letter, a summary of principal system provisions, a summary of actuarial assumptions and methods, a schedule of funding progress, a summary of actuarial accrued liabilities covered by actuarial value of assets, and active and retiree membership data.
- The Statistical Section displays data sources, assumptions and methodologies, trend information on selected data such as active, DROP, and retired members, amounts of benefits paid, System revenues and expenses, various statistical graphs, and a list of member employers that remit contributions to the Retirement System.
- The last section, Alternative Retirement Plans, contains information on the Retirement System's two additional alternative retirement plans: the Deferred Retirement Option Plan (DROP) and the Excess Benefit Plan.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The management of the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge (the Retirement System) has prepared its basic financial statements and is responsible for the integrity and fairness of the information presented. These statements may include amounts that are based on estimates and assumptions, which incorporate sound business practices. The Retirement System's accounting policies used in the preparation of these statements conform to accounting principles generally accepted in the United States of America. Financial information presented in all sections of the Annual Report is consistent with the basic financial statements. Management has made every effort to ensure that internal control and office policies and procedures have been maintained to provide assurance that transactions are authorized, assets safeguarded, and proper records maintained. Management has also provided the independent auditors with unrestricted access to all records, policies, and procedures during this audit.

DEFINITION AND PURPOSE OF ENTITY

The Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge, a defined benefit pension plan, was originally created by Council Ordinance No. 235 and Council Ordinance No. 276, effective December 31, 1953, to provide retirement allowances and other benefits for regular employees of the City of Baton Rouge. Police officers and firefighters were incorporated into the Retirement System effective January 1, 1956 by Council Ordinance No. 474. The Retirement System is governed by a seven member Board of Trustees, and all invested funds, cash and property are held in the name of the Plan for the exclusive benefit of the membership, both active and retired.

MAJOR INITIATIVES

Relative to investments, the Retirement System's Board passed a motion to completely restructure the investments of the Police Guarantee Trust, given that it is a closed system that cannot continue to invest similarly to the original CPERS trust. The restructure was targeted to increase the liquidity of the trust, to keep it diversified, and to lower management fees. The restructure was done by liquidating the current portfolios for each investment manager, and purchasing publicly traded iShares and mutual funds. The new portfolio is designed to give the trust exposure to US and global markets for both equity and fixed income. The funds selected for the PGT trust were iShares Total US Stock Market Index Fund, iShares MSCI Total International Index Fund, iShares US Aggregate Bond Index Fund, PIMCO Diversified Income Fund, and BlackRock Multi-Asset Income Fund. The City-Parish government, as plan sponsor, has also increased the contributions to the PGT, and is on a schedule, developed by the System's actuary, to adequately fund the PGT in the future.

The System paid out its fourteenth consecutive Supplemental Benefits Payment (SBP) to eligible retirees in September of 2020. It was again necessary to continue the scaled-back amounts established in 2012 in order to make meaningful distributions to qualifying retirees. The aggregate amount paid to 2,600 retirees totaled \$1.45 million, and no recipient received less than \$450. Future declarations and payments of the SBP will depend on availability of funds from excess investment revenues, ad-valorem tax receipts, and differentials in the annual Retirement Benefit Adjustment payments.

SERVICE EFFORTS AND ACCOMPLISHMENTS

The Retirement System continues to concentrate its efforts in providing the highest level of member service possible to both active and retired members. For the Retirement System, communication and service have always been the key elements to being successful. Increased awareness through improved communication, and technological advances have afforded us the opportunity and capability of continually providing more accurate and timely services such as the issuance of retirement benefit payments, electronic funds transfers, DROP distributions, DROP and contribution tax-deferred rollovers, supplemental funding of DROP accounts, Excess Benefit Plan payments, Supplemental Benefit Payments, refunds of member contributions, member counseling, retiree payroll-related changes, online access to DROP balances and account activity, and many more. Federal, state, and local laws affecting pensions frequently change, and the System must often change policies and procedures to accommodate the requirements of these laws.

As expected, payments to retirees, survivors, and beneficiaries continue to increase, and in 2020 the System paid out \$91.0 million in regular monthly benefits compared to \$87.9 million in 2019; an increase of 3.5%. Distributions of \$23.2 million were paid to participants from the Deferred Retirement Option Plan (DROP), as compared to \$24.1 million in 2019. This represented a decrease of 3.7%. Combined, CPERS and PGT paid out \$114.2 million to eligible retirees, survivors, and beneficiaries during the year, exclusive of separation benefits. Compared to \$112.0 million paid out in 2019, total benefits paid increased by 2.0%.

The average monthly benefit of CPERS retirees continued to increase as both salaries and the number of retirements increased. For 2020, retirees drew an average monthly benefit of \$2,144, which represented an increase of 1.9% over the 2019 average of \$2,104. For CPERS, the average monthly withdrawal for DROP funds was \$1,248, a decrease of 8.6% from 2019's average of \$1,365. The DROP interest rate was computed by the actuary as 5.0 percent, which helped encourage members to keep DROP funds on deposit. DROP withdrawals for CPERS included approximately \$1,740,000 in rollovers to qualified Individual Retirement Accounts (IRAs) or other qualified plans.

Also, during 2020, refunds were issued to 177 members who terminated employment, and to beneficiaries of deceased members, compared to 192 issued during 2019. Additionally, some former members chose to rollover the portion of their contributions that was tax-sheltered, into an IRA or another qualified plan. A total of 118 CPERS members retired during 2020, which represented a decrease from the 145 who retired in 2019. A total of 75 CPERS members entered DROP during 2020 compared to 92 during 2019.

INTERNAL CONTROL

In accordance with Board and management's goals and policies, the System maintains a system of internal control that provides reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and regarding the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of control should not exceed benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management. Each year the System's independent auditors consider the system of internal control over financial reporting as part of the auditing process. Accordingly, they issue the *Independent Auditors' 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*, included in the Financial Section.

ACCOUNTING SYSTEM

An explanation of the System's accounting policies is contained in Note 2 of the Notes to the Financial Statements. The basis of accounting, basis of estimates, methods used to value investments and property and equipment, and other significant financial policy information are also explained in detail in the Notes to the Financial Statements.

FUNDING

The funding requirements for the Retirement System are determined by the Retirement System's actuary through a required annual actuarial valuation. Required contributions are broken down between normal cost and amortization of unfunded accrued liability and then stated as a percentage of total system payroll.

Contributions from members remained at 9.5 percent during 2020 in conformance with the requirement of the Retirement Ordinances, which state that the employee contribution rate be set at 50 percent of the maximum employer contribution rate, not to exceed 9.5 percent. A blended employer contribution rate of 34.90 percent produced 2020 General Fund and non-General Fund/Other Employer contribution rates of 32.61 percent and 37.20 percent respectively.

The System maintains its goal of becoming a fully funded public employees' retirement system through collecting required retirement contributions, steady growth of the investment markets, and meeting investment performance objectives. CPERS' 2020 gross investment performance of 13.25% represented a continued trend in positive performance from the prior year, and was a much needed boost to funding, coming off a 2019 gross performance of more than 17%. In accordance with applicable accounting standards, the System's net position as a percent of the total pension liability increased to 68.78 percent when comparing the plan fiduciary net position to the total pension liability. The comparable number for 2019 was 65.47 percent. For the Police Guarantee Trust, when comparing the plan fiduciary net position to the total pension liability, the net position as a percent of the total pension liability for 2020 was 36.53 percent as compared to 2019 when it was 31.67 percent. The City-Parish, as plan sponsor, is ultimately responsible for funding the PGT.

CASH MANAGEMENT

Since 2003, CPERS has managed short-term cash through the use of a Short Term Investment Fund (STIF) managed by the custodian bank. Upon the recommendation of the investment consultant, cash is managed by Bank of New York/Mellon in the BNY/Mellon Collective Trust Government Short Term Investment Fund, which invests in high-quality, short-term securities issued or guaranteed by the U.S. government or by U.S. government agencies and instrumentalities. This cash represents the daily needs of the Retirement System, primarily for paying benefits to retirees, as well as uninvested cash in the separately managed accounts of the Retirement System's investment managers. Utilizing the daily "sweep account", the System is able to stay fully invested at all times.

INVESTMENTS

The investments of the Retirement System are described in the Statement of Investment Policies and Objectives as shown in summary on pages 87 through 91. The Retirement Board members have the fiduciary duty of overseeing the pension fund investments within the guidelines of the investment policy. Studies show that the most influential tool used by the Board to achieve maximum investment performance is that of asset allocation. With guidance from its investment consultant, the Board has adopted a policy, which currently includes investments in large and small-cap domestic equities, international equities, emerging markets equities, core, core-plus, and unconstrained fixed-income securities, real estate, short-term cash, hedge fund of funds, private equity, risk parity, and infrastructure. Within some of these allocations, both value and growth equity biases are utilized over both large and small capitalization stocks. Charts with the current asset allocations are shown on pages 92 through 94. During 2020, the System retained relationships with 22 of its investment managers. The performances of all the managers are measured against predetermined universally recognized indices (benchmarks) as recommended by the investment consultant. The System continues to rebalance the allocation of its portfolio to counter fair value changes that occur through fair value appreciation and depreciation, thereby ensuring that the asset mix remains within acceptable parameters and the portfolio remains true to the targeted asset allocation. As a separate legal trust, and a closed system, the PGT uses its own asset allocation, which now utilizes iShares and mutual funds, while still diversifying the trust's assets within highly liquid allocations. Separate investment reports are issued for the PGT showing performance as measured against standard benchmarks. Investment performance for the two trusts is measured separately and the assets for both are maintained separately. Investment return for CPERS' assets, gross of investment fees for 2020 was 13.25 percent with the three-year, and five-year returns being 7.95 percent and 9.78 percent respectively. For the PGT, the 2020 gross investment return was 8.83 percent, with the three-year and five-year returns being 5.65 percent and 7.46 percent respectively. A summary of the largest investment holdings in non-pooled accounts can be found on page 95.

INDEPENDENT AUDIT

Each year, independent auditors perform a financial audit in accordance with auditing standards generally accepted in the United States of America, and *Government Auditing Standards*. As part of their audit, the internal control structure of the Retirement System is considered. For the 2020 annual audit, the auditors were Postlethwaite & Netterville, Baton Rouge, Louisiana. Their opinion letter can be found in the Financial Section of this report.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge for its Comprehensive Annual Financial Report for the year ended December 31, 2019. This was the twenty-third consecutive year that CPERS has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

Once again, thanks are certainly due the Retirement Board of Trustees for continued commitment to the Retirement Office as evidenced by the support and resources provided. Your commitment as fiduciaries to providing excellent retirement benefits to the System's members, in a fiscally responsible manner is gratefully acknowledged. The System's staff remains committed to working with the Board in every way possible to improve the System for both the members and the participating employers.

Thanks also go to the Retirement Office staff for their continued efforts in making the 2020 Comprehensive Annual Financial Report the accurate and professional document it continues to be. While continuing to perform their regular duties in the most professional manner, they were dedicated to gathering data, inputting and typing, proofing and assembling this document. This is the twenty-fourth Annual Report prepared by the Retirement Office for submission to the GFOA, and we are confident that it will again be found deserving of the Certificate of Achievement for Excellence in Financial Reporting.



Jeffrey R. Yates, CPA
Retirement Administrator



Russell P. Smith, CPA
Assistant Retirement Administrator

2020
RETIREMENT BOARD OF TRUSTEES

Marsha J. Hanlon

Chairman and Mayoral Representative
Term: Appointed By Mayor-President

Mark J. LeBlanc

Metropolitan Council Representative
Term: 1/1/2017 – 12/31/2020

Joseph R. Toups

Metropolitan Council Representative
Term: 1/1/2017 – 12/31/2020

Brian K. Bernard

Regular Employees' Representative
Term: 5/26/2020 – 5/25/2024

David J. West

Regular Employees' Representative
Term: 1/1/2020 – 12/31/2023

Sergeant Neal Noel

Police Employees' Representative
Term: 11/16/2017 – 11/15/2021

Chief Britton Hines

Fire Employees' Representative
Term: 3/1/2020 – 2/29/2024

ADMINISTRATIVE STAFF

Jeffrey R. Yates, C.P.A.

Retirement Administrator

Russell P. Smith, C.P.A.

Assistant Retirement Administrator

Kyle Drago

Retirement Financial Manager

Mark Williams

Retirement Benefits Manager

Linda Verbois

Senior Administrative Specialist

Jeffrey Lagarde, C.P.A.

Chief Financial Analyst

Katherine Wesley

Financial Analyst

Marshall Reilly

Financial Analyst

Rae Labat

Financial Analyst

Salli Withers

Senior Retirement Analyst

Ana Paula Oby

Senior Retirement Analyst

Rebecca Delaughter

Senior Retirement Analyst

PROFESSIONAL CONSULTANTS

ACTUARY

Foster & Foster
13420 Parker Commons Blvd., Suite 104
Fort Myers, FL 33912

AUDITOR

Postlethwaite & Netterville, CPA's
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Baton Rouge, LA 70809

INVESTMENT CONSULTANT

AndCo
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Winter Park, FL 32789

LEGAL COUNSEL

Akers & Wisbar, LLC
8280 YMCA Plaza Drive, Building 8-C
Baton Rouge, LA 70810

MEDICAL CONSULTANT

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P. O. Box 83029
Baton Rouge, LA 70884-3029

IT CONSULTANT

Relational Systems Consultants
102 Emily Circle
Lafayette, LA 70508

COST ANALYSIS CONSULTANT

MGT Consulting Group
3800 Esplanade Way
Tallahassee, FL 32311

CUSTODIAN BANK

Bank of New York/Mellon
135 Santilli Highway
Everett, MA 01249

FIXED INCOME

Income Research and Management
100 Federal Street
Boston, MA 02110

Western Asset Management Company
385 East Colorado Boulevard
Pasadena, CA 91101

Fidelity Institutional Asset Management
900 Salem Street, Mailzone OT2N1
Smithfield, RI 02917

DOMESTIC EQUITY

BlackRock
400 Howard Street
San Francisco, CA 94105

INTECH

250 S. Australian Ave., Suite 1800
West Palm Beach, FL 33401

Hood River Capital Management, LLC
2373 PGA Blvd., Suite 200
Palm Beach Gardens, FL 33410

Dimensional Fund Advisors, Inc.
6300 Bee Cave Road – Building One
Austin, TX 78746

INTERNATIONAL EQUITY

Sprucegrove Investment Management Ltd.
181 University Avenue, Suite 1300
Toronto, Ontario, Canada, M5H 3M7

Segall Bryant & Hamill
540 W Madison Street – Suite 1900
Chicago, IL 60661

Highclere International Investors
253 Bayberry Lane
Westport, CT 06880

WCM Investment Management
281 Brooks Street
Laguna Beach, CA 92651

City of London Investment Group, PLC
The Barn
1125 Airport Road
Coatesville, PA 19320

PRIVATE EQUITY

Neuberger Berman
1290 Avenue of the Americas
New York, NY 10104

Morgan Stanley Investment Management
100 Front Street – 7th Floor
West Conshohocken, PA 19428

Top Tier Capital Partners, LLC
600 Montgomery Street, Suite 480
San Francisco, CA 94111

PROFESSIONAL CONSULTANTS (CONTINUED)

PRIVATE EQUITY, CONT'D

Drum Capital Management LLC
107 Elm Street, 10th Floor
Stamford, CT 06902

Fort Washington Investment Advisors
303 Broadway – Suite 1200
Cincinnati, OH 45202

Aberdeen Capital Management, LLC
1266 East Main Street, 5th Floor
Stamford, CT 06902

Franklin Park
251 St. Asaphs Road
Three Bala Plaza
Suite 500 West
Bala Cynwyd, PA 19004

MASTER LIMITED PARTNERSHIPS

Harvest Fund Advisors LLC
100 West Lancaster Avenue, 2nd Floor
Wayne, PA 19087

HEDGE FUND OF FUNDS

Magnitude Capital LLC
200 Park Avenue, 56th Floor
New York, NY 10166

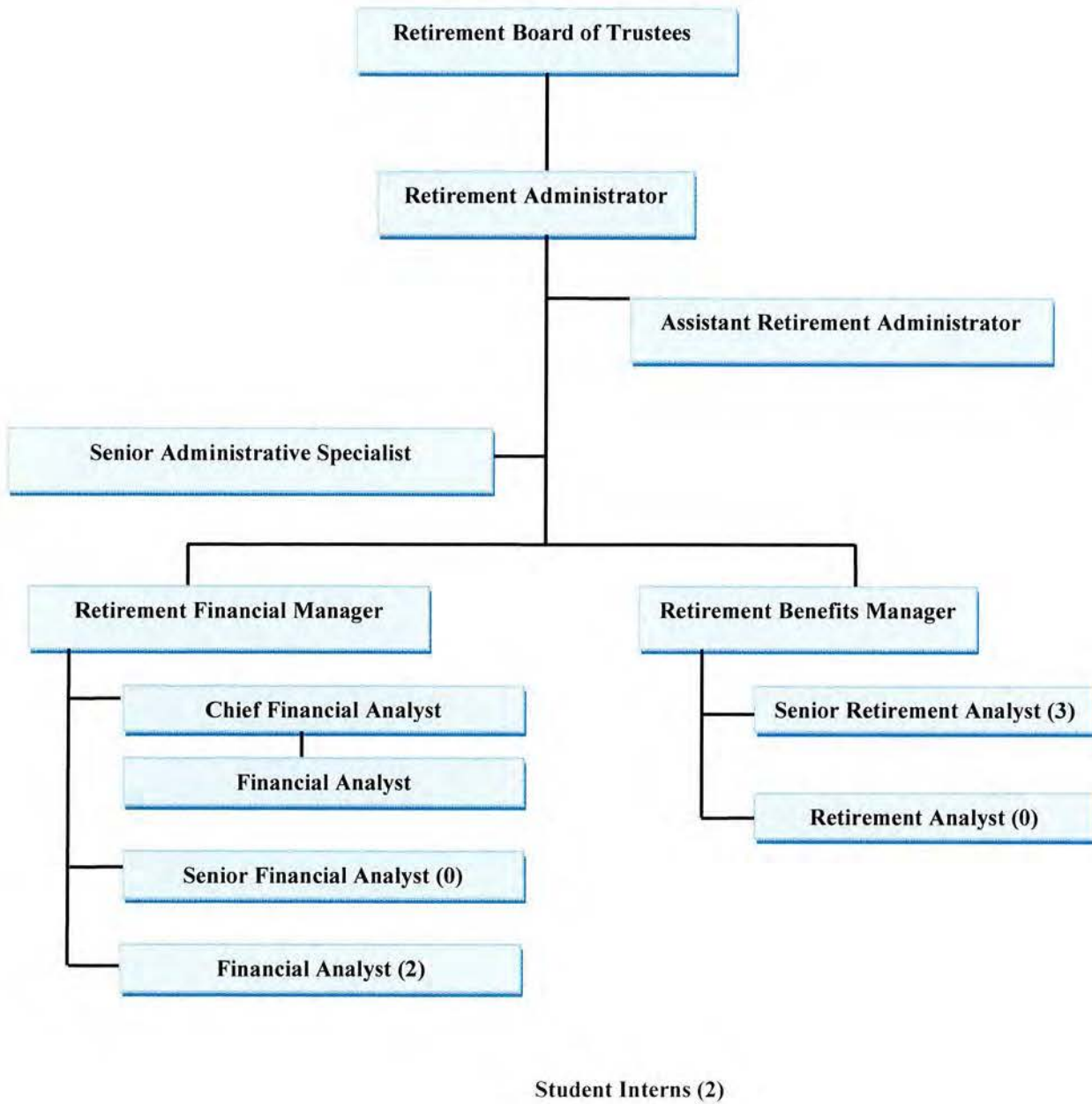
RISK PARITY

BlackRock
55 East 52nd Street
New York, New York 10055

REAL ESTATE EQUITY

Clarion Partners
230 Park Avenue, 12th Floor
New York, NY 10169

**RETIREMENT SYSTEM
ORGANIZATIONAL CHART**



See pages 12 and 13 for specific information regarding investment professionals. A schedule of fees paid to investment professionals can be found on page 101 in the Investment Section of this Annual Report. A schedule of commissions paid to brokers can be found on page 102 in the Investment Section of this Annual Report.



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Baton Rouge & Parish of East Baton Rouge
Employees' Retirement System
Louisiana**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Christopher P. Morill

Executive Director/CEO

PLAN SUMMARY

SERVICE RETIREMENT ALLOWANCES

- **For members hired prior to September 1, 2015**, 25 years or more, any age, 3% of average compensation for each year of service; maximum 90% of average compensation

For members hired on or after September 1, 2015, 25 years or more age 55 for non-public safety members and age 50 for public safety members, 3% of average compensation for each year of service; maximum 90% of average compensation.

- **For members hired prior to September 1, 2015**, 20 years or more, but less than 25 years, under age 55, 2.5% of average compensation for each year of service less a 3% penalty on the total retirement allowance for each year the member's age at retirement is under 55;

For members hired on or after September 1, 2015, 20 years or more, but less than 25 years, a retirement allowance reduced to an actuarial equivalent benefit for commencement prior to the attained age of 55 for non-public safety members and age 50 for public safety members.

- **For members hired prior to September 1, 2015**, 10 years or more, but less than 25 years, age 55, 2.5% of average compensation for each year of service.

For members hired on or after September 1, 2015, 10 years or more, but less than 25 years, age 60 for non-public safety and age 55 for public safety, 2.5% of average compensation for each year of service.

- **For members hired prior to September 1, 2015**, 10 years or more, but less than 25 years, under age 55, 2.5% of average compensation for each year of service upon attaining age 55.

For members hired on or after September 1, 2015, 10 years or more, but less than 25 years, under age 60 for non-public safety members and age 55 for public safety members, 2.5% of average compensation for each year of service upon attaining 60 for non-public safety members and age 55 for public safety members

OPTIONAL RETIREMENT ALLOWANCES

- Member may elect a reduced retirement allowance and designate any person to receive the balance of his member contributions in the event member dies before receiving retirement benefits exceeding the amount of his member contributions as of the date of his retirement.
- Member may elect a reduced retirement allowance and designate any person or persons to receive a survivor's benefit certified by the retirement system actuary to be of equivalent actuarial value.

DISABILITY RETIREMENT ALLOWANCES

- Ordinary disability, minimum 10 years of service required, minimum 50% of average compensation; additional 2.5% of average compensation for each year of service in excess of 20 years.
- Service-connected disability, no minimum service requirement, minimum 50% of average compensation; additional 1.5% of average compensation for each year of service in excess of 10 years.

SURVIVOR BENEFITS

- The surviving spouse of a contributing member eligible for retirement, or who has at least 20 years of service, receives an actuarially computed benefit for life; or a refund of member contributions.

PLAN SUMMARY (CONTINUED)

- The surviving spouse of a contributing member not eligible for retirement receives a monthly benefit of \$600 for life or until remarriage, whichever occurs first; or a refund of member contributions limited to the amount remaining after the payment of minor child or unmarried dependent parent benefits, if any.
- **For members hired prior to September 1, 2015,** the surviving spouse of a service retiree or a service-connected disability retiree receives a monthly benefit of 50% of the service retiree or service-connected disability retiree benefit for life, provided that the surviving spouse was either (1) legally married to the retiree on his date of service retirement or (2) legally married to the retiree for at least 2 years prior to the retiree's death.

For members hired on or after September 1, 2015, the surviving spouse of a service retiree or service-connected disability retiree who elected an optional allowance receives the monthly benefit provided for under that optional allowance.

- **For members hired prior to September 1, 2015, the** surviving spouse of a DROP participant receives a monthly benefit of 50% of the DROP participant benefit for life, provided that the surviving spouse was either (1) legally married to the DROP participant on the effective date of his DROP participation or (2) legally married to the DROP participant for at least 2 years prior to the DROP participant's death.

For members hired on or after September 1, 2015, the surviving spouse of a DROP participant who elected an optional allowance receives the monthly benefit provided for under that optional allowance. .

- Minor child or children of contributing member receive a monthly benefit of \$150 per child until age 18, maximum benefit of \$300 if survived by 2 or more.

DEFERRED RETIREMENT OPTION PLAN (DROP)

- **For members hired prior to September 1, 2015,** member must have not less than 25 or more than 30 years of service, regardless of age, to be eligible for up to 5 year participation, or combined service and DROP participation not exceeding 32 years, whichever is less.

For members hired on or after September 1, 2015, must have not less than 25 years or more than 33 years of service at age 55 for non-public safety members or age 50 for public safety members, to be eligible for up to 5 year participation, except that members who do not reach the minimum required retirement age must exercise the option to participate in the DROP no later than 60 days following the attainment of age 55 for non-public safety member or age 50 for public safety members to be eligible to participate up to 5 years.

- **For members hired prior to September 1, 2015,** members with at least 10 years, but less than 25 years of service, and who are age 55 or older are eligible for up to 3 year participation.

For members hired on or after September 1, 2015, member with at least 10 years, but less than 25 years of service, and are age 60 for non-public safety members or age 55 for public safety are eligible for up to 3 year participation.

- Members may participate in DROP only once and are prohibited from becoming a contributing member of the system after participation.
- For DROP participants prior to July 1, 1991 who do not terminate employment at the end of participation, interest earnings on the account are discontinued until termination of employment, and no funds are payable from the account until such termination.
- For DROP participants on or after July 1, 1991 who do not terminate employment at the end of participation, all interest earnings that would have been credited during participation are forfeited, and all funds are immediately distributed to the member or rolled tax-deferred to another qualified pension plan at the member's option.

PLAN SUMMARY (CONTINUED)

- Upon employment termination, it is mandatory to roll severance/separation pay into an existing DROP account for members who are non-public safety officers age 55 or older, while the members younger than age 55 are given the option to roll the funds into the DROP or another qualified plan, or take receipt of the funds. For public safety officers the qualifying age is 50.

ROLLOVER OF ELIGIBLE DISTRIBUTIONS

- Certain distributions from DROP accounts are eligible for rollover to an Individual Retirement Account (IRA), Code Sec. 401 (a) qualified trust, 408 (b) individual retirement annuity, 403(a)&(b) annuity plans, 457 or other qualified plans.

MEMBERS WHO TRANSFERRED MEMBERSHIP TO MPERS

- For members who transferred their membership to the Municipal Police Employees' Retirement System (MPERS) the summary of benefits is generally as shown above. Because of the differences in particular CPERS and MPERS benefit provisions, variations may exist. Only provisions specifically set forth in the contract entitled *Agreement and Guarantee of Retirement Rights and Benefits* are guaranteed by CPERS to transferred members.



**City of Baton Rouge and Parish of East Baton Rouge
EMPLOYEES' RETIREMENT SYSTEM**

A Component Unit of the Consolidated Government of the
City of Baton Rouge and the Parish of East Baton Rouge, LA

CP
Employees'
Retirement System





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A Professional Accounting Corporation

INDEPENDENT AUDITORS' REPORT

Members of the Board of Trustees
Employees' Retirement System of the
City of Baton Rouge and Parish of East Baton Rouge
Baton Rouge, Louisiana:

Report on the Financial Statements

We have audited the accompanying financial statements of the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge, which consists of the City-Parish Employees' Retirement System Trust (CPERS Trust) and the Police Guarantee Trust (PGT), collectively referred to as the Retirement System, a component unit of the City of Baton Rouge – Parish of East Baton Rouge, as of and for the year ended December 31, 2020, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Retirement System, as of December 31, 2020 and the changes in its financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Retirement System's December 31, 2019, financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 29, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedules of Changes in Net Pension Liability, Schedules of Employers' Net Pension Liability, Schedule of Investment Returns, the Schedule of Employer Contributions and related notes, and the Schedule of Changes in Total OPEB Liability listed as Required Supplemental Information in the Table of Contents 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 basic financial statements of the Retirement System. The accompanying financial information as listed in the Table of Contents as Schedules of Administrative Expenses, Schedules of Investment Expenses, Schedules of Payments to Consultants, and the Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Retirement Administrator are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The accompanying Introductory Section, the financial and explanative information in the Investment Section, the Actuarial Section, the Statistical Section and the Alternative Retirement Plan section are also presented for purposes of additional analysis and are not a required part of the basic financial statements. The information within those sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2021 on our consideration of the Retirement System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements 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 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 the Retirement System's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Baton Rouge, Louisiana
June 29, 2021



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A Professional Accounting Corporation

**INDEPENDENT AUDITORS' 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**

Members of the Board of Trustees
Employees' Retirement System of the
City of Baton Rouge and Parish of East Baton Rouge:

We have audited, 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, the financial statements of the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge, which consists of the City-Parish Employees' Retirement System Trust (CPERS Trust) and the Police Guarantee Trust (PGT), collectively referred to as the Retirement System, as of and for the year ended December 31, 2020, and the related notes to the financial statements, and have issued our report thereon dated June 29, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Retirement System's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Retirement System's internal control. Accordingly, we do not express an opinion on the effectiveness of the Retirement System's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Retirement System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 the results of that testing, and not to provide an opinion on the effectiveness of the Retirement 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite & Netterville

Baton Rouge, Louisiana
June 29, 2021

**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF BATON ROUGE AND
PARISH OF EAST BATON ROUGE**

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is management's discussion and analysis of the financial performance of the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge (the System). It is presented as a narrative overview and analysis for the purpose of assisting the reader with interpreting key elements of the financial statements, notes to the financial statements, required supplementary information, and supporting schedules for the current year.

FINANCIAL HIGHLIGHTS

2020 carried a great deal of uncertainty in the investment markets as the COVID-19 pandemic brought unexpected volatility to the global markets. The markets trended steeply downward early in the year as the significance of the pandemic came to light, causing many businesses to close their doors and recreating the way many other businesses operated. To the surprise of many, the downturn bottomed out in the first quarter, followed by a steady upward bullish trend that propelled investments into positive territory for the remainder of the year. The System's investments performed at a 13.25% level with US equities leading the charge, followed by global equities. All investment categories were in positive territory by year end, including private investments at 14.37%. Unlike 2019, the System's investments outperformed the Total Fund Policy Index, indicating that active management added value in the process. The Police Guarantee Trust was overhauled in structure in 2020 to be comprised of iShares and index funds that allowed for greater liquidity and lower fees. The PGT saw a gross investment performance of 8.83% for the year.

With the number of retirees continuing to increase in 2020, the retirement benefit payments, including DROP withdrawals, increased by 2.2%. Also included in benefit payments was the payment of the fourteenth consecutive Supplemental Benefit Payment of \$1.4 million. Refunds and withdrawals increased significantly at a rate of 21.8%.

Overall, CPERS' funding level at December 31, 2020, using amounts reported in the financial statements, was 68.78% versus the December 31, 2019 level of 65.47%, as measured in accordance with GASB 67 standards. However, on an actuarial funding basis, CPERS' funded percentage at December 31, 2020 increased to 65.60% versus the December 31, 2019 funding level of 65.30%. For the PGT, the 2020 plan fiduciary net position as a percentage of total pension liability increased to 36.53% from the 2019 level of 31.67% as measured in accordance with GASB 67 standards, using amounts reported in the financial statements. On a funding basis, the 2020 PGT funded level was 34.30% versus the 2019 level of 32.30%.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's discussion and analysis is intended to serve as an introduction to the System's basic financial statements, together with the related notes to the financial statements, required supplementary information, and the supporting schedules, all of which are described below:

Statement of Fiduciary Net Position – This statement reports the System's assets, liabilities, deferred outflows of resources, deferred inflows of resources, and resulting fiduciary net position. The original CPERS trust and Police Guarantee Trust are shown both separately and combined. Although not a comparative financial statement per se, it shows the prior year comparative combined totals by line item. This statement should be read with the understanding that it discloses the System's financial position as of December 31, 2020 and provides comparative combined totals at December 31, 2019.

**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF BATON ROUGE AND
PARISH OF EAST BATON ROUGE**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Statement of Changes in Fiduciary Net Position – This statement reports the results of operations during the calendar year 2020 with comparative combined totals for 2019, categorically disclosing the additions to and deductions from assets held in trust for pension benefits. The net increase in fiduciary position on this statement supports the change in fiduciary position on the Statement of Fiduciary Net Position. As with prior years' formats, the original CPERS trust and Police Guarantee Trust are shown both separately and combined, and with a column showing the prior year comparative combined totals, although they are not a comparative financial statements by definition.

Notes to the Financial Statements - The financial statement notes provide additional information that is essential to a complete understanding of the data set forth in the financial statements. They are considered an integral part of the financial statements. A general description of the information provided in the notes follows:

- Note 1 (Plan Description) provides a general description of the System, including the original CPERS trust and the Police Guarantee Trust. Information is included regarding plan membership, a description of retirement benefits, a description of the Deferred Retirement Option Plan (DROP), and retirement contributions.
- Note 2 (Summary of Significant Accounting Policies) provides information disclosing certain accounting methods and policies used in determining amounts shown on the financial statements. Included in this note is information relative to the basis of accounting, and the determination of estimates, including System investments and property and equipment.
- Note 3 (Cash and Investments) describes System investments and their relationship with the custodian bank. This note includes information regarding the System's cash and investments, use of the custodian's Short Term Investment Fund (STIF), bank balances and their collateralization, fair value disclosures of investments, and types of investment risk and measurement of that risk for the System's investment portfolio.
- Note 4 (Actuarial GASB 67 Disclosures - CPERS) provides detailed data relative to the actuarial status of the original CPERS trust, including pension liability, funded percentage, actuarial assumptions, plan membership, long-term expected rates of return on investments, discount rate, and sensitivity to discount rate changes.
- Note 5 (Actuarial GASB 67 Disclosures - PGT) also provides detailed data relative to the actuarial status of the Police Guarantee Trust fund, including pension liability, funded percentage, actuarial assumptions, plan membership, long-term expected rates of return on investments, discount rate, and sensitivity to discount rate changes.
- Note 6 (Other Postemployment Benefits (OPEB)) provides information and data regarding the City-Parish government's postemployment benefits including the plan description, current funding policy, total OPEB liability, changes to the total OPEB liability of the plan, changes in assumptions, sensitivity of the total OPEB liability to changes in the discount rate, sensitivity of the total OPEB liability to changes in the healthcare cost trend rate, and OPEB expense and deferred outflows and inflows of resources related to OPEB.
- Note 7 (Contingencies) provides information relative to any retirement matters being litigated and possibly subjecting the system to some financial exposure.

**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF BATON ROUGE AND
PARISH OF EAST BATON ROUGE**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Required Supplementary Information – The required supplementary information consists of informational schedules and related notes. These schedules show the changes in net pension liability, employers' net pension liability, investment returns, and employer contribution data for the original CPERS trust and the PGT separately. The related notes disclose key actuarial assumptions and methods used in the schedules.

Supporting Schedules – These schedules include information on administrative and investment expenses and payments to consultants.

CPERS AND PGT FINANCIAL ANALYSIS

The CPERS and PGT trusts provide retirement benefits to essentially all eligible City-Parish employees and employees of other member employers. These benefits are funded through member contributions, employer contributions, and earnings on investments. Total System Net Position restricted for pensions at December 31, 2020 was \$1.303 billion, representing an increase of \$95.4 million, or 7.9% above the \$1.207 billion Total System Net Position restricted for pensions at December 31, 2019.

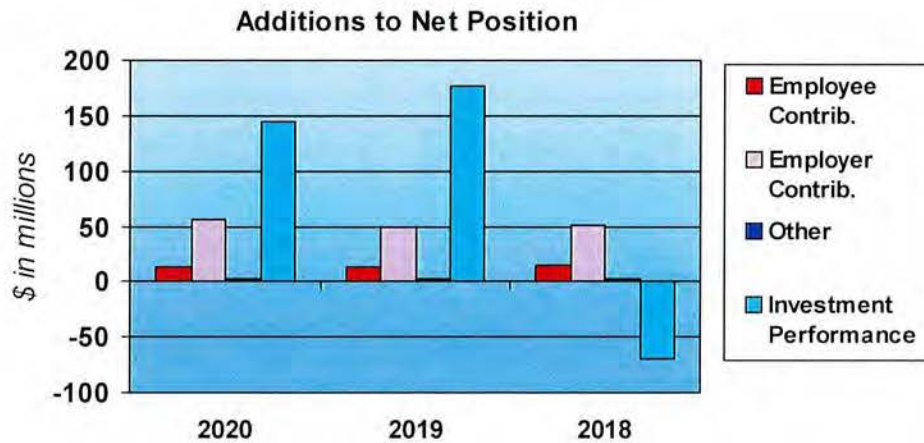
	2020	2019	2018	2020 Increase (Decrease)	2020 % Change
Cash	\$ 11,968,211	\$ 15,010,355	\$ 13,817,765	\$ (3,042,144)	(20.3)%
Receivables	9,183,782	7,561,967	7,338,109	1,621,815	21.5
Investments (fair value)	1,286,888,739	1,190,309,814	1,065,685,573	96,578,925	8.1
Capital Assets	626,213	631,279	553,199	(5,066)	(0.8)
Total Assets	1,308,666,945	1,213,513,415	1,087,394,646	95,153,530	7.8
Deferred Outflows of Resources	437,447	181,998	118,078	255,449	140.4
Total Liabilities	5,749,152	5,351,692	5,991,896	397,460	7.4
Deferred Inflows of Resources	612,349	994,782	--	(382,433)	(38.4)
Net Position Restricted for Pensions	\$1,302,742,891	\$1,207,348,939	\$1,081,520,828	\$ 95,393,952	7.9 %

Additions to Net Position Restricted for Pensions

Additions to the Systems' net position restricted for pensions include regular contributions from employees and employers, contributions received from employers for purposes of paying severance pay to employees' DROP accounts, and investment income. Employee contributions, which continued at 9.5% of payroll for both 2020 and 2019, increased by about \$384,000. Employer contributions also increased by about \$6.3 million as the required employer contribution rate increased slightly for 2020, as recommended by the System's actuary. The blended employer contribution rate for 2020 was 34.90% of payroll, while in 2019 the blended rate was set at 32.70%. Investment performance, typically the most influential element to Net Position, again exceeded expectations with all asset classes adding to the positive performance. In 2020, the System experienced a positive investment appreciation of \$144.0 million, net of investment expenses, compared to 2019's strong performance gain of \$177.4 million. In total, 2020 additions to net position restricted for pensions were \$95.4 million; a welcome continuation of the addition of \$125.8 million in 2019.

**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF BATON ROUGE AND
PARISH OF EAST BATON ROUGE**

MANAGEMENT'S DISCUSSION AND ANALYSIS



Additions to Net Position	2020	2019	2018	2020 Increase (Decrease)	2020 % Change
Employee Contributions	\$ 13,989,441	\$ 13,605,743	\$ 14,181,618	\$ 383,698	2.8 %
Employer Contributions	54,314,182	47,973,717	50,117,448	6,340,465	13.2
Non-Employer Contributions	1,260,272	1,227,486	1,160,713	32,786	2.7
Net Investment Income (Loss)	144,024,224	177,422,076	(68,754,673)	(33,397,852)	(18.8)
Other	2,081,015	2,698,674	1,845,859	(617,659)	(22.9)
Total Additions	\$ 215,669,134	\$ 242,927,696	\$ (1,449,035)	\$ (27,258,562)	(11.2) %

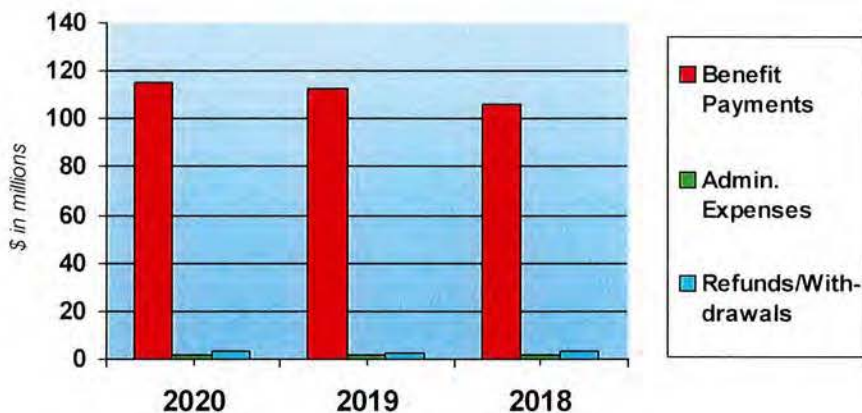
Deductions from Net Position Restricted for Pensions

Deductions from the Systems' net position restricted for pensions are comprised primarily of retirement benefit payments to retirees, survivors, and beneficiaries. Also included as deductions are administrative expenses, and refunds and withdrawals of employee contributions. For 2020, benefit payments to retirees, survivors, and beneficiaries totaled \$115.1 million, which represented a 2.2% increase from the \$112.6 million paid out in 2019. These amounts included requested DROP payments and Required Minimum Distributions to members. The normal monthly payments to pensioners continued to increase, and both the number of pensioners and the average monthly pension payments increased. The Board of Trustees was pleased to pay the fourteenth consecutive Supplemental Benefit Payment of \$1.4 million to qualifying retirees. The 2020 administrative expenses increased to \$1.76 million from \$1.65 million in 2019 representing an increase of 6.60%. And finally, refunds and withdrawals of member contributions increased by 21.8%, totaling \$3.4 million in 2020, as compared to \$2.8 million in 2019. In total, 2020 increases to net position restricted for pensions were \$95.4 million as compared to increases of \$125.8 million for 2019.

**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF BATON ROUGE AND
PARISH OF EAST BATON ROUGE**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Deductions from Net Position



Deductions from Net Position	2020	2019	2018	2020 Increase (Decrease)	2020 % Change
Benefit Payments	\$ 115,090,186	\$ 112,636,414	\$ 106,258,903	\$ 2,453,772	2.2 %
Refunds & Withdrawals	3,425,203	2,811,623	3,102,453	613,580	21.8
Administrative Expense	1,759,793	1,651,548	1,790,606	108,245	6.6
Total Deductions	\$ 120,275,182	\$ 117,099,585	\$ 111,151,962	\$ 3,175,597	2.7 %

Net Increase (Decrease) in Net Position (Total Additions less Total Deductions)	\$ 95,393,952	\$ 125,828,111	\$ (112,600,997)	\$ (30,434,159)	(24.2) %
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Investments

The System's investments in 2020 endured the sharp downturn caused by the global pandemic, only to bounce back strong in the 2nd through 4th quarters to again perform with double digit returns. The fair value of investments totaled \$1.287 billion at December 31, 2020 as compared to \$1.190 billion at December 31, 2019, which represented an increase of \$96.6 million or 8.1%. All asset classes contributed to the gains, but in particular the equities and fixed income. Leading the charge were the domestic and international equities with annual returns of 24.33% and 14.42% respectively. Fixed income also outperformed expectations with returns of 8.45%. Real estate slipped from prior years but still managed a 2.23% return. Hedge fund-of-funds continued to add to performance while protecting on the downside with a 8.43% return. CPERS initiated a planned expansion to private equity in the form of a fund-of-one strategy. The current six PE funds saw an impressive 14.37% internal rate of return. The System's investment in risk parity remained and will serve as a funding source for an infrastructure investment. CPERS' overall investment return of 13.25%, also exceeded the total policy fund index by 26 basis points.

**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF BATON ROUGE AND
PARISH OF EAST BATON ROUGE**

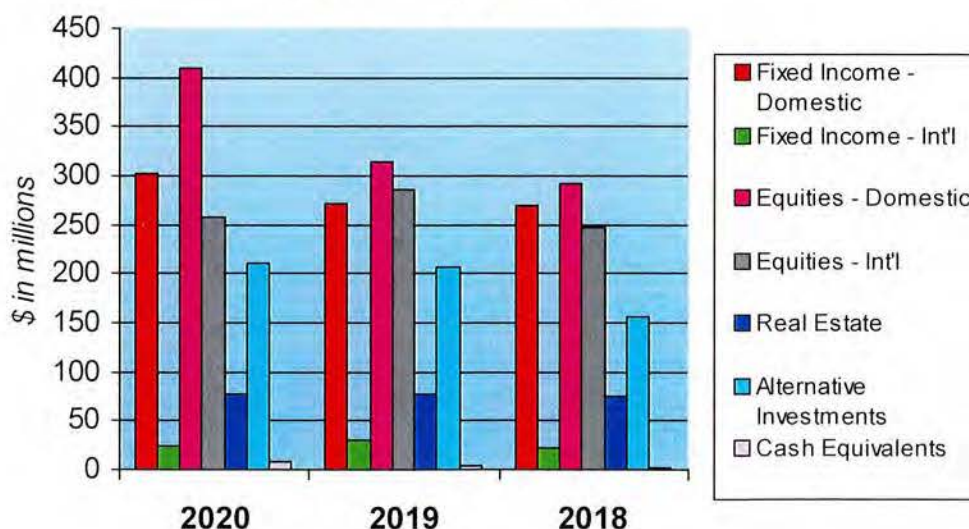
MANAGEMENT'S DISCUSSION AND ANALYSIS

Active investment management added 174 basis points to performance. 2020 System investment expenses increased 5.5% from the prior year. CPERS continues to further diversify the portfolio as a means to decrease the overall volatility of the portfolio, and expects to continue funding private equity investments for the next several years, as well as a new infrastructure investment. The System's asset allocation is set based on long-range performance horizons, and no attempts are made to try to time the market. In August 2020, the PGT asset allocation was re-engineered into a series of iShares and global funds in order to provide greater liquidity and lower fees, while still maintaining diverse exposure to the broad investment markets. Investment performance varies between the two trusts because of the PGT's more conservative and liquid asset allocation. Investment performance by general asset categories for the original CPERS trust is shown below:

	2020 %	2019 %	2018 %
US Equity Composite	24.33	30.29	(6.72)
International Equity Composite	14.42	21.56	(16.13)
Fixed Income Composite	8.45	9.71	(1.10)
Real Estate Composite	2.23	7.26	11.32
Hedge Funds Composite	8.43	6.42	1.30
Private Equity	14.37	14.25	16.85
Cash Composite	0.41	2.23	1.67
Risk Parity	4.31	22.95	N/A
Master Limited Partnership	N/A	N/A	(13.03)
Total Fund Composite	13.25	17.42	(5.40)

When making comparisons from year to year, it is important to be aware that other factors may affect the change in investments, particularly the changes between investment categories and types, as mentioned above. It is also important to note that the investment portfolio is not stagnant, but is traded in part each business day. Investment managers sometimes change allocations between investment types (e.g. treasury bonds to mortgages) or sectors (e.g. financials to technology). Therefore, the reader should be cautious about drawing conclusions as to how and why the portfolio changed in fair value. It is perhaps best to refer to the total investment figures to conclude how the System's investments performed overall.

Investments (at fair value)



**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF BATON ROUGE AND
PARISH OF EAST BATON ROUGE**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Investments (at Fair Value)	2020	2019	2018	2020 Increase (Decrease)	2020 % Change
Fixed Income - Domestic	\$ 301,347,154	\$ 271,321,098	\$ 270,389,739	\$ 30,026,056	11.1 %
Fixed Income – International	23,671,909	30,732,462	21,609,294	(7,060,553)	(23.0)
Equities – Domestic	409,940,320	313,974,672	291,344,512	95,965,649	30.6
Equities – International	257,670,275	284,878,860	248,243,973	(27,208,585)	(9.6)
Real Estate	76,435,627	77,617,990	74,692,716	(1,182,363)	(1.5)
Alternative Investments	210,537,721	206,721,031	156,738,394	3,816,690	1.9
Cash Equivalents	7,285,733	5,063,701	2,666,945	2,222,032	43.9
Total Investments	\$ 1,286,888,739	\$ 1,190,309,814	\$ 1,065,685,573	\$ 96,578,926	8.1 %

REQUESTS FOR INFORMATION

This Comprehensive Annual Financial Report is designed to provide a general overview of the finances for the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge for interested parties. Questions concerning any of the information provided herein, or requests for additional financial information should be addressed to the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge, P. O. Box 1471, Baton Rouge, Louisiana, 70821-1471.

**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF BATON ROUGE AND
PARISH OF EAST BATON ROUGE**

**STATEMENT OF FIDUCIARY NET POSITION AS OF DECEMBER 31, 2020
AND COMPARATIVE COMBINED TOTALS FOR 2019**

	<u>CPERS Trust</u>	<u>Police Guarantee Trust</u>	<u>2020 Combined Total</u>	<u>2019 Combined Total</u>
Assets				
Cash	\$ 11,451,518	\$ 516,693	\$ 11,968,211	\$ 15,010,355
Receivables:				
Employer contributions	2,443,872	1,895,638	4,339,510	2,088,829
Employee contributions	853,401	1,140	854,541	847,313
Non-employer contributions	1,260,272	--	1,260,272	1,227,486
Interest and dividends	78,657	--	78,657	53,458
Pending trades	2,548,833	--	2,548,833	3,123,027
Other	101,969	--	101,969	221,854
Total Receivables	<u>7,287,004</u>	<u>1,896,778</u>	<u>9,183,782</u>	<u>7,561,967</u>
Investments (at fair value):				
Fixed Income – Domestic	298,151,812	3,195,342	301,347,154	271,321,098
Fixed Income – International	22,310,235	1,361,674	23,671,909	30,732,462
Equities – Domestic	405,628,598	4,311,722	409,940,320	313,974,672
Equities – International	255,352,946	2,317,329	257,670,275	284,878,860
Real estate investments	76,435,627	--	76,435,627	77,617,990
Alternative investments	209,254,544	1,283,177	210,537,721	206,721,031
Cash equivalents	6,258,249	1,027,484	7,285,733	5,063,701
Total Investments	<u>1,273,392,011</u>	<u>13,496,728</u>	<u>1,286,888,739</u>	<u>1,190,309,814</u>
Properties at cost, net of accumulated depreciation of \$754,903 and \$749,837 respectively	<u>626,213</u>	<u>--</u>	<u>626,213</u>	<u>631,279</u>
Total Assets	<u>1,292,756,746</u>	<u>15,910,199</u>	<u>1,308,666,945</u>	<u>1,213,513,415</u>
Deferred outflows of resources - OPEB related	<u>363,081</u>	<u>74,366</u>	<u>437,447</u>	<u>181,998</u>
Liabilities				
Accrued expenses and benefits	1,822,079	185,297	2,007,376	1,338,496
Pending trades payable	102,635	--	102,635	944,634
Total OPEB Liability	<u>3,020,488</u>	<u>618,653</u>	<u>3,639,141</u>	<u>3,068,562</u>
Total Liabilities	<u>4,945,202</u>	<u>803,950</u>	<u>5,749,152</u>	<u>5,351,692</u>
Deferred inflows of resources – OPEB related	<u>508,250</u>	<u>104,099</u>	<u>612,349</u>	<u>994,782</u>
Net position restricted for pensions	<u>\$ 1,287,666,375</u>	<u>\$ 15,076,516</u>	<u>\$ 1,302,742,891</u>	<u>\$ 1,207,348,939</u>

See accompanying notes to financial statements.

**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF BATON ROUGE AND
PARISH OF EAST BATON ROUGE**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2020
AND COMPARATIVE COMBINED TOTALS FOR 2019**

	CPERS Trust	Police Guarantee Trust	2020 Combined Total	2019 Combined Total
Additions:				
Contributions:				
Employee	\$ 13,956,200	\$ 33,241	\$ 13,989,441	\$ 13,605,743
Employer	51,108,528	3,205,654	54,314,182	47,973,717
Non-employer	1,260,272	--	1,260,272	1,227,486
Severance contributions from employee	2,081,015	--	2,081,015	2,698,674
Total contributions	<u>68,406,015</u>	<u>3,238,895</u>	<u>71,644,910</u>	<u>65,505,620</u>
Investment income:				
Net appreciation in fair value of investments	149,383,687	865,693	150,249,380	182,618,345
Interest and dividends	673,268	157,237	830,505	1,490,595
	<u>150,056,955</u>	<u>1,022,930</u>	<u>151,079,885</u>	<u>184,108,940</u>
Less investment expenses	6,969,749	85,912	7,055,661	6,686,864
Net investment income	<u>143,087,206</u>	<u>937,018</u>	<u>144,024,224</u>	<u>177,422,076</u>
Total additions	<u>211,493,221</u>	<u>4,175,913</u>	<u>215,669,134</u>	<u>242,927,696</u>
Deductions:				
Benefit payments	112,132,213	2,957,973	115,090,186	112,636,414
Refunds and withdrawals	3,425,203	--	3,425,203	2,811,623
Administrative expenses	1,460,277	299,516	1,759,793	1,651,548
Total deductions	<u>117,017,693</u>	<u>3,257,489</u>	<u>120,275,182</u>	<u>117,099,585</u>
Net increase in net position	94,475,528	918,424	95,393,952	125,828,111
Net position restricted for pensions				
Beginning of year	<u>1,193,190,847</u>	<u>14,158,092</u>	<u>1,207,348,939</u>	<u>1,081,520,828</u>
End of year	<u>\$ 1,287,666,375</u>	<u>\$ 15,076,516</u>	<u>\$ 1,302,742,891</u>	<u>\$ 1,207,348,939</u>

See accompanying notes to financial statements.

**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF BATON ROUGE AND
PARISH OF EAST BATON ROUGE**

NOTES TO THE FINANCIAL STATEMENTS

(1) PLAN DESCRIPTION

A. General Organization

The Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge (the System, Retirement System, or CPERS) is the administrator of a cost-sharing multiple-employer plan (the Plan). At December 31, 2020 the System provided benefits to employees of the following participating governmental employers:

City of Baton Rouge and Parish of East Baton Rouge (City-Parish)
District Attorney of the Nineteenth Judicial District
East Baton Rouge Parish Family Court
East Baton Rouge Parish Juvenile Court
St. George Fire Protection District (certain electing members)
Brownsfield Fire Protection District
Eastside Fire Protection District
Recreation and Park Commission for the Parish of East Baton Rouge (BREC)
Office of the Coroner of East Baton Rouge Parish

The System is considered a component unit of the financial reporting entity of the City of Baton Rouge and Parish of East Baton Rouge (City-Parish) and is included as a pension trust fund in the City-Parish Comprehensive Annual Financial Report and Annual Operating Budget. The accompanying financial statements reflect the activity of the Retirement System.

Under Section 2100 of the Governmental Accounting Standards Board (GASB), Codification of Governmental Accounting and Financial Reporting Standards, the definition of a reporting entity is based primarily on the concept of financial accountability, and the existence of a financial burden/benefit relationship. Based on this criteria, the Retirement System itself has no component units. In determining its component unit status, the Retirement System considered the following:

- The Retirement System exists for the benefit of current and former City-Parish and participating employer employees who are members of the Retirement System;
- Four of the seven Board members are elected by the employees who participate in the Plan, and three are appointed by the Primary Government;
- The Retirement System is funded by the investment of contributions from the City-Parish and member employers who are obligated to make the contributions to the Retirement System based upon actuarial valuations.

The Retirement System complies with the applicable reporting requirements under section PE5 of the GASB Codification.

The Retirement System was created by The Plan of Government and is governed by a seven-member Board of Trustees (the Board). The Board is responsible for administering the assets of the Retirement System and for making policy decisions regarding investments. Four of the trustees are elected members of the Retirement System. Two are elected by non-police and non-fire department employees, and one trustee each is elected by the police and fire department employees. The remaining membership of the Board consists of one member appointed by the Mayor-President, and two members appointed by the Metropolitan Council.

**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF BATON ROUGE AND
PARISH OF EAST BATON ROUGE**

NOTES TO THE FINANCIAL STATEMENTS

(1) PLAN DESCRIPTION, CONTINUED

A. General Organization, Continued

The Metropolitan Council maintains the authority to establish and amend plan benefits, which are disclosed in paragraph D. of Note 1. Any person who becomes a regular full-time employee of one of the member employers becomes a member of the Retirement System as a condition of employment, except in the case of newly hired employees of certain participating employers who are mandated to enroll in a statewide retirement system, or those covered under a collective bargaining agreement. Contractual employees may or may not become members, depending upon the provisions of their respective contracts.

Substantially all full-time non-police employees of the City-Parish and other member employers are covered by the Retirement System. The Retirement System actuarially determines the contributions required to fund the plan and collects the contributions as a percentage of payroll each payroll period. The Retirement System exists for the sole benefit of current and former employees of the member employers.

B. Police Guarantee Trust (PGT)

The Police Guarantee Trust (PGT) was established as a separate legal trust fund on February 26, 2000 to provide for payment of certain guaranteed lifetime benefits for eligible police employees who transferred membership to the Municipal Police Employees' Retirement System of Louisiana (MPERS) while retaining certain rights in CPERS. When established, the Trust was funded from the original CPERS trust through a trustee-to-trustee transfer for the full actuarially determined amount necessary to pay all present and future contractually guaranteed benefits to eligible members and their survivors. As required under the City-Parish Ordinances, the PGT is charged with all of its direct expenses and with a percentage of indirect expenses at the rate of 17.00% for 2020, and 17.00% also for 2019, based on an administrative cost allocation study performed by an outside consultant. The PGT assets in 2020 were reallocated to publically traded funds comprising a diversified liquid low-fee portfolio, with separate investment performance measurement, separate accounting records, and a separate annual actuarial valuation. The Retirement Board administers the assets of, and makes investment policy decisions for the PGT.

C. Membership

At December 31, 2020 and 2019, membership in the Retirement System for CPERS and the PGT consisted of:

Inactive - CPERS:	<u>2020</u>	<u>2019</u>
Retirees and beneficiaries currently receiving benefits	3,523	3,477
Vested terminated employees	12	15
Deferred retirees	<u>305</u>	<u>340</u>
Total inactive	<u>3,840</u>	<u>3,832</u>
Active - CPERS:		
Fully vested	1,171	1,210
Nonvested	<u>1,718</u>	<u>1,724</u>
Total active	<u>2,889</u>	<u>2,934</u>
Total CPERS Membership	<u>6,729</u>	<u>6,766</u>

**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF BATON ROUGE AND
PARISH OF EAST BATON ROUGE**

NOTES TO THE FINANCIAL STATEMENTS

(1) PLAN DESCRIPTION, CONTINUED

C. Membership, Continued

The PGT was closed to new members effective February 26, 2000 – the date of its inception.

Inactive - PGT:	<u>2020</u>	<u>2019</u>
Retirees and beneficiaries currently receiving benefits	30	26
Vested terminated employees	3	3
Deferred retirees	<u>60</u>	<u>65</u>
Total inactive	<u>93</u>	<u>94</u>
 Active - PGT:		
Fully vested	70	90
Nonvested	<u>0</u>	<u>0</u>
Total active	<u>70</u>	<u>90</u>
 Total PGT Membership	<u>163</u>	<u>184</u>

D. Benefits

An employee's benefit rights vest after he/she has been a member of the Retirement System for 10 years. Benefit payments are classified into two distinct categories: 1.) full retirement benefits and 2.) minimum eligibility benefits. As a cost-saving measure, certain benefits were changed affecting members whose most recent hire date was September 1, 2015 or later. The service requirements and benefits granted for each category and by hire date, for NPS (non-public safety members) and PS (public safety members) are shown below.

	Members hired before 9/1/2015	Members hired on or after 9/1/2015
Full retirement benefits	25 years' service, any age	25 years' service, age 55 NPS or age 50 PS
Formula	3% of avg. comp. times number of years of service	3% of avg. comp. times number of years of service
Minimum eligibility benefits	20 years' service, any age, or 10 years at age 55	20 years' service, any age, or 10 years at age 60 NPS, or age 55 PS
Formula	2.5% of avg. comp. times number of years of service	2.5% of avg. comp. times number of years of service
Average compensation	Highest successive 36 months	Highest successive 60 months
Early retirement	20 years' service, 3% penalty for each year below age 55	20 years' service, actuarially reduced benefit below age 55 NPS, or age 50 PS
Disability retirement:		
Service connected	50% of avg. comp. plus 1.5% for each service year above 10 years	50% of avg. comp. plus 1.5% for each service year above 10 years
Ordinary	10 years' service, 50% of avg. comp, or 2.5% times number of years of service, whichever is greater	10 years' service, 50% of avg. comp, or 2.5% times number of years of service, whichever is greater

**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF BATON ROUGE AND
PARISH OF EAST BATON ROUGE**

NOTES TO THE FINANCIAL STATEMENTS

(1) PLAN DESCRIPTION, CONTINUED

D. Benefits, Continued

Continued	Members hired before 9/1/2015	Members hired on or after 9/1/2015
Survivor benefits		
Service Allowance	Automatic 50% J&S benefit, or member can purchase additional survivor benefits by actuarial benefit reduction	All survivor benefits must be purchased by actuarial benefit reduction
Service-connected disability	Automatic 50% J&S benefit.	All survivor benefits must be purchased by actuarial benefit reduction
Ordinary disability	No survivor benefits provided	No survivor benefits provided
Member with 20 or more years of service	100% J&S benefit, based on member's benefit	100% J&S benefit, based on member's benefit
Member with less than 20 years of service, not retirement eligible	\$600/month benefit until earlier of death or remarriage, plus \$150/month per child under age 18 (limit \$300/month)	\$600/month benefit until earlier of death or remarriage, plus \$150/month per child under age 18 (limit \$300/month)

The System has no true cost of living benefit, but did implement the Supplemental Benefit Payment (SBP) in 2006, which is a non-guaranteed lump sum payment to qualifying retirees, and which must first be declared prior to payment by the Board each year. Funding comes from CPERS' share of an ad-valorem tax, mortality savings from a prior benefit adjustment, and from excess investment revenues. In aggregate, the amounts distributed to retirees cannot exceed the funds declared available for distribution. On an individual basis, a formula is used to determine payment amounts based on the retiree's number of years retired, years of service, and participation in the DROP.

E. DROP

Deferred retirees (participants in the Deferred Retirement Option Plan (DROP)) are members who are eligible for retirement, but have chosen to continue employment for up to a maximum of five years. Pension annuities are fixed for these employees and can never be increased, and neither employee nor employer contributions are contributed to the Retirement System on their earnings. DROP deposits for the amount of the participant's monthly benefits are placed in a deferred reserve account until the deferred retirement option period elapses, or until the employee discontinues employment, whichever comes first. These accounts bear interest beginning with the date of the initial deposit for employees who fulfill the provisions of their DROP contract. Failure to fulfill these provisions, specifically to terminate employment at the end of the maximum DROP participation period, results in the enforcement of certain penalty provisions, such as forfeiture of interest and disbursement of the balance of the DROP account to the member or to another qualifying pension plan.

Five-year participation in the DROP after 25 years of service is also a guaranteed benefit available to members who transferred membership to MPERS (See Note 1.B). Because MPERS provides for only a three-year DROP, CPERS guarantees the balance of DROP participation, not to exceed the combined five-year maximum. Penalty provisions remain in place for these members as well. Due to legal requirements, the original CPERS trust DROP accounts are maintained separately from Police Guarantee Trust (PGT) DROP accounts. DROP eligibility requirements and benefits are shown on the following page and may vary for non-public safety (NPS) and public safety (PS) members.

**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF BATON ROUGE AND
PARISH OF EAST BATON ROUGE**

NOTES TO THE FINANCIAL STATEMENTS

(1) PLAN DESCRIPTION, CONTINUED

E. DROP, Continued

	Members hired before 9/1/2015	Members hired on or after 9/1/2015
5-Year DROP Eligibility	25 years' service, any age	25 years' service, age 55 NPS, or age 50 PS
3-Year DROP Eligibility	=>10 < 25 years' service, age 55	=>10 < 25 years' service, age 60 NPS, or age 55 PS

DROP deposits are included in the assets held in trust. The amounts of DROP deposits held in the original CPERS trust DROP accounts and the PGT DROP accounts respectively as of December 31, 2020 were \$286,318,791 and \$33,016,037. For December 31, 2019, the DROP accounts for the CPERS and PGT trusts totaled \$275,130,940 and \$31,109,407 respectively. Members maintaining accounts in the original CPERS trust DROP and the PGT DROP respectively as of December 31, 2020 totaled 1,653 and 205. For December 31, 2019, 1,643 and 196 members maintained DROP accounts in the two trusts respectively.

F. Contribution Requirements

Contribution rates for each participating employer and its covered employees are established and may be amended by the Retirement System's Board of Trustees, with approval by the Metropolitan Council of the City-Parish. The contribution rates are determined based on the benefit structure established by the Plan provisions. For both 2020 and 2019, Plan members contributed 9.5% of their annual covered salary, which was the maximum rate under Part IV, Subpart 2, Sec. 1:264A1(b) of the Plan provisions. Participating employers are required to contribute the remaining amounts necessary to finance the coverage of their employees through periodic contributions at rates annually determined by the Plan's actuary. For 2020 and 2019, the City-Parish General Fund employer rates were 32.61% and 30.43% respectively, while the non-general fund and other employer rates were 37.2% and 35.10% respectively. The City-Parish provides annual contributions to the Plan as required by Section 9.15 of The Plan of Government of the Parish of East Baton Rouge and the City of Baton Rouge, which requires that the Retirement System be funded on an actuarially sound basis. Administrative costs of the Retirement System are provided through investment earnings. Included in the financial statement employer contributions amounts are non-employer amounts received each year by CPERS for its share of East Baton Rouge Parish ad-valorem taxes. The amounts totaled \$1,260,272 for 2020 and \$1,227,486 for 2019.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting and Presentation

The Retirement System's financial statements are prepared on the accrual basis of accounting. Contributions from the participating entities and their employees are recognized as revenue when due, pursuant to ordinance requirements, formal commitments, and statutory contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

The financial statements present the CPERS trust and Police Guarantee Trust separately and combined for 2020, with combined totals for 2019 presented for comparative purposes. The assets of each trust can only be used to pay expenses of that trust, and therefore the combined total columns are not comparable to a consolidation. Inter-trust transactions have not been eliminated in the aggregation of this data.

**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF BATON ROUGE AND
PARISH OF EAST BATON ROUGE**

NOTES TO THE FINANCIAL STATEMENTS

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

B. 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 additions to and deductions from assets held in trust for pension benefits during the reporting period. Actual results could differ from those estimates.

C. Method Used to Value Investments

Retirement System investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sale price at current exchange rates. Investments that do not have an established market are reported at estimated fair value as determined by the custodian bank and verified by the Retirement System's investment consultant. The fair value of real estate investments is based on quarterly independent appraisals.

D. Property and Equipment

Property and equipment are carried at historical cost. Depreciation is computed on the straight-line method over 5 to 25 years. Minor equipment and furniture acquisitions are charged to operations as capital outlays in the period they are made. Depreciation expense totaled \$5,066 and \$3,634 for years ended December 31, 2020 and December 31, 2019 respectively.

(3) CASH AND INVESTMENTS

A. Deposit and Investment Risk Disclosures

The information below presents disclosures of custodial credit risk, credit risk, interest rate risk and foreign currency risk. These disclosures are included to inform financial statement users of the investment risks that could affect the Retirement System's ability to meet its obligations. The System's Board mitigates custodial credit risk by having the custodian hold securities in the System's name as a requirement of the custody contract. The System's investment policy, as adopted by the Board, sets limits on interest rate risk by prohibiting investments in high volatility and low quality rated securities. However, interest rate risk is allowed at reasonable levels as determined and monitored by the System's investment consultant in order to allow the System the opportunity to achieve satisfactory long-term performance results consistent with its objectives. Because the financial statements present the investments by asset class, and because the Retirement System has a substantial amount of investments in pooled investment funds, the data in the tables may not categorically correlate directly with the investments shown in the financial statements.

**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF BATON ROUGE AND
PARISH OF EAST BATON ROUGE**

NOTES TO THE FINANCIAL STATEMENTS

(3) CASH AND INVESTMENTS, CONTINUED

A. Deposit and Investment Risk Disclosures, Continued

Standard & Poor's rates investment grade debt securities, using AAA, AA, A, and BBB. Securities with these ratings are considered "financially secure". For non-investment grade debt securities, the ratings BB, B, CCC, CC, C, and D are used. These ratings indicate that the security may be "vulnerable" and as such, is regarded as having vulnerable characteristics that may outweigh its strengths. US Treasuries and GNMA's carry a "Government" rating (equivalent to AA+) and are explicitly backed by the full faith and credit of the US Government, while US Agencies carry an "Agency" rating, which is considered an implied AA+ rating with implicit US Government backing.

B. Cash and Cash Equivalents

All investments of the Retirement System are registered in the System's name, or held by the custodian bank, Bank of New York/Mellon, Everett, MA, or its intermediaries in the System's name. The System utilizes a Short Term Investment Fund (STIF) administered by the custodian bank, BNY/Mellon, in which all uninvested cash balances of CPERS and its full discretionary investment managers are automatically swept by the custodian into the BNY/Mellon Collective Trust Government Short Term Investment Fund, which is an unrated fund that invests in high-quality, short-term securities issued or guaranteed by the US government or by US government agencies and instrumentalities. Deposits in this fund are not insured by the FDIC.

At December 31, 2020, the carrying amount of the Retirement System's demand deposit accounts plus amounts held in trust accounts classified as cash was \$11,968,212 and the bank balance was \$12,746,668, of which \$250,000 was protected from custodial credit risk by Federal Depository insurance. The remainder of the demand deposit balances was collateralized by securities held by the System's agent, JPMorgan/Chase, in a custodial account in the Retirement System's name. At December 31, 2019, the carrying amount of the Retirement System's cash book balance was \$15,010,355 and the bank balance was \$15,728,717, of which \$250,000 was covered by Federal Depository insurance and the remainder by securities held by the System's agent, JPMorgan/Chase, in a custodial account in the Retirement System's name.

C. Short-Term Investments

The System's short-term funds may be invested in cash equivalent securities, which are defined as any fixed income investment with less than one year to maturity with ratings by both Moody's and S&P of A or better, Money Market Funds, or custodian bank STIF or STEP (Short Term Extendable Portfolio) funds.

D. Investments

Section 9.15 of The Plan of Government of the Parish of East Baton Rouge and the City of Baton Rouge authorizes the Retirement Board to have custody of, and invest the assets of the Pension Trust in accordance with the "Prudent Man Rule". As fiduciaries of the Pension Trust, the Board developed and adopted *The Total Plan Statement of Investment Policies and Objectives*, in which are set forth the guidelines for investing the Retirement System's assets. The System historically has invested in the following types of securities:

Cash Equivalent Investments – US Treasury Bills, Commercial Paper, Repurchase Agreements, Money Market Funds, Custodian STIF and STEP Funds

Currency Investments – Foreign Exchange Futures, Forwards, Swaps (applies to global or non-US managers for hedging purposes)

**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF BATON ROUGE AND
PARISH OF EAST BATON ROUGE**

NOTES TO THE FINANCIAL STATEMENTS

(3) CASH AND INVESTMENTS, CONTINUED

D. Investments, Continued

Equity Investments – US and Foreign Common and Preferred Stocks, Convertible Bonds, American Depositary Receipts (ADR's), Equity Real Estate, and 144a Securities

Fixed Income Investments – Bonds (Treasury, Corporate, Yankee), Mortgage-Backed Securities (CMO and CMB), Asset-Backed Securities, Trust Preferred Securities, Medium Term Notes, and 144a Securities

Real Assets, Private Markets, and Hedge Funds

The Retirement System may authorize an agent to participate in securities lending transactions on its behalf. Investments in derivatives, reverse repurchase agreements, and other non-traditional types of investments are not specifically authorized under the Board's investment policy, however, in the case of commingled, or pooled/mutual accounts, the provisions of the prospectus or Declaration of Trust take precedence. At December 31, 2020, the Retirement Board had committed, but only partially funded, a 5% allocation to six private equity fund-of-funds, and one fund-of-one, which fall in the category of Private Markets.

Equity securities shall not exceed 5% of cost and 7% of fair value in any one company, and fixed income shall not exceed 2.5% of cost and 3% of fair value; however, the direct debt of the federal government shall not be restricted as a percentage of the portfolio. No investments in any one organization shall represent 5% or more of the assets held in trust for pension benefits, and no single company's securities shall represent more than 5% of the cost basis or 7% of the fair value of any manager's portfolio.

There are no investments in loans to, or leases with, parties related to the System. Although the Board continued its contractual relationships with outside third party investment managers during 2020 and 2019, final oversight of investments and investment performance for both the original CPERS trust and the PGT remains with the Board.

Purchases and sales of investments are recorded on a trade date basis. The Retirement System's Statement of Investment Policies and Objectives prohibits the use of securities that use any form of leverage, or in which interest or principal position is tied to any prohibited type of investment.

The System utilizes various investment instruments, which by nature are exposed to a variety of risk levels and risk types, such as interest rate, 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 securities will occur in the near term, and that such changes could materially affect the amounts reported in the Statement of Fiduciary Net Position.

The fair values of the Retirement System's investments as of December 31, 2020 and December 31, 2019 are shown in the table on the following page.

**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF BATON ROUGE AND
PARISH OF EAST BATON ROUGE**

NOTES TO THE FINANCIAL STATEMENTS

(3) CASH AND INVESTMENTS, CONTINUED

D. Investments, Continued

Investment Type	Fair Value @ 12/31/2020	Fair Value @ 12/31/2019
Domestic Equities - Active Separate Accounts	46,065,111	\$ 30,715,959
Domestic Equities – Pooled Funds	359,557,777	283,254,008
iShares – Total US Stock Market Index Fund	4,311,722	0
Domestic Fixed Income – Pooled Funds	296,788,747	270,946,018
iShares – US Aggregate Bond Index Fund	3,195,342	0
PIMCO Diversified Income Fund	1,361,674	0
BlackRock Multi-Asset Income Fund	1,283,178	0
Emerging Market Equities	69,634,115	83,738,237
Equity Real Estate Fund	76,435,627	77,617,990
Hedge Fund of Funds	56,840,658	54,744,137
International Fixed Income	23,671,909	30,732,462
iShares – MSCI Total International Index Fund	2,317,329	0
International Equity - Pooled Funds	185,718,831	201,140,623
Private Equity	49,621,999	46,394,163
Risk Parity	102,791,887	105,582,731
Short-Term Investment Fund/Cash Equivalents	7,285,733	5,063,701
United States Treasury Inflation-Protected Securities	0	373,466
Other Securities Held in Trust	7,100	6,319
Total	\$ 1,286,888,739	\$ 1,190,309,814

E. Fair Value Disclosures

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The System has recurring fair value measurements as of December 31, 2020 and December 31, 2019, respectively as shown in the tables on the following two pages.

**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF BATON ROUGE AND
PARISH OF EAST BATON ROUGE**

NOTES TO THE FINANCIAL STATEMENTS

(3) CASH AND INVESTMENTS, CONTINUED

E. Fair Value Disclosures, Continued

	December 31, 2020	Fair Value Quoted Prices in Active Markets (Level 1)	Measurements Using Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
Equity Securities:				
Domestic Small Cap Growth	\$ 46,065,111	\$ 46,065,111		
Master Limited Partnership	--	--		
Other	7,100		\$ 5,710	\$ 1,390
Total Investments at Fair Value Level	\$ 46,072,211	\$ 46,065,111	\$ 5,710	\$ 1,390
Investments Measured at NAV:				
Commingled Funds:				
Fixed Income - Domestic	301,345,763			
Fixed Income - International	23,671,909			
Domestic Equity - Large Cap	326,134,543			
- Small Cap	37,734,956			
International Equity - Large Cap	123,923,468			
- Small Cap	64,112,692			
Emerging Markets Equity	69,634,115			
Real Estate	76,435,627			
Risk Parity	104,075,065			
Hedge Fund of Funds	56,840,658			
Private Equity	49,621,999			
Total Investments at NAV	\$ 1,233,530,795			
Total Investments at Fair Value	\$ 1,279,603,006			

**EMPLOYEES' RETIREMENT SYSTEM
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NOTES TO THE FINANCIAL STATEMENTS

(3) CASH AND INVESTMENTS, CONTINUED

E. Fair Value Disclosures, Continued

	December 31, 2019	Fair Value Quoted Prices in Active Markets (Level 1)	Measurements Using Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
Equity Securities:				
Domestic Small Cap Growth	\$ 29,997,699	\$ 29,997,699		
Master Limited Partnership	718,260	718,260		
Other	6,319		\$ 4,705	\$ 1,614
Total Investments at Fair Value Level	\$ 30,722,278	\$ 30,715,959	\$ 4,705	\$ 1,614
Investments Measured at NAV:				
Commingled Funds:				
Fixed Income - Domestic	271,319,484			
Fixed Income - International	30,732,462			
Domestic Equity - Large Cap	260,487,550			
- Small Cap	22,766,458			
International Equity - Large Cap	112,067,660			
- Small Cap	89,072,963			
Emerging Markets Equity	83,738,237			
Real Estate	77,617,990			
Risk Parity	105,582,731			
Hedge Fund of Funds	54,744,137			
Private Equity	46,394,163			
Total Investments at NAV	\$ 1,154,523,835			
Total Investments at Fair Value	\$ 1,185,246,112			

Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. 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 and December 31, 2019 are presented in the tables on the following page:

**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF BATON ROUGE AND
PARISH OF EAST BATON ROUGE**

NOTES TO THE FINANCIAL STATEMENTS

(3) CASH AND INVESTMENTS, CONTINUED

E. Fair Value Disclosures, Continued

	Fair Value December 31, 2020	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled Funds:				
Fixed Income - Domestic	301,345,763	\$ --	Daily	2 – 15 Days
- International	23,671,909	--	Daily	2 – 15 Days
Domestic Equity - Large Cap	326,134,543	--	Daily	2 – 4 Days
- Small Cap	37,734,956	--	Daily	5 Days
International Equity - Large Cap	123,923,468	--	Monthly	2 – 10 Days
- Small Cap	64,112,692	--	Monthly	30 Days
Emerging Markets Equity	69,634,115	--	Monthly	30 Days
Real Estate	76,435,627	--	Quarterly	90 Days
Risk Parity	104,075,065	--	Monthly	30 Days
Hedge Fund of Funds	56,840,658	--	Quarterly	65 Days
Private Equity	49,621,999	69,865,108	N/A	N/A
Total Investments at NAV	\$ 1,233,530,795			

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 in the following table:

	Fair Value December 31, 2019	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled Funds:				
Fixed Income - Domestic	\$ 271,319,484	\$ --	Daily	2 – 15 Days
- International	30,732,462	--	Daily	2 – 15 Days
Domestic Equity - Large Cap	260,487,550	--	Daily	2 – 4 Days
- Small Cap	22,766,458	--	Daily	5 Days
International Equity - Large Cap	112,067,660	--	Monthly	2 – 10 Days
- Small Cap	89,072,963	--	Monthly	30 Days
Emerging Markets Equity	83,738,237	--	Monthly	30 Days
Real Estate	77,617,990	--	Quarterly	90 Days
Risk Parity	105,582,731	--	Monthly	30 Days
Hedge Fund of Funds	54,744,137	--	Quarterly	65 Days
Private Equity	46,394,163	28,171,848	N/A	N/A
Total Investments at NAV	\$ 1,154,523,835			

Fixed Income

This investment type includes several commingled funds that invest within agreed upon guidelines to maximize returns, but with processes designed to limit risk. Strategies ranked by risk include Treasury Inflation Protected Securities (TIPS), core bonds, core-plus bonds, and an unconstrained fund. The core-plus and unconstrained funds have the ability to invest in below investment grade and international fixed income securities to enhance performance. Except for TIPS, each fund seeks diversification with multiple sources of return. The fair value of these investment funds has been determined using the NAV per share (or equivalent) of the investments.

**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF BATON ROUGE AND
PARISH OF EAST BATON ROUGE**

NOTES TO THE FINANCIAL STATEMENTS

(3) CASH AND INVESTMENTS, CONTINUED

E. Fair Value Disclosures, Continued

Domestic Equity

These investment commingled funds include both large capitalization and small capitalization strategies for diversification purposes. The underlying indices they operate around include the Russell 1000 Index, the S&P 500 Enhanced Index, and the Russell 3000 Index. The S&P 500 fund is an actively managed quantitative strategy commingled fund, while the other funds are true index funds. The System uses these funds to gain exposure to the broad domestic equity markets, but without the higher fees of active management, since there are fewer inefficiencies inherent in large capitalization stocks. The fair value of these investment funds has been determined using the NAV per share (or equivalent) of the investments.

International Equity

These investments are commingled funds consisting of an international equity large cap value fund, an international equity large cap growth fund, an international equity small cap fund, and iShares MSCI total international index. All funds but the MSCI are actively managed, and can acquire exposure to a small percentage of emerging markets equity securities to enhance returns. The fair value of these investment funds has been determined using the NAV per share (or equivalent) of the investments.

Emerging Markets Equity

Emerging markets equity investments are comprised of two commingled funds, both of which are actively managed but with very different investment approaches. One fund operates as a long-only fund, investing in deep value emerging markets equities. The other fund purchases closed-end funds of emerging markets countries at deep discounts and sells them at target levels of appreciation. The two strategies do not closely correlate and therefore provide greater diversification in this space. The fair value of these investment funds has been determined using the NAV per share (or equivalent) of the investments.

Real Estate

The real estate investment is contained in one open-end commingled fund that seeks to maximize return in a core real estate strategy that diversifies holdings by property type (office, apartment, retail, industrial, hotel, etc.), and by geographical location within the US. The strategy concentrates on high occupancy properties for generating income, combined with the market appreciation of the properties themselves. The fair value of these investment funds has been determined using the NAV per share (or equivalent) of the investments.

Risk Parity

The risk parity investment employs a unique strategy of asset selection by risk profile or volatility. The portfolio is comprised of equities, fixed income securities, and commodities in proportions that spread the asset class risk equally within the portfolio. Risk parity can generate equity-like performance while also protecting in downside markets. The fair value of these investment funds has been determined using the NAV per share (or equivalent) of the investments.

Hedge Fund of Funds

The Hedge Fund of Funds commingled fund is designed to provide consistent equity-like returns in a variety of market conditions, and to protect and preserve equity in down markets. A Fund of Funds manager purchases units in approximately 40 individual underlying hedge funds which employ many different investment strategies (e.g. equity long-short, statistical arbitrage, etc.). The manager has full discretion to liquidate positions and purchase new or additional positions in various funds. The fair value of these investment funds has been determined using the NAV per share (or equivalent) of the investments.

**EMPLOYEES' RETIREMENT SYSTEM
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NOTES TO THE FINANCIAL STATEMENTS

(3) CASH AND INVESTMENTS, CONTINUED

E. Fair Value Disclosures, Continued

Private Equity

The private equity exposure is comprised of several different vintage year funds made up of securities and debt in operating companies that are not publicly traded on an exchange. These funds separately employ a combination of strategies (e.g. buyout, venture capital, special situations) seeking to earn superior risk-adjusted returns. The investors in these funds commit a fixed amount of capital, which is transferred to the fund manager (General Partner) through a series of capital calls. The investors in turn receive distributions from the manager as underlying investments of the funds are liquidated. The life of any one fund is anticipated to be approximately 10 years from the final close of fund raising. These funds are illiquid to the investor outside of regular distributions from the General Partner. The fair value of these investment funds has been determined using the NAV per share (or equivalent) of the System's ownership interest in partners' capital.

F. Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Exposure to custodial credit risk arises when securities are uninsured, or are not registered in the name of the System, and are held by either the counterparty or the counterparty's trust department or agent, but not in the System's name.

The System's investments are held by its custodian separately from the custodian's assets in the name of the System, and would not be adversely affected if the custodian were placed in receivership. Investments in external investment pools, mutual funds, and other pooled investments are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book-entry form required by the Securities and Exchange Commission. The System had no custodial credit risk as of December 31, 2020, and December 31, 2019.

G. 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 requires that debt obligations be investment grade at time of purchase (BBB / Baa or higher as rated by Standard & Poor's and/or Moody's respectively). Securities that are later downgraded below investment grade are required to be liquidated unless the investment manager and the investment consultant deem it in the System's best interest to continue to hold the securities. At December 31, 2020 the System's fixed income securities were managed only in commingled or pooled accounts.

The System's 2020 Core, Core-Plus, Absolute Return, and TIPS (2019 only) fixed income strategies are managed in pooled accounts. For these contractual relationships, each Declaration of Trust takes precedence over the System's investment policy, and the custodian bank does not have custody of the assets in these accounts. Assets and ratings for these pooled or commingled funds are shown in the table on the following page.

**EMPLOYEES' RETIREMENT SYSTEM
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NOTES TO THE FINANCIAL STATEMENTS

(3) CASH AND INVESTMENTS, CONTINUED

G. Credit Risk, Continued

Pooled Funds	Fair Value @ 12/31/2020	Rating	Fair Value @ 12/31/2019	Rating
Core Bond Domestic	\$ 115,398,225	A+	\$ 102,193,189	AA-
Core-Plus	\$ 117,715,746	A	\$ 112,540,450	A+
Absolute Return	\$ 87,346,686	A	\$ 86,944,841	A
TIPS	--	--	\$ 373,466	AA+

H. Concentration of Credit Risk

Concentration of credit risk is defined as the inability to recover the value of deposits, investments, or collateral securities in the possession of an outside party caused by a lack of diversification. This form of risk arises when an entity has one or more concentrated investments in a single issuer. The System's *Total Plan Statement of Investment Policies and Objectives* limits the concentration in any one issuer to 7% of fair value. At December 31, 2020 and December 31, 2019 the System had exposure of less than 5% in any single investment issuer.

I. Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. This 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 does not have a formal policy relating to interest rate risk. The System's 2020 Core, Core-Plus, Absolute Return, and TIPS (2019 only) fixed income strategies are managed in pooled accounts. For these contractual relationships, each Declaration of Trust takes precedence over the System's investment policy, and the custodian bank does not have custody of the assets in these accounts. Assets and average durations for these funds are shown below.

Pooled Funds	Fair Value @ 12/31/2020	Average Duration	Fair Value @ 12/31/2019	Average Duration
Core Bond Domestic	\$ 115,398,225	6.14 years	\$ 102,193,190	5.77 years
Core-Plus	\$ 117,715,746	5.98 years	\$ 112,540,450	5.47 years
Absolute Return	\$ 87,346,686	2.42 years	\$ 86,944,841	2.78 years
TIPS	--	--	\$ 373,466	7.34 years

J. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The System's investment policy restricts equity investments to securities that are U.S. dollar denominated and are registered with the SEC. Although foreign exchange futures, forwards and swaps are permissible for those managers with non-US or global mandates, at December 31, 2020 and December 31, 2019, the System had no investments allocated in foreign currencies in non-pooled accounts of either fixed-income or equity managers.

**EMPLOYEES' RETIREMENT SYSTEM
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NOTES TO THE FINANCIAL STATEMENTS

(3) CASH AND INVESTMENTS, CONTINUED

K. Money-Weighted Rate of Return

The annual money-weighted rate of return on pension plan investments is the calculated internal rate of return on pension plan investments, net of pension plan investment expense, and adjusted for changing amounts actually invested. It employs the accrual basis of accounting and is the result in aggregate of the monthly internal rates of return for the year.

	CPERS Original Trust	Police Guarantee Trust
2020	12.24%	6.62%
2019	16.84%	13.69%

(4) ACTUARIAL – GASB 67 DISCLOSURES - CPERS

A. Net Pension Liability

	<u>12/31/2020</u>	<u>12/31/2019</u>
Total pension liability	\$ 1,872,065,232	\$ 1,822,502,044
Plan fiduciary net position	<u>(1,287,666,375)</u>	<u>(1,193,190,847)</u>
Net pension liability	\$ 584,398,857	\$ 629,311,197

Plan Fiduciary Net Position as a percent of the Total Pension Liability	68.78%	65.47%
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B. Actuarial Assumptions

Actuarial cost method	Entry Age Normal
Asset method	Market Value of Assets
Discount rate	7.00%
Expected long-term rate of return	7.00%
Municipal bond rate	1.93%
Inflation	2.25%
Investment rate of return, including inflation, and net of investment expenses	7.00%
Mortality rates (healthy & Inactive)	RP-2006 Blue Collar Employee Projected Back to 2001, Generational with MP-2018 (2016 base year)
Mortality rates (disabled)	RP-2006 Disability Table Projected Back to 2001, Generational with MP-2018 (2016 base year)
Salary increases	

Age	BREC/Reg.	Fire/Police
30	+2.50%	+4.00%
35	+1.50%	+2.00%
40	+1.25%	+2.00%
45	+0.75%	+1.00%
50	+0.50%	0.00%
55	0.00%	0.00%

**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF BATON ROUGE AND
PARISH OF EAST BATON ROUGE**

NOTES TO THE FINANCIAL STATEMENTS

(4) ACTUARIAL – GASB 67 DISCLOSURES – CPERS, CONTINUED

B. Actuarial Assumptions, Continued

Retirement rates

	< 25 Years of Service	=>25 Years of Service
Age 55-60	10%	25 years 20%
Age 61-63	20%	26 years 30%
Age 64	25%	27 years 40%
Age 65+	100%	28+ years 100%

Ad-hoc cost-of-living increases

None

Measurement date

December 31, 2020 with a valuation date of January 1, 2020
(The total pension liability was rolled forward from the valuation date to the System's fiscal year ending December 31, 2020 using generally accepted actuarial principles.)

Experience study

Last performed for the period January 1, 2014 to December 31, 2018

C. Plan Membership (as of January 1, 2020)

Inactive plan members and beneficiaries currently receiving benefits	3,817
Inactive plan members entitled to but not yet receiving benefits	15
Active plan members	<u>2,934</u>
Total plan members	<u>6,766</u>

D. Long-Term Expected Rate of Return on Pension Plan Investments

The long-term expected real rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return are combined to produce the long-term percentage and by adding expected inflation. The expected rate of return by weighting the expected future real rates of return by the target asset allocation long-term expected rate of return is 7.0%. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2020 are summarized in the table below.

Asset Class	2020 Target Allocation %	Long-Term Expected Real Rate of Return %
Domestic Equity	32.5	7.5
International Equity	17.5	8.5
Domestic Bonds	25.0	2.5
International Bonds	5.0	3.5
Real Estate	15.0	4.5
Alternative Assets	5.0	5.7
Total	100.0	

**EMPLOYEES' RETIREMENT SYSTEM
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NOTES TO THE FINANCIAL STATEMENTS

(4) ACTUARIAL – GASB 67 DISCLOSURES – CPERS, CONTINUED

E. Discount Rate

The Discount Rate used to measure the Total Pension Liability for both 2019 and 2020 was 7.0%. The projection of cash flows used to determine the Discount Rate assumed that plan member contributions will be made at the current contribution rate, and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan'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. For purposes of the valuation, the expected rate of return on pension plan investments is 7.0%; the municipal bond rate is 1.93% (based on the weekly rate closest to but not later than the measurement date of the S&P Municipal Bond 20-Year High Grade Rate Index); and the resulting single discount rate is 7.0% for both 2020 and 2019.

F. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following chart presents the net pension liability, calculated using the discount rate of 7.0%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	6.0%	7.0%	8.0%
Net Pension Liability	\$ 751,819,349	\$ 584,398,857	\$ 444,029,840

(5) ACTUARIAL – GASB 67 DISCLOSURES - PGT

A. Net Pension Liability

	<u>12/31/2020</u>	<u>12/31/2019</u>
Total pension liability	\$ 41,267,040	\$ 44,708,413
Plan fiduciary net position	<u>(15,076,516)</u>	<u>(14,158,092)</u>
Net pension liability	\$ 26,190,524	\$ 30,550,321
 Plan Fiduciary Net Position as a percent of the Total Pension Liability	 36.53%	 31.67%

B. Actuarial Assumptions

Actuarial cost method	Entry Age Normal
Asset method	Market Value of Assets
Discount rate	5.75%
Expected long-term rate of return	5.75%
Municipal bond rate	1.93%
Inflation	2.25%
Investment rate of return, including inflation, and net of investment expenses	5.75%

**EMPLOYEES' RETIREMENT SYSTEM
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NOTES TO THE FINANCIAL STATEMENTS

(5) ACTUARIAL – GASB 67 DISCLOSURES – PGT, CONTINUED

B. Actuarial Assumptions, Continued

Mortality rates (healthy) RP-2006 Combined Healthy Blue Collar
Projected with Scale BB to 2018

Mortality rates (disabled) RP-2006 Disabled Mortality Projected with
Scale BB to 2018

Salary increases

Age	Police
30	+4.00%
35	+2.00%
40	+2.00%
45	+1.00%
50 & >	0.00%

Retirement rates

< 25 Years of Service		=>25 Years of Service	
Age 55-60	10%	25 years	20%
Age 61-63	20%	26 years	30%
Age 64	25%	27 years	40%
Age 65+	100%	28+ years' service	100%

Ad-hoc cost-of-living increases None
Measurement date

December 31, 2020 with a valuation date of January 1, 2020
(The total pension liability was rolled forward from the
valuation date to the System's fiscal year ending December
31, 2020 using generally accepted actuarial principles.)

Experience study

Last performed for the period January 1, 2014 to
December 31, 2018

C. Plan Membership (as of January 1, 2020)

Inactive plan members and beneficiaries currently receiving benefits and/or maintaining DROP accounts	222
Inactive plan members entitled to but not yet receiving benefits	3
Active plan members	<u>90</u>
Total plan members	<u>315</u>

**EMPLOYEES' RETIREMENT SYSTEM
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NOTES TO THE FINANCIAL STATEMENTS

(5) ACTUARIAL – GASB 67 DISCLOSURES – PGT, CONTINUED

D. Long-Term Expected Rate of Return on Pension Plan Investments

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return are combined to produce the long-term percentage and by adding expected inflation. The expected rate of return by weighting the expected future real rates of return by the target asset allocation long-term expected rate of return is 5.75%. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2020 are summarized in the table below.

Asset Class	Target Allocation %	Long-Term Expected Real Rate of Return %
Domestic Equity	31.25	7.50
International Equity	17.50	8.50
Domestic Bonds	51.25	2.50
Total	100.0	

E. Discount Rate

The Discount Rate used to measure the Total Pension Liability was 5.75%. The projection of cash flows used to determine the Discount Rate assumed that plan member contributions will be made at the current contribution rate, and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan'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. For purposes of the valuation, the expected rate of return on pension plan investments is 5.75%; the municipal bond rate is 1.93% (based on the weekly rate closest to but not later than the measurement date of the S&P Municipal Bond 20-Year High Grade Rate Index); and the resulting single discount rate is 5.75%.

F. Sensitivity Of The Net Pension Liability To Changes In The Discount Rate

The following chart presents the net pension liability, calculated using the discount rate of 5.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (4.75%) or one percentage point higher (6.75%) than the current rate:

	1% Decrease 4.75%	Current Discount Rate 5.75%	1% Increase 6.75%
Net Pension Liability	\$ 26,126,620	\$ 26,190,524	\$ 26,264,660

**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF BATON ROUGE AND
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NOTES TO THE FINANCIAL STATEMENTS

(6) OTHER POST EMPLOYMENT BENEFITS (OPEB)

The Retirement System participates in the employees' group life, health, and dental insurance programs sponsored by the City-Parish. The program is administered by the City-Parish Human Resources Department along with outside third-party insurance providers or administrative agents. Both employee/retiree premiums and the employer contribution toward the premiums are set each year in the Metropolitan Council approved budget.

Plan description:

The City-Parish OPEB Plan is a single-employer defined benefit plan. The OPEB plan does not issue a stand-alone financial report. Retirees may continue personal health and dental insurance coverage in accordance with Parish Resolution 10179 adopted by the Parish Council on December 13, 1972, and amended by Metropolitan Council Resolution 42912 adopted November 12, 2003. Based on current practices, upon retirement, a totally vested employee may continue his coverage paying the same premiums and receiving the same benefits as active employees.

The Retirement System pays the following percentages of the employer portion of scheduled premiums on employees hired after January 1, 2004.

<u>Years of Service</u>	<u>Vested Percentage</u>
Fewer than 10 years	25%
10-15 years	50%
15-20 years	75%
Over 20 years	100%

Current Funding policy:

The contribution requirements are established in the annual operating budget of the City-Parish and may be amended in subsequent years. During the measurement period, the dental plan was funded with employees and retirees contributing 48 percent of the dental premium and the City-Parish contributing 52 percent of the dental premium. One hundred percent of required premiums on the \$5,000 retiree life insurance policy is funded by the employer. The City-Parish's health plan is a self-insured program with a third party administrator. During the measurement period, employees and retirees contributed 11% - 40% of the annually adopted premium base, dependent on the type of coverage chosen and the number of family members covered. The City-Parish contributed the corresponding 60% - 89% of the premium base. Effective January 1, 2004, the employer portion of pay-as-you-go OPEB insurance premiums are allocated over all employers and funds that participate in the OPEB Plan. There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement 75.

The number of active employees and retirees along with applicable dependents that were covered by the plan at each of the respective measurement dates below were as follows:

	December 31, 2019	December 31, 2020
Active Employees	36	34
Retirees' and Dependents	8	8
Total	44	40

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NOTES TO THE FINANCIAL STATEMENTS

(6) OTHER POST EMPLOYMENT BENEFITS (OPEB), CONTINUED

Total OPEB Liability:

For the year ended December 31, 2019, the Retirement System's proportional share (.30%) of Total OPEB Liability (\$3,068,562) was measured as of December 31, 2018, from the actuarial valuation date of December 31, 2018. For the year ended December 31, 2020, the Retirement System's proportional share (.31%) of Total OPEB Liability (\$3,639,141) was measured as of December 31, 2019, from the actuarial valuation date of December 31, 2018. The Retirement System's proportion of the Total OPEB liability was based on a percentage of enrolled participants in proportion to total enrolled for all participating employers. There was a change of 0.01% to the Retirement System's proportionate share since the prior measurement period.

The Retirement System's proportional share of Total OPEB Liability is properly allocated between the original CPERS Trust and the Police Guarantee Trust in the same proportions or percentages that indirect expenses are allocated for the corresponding years. For 2020 and 2019 that percentage allocation was 83% for the original CPERS Trust, and 17% for the Police Guarantee Trust (See Note 1.B).

**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF BATON ROUGE AND
PARISH OF EAST BATON ROUGE**

NOTES TO THE FINANCIAL STATEMENTS

(6) OTHER POST EMPLOYMENT BENEFITS (OPEB), CONTINUED

Actuarial Assumptions:

	2020	2019
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Inflation Rates	2.30%	2.30%
Salary Increases	3.00% per annum compounded annually	3.00% per annum compounded annually
Discount Rates *	2.74%	4.10%
Mortality Rates	Pub-2010 General Mortality with Generational projection per Scale MP-2020	RP-2014 Mortality adjusted to 2006 with Generational projection per scale MP-2018
Healthcare Cost Trend Rates:		
<i>(Medical)</i>		
Medicare Eligible	0% for 2019 – 2020. 5.6% for 2021, gradually decreasing to an ultimate rate of 3.7% for 2074 and beyond	5.6% for 2019, gradually decreasing to an ultimate rate of 3.9% for 2097 and beyond
Non-Medicare Eligible	0% for 2019 – 2020. 6.1% for 2021, gradually decreasing to an ultimate rate of 3.7% for 2074 and beyond	4.9% for 2019, gradually decreasing to an ultimate rate of 4.0% for 2078 and beyond
Medicare Advantage	0% for 2019 – 2020. 5.3% for 2021, gradually decreasing to an ultimate rate of 3.7% for 2074 and beyond	7.4% for 2019, gradually decreasing to an ultimate rate of 4.1% for 2097 and beyond
<i>(Dental)</i>	0% for 2019 – 2020. 3.84% for 2021 gradually decreasing to 3.62% for 2075 and beyond	3.92% for 2019 gradually decreasing to 3.77% for 2075 and beyond
Retirement Rates	Earlier of 25.5 years of service or age 61 and 11 years of service	Earlier of 25.5 years of service or age 61 and 11 years of service
Withdrawal Rates	Number of	Number of
	Years of Service	Years of Service
	Less than 2	Less than 2
	2	2
	3	3
	4 - 10	4 - 10
	11 - 15	11 - 15
	16 plus	16 plus
*Bond Buyer's 20 Year Bond General Obligation Index at the measurement date	3.30	3.30
	2.25	2.25
	1.80	1.80
	1.50	1.50
	0.60	0.60
	0.40	0.40

**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF BATON ROUGE AND
PARISH OF EAST BATON ROUGE**

NOTES TO THE FINANCIAL STATEMENTS

(6) OTHER POST EMPLOYMENT BENEFITS (OPEB), CONTINUED

Changes to the Total OPEB Liability of the City-Parish OPEB Plan:

	2020	2019	
Balance at the Beginning of the Year	\$ 3,068,562	\$ 4,097,831	
Changes for the Year			
Service Cost	84,936	67,059	
Interest	130,483	103,961	
Plan Changes	--	129,870	
Differences between expected and actual experience	--	124,771	
Changes in Assumptions	373,773	(352,516)	
Changes in Proportion	68,507	(1,024,710)	
Benefit Payments	(87,120)	(77,704)	
Net change in Total OPEB Liability	570,579	(1,029,269)	
Balance at the End of the Year	\$ 3,639,141	\$ 3,068,562	
2020			
	CPERS	PGT	Total
Balance at the Beginning of the Year	\$ 2,546,907	\$ 521,655	\$ 3,068,562
Changes for the Year			
Service Cost	70,497	14,439	84,936
Interest	108,301	22,182	130,483
Plan Changes	--	--	--
Differences between expected and actual experience	--	--	--
Changes in Assumptions	310,232	63,541	373,773
Changes in Proportion	56,861	11,646	68,507
Benefit Payments	(72,310)	(14,810)	(87,120)
Net change in Total OPEB Liability	473,581	96,998	570,579
Balance at the End of the Year	\$ 3,020,488	\$ 618,653	\$ 3,639,141
2019			
	CPERS	PGT	Total
Balance at the Beginning of the Year	\$ 3,401,200	\$ 696,631	\$ 4,097,831
Changes for the Year			
Service Cost	55,659	11,400	67,059
Interest	86,288	17,673	103,961
Plan Changes	107,792	22,078	129,870
Differences between expected and actual experience	103,560	21,211	124,771
Changes in Assumptions	(292,588)	(59,928)	(352,516)
Changes in Proportion	(850,509)	(174,201)	(1,024,710)
Benefit Payments	(64,495)	(13,209)	(77,704)
Net change in Total OPEB Liability	(854,293)	(174,976)	(1,029,269)
Balance at the End of the Year	\$ 2,546,907	\$ 521,655	\$ 3,068,562

**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF BATON ROUGE AND
PARISH OF EAST BATON ROUGE**

NOTES TO THE FINANCIAL STATEMENTS

(6) OTHER POST EMPLOYMENT BENEFITS (OPEB), CONTINUED

Changes in assumptions reflect a decrease of 1.36 percent in the discount rate from 4.10 percent to 2.74 percent.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate:

The following table presents the Total OPEB Liability of the Retirement System calculated using the current discount rate, as well as what the Retirement System's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate. Some small differences are due to rounding.

	1% Decrease	Current Discount Rate	1% Increase
2020	1.74%	2.74%	3.74%
CPERS Trust	\$ 3,729,849	\$ 3,020,488	\$ 2,541,803
Police Guarantee Trust	763,945	618,653	520,610
Total OPEB Liability	\$ 4,493,794	\$ 3,639,141	\$ 3,062,413
	1% Decrease	Current Discount Rate	1% Increase
2019	3.10%	4.10%	5.10%
CPERS Trust	\$ 3,078,272	\$ 2,546,907	\$ 2,142,687
Police Guarantee Trust	630,489	521,655	438,864
Total OPEB Liability	\$ 3,708,761	\$ 3,068,562	\$ 2,581,551

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate:

The following table presents the Total OPEB Liability of the Retirement System calculated using the current healthcare cost trend rates, as well as what the Retirement System's total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current rates.

	1% Decrease	Current Trend Rate	1% Increase
2020			
CPERS Trust	\$ 2,507,013	\$ 3,020,488	\$ 3,781,204
Police Guarantee Trust	513,485	618,653	774,463
Total OPEB Liability	\$ 3,020,498	\$ 3,639,141	\$ 4,555,667
	1% Decrease	Current Trend Rate	1% Increase
2019			
CPERS Trust	\$ 2,134,020	\$ 2,546,907	\$ 3,090,694
Police Guarantee Trust	437,088	521,655	633,034
Total OPEB Liability	\$ 2,571,108	\$ 3,068,562	\$ 3,723,728

**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF BATON ROUGE AND
PARISH OF EAST BATON ROUGE**

NOTES TO THE FINANCIAL STATEMENTS

(6) OTHER POST EMPLOYMENT BENEFITS (OPEB), CONTINUED

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

Changes in Total OPEB Liability are either reported in OPEB expense in the year the change occurred or recognized as a deferred outflow of resources or a deferred inflow of resources in the year the change occurred and amortized into OPEB expense over the average service life. For the measurement date of December 31, 2018 and December 31, 2019 the average service life was 3.6 years.

For the year ended December 31, 2019, the Retirement System recognized a credit of \$98,405 in OPEB expense. At December 31, 2019, the Retirement System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

December 31, 2019	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ 103,666	\$ --
Changes in Assumptions	78,332	(254,714)
Change in Proportion	--	(740,068)
Total	\$ 181,998	\$ (994,782)

For the year ended December 31, 2020, the Retirement System recognized \$38,655 in OPEB expense. At December 31, 2020, the Retirement System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

December 31, 2020	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ 65,028	\$ --
Changes in Assumptions	325,899	(156,466)
Change in Proportion	46,520	(455,883)
Total	\$ 437,447	\$ (612,349)

Benefit payments due within one year and deferred outflows of resources resulting from benefit payments subsequent to the measurement date are immaterial to the financial statements. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:

2021	\$ (199,927)
2022	\$ (60,799)
2023	\$ 85,824

**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF BATON ROUGE AND
PARISH OF EAST BATON ROUGE**

NOTES TO THE FINANCIAL STATEMENTS

(7) CONTINGENCIES

At December 31, 2020 the System was not a party to any litigation against it. The System was seeking or had been appointed lead plaintiff status in several class action securities litigation cases for which the System could potentially receive a settlement amount net of any legal or court-related expenses.



**City of Baton Rouge and Parish of East Baton Rouge
EMPLOYEES' RETIREMENT SYSTEM**

A Component Unit of the Consolidated Government of the
City of Baton Rouge and the Parish of East Baton Rouge, LA

CP
Employees'
Retirement System



**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF BATON ROUGE AND
PARISH OF EAST BATON ROUGE**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF CHANGES IN NET PENSION LIABILITY*

CPERS TRUST

	2020	2019	2018**	2017
Total Pension Liability				
Service Cost	\$ 22,402,096	\$ 22,147,773	\$ 21,438,268	\$ 21,731,939
Interest	125,116,162	124,632,274	122,129,050	117,917,332
Changes of Benefit Terms	--	--	--	--
Differences Between Expected and Actual Experience	17,602,346	14,403,685	19,935,775	21,885,751
Changes of Assumptions	--	(30,062,495)	31,656,400	--
Benefit Payments, Including Refunds of Member Contributions	(115,557,416)	(113,135,811)	(106,989,826)	(99,804,180)
Net Change in Total Pension Liability	\$ 49,563,188	\$ 17,985,426	\$ 88,169,667	\$ 61,730,842
Total Pension Liability – Beginning	\$ 1,822,502,044	\$ 1,804,516,618	\$ 1,716,346,951	\$ 1,654,616,109
Total Pension Liability – Ending(a)	\$ 1,872,065,232	\$ 1,822,502,044	\$ 1,804,516,618	\$ 1,716,346,951
Plan Fiduciary Net Position				
Contributions – Employer	51,108,528	\$ 46,806,504	\$ 49,339,335	\$ 42,700,798
Contributions – Employee	16,037,215	16,252,239	15,973,377	15,074,669
Contributions – Nonemployer				
Contributing Entity	1,260,272	1,227,486	1,160,713	1,138,523
Net Investment Income (Loss)	143,087,206	175,633,969	(67,904,707)	162,787,042
Retirement Benefits, Including Refunds of Member Contributions	(115,557,416)	(113,135,811)	(106,989,826)	(99,804,180)
Administrative Expenses	(1,460,277)	(1,372,143)	(1,490,465)	(1,350,435)
Net Change in Plan Fiduciary Net Position	\$ 94,475,528	\$ 125,412,246	\$ (109,911,573)	\$ 120,546,417
Plan Fiduciary Net Position – Beginning	\$ 1,193,190,847	\$ 1,067,778,601	\$ 1,180,912,117	\$ 1,060,365,700
Restatement – OPEB Related			(3,221,943)	--
Plan Fiduciary Net Position – Ending (b)	\$ 1,287,666,375	\$ 1,193,190,847	\$ 1,067,778,601	\$ 1,180,912,117
Net Pension Liability – Ending (a) – (b)	\$ 584,398,857	\$ 629,311,197	\$ 736,738,017	\$ 535,434,834
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	68.78%	65.47%	59.17%	68.80%
Covered Payroll	\$ 150,240,931	\$ 146,827,386	\$ 141,506,393	\$ 141,595,929
Net Pension Liability as a Percentage of Covered Payroll	388.97%	428.61%	520.64%	378.14%

*This schedule is intended to show information for 10 years. Additional years will be added as they become available.

**Restated due to the implementation of GASB Statement No.75.

**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF BATON ROUGE AND
PARISH OF EAST BATON ROUGE**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF CHANGES IN NET PENSION LIABILITY (CONTINUED)*

	CPERS TRUST		
	2016	2015	2014
Total Pension Liability			
Service Cost	\$ 21,666,750	\$ 21,575,938	\$ 23,180,006
Interest	113,988,166	111,124,207	108,726,199
Changes of Benefit Terms	(248,311)	--	--
Differences Between Expected and Actual Experience	18,008,432	2,317,200	680,646
Changes of Assumptions	--	47,540,972	--
Benefit Payments, Including Refunds of Member Contributions	<u>(98,765,476)</u>	<u>(96,206,645)</u>	<u>(90,949,249)</u>
Net Change in Total Pension Liability	\$ 54,649,561	\$ 86,351,672	\$ 41,637,602
Total Pension Liability – Beginning	\$ 1,599,966,548	\$ 1,513,614,876	\$ 1,471,977,274
Total Pension Liability – Ending(a)	\$ 1,654,616,109	\$ 1,599,966,548	\$ 1,513,614,876
Plan Fiduciary Net Position			
Contributions – Employer	\$ 42,003,980	\$ 40,354,154	\$ 38,356,684
Contributions – Employee	15,175,111	15,054,222	14,907,221
Contributions – Nonemployer Contributing Entity	1,045,915	1,033,486	1,006,487
Net Investment Income (Loss)	79,044,838	(9,608,883)	50,531,109
Retirement Benefits, Including Refunds of Member Contributions	<u>(98,765,476)</u>	<u>(96,206,645)</u>	<u>(90,949,249)</u>
Administrative Expenses	<u>(1,325,595)</u>	<u>(1,318,104)</u>	<u>(1,388,242)</u>
Net Change in Plan Fiduciary Net Position	\$ 37,178,773	\$ (50,691,770)	\$ 12,464,010
Plan Fiduciary Net Position – Beginning	\$ 1,023,186,927	\$ 1,073,878,697	\$ 1,061,414,687
Plan Fiduciary Net Position – Ending (b)	\$ 1,060,365,700	\$ 1,023,186,927	\$ 1,073,878,697
Net Pension Liability – Ending (a) – (b)	\$ 594,250,409	\$ 576,779,621	\$ 439,736,179
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	64.09%	63.95%	70.95%
Covered Payroll	\$ 136,334,630	\$ 135,556,888	\$ 137,789,518
Net Pension Liability as a Percentage of Covered Payroll	435.88%	425.49%	319.14%

*This schedule is intended to show information for 10 years. Additional years will be added as they become available.

**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF BATON ROUGE AND
PARISH OF EAST BATON ROUGE**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF CHANGES IN NET PENSION LIABILITY*

POLICE GUARANTEE TRUST

	2020	2019	2018**	2017
Total Pension Liability				
Service Cost	\$ 317,445	\$ 380,505	\$ 459,750	\$ 467,379
Interest	1,798,486	2,078,790	2,098,336	2,281,368
Changes of Benefit Terms	--	--	--	--
Differences Between Expected and Actual Experience	(2,217,162)	177,405	2,147,899	163,883
Changes of Assumptions	(382,169)	27,828	151,797	287,842
Benefit Payments, Including Refunds of Member Contributions	(2,957,973)	(2,312,226)	(2,371,530)	(2,340,178)
Net Change in Total Pension Liability	\$ (3,441,373)	\$ 352,302	\$ 2,486,252	\$ 860,294
Total Pension Liability - Beginning	\$ 44,708,413	\$ 44,356,111	\$ 41,869,859	\$ 41,009,565
Total Pension Liability - Ending (a)	\$ 41,267,040	\$ 44,708,413	\$ 44,356,111	\$ 41,869,859
Plan Fiduciary Net Position				
Contributions - Employer	\$ 3,205,654	\$ 1,167,213	\$ 778,113	\$ 641,699
Contributions - Employee	33,241	52,178	54,100	70,460
Net Investment Income (Loss)	937,018	1,788,105	(849,966)	1,727,482
Retirement Benefits, Including Refunds of Member Contributions	(2,957,973)	(2,312,226)	(2,371,530)	(2,340,178)
Administrative Expenses	(299,516)	(279,405)	(300,141)	(275,799)
Net Change in Plan Fiduciary Net Position	\$ 918,424	\$ 415,865	\$ (2,689,424)	\$ (176,336)
Plan Fiduciary Net Position - Beginning	\$ 14,158,092	\$ 13,742,227	\$ 17,087,812	\$ 17,264,149
Beginning of the Year Adjustment	--	--	(656,161)	--
Plan Fiduciary Net Position - Ending (b)	\$ 15,076,516	\$ 14,158,092	\$ 13,742,227	\$ 17,087,813
Net Pension Liability – Ending (a) – (b)	\$ 26,190,524	\$ 30,550,321	\$ 30,613,884	\$ 24,782,046
Plan Fiduciary Net Position as a Percentage of Total Pension Liability Covered Payroll	36.53%	31.67%	30.98%	40.81%
Net Pension Liability as a Percentage of Covered Payroll	392.73%	377.15%	332.53%	210.94%

*This schedule is intended to show information for 10 years. Additional years will be added as they become available.

**Restated due to the implementation of GASB Statement No.75.

**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF BATON ROUGE AND
PARISH OF EAST BATON ROUGE**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF CHANGES IN NET PENSION LIABILITY (CONTINUED)*

POLICE GUARANTEE TRUST

	2016	2015	2014
Total Pension Liability			
Service Cost	\$ 477,571	\$ 454,961	\$ 437,310
Interest	2,423,493	2,338,200	2,565,879
Changes of Benefit Terms	--	--	--
Differences Between Expected and Actual Experience	2,243,050	1,721,888	--
Changes of Assumptions	555,501	(979,283)	340,742
Benefit Payments, Including Refunds of Member Contributions	<u>(2,651,397)</u>	<u>(1,853,004)</u>	<u>(1,679,506)</u>
Net Change in Total Pension Liability	\$ 3,048,218	\$ 1,682,762	\$ 1,664,425
Total Pension Liability - Beginning	\$ 37,961,347	\$ 36,278,585	\$ 34,614,160
Total Pension Liability - Ending (a)	\$ 41,009,565	\$ 37,961,347	\$ 36,278,585
Plan Fiduciary Net Position			
Contributions - Employer	\$ 581,006	\$ 951,261	\$ 763,873
Contributions - Employee	63,856	99,365	90,774
Net Investment Income (Loss)	974,590	(403,640)	796,414
Retirement Benefits, Including Refunds of Member Contributions	<u>(2,651,397)</u>	<u>(1,853,004)</u>	<u>(1,679,506)</u>
Administrative Expenses	<u>(269,510)</u>	<u>(313,560)</u>	<u>(333,744)</u>
Net Change in Plan Fiduciary Net Position	\$ (1,301,455)	\$ (1,519,578)	\$ (362,189)
Plan Fiduciary Net Position - Beginning	\$ 18,565,604	\$ 20,085,182	\$ 20,447,371
Plan Fiduciary Net Position - Ending (b)	\$ 17,264,149	\$ 18,565,604	\$ 20,085,182
Net Pension Liability – Ending (a) – (b)	\$ 23,745,416	\$ 19,395,743	\$ 16,193,403
Plan Fiduciary Net Position as a Percentage of Total Pension Liability Covered Payroll	42.10%	48.91%	55.36%
Net Pension Liability as a Percentage of Covered Payroll	178.92%	137.89%	113.38%

*This schedule is intended to show information for 10 years. Additional years will be added as they become available.

**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF BATON ROUGE AND
PARISH OF EAST BATON ROUGE**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF EMPLOYERS' NET PENSION LIABILITY*

CPERS TRUST

	2020	2019	2018**	2017
Total Pension Liability	\$ 1,872,065,232	\$ 1,822,502,044	\$1,804,516,618	\$1,716,346,951
Plan Fiduciary Net Position	<u>1,287,666,375</u>	<u>1,193,190,847</u>	<u>1,067,778,601</u>	<u>1,180,912,117</u>
Employers' Net Pension Liability	\$ 584,398,857	\$ 629,311,197	\$ 736,738,017	\$ 535,434,834
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	68.78%	65.47%	59.17%	68.80%
Covered Payroll	\$ 150,241,931	\$ 146,827,386	\$ 141,506,393	\$ 141,595,929
Employers' Net Pension Liability as a Percentage of Covered Payroll	388.97%	428.61%	520.64%	378.14%
	2016	2015	2014	2013
Total Pension Liability	\$1,654,616,109	\$1,599,966,548	\$1,513,614,876	\$1,471,977,274
Plan Fiduciary Net Position	<u>1,060,365,700</u>	<u>1,023,186,927</u>	<u>1,073,878,697</u>	<u>1,061,414,687</u>
Employers' Net Pension Liability	\$ 594,250,409	\$ 576,779,621	\$ 439,736,179	\$ 410,562,587
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	64.09%	63.95%	70.95%	72.11%
Covered Payroll	\$ 136,334,630	\$ 135,556,888	\$ 137,789,518	\$ 137,426,654
Employers' Net Pension Liability as a Percentage of Covered Payroll	435.88%	425.49%	319.14%	298.75%

*This schedule is intended to show information for 10 years. Additional years will be added as they become available.

**Restated due to the implementation of GASB Statement No.75.

**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF BATON ROUGE AND
PARISH OF EAST BATON ROUGE**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF EMPLOYERS' NET PENSION LIABILITY*

POLICE GUARANTEE TRUST

	2020	2019	2018**	2017
Total Pension Liability	\$ 41,267,040	\$ 44,708,413	\$ 44,356,111	\$ 41,869,859
Plan Fiduciary Net Position	<u>15,076,516</u>	<u>14,158,092</u>	<u>13,742,227</u>	<u>17,087,813</u>
Employers' Net Pension Liability	\$ 26,190,524	\$ 30,550,321	\$ 30,613,884	\$ 24,782,046
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	 36.53%	 31.67%	 30.98%	 40.81%
Covered Payroll	\$ 6,668,867	\$ 8,100,367	\$ 9,206,458	\$ 11,748,200
 Employers' Net Pension Liability as a Percentage of Covered Payroll	 392.73%	 377.15%	 332.53%	 210.94%
	 2016	 2015	 2014	 2013
Total Pension Liability	\$ 41,009,565	\$ 37,961,347	\$ 36,278,585	\$ 34,614,160
Plan Fiduciary Net Position	<u>17,264,149</u>	<u>18,565,604</u>	<u>20,085,182</u>	<u>20,447,371</u>
Employers' Net Pension Liability	\$ 23,745,416	\$ 19,395,743	\$ 16,193,403	\$ 14,166,789
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	 42.10%	 48.91%	 55.36%	 59.07%
Covered Payroll	\$ 13,271,888	\$ 14,066,159	\$ 14,282,440	\$ 15,428,420
 Employers' Net Pension Liability as a Percentage of Covered Payroll	 178.92%	 137.89%	 113.38%	 91.82%

*This schedule is intended to show information for 10 years. Additional years will be added as they become available.

**Restated due to the implementation of GASB Statement No.75.

**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF BATON ROUGE AND
PARISH OF EAST BATON ROUGE**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF INVESTMENT RETURNS*

CPERS TRUST

<u>Fiscal Year</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2020	12.24%
2019	16.84%
2018	(5.85)%
2017	15.66%
2016	7.89%
2015	(.87)%
2014	4.93%

POLICE GUARANTEE TRUST

<u>Fiscal Year</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2020	6.62%
2019	13.69%
2018	(5.25)%
2017	10.59%
2016	5.59%
2015	(1.93)%
2014	4.50%

*This schedule is intended to show information for 10 years. Additional years will be added as they become available.

**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF BATON ROUGE AND
PARISH OF EAST BATON ROUGE**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF EMPLOYER CONTRIBUTIONS

CPERS TRUST

Year Ended	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution*	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
	\$	\$	\$	\$	
12/31/11	33,890,884	37,305,836	(3,414,952)	136,123,660	27.41%
12/31/12	35,001,688	39,134,851	(4,133,163)	136,781,288	28.61%
12/31/13	36,777,168	40,133,560	(3,356,391)	137,426,654	29.20%
12/31/14	37,417,818	39,363,171	(1,945,353)	137,789,518	28.57%
12/31/15	38,715,270	41,387,640	(2,672,370)	135,556,888	30.53%
12/31/16	39,173,320	43,049,895	(3,876,575)	136,334,630	31.58%
12/31/17	41,887,796	43,839,321	(1,951,525)	141,595,929	30.96%
12/31/18	46,328,083	50,500,048	(4,171,965)	141,506,393	35.69%
12/31/19	47,448,484	48,033,990	(585,506)	146,827,386	32.71%
12/31/20	50,673,054	52,368,800	(1,695,746)	150,240,931	34.86%

*Includes East Baton Rouge Parish ad-valorem tax contribution.

**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF BATON ROUGE AND
PARISH OF EAST BATON ROUGE**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF EMPLOYER CONTRIBUTIONS

POLICE GUARANTEE TRUST*

Year Ended	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
	\$	\$	\$	\$	
12/31/11	1,977,834	202,695	1,775,139	17,315,930	1.17%
12/31/12	2,225,478	238,628	1,986,850	15,966,923	1.49%
12/31/13	2,679,589	696,918	1,982,671	15,428,420	4.52%
12/31/14	2,646,547	763,873	1,882,674	14,282,440	5.35%
12/31/15	3,029,216	951,261	2,077,955	14,066,159	6.76%
12/31/16	2,752,642	581,007	2,171,635	13,271,888	4.38%
12/31/17	3,795,014	641,699	3,153,315	11,748,200	5.46%
12/31/18	2,455,093	778,113	1,676,980	9,206,458	8.45%
12/31/19	3,169,155	1,167,213	2,001,942	8,100,367	14.41%
12/31/20	8,398,532	3,205,654	5,192,878	6,668,867	48.07%

Note: Police Guarantee Trust was fully funded at inception effective February 26, 2000

*The Police Guarantee Trust used the Aggregate actuarial cost method for funding purposes prior to 2016. In 2016, the cost method was changed to Entry Age Normal. See page 130 for the Schedule of Funding Progress prepared using the entry age actuarial cost method.

**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF BATON ROUGE AND
PARISH OF EAST BATON ROUGE**

REQUIRED SUPPLEMENTARY INFORMATION

NOTES TO REQUIRED SCHEDULES – ACTUARIAL DETERMINED CONTRIBUTIONS

The actuarial determined contribution rates in the schedule of employer contributions are calculated as of January 1, 2019, twelve months prior to the fiscal year end in which the contributions are reported. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule.

CPERS TRUST

Valuation date	December 31, 2020
Valuation method	Individual Entry Age Normal Actuarial Cost Method with Unfunded Actuarial Accrued Liability.
Amortization method	30-year amortization method using payroll growth of 2.5% per annum, the amortization period will be reduced in successive years until reaching a 15-year open period.
Remaining amortization period	24 years (phasing down to 15-year open)
Asset valuation method	Market value as of January 1, 1996. Beginning January 1, 1997, adjusted Market Value with 20% unrealized gains (losses) recognized each year. Beginning January 1, 2002, Expected Value Method, with 20% of investment gains or (losses) recognized each year. Beginning January 1, 2018, method changed to uniformly spread actuarial gains and losses over a five-year period which ensures the Actuarial Value of Assets converge to the Market Value of Assets within a reasonable time.
Actuarial assumptions:	
Investment rate of return	7.00%* (1)
Projected salary increases	Current assumptions are based on the system's experience using factors ranging from .75% - 15.50% based on the member's age, years of service, and employer group. For a complete description of the assumptions used, please see the January 1, 2021 actuarial valuation report. (2)
Aggregate payroll growth	2.50% * (3)

* compounded annually and including inflation of 2.75%

(1) Revised from 7.25% to 7.00% . (Adopted March 26, 2020)

(2) Revised from 2008 assumption of 3.75% (Adopted March 26, 2020)

(3) Revised from 2003 assumption of 5.0%

**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF BATON ROUGE AND
PARISH OF EAST BATON ROUGE**

REQUIRED SUPPLEMENTARY INFORMATION

NOTES TO REQUIRED SCHEDULES – ACTUARIAL DETERMINED CONTRIBUTIONS

POLICE GUARANTEE TRUST

Valuation date	December 31, 2020
Valuation method	Individual Entry Age Normal Actuarial Cost Method with Unfunded Actuarial Accrued Liability effective January 1, 2016. Prior to 2016, the Aggregate actuarial cost method was used.
Amortization method	4-year open period amortization method. (1)
Remaining amortization period	4 years
Asset valuation method	Market value as of January 1, 2000 and January 1, 2001. Beginning January 1, 2002, adjusted Expected Value Method with 20% of unrealized gains or (losses) recognized each year. Beginning January 1, 2018, method changed to uniformly spread actuarial gains and losses over a five-year period which ensures the Actuarial Value of Assets converge to the Market Value of Assets within a reasonable time.
Actuarial assumptions:	
Investment rate of return	5.75%* (2)
Projected salary increases	Inflation, plus (3)
	<u>Age</u> <u>Salary Increase</u>
	37 3.75%
	42 3.75%
	47 2.75%
	52 2.75%
	55+ 2.50%
Aggregate payroll growth	N/A

* compounded annually and including inflation of 2.75%

(1) Revised from 15 year open period to 4 year open period effective 01/01/2019. Adopted May 31, 2018

(2) Revised from 7.25% to 5.75% effective 01/01/2019. (Adopted January 31, 2019)

(3) Revised from 3.5% plus longevity/merit effective 3/25/2010. (Adopted March 26, 2020)

**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF BATON ROUGE AND
PARISH OF EAST BATON ROUGE
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULES OF CHANGES IN TOTAL OPEB LIABILITY*

	CPERS TRUST		
	2020	2019	2018
Total OPEB Liability			
Service Cost	\$ 70,497	\$ 55,659	\$ 66,335
Interest	108,301	86,288	118,341
Plan Changes	--	107,792	(19,925)
Differences Between Expected and Actual Experience	--	103,560	4,494
Changes in Other Assumptions	310,232	(292,588)	13,128
Changes in Proportion	56,861	(850,509)	--
Benefit Payments	(72,310)	(64,495)	(76,554)
Net Change in Total OPEB Liability	\$ 473,581	\$ (854,293)	\$ 105,819
Total OPEB Liability - Beginning	\$ 2,546,907	\$ 3,401,200	\$ 3,295,381
Total OPEB Liability - Ending	\$ 3,020,488	\$ 2,546,907	\$ 3,401,200
Covered Payroll	\$ 438,185	\$ 667,261	\$ 657,074
Employers' OPEB as a Percentage of Covered Payroll	689.32%	381.70%	517.63%

Amounts are determined as of the measurement date of December 31 of the previous fiscal year. There are no assets accumulated in a trust that meets the criterial of paragraph 4 of GASB Statement No. 75.

Actuarial Methods and Assumptions:

Inflation	2.30%
Salary Increases	3.00% per annum, compounded annually
Discount Rate	2.74% based on the Bond Buyer's 20 year bond general obligation index
Mortality	Adjusted RHP-2010 Generational with MP-2020 Projection

Health cost trend rates:

Medical

Medicare Eligible - 0.0% for 2019-2020. 5.6% for 2021, gradually decreasing to an ultimate rate of 3.7% for 2074 and beyond

Non Medicare Eligible - 0.0% for 2019-2020. 6.1% for 2021, gradually decreasing to an ultimate rate of 3.7% for 2074 and beyond

Medicare Advantage - 0.0% for 2019-2020. 5.3% for 2021, gradually decreasing to an ultimate rate of 3.7% for 2074 and beyond

Dental - 0.0% for 2019-2020. 3.84% for 2021, gradually decreasing to an ultimate rate of 3.62% for 2075 and beyond

Retirement rates	Non-Fire: The earlier of 25.5 years of service or age 61 and 11 years of service
	Fire: The earlier of 26 years of service or age 61 and 11 years of service

*This schedule is intended to show information for 10 years. Additional years will be added as they become available.

**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF BATON ROUGE AND
PARISH OF EAST BATON ROUGE
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULES OF CHANGES IN TOTAL OPEB LIABILITY*

POLICE GUARANTEE TRUST

	2020	2019	2018
Total OPEB Liability			
Service Cost	\$ 14,439	\$ 11,400	\$ 13,587
Interest	22,182	17,673	24,238
Plan Changes	--	22,078	(4,081)
Differences Between Expected and Actual Experience	--	21,211	921
Changes in Other Assumptions	63,541	(59,928)	2,689
Changes in Proportion	11,646	(174,201)	--
Benefit Payments	(14,810)	(13,209)	(15,680)
Net Change in Total OPEB Liability	\$ 96,998	\$ (174,976)	\$ 21,674
Total OPEB Liability - Beginning	\$ 521,665	\$ 696,631	\$ 674,957
Total OPEB Liability - Ending	\$ 618,663	\$ 521,655	\$ 696,631
Covered Payroll	\$ 89,749	\$ 136,668	\$ 133,819
Employers' OPEB as a Percentage of Covered Payroll	689.32%	381.70%	520.58%

Amounts are determined as of the measurement date of December 31 of the previous fiscal year. There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Actuarial Methods and Assumptions:

Inflation	2.30%
Salary Increases	3.00% per annum, compounded annually
Discount Rate	2.74% based on the Bond Buyer's 20 year bond general obligation index
Mortality	Adjusted RHP-2010 Generational with MP-2020 Projection
Health cost trend rates:	
Medical	
<u>Medicare Eligible</u>	- 0.0% for 2019-2020. 5.6% for 2021, gradually decreasing to an ultimate rate of 3.7% for 2074 and beyond
<u>Non Medicare Eligible</u>	- 0.0% for 2019-2020. 6.1% for 2021, gradually decreasing to an ultimate rate of 3.7% for 2074 and beyond
<u>Medicare Advantage</u>	- 0.0% for 2019-2020. 5.3% for 2021, gradually decreasing to an ultimate rate of 3.7% for 2074 and beyond
Dental	- 0.0% for 2019-2020. 3.84% for 2021, gradually decreasing to an ultimate rate of 3.62% for 2075 and beyond
Retirement rates	Non-Fire: The earlier of 25.5 years of service or age 61 and 11 years of service Fire: The earlier of 26 years of service or age 61 and 11 years of service

*This schedule is intended to show information for 10 years. Additional years will be added as they become available.

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**City of Baton Rouge and Parish of East Baton Rouge
EMPLOYEES' RETIREMENT SYSTEM**

A Component Unit of the Consolidated Government of the
City of Baton Rouge and the Parish of East Baton Rouge, LA

CP
Employees'
Retirement System



**SCHEDULES OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
AND COMPARATIVE COMBINED TOTAL FOR 2019**

	<u>CPERS Trust</u>	<u>Police Guarantee Trust</u>	<u>2020 Combined Total</u>	<u>2019 Combined Total</u>
Salaries:				
Salaries - regular	\$ 695,512	\$ 142,454	\$ 837,966	\$ 803,929
Salaries – severance pay	--	--	--	--
Other compensation – student interns	8,798	1,802	10,600	16,213
Other compensation – auto allowance	8,030	1,645	9,675	9,637
Related benefits	<u>361,080</u>	<u>73,955</u>	<u>435,035</u>	<u>379,005</u>
Total salaries	<u>1,073,420</u>	<u>219,856</u>	<u>1,293,276</u>	<u>1,208,784</u>
Travel and training expenses	<u>656</u>	<u>134</u>	<u>790</u>	<u>7,272</u>
Operating services:				
Dues and memberships	1,569	321	1,890	3,024
Utilities	13,436	2,752	16,188	9,621
Custodial and extermination	13,666	2,799	16,465	16,510
Printing and binding	9,193	531	9,724	8,368
Telephone	3,519	774	4,293	4,239
Postage	21,198	4,342	25,540	32,263
Insurance	14,907	3,053	17,960	17,872
Rentals – office equipment	8,337	1,708	10,045	9,343
Repairs and maintenance - buildings	33,866	6,936	40,802	9,790
Repairs and maintenance - office equipment	2,479	508	2,987	1,881
Miscellaneous Capital Improvements	<u>8,084</u>	<u>1,656</u>	<u>9,740</u>	<u>--</u>
Total operating services	<u>130,254</u>	<u>25,380</u>	<u>155,634</u>	<u>112,911</u>
Supplies	<u>11,220</u>	<u>2,299</u>	<u>13,519</u>	<u>30,356</u>
Professional services:				
Accounting and auditing	58,847	12,053	70,900	43,500
Legal	37,589	1,292	38,881	74,734
Actuarial	87,175	26,475	113,650	88,820
Other professional	<u>60,158</u>	<u>12,027</u>	<u>72,185</u>	<u>86,526</u>
Total professional services	<u>243,769</u>	<u>51,847</u>	<u>295,616</u>	<u>293,580</u>
Depreciation expense	<u>5,066</u>	<u>--</u>	<u>5,066</u>	<u>3,634</u>
Capital outlay	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Other expenses (revenues)	<u>(4,108)</u>	<u>--</u>	<u>(4,108)</u>	<u>(4,989)</u>
Total administrative expenses	<u>\$ 1,460,277</u>	<u>\$ 299,516</u>	<u>\$ 1,759,793</u>	<u>\$ 1,651,548</u>

See accompanying independent auditors' report.

**SCHEDULES OF INVESTMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
AND COMPARATIVE COMBINED TOTAL FOR 2019**

	<u>CPERS Trust</u>	<u>Police Guarantee Trust</u>	<u>2020 Combined Total</u>	<u>2019 Combined Total</u>
Fixed Income:				
Fixed Income - Domestic	\$ 911,664	\$ 10,205	\$ 921,869	\$ 789,890
Fixed Income - International	<u>101,254</u>	<u>1,010</u>	<u>102,264</u>	<u>149,629</u>
Total Fixed Income	<u>1,012,918</u>	<u>11,215</u>	<u>1,024,133</u>	<u>939,519</u>
Equity Securities:				
Equities - Domestic	966,367	4,038	970,405	1,155,038
Equities - International	<u>1,733,331</u>	<u>6,648</u>	<u>1,739,979</u>	<u>1,976,831</u>
Total Equity Securities	<u>2,699,698</u>	<u>10,686</u>	<u>2,710,384</u>	<u>3,131,869</u>
Alternative Investments:				
Hedge Fund of Funds	1,035,109	6,366	1,041,475	767,332
Real Estate Investments	679,647	--	679,647	687,639
Risk Parity	405,076	1,936	407,012	280,095
Private Equity	<u>866,366</u>	<u>--</u>	<u>866,366</u>	<u>546,748</u>
Total Alternative Investments	<u>2,986,198</u>	<u>8,302</u>	<u>2,994,500</u>	<u>2,281,814</u>
Custodian Fees	<u>121,535</u>	<u>25,109</u>	<u>146,644</u>	<u>118,076</u>
Advisor Fees	<u>149,400</u>	<u>30,600</u>	<u>180,000</u>	<u>215,586</u>
Total Investment Expenses	<u>\$ 6,969,749</u>	<u>\$ 85,912</u>	<u>\$ 7,055,661</u>	<u>\$ 6,686,864</u>

See accompanying independent auditors' report.

**SCHEDULES OF PAYMENTS TO CONSULTANTS
FOR THE YEAR ENDED DECEMBER 31, 2020
AND COMPARATIVE COMBINED TOTAL FOR 2019**

	<u>CPERS Trust</u>	<u>Police Guarantee Trust</u>	<u>2020 Combined Total</u>	<u>2019 Combined Total</u>
Accounting and Auditing	\$ 58,847	\$ 12,053	\$ 70,900	\$ 43,500
Auditors - Postlethwaite & Netterville				
Legal	37,589	1,292	38,881	74,734
Legal Counsel - Akers & Wisbar LLC				
Klausner & Kaufman				
Tarcza & Associates				
Actuarial	87,175	26,475	113,650	88,820
Actuary - Foster & Foster Inc				
Other Professionals:	60,158	12,027	72,185	86,526
Medical Examiner - D. J. Scimeca, Jr. , M.D.				
Computer Consultant - Relational Systems Consultants				
Cost Allocation Services- MGT of America Inc				
Web Design Services- Velocity Squared LLC				
Total	\$ <u>243,769</u>	\$ <u>51,847</u>	\$ <u>295,616</u>	\$ <u>293,580</u>

A schedule of brokerage commissions paid is shown on page 102.

See accompanying independent auditors' report.

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO RETIREMENT ADMINISTRATOR
FOR THE YEAR ENDED 2020**

Agency Head Name: Jeffrey R. Yates

<u>Purpose</u>	<u>Amount</u>
Salary (part-time)	\$ 81,246
Benefits-insurance	6,752
Car allowance	4,800
Reimbursements	1,399
Travel-due diligence visits	-0-
Continuing professional education fees	-0-
Total	<u>\$ 94,197</u>

See accompanying independent auditors' report.



**City of Baton Rouge and Parish of East Baton Rouge
EMPLOYEES' RETIREMENT SYSTEM**

A Component Unit of the Consolidated Government of the
City of Baton Rouge and the Parish of East Baton Rouge, LA

CP
Employees'
Retirement System



Clients first.



June 11, 2021

Board of Trustees
City of Baton Rouge and Parish of East Baton Rouge
Employees' Retirement System and Police Guarantee Trust
P.O. Box 1471
Baton Rouge, LA 70821

Domestic equities defied expectations in 2020 by ending the year at record highs. Global stock market performance demonstrated resilience during a volatile year that included a pandemic lockdown induced recession, a severe bear market and a contentious presidential election. Massive government stimulus measures and a rapid development of vaccines helped calm the markets even as restrictions aimed at curbing the spread of COVID-19 forced the economy into the deepest recession since the Great Depression. For the year US equities gained 18% as measured by the S&P 500 while foreign developed markets gained 8% and emerging markets gained 18%. In addition to the \$2 trillion CARES Act in March and the \$900 billion US government stimulus package in December, the Federal Reserve cut interest rates 150 basis points in March. The Fed's actions brought the lower range of its target interest rate to zero for the first time since 2015. A sharp flight to the safety of US government bonds and the resulting declining interest rates boosted the US bond market which gained nearly 8% as measured by the Bloomberg Barclays Aggregate Bond Index.

US stocks suffered the sharpest bear market in history in the first quarter with the S&P declining 34% in 23 trading days from its peak on February 19th, through March 23rd, only to rally 70% through year-end. Small cap stocks were even more volatile with the Russell 2000 Index recording its best (Q4) and worst quarters (Q1) in history and ultimately finished up 20% for the year. The market performance was led by Consumer Discretionary stocks which gained 48% for the year thanks to strong stock performance from companies such as Amazon and Tesla (which gained 743% and was added to the S&P 500 in December). The Technology sector also continued to perform well, gaining 47% with impressive results from Apple, Microsoft and Facebook. Performance varied dramatically by sector, especially with Energy, declining 33% as the significant reduction in travel reduced the demand for oil. The Financials and Real Estate sectors also delivered negative returns of 2%, and 5%, respectively for 2021.

Non-US equities rose in 2020 also supported by massive global government stimulus measures and rapid vaccine deployment, but not quite enough to match the strength of performance in the US markets. Developed markets, measured by the MSCI EAFE, gained 8% for the year while emerging markets equities, measured by the MSCI Emerging Markets Index, gained 18%. The US dollar fell against most foreign currencies which enhanced international equity performance. Foreign indices continue to lag due to their higher weights in financial services, industrials, and consumer stocks versus US benchmarks which have larger weightings in the consumer and technology areas.

Government bonds advanced for the year as central banks around the globe cut interest rates and ramped up stimulus programs to counter the impact of the pandemic. The Federal Reserve slashed rates to near zero in March, launched a series of emergency lending programs and expanded an aggressive asset purchase program. Fears regarding the impact the pandemic resulted in interest rates across the yield curve declining to historic lows in August and investors benefited from rising bond prices. Pandemic fears initially lead to credit spreads widening, especially in non-investment grade bonds, as investors fled to the safety of US government bonds and shunned all default risk. However, as the Fed's actions took hold and markets recovered, investment grade corporate bonds and below investment grade bonds eventually delivered significant returns for 2020.

On December 31, 2020, the CPERS portfolio had a fair value of \$1,274.1 million. Assets in the Police Guarantee Trust totaled \$13.5 million. For the 12-month period, CPERS investments generated a gain of 13.3% which outperformed its Policy Index by 0.3%. For the trailing three years the fund is up an annualized 8.0%, and over the last five years, the fund has returned 9.8% on an annualized basis. The fund underperformed its policy benchmark by 0.1% over the last three years but did outperform the benchmark by 0.7% over the last five years, annualized. Over these same 1-, 3-, and 5-year periods, the Police Guarantee Trust earned returns of 8.8%, 5.7%, and 7.5%, respectively. Calculations were prepared using a time-weighted rate of return based on the market values as of December 31, 2020. The two portfolios are invested similarly, but the funds' respective sizes and differing liquidity needs dictate implementation differences, resulting in some return differences between the two.

Sincerely



Jonathan Breth
Consulting Group

STATEMENT OF INVESTMENT POLICIES AND OBJECTIVES

Introduction

This Statement of Investment Policy serves as the official communication regarding the investment practices of the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge ("CPERS"). This document outlines the goals, objectives, responsibilities and restrictions so that there is a clear understanding of the policies of the Plan by the Board of Trustees, Investment Committee, Staff, Investment Managers, Investment Consultant, and Custodian. In addition, this document provides the Board a meaningful basis for the evaluation of the investment performance of the individual Investment Managers and the Plan as a whole, measuring each relative to a set of clearly defined investment objectives. The policy as represented in this document is not in complete form and has been summarized for a general understanding.

Investment Goals and Objectives

Based on general beliefs about the long-term investment returns available from a well-diversified and prudently invested portfolio, the Board has adopted a targeted total annualized return objective which, over time, meets or exceeds its assumed actuarial rate of return on assets. This total return objective will be periodically evaluated by the Board to determine whether it remains relevant given the then-prevailing capital market conditions and the System's financial position.

Asset Allocation

CPERS' Asset Allocation will be the primary tool used to achieve the total return objective. In order to achieve a specified rate of return for the Plan, the Board relies on prevailing financial theory and utilizes an appropriate long-term diversified asset allocation model. Based on its determination of an appropriate risk posture and its associated long-term return expectations, the Board has adopted the following Asset Allocation Policy for CPERS during 2020.

Asset Class	Minimum Allocation	Target Allocation	Maximum Allocation
Public Equities	30.0%	40.0%	50.0%
US	17.5%	22.5%	27.5%
Non-US	12.5%	17.5%	22.5%
Private Markets	0.0%	10.0%	15.0%
Public Fixed Income	20.0%	30.0%	40.0%
US Core Fixed Income	20.0%	25.0%	30.0%
Multi Sector Global	0.0%	5.0%	10.0%
Hedge Funds	0.0%	5.0%	10.0%
Risk Parity	0.0%	0.0%	10.0%
Real Assets	5.0%	15.0%	25.0%
Real Estate	5.0%	10.0%	15.0%
Master Limited Partnerships	0.0%	0.0%	10.0%
Global Infrastructure	0.0%	5.0%	10.0%

The Board also adopted the following Asset Allocation Policy for the PGT in 2020.

Asset Class	Minimum Allocation	Target Allocation	Maximum Allocation
Public Equities	30.0%	42.5%	55.0%
US	20.0%	27.5%	35.0%
Non-US	10.0%	15.0%	20.0%
Public Fixed Income	25.0%	35.0%	45.0%
US Core Fixed Income	20.0%	25.0%	30.0%
Multi Sector Global	5.0%	10.0%	15.0%
Multi Asset Global Tactical	7.0%	12.5%	17.5%
Cash	5.0%	10.0%	15.0%

STATEMENT OF INVESTMENT POLICIES AND OBJECTIVES (CONTINUED)

Rebalancing

Using the policy targets and bands stated in the previous section, a rebalancing event will be triggered whenever the aggregate equity, aggregate bond or real asset allocations exceed either their upper or lower band. At this point, the portfolio will be rebalanced across all asset classes to the target allocations to the extent possible without generating undue transactions costs.

Performance Evaluation and Review

On a quarterly basis, the Committee will review actual investment results to ensure that the System's Asset Allocation is within policy ranges, and that the investment program is maintaining its disciplines and meeting expectations.

The performance of the Total Fund for CPERS will be measured against an appropriate policy index, based on the fund's asset allocation targets for liquid and/or marketable investments as follows:

Asset Class	Target Allocation	Index
US Equities	22.5%	Russell 3000
Non-US Equities	17.5%	MSCI ACWI ex-US
Private Markets	10.0%	Peer group comparisons where appropriate
Public Fixed Income	30.0%	Barclays US Aggregate
Hedge Funds	5.0%	HFRI, HFRX or other strategy-appropriate indices as determined by implementation
Risk Parity	0.0%	60% MSCI World/40% Citigroup WGBI
Public Real Estate	10.0%	NCREIF or other strategy-appropriate indices as determined by implementation
Global Infrastructure	5.0%	50% MSCI World/50% Citigroup WGBI
Master Limited Partnership	0.0%	S&P MLP Index

The performance of the Total Fund for the PGT will be measured against an appropriate policy index, based on the fund's asset allocation targets for liquid and/or marketable investments as follows:

Asset Class	Target Allocation	Index
US Equities	27.5%	Russell 3000
Non-US Equities	15.0%	MSCI ACWI ex-US
Public Fixed Income	35.0%	Barclays US Aggregate
Multi Asset Class/Global Tactical Allocation	12.5%	HFRI, HFRX or other strategy-appropriate index as determined by implementation
Cash	10.0%	90-Day T-Bill

Investment Manager Responsibilities and Communications

The Investment Managers are expected to manage the assets in accordance with the statutory requirements, policy guidelines and objectives expressed herein. No deviation is permitted unless the ability to do so is given in a separate written agreement. Investment Managers will regularly communicate with the System's Staff and Investment Consultant. Written communications should be provided to CPERS at least quarterly. These reports should include a review of investment performance relative to the manager's objectives.

Internal Cash Management Investment Guidelines

The daily cash balances of CPERS are invested in a Short Term Investment Fund (STIF) managed by the custodian bank. The STIF used must be reviewed by the Consultant for adherence to the Fund's risk/return profile and list of approved investments, and pre-approved by the Board.

STATEMENT OF INVESTMENT POLICIES AND OBJECTIVES (CONTINUED)**Permissible Investments**

The Board recognizes that a prudent level of risk is necessary in order to allow the fund the opportunity to achieve satisfactory long-term results consistent with its objectives.

The fund will be invested in a manner consistent with all applicable local and State laws. Investments may not be made in any investment that is prohibited by the Internal Revenue Service, the Department of Labor or statutory restrictions. CPERS' assets may be held in separate accounts, commingled vehicles or limited partnership investment structures. Commingled vehicles including, mutual funds, exchange-traded funds, collective trusts and/ or limited partnerships are by necessity governed by the prospectus or offering document.

With certain exceptions such as those strategies investing in non-traditional investments, all assets selected within any portfolio should have a readily attainable market value and should be readily marketable.

The stock and bond holdings of the fund may include individual debtor equity securities issued by state, federal or foreign governments, or business entities domiciled therein. These holdings may also include mutual or commingled funds comprised of stock or bond holdings as well as individual instruments which may be utilized as an alternative to stock or bond positions as specified.

Private Market investments may include illiquid debt and equity securities of private or publicly-traded companies, commonly referred to as venture capital, distressed securities, buy-outs and mezzanine funds. Private Market risk is partially mitigated by maintaining a portfolio that is well diversified by vintage years, investment stages, sectors and geography. Exposure to Private Market strategies and their sub-asset classes may be achieved by investing directly in partnerships and/or fund-of-fund managers.

Real Assets may include but are not limited to real estate, master limited partnerships, infrastructure, commodities, oil and gas, and timber/farmland and may be domestic or international. Leverage in these vehicles is permitted, to be consistent with the strategy in accordance with the prospectus/offering document.

Investments in various Hedge Fund strategies enhance investment returns and/or provide additional diversification benefits to the portfolio. Exposure to Hedge Fund Strategies and their sub-asset classes may be achieved by investing directly in partnerships and/or with fund-of-fund managers. The System understands that hedge fund managers may employ strategies such as short sales of securities, purchase and sale of options, commodities, and the use of leverage and derivatives.

The System may invest in funds that employ a Risk-Parity strategy which improves the risk-adjusted returns of the overall portfolio by reducing market risk, providing low correlation with traditional asset classes and providing consistently positive nominal returns.

Restricted Investments

For separate account managers, categories of investments that are not eligible for investment include, but are not limited to, the following:

- Futures and option transactions (except for those used for bona fide currency hedging purposes or as otherwise expressly permitted);
- Leverage is not permitted;
- Leveraged derivative securities, including but not limited to Mortgage IOs or POs, inverse floating rate notes, or structured notes are not permitted. Unleveraged floating rate securities are allowed but interest payments must be linked to indices within the portfolio's scope;
- Short sales or margin transactions;
- Investments in commodities or commodity contracts;
- Direct loans or extension lines of credit to any interested party;
- Letter stock;
- Unregistered securities and private placements (except those securities regulated by SEC Rule 144A or otherwise specifically permitted by the Board);
- Cash should not comprise more than five (5) percent of the portfolio without prior written approval of the Board.

STATEMENT OF INVESTMENT POLICIES AND OBJECTIVES (CONTINUED)

In the event that an investment manager desires to utilize any type of security or investment strategy not expressly permitted in this policy, it is the responsibility of the manager to request authorization from the Board in advance of so doing. Any losses in principal in a CPERS' portfolio as a result of a manager having to liquidate any non-approved investments that are purchased for the portfolio will be borne by the manager.

General Fixed Income Portfolio Guidelines

The portfolio will be invested in fixed income securities, as described in "Investments". Securities are not allowed that use any form of leverage. The overall average credit quality of the fixed income portfolio must be maintained at "AA" or higher. The weighted average credit quality calculation shall be performed using the lower of the ratings by Standard & Poor's, Fitch and/or Moody's.

Diversification

Fixed income securities of any one corporation shall be limited to 2.5% at cost of a portfolio and may not exceed 3% at market. This restriction also applies to asset-backed securities, non-agency mortgage-backed securities (including commercial mortgage-backed securities) and taxable municipals. The total holdings of an agency-issued mortgage-backed security of the same coupon and maturity series of the same agency shall not exceed 10% of the manager's portfolio at cost (agency-issued mortgage-backed securities to include GNMA's). The direct debt of the federal government (treasury bonds, bills and notes) shall not be restricted as a percentage of the manager's portfolio. Private placement bonds are not permitted. 144(a) fixed income securities are allowable, limited in total to 25% of the market value of a manager's portfolio. The effective duration of the fixed income portfolio(s) must remain within a range of 75% to 125% of the duration of the benchmark at all times.

Portfolio Quality

Fixed income securities shall not be rated less than Baa3 or its equivalent by a nationally-recognized rating agency (such as Standard & Poor's, Fitch, or Moody's). Individual issues rated AAA to AA- or its equivalent may have a 2.5% position at cost and 3% at market value.

Individual issues rated below AA- or its equivalent may have a 1.5% position at cost or 2% at market value. Individual issues rated BBB or its equivalent may have a 1% position at market value. Split-rated securities in which one rating is below investment grade shall not comprise more than 3% of the market value in total for AAA to AA- or its equivalent, 2% for issues rated below AA- to BBB+ or its equivalent and 1% for issues rated BBB or its equivalent of any manager's portfolio. The ratings issue does not apply to direct obligations of the U.S. Government and its agencies.

If specific managers are given international flexibility, the same quality restrictions apply. Emerging market securities not listed in the Barclays Capital Aggregate are prohibited. In the event of a bond's downgrade below BBB- or its equivalent (excluding split-rate securities discussed above), the Board shall be notified in writing and the manager shall include a prudent recommended course of action.

General Equity Portfolio Guidelines

The portfolio will be invested in publicly traded equities, as described in "Investments". Restricted or letter stock, etc., is not permitted. Securities are not allowed that use any form of leverage.

Diversification

The diversification of the equity securities held in the portfolio among sectors and issuers is the responsibility of the Investment Manager. No single company's securities shall represent more than 5% of the cost basis or 7% of the market value of any manager's portfolio.

STATEMENT OF INVESTMENT POLICIES AND OBJECTIVES (CONTINUED)**Style Adherence**

Quarterly, fundamental portfolio characteristics and style benchmark comparisons will be monitored for adherence to a manager's identified style. Domestic equity managers are allowed to invest in dollar-denominated, SEC registered stock of foreign domiciled companies traded on the NYSE, AMEX or OTC markets. Concentration restrictions for these securities are the same as for any other security. International equity managers may invest in depository receipts as long as the underlying security is permissible within these guidelines and the investment does not expose the Fund to any greater risk than the risk from holding the underlying security. Developed Market International equity managers may also invest in Emerging Markets securities, so long as the aggregate value of those securities does not exceed 10% of the market value of a manager's portfolio.

Proxy Voting

Each Investment Manager is hereby authorized and empowered to vote proxies, said voting to be performed in good faith and for the exclusive benefit of CPERS' participants and beneficiaries. Each Investment Manager shall keep accurate records as to the voting of proxies and shall provide information from such records to the Board upon request.

Securities Lending

The Board may select an agent to lend the financial securities of the fund. Any income gained through the lending program will be deposited monthly in a specified account and invested in short-term instruments until allocated to the Investment Managers. The agent will have full discretion over the selection of borrowers and will continually review credit worthiness of potential borrowers through adequate analysis of all material provided to them. All loans shall be fully collateralized with cash, government securities or irrevocable bank letters of credit at 102% domestic/105% international of the market value of the loaned securities plus accrued income for U.S. and non-U.S. loans, respectively. These collateralization procedures should be marked-to-market daily. The securities lending program shall not inhibit the trading activities of the Investment Managers of CPERS. A copy of the agent's cash collateral Investment Policy shall be sent to the Fund at least annually or if there is a material change made to the document.

CPERS Brokerage Policy

The Board, at its discretion, may identify a brokerage firm or firms to receive consideration from CPERS' managers when it is viewed to be in the best interest of the beneficiaries. This will be officially acted upon by the Board and this directive communicated officially to all investment firms utilized by the Fund. With regard to transaction expense, each manager recognizes commissions as an asset of CPERS and accepts same fiduciary responsibility for managing commissions and execution costs. The Board encourages the equity managers to manage the commission activity using all available trading mechanisms to maintain commission levels on listed trades of three (3) cents per share or less.

Investment Compliance Issues Policy

The Consultant will review the Investment Managers' holdings, where possible, on a quarterly basis to determine compliance with the Retirement Board's Statement of Investment Policy. Issues that arise will be discussed with the Manager and forwarded to the Staff and Investment Committee. To the extent possible, each issue will be resolved by the Investment Consultant, working in conjunction with the Staff, then the Investment Committee, and then the full Board.

Anti-Terrorism Investment Policy

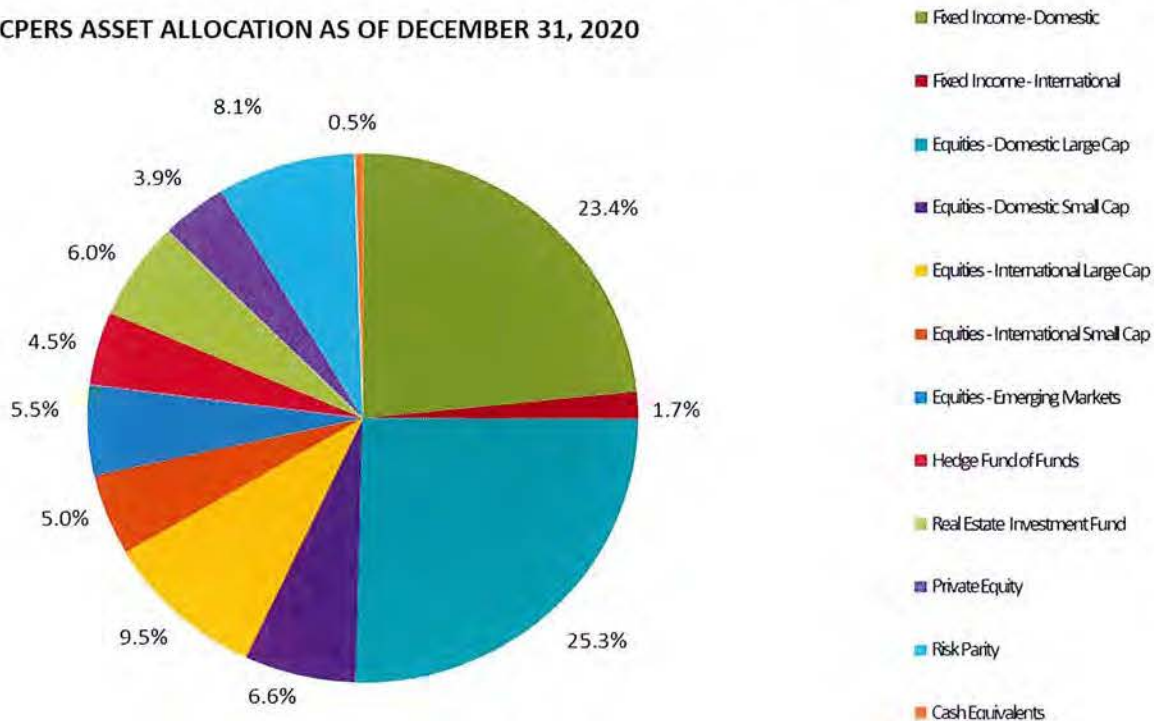
Because of the complexities and lack of public information in the area of terrorism, CPERS must rely upon federal agencies such as the Securities and Exchange Commission and the State, Commerce, Justice and Treasury Departments to provide factual information to act upon. To date this information has not been available to CPERS. When or if this type of information becomes available, CPERS will take the appropriate actions to determine along with the manager if divesting from a company or investment is appropriate.

**INVESTMENT SUMMARY
AS OF DECEMBER 31, 2020 AND 2019**

CPERS TRUST

Type of Investment:	December 31, 2020		December 31, 2019	
	Fair Value	% Total Fair Value	Fair Value	% Total Fair Value
Fixed Income:				
Fixed Income – Domestic	\$ 298,151,812	23.4%	\$ 266,384,918	22.6%
Fixed Income - International	22,310,235	1.7%	30,232,611	2.6%
U.S. Government Obligations	0	0.0%	0	0.0%
Equities:				
Equities – Domestic Large Cap	321,822,820	25.3%	258,670,846	22.0%
Equities – Domestic Small Cap	83,805,778	6.6%	52,531,510	4.5%
Equities – International Large Cap	121,606,139	9.5%	111,302,853	9.5%
Equities – International Small Cap	64,112,692	5.0%	88,535,360	7.5%
Equities – Emerging Markets	69,634,115	5.5%	83,194,766	7.1%
Alternative Investments:				
Hedge Fund of Funds	56,840,658	4.5%	54,181,507	4.6%
Real Estate Investment Fund	76,435,627	6.0%	77,617,990	6.6%
Private Equity	49,621,999	3.9%	46,394,163	3.9%
Risk Parity	102,791,887	8.1%	104,668,096	8.9%
Cash Equivalents	6,258,249	0.5%	2,974,209	0.2%
Total Investments	\$ 1,273,392,011	100.0%	\$ 1,176,688,829	100.0%

CPERS ASSET ALLOCATION AS OF DECEMBER 31, 2020

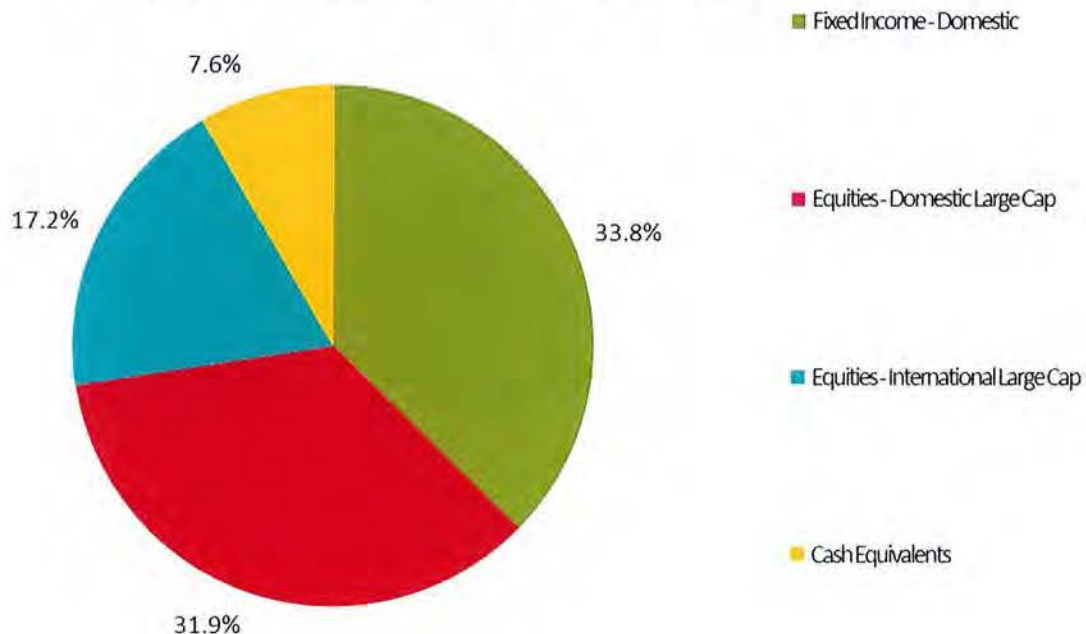


**INVESTMENT SUMMARY
AS OF DECEMBER 31, 2020 AND 2019**

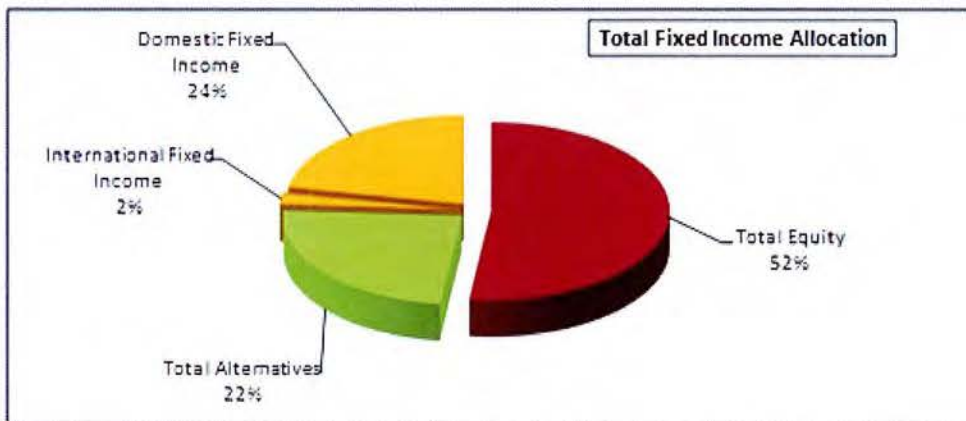
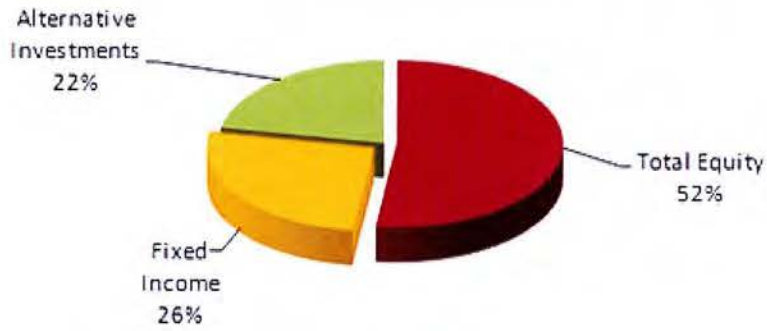
POLICE GUARANTEE TRUST

Type of Investment:	December 31, 2020		December 31, 2019	
	Fair Value	% Total Fair Value	Fair Value	% Total Fair Value
Fixed Income:				
Fixed Income - Domestic	\$ 4,557,016	33.8%	\$ 4,562,715	33.5%
Fixed Income - International	0	0.0%	499,851	3.7%
U.S. Government Obligations	0	0.0%	373,465	2.8%
Equities:				
Equities – Domestic Large Cap	4,311,722	31.9%	1,816,703	13.3%
Equities – Domestic Small Cap	0	0.0%	955,613	7.0%
Equities – International Large Cap	2,317,329	17.2%	764,809	5.6%
Equities – International Small Cap	0	0.0%	537,602	4.0%
Equities – Emerging Markets	0	0.0%	543,470	4.0%
Alternative Investments:				
Hedge Fund of Funds	0	0.0%	562,630	4.1%
Risk Parity	0	0.0%	914,635	6.7%
Multi-Asset Income Fund	1,283,177	9.5%	0	0.0%
Cash Equivalents	<u>1,027,484</u>	<u>7.6%</u>	<u>2,089,492</u>	<u>15.3%</u>
Total Investments	<u>\$ 13,496,728</u>	<u>100.0%</u>	<u>\$ 13,620,985</u>	<u>100.0%</u>

PGT ASSET ALLOCATION AS OF DECEMBER 31, 2020



ASSET ALLOCATION AS OF DECEMBER 31, 2020



**CPERS LIST OF INVESTMENTS
AS OF DECEMBER 31, 2020**

FIXED INCOME

LARGEST FIXED INCOME HOLDINGS BY FAIR VALUE – NON POOLED ACCOUNTS

DESCRIPTION	COUPON RATE	MATURITY DATE	PAR VALUE	FAIR VALUE
DOMESTIC FIXED INCOME				
GSAA HOME EQUITY TRUST	VARIES	12/25/2036	\$ 2,623	\$ 1,048
LEHMAN BROTHERS HOLDING	0.000%	08/22/2013	21,000	235
LEHMAN BROTHERS HOLDING	0.000%	12/30/2016	5,000	56
WAMU ASSET BACKED CERTIFICATE	VARIES	04/25/2037	93	46
FNMA POOL #0250111	8.500%	08/01/2024	4	5
TOTAL DOMESTIC FIXED INCOME			<u>\$ 28,720</u>	<u>\$ 1,390</u>

DOMESTIC FIXED INCOME – POOLED ACCOUNTS

DESCRIPTION	UNITS	FAIR VALUE
DOMESTIC FIXED INCOME – ABSOLUTE RETURN	3,054,183	\$ 72,323,056
DOMESTIC FIXED INCOME – CORE	4,344,192	115,398,225
DOMESTIC FIXED INCOME – CORE PLUS	2,498,132	110,429,141
TOTAL DOMESTIC FIXED INCOME – POOLED ACCOUNTS	<u>9,896,507</u>	<u>\$ 298,150,422</u>

INTERNATIONAL FIXED INCOME – POOLED ACCOUNTS

DESCRIPTION	UNITS	FAIR VALUE
INTERNATIONAL FIXED INCOME – ABSOLUTE RETURN	634,444	\$ 15,023,630
INTERNATIONAL FIXED INCOME – CORE PLUS	296,807	7,286,605
TOTAL INTERNATIONAL FIXED INCOME – POOLED ACCOUNTS	<u>931,251</u>	<u>\$ 22,310,235</u>

EQUITIES

LARGEST DOMESTIC EQUITY SECURITIES BY FAIR VALUE – NON POOLED ACCOUNTS

DESCRIPTION	SHARES	FAIR VALUE
CAESARS ENTERTAINMENT INC	25,975	\$ 1,929,163
VICOR CORP	14,478	1,335,161
SELECT MEDICAL HOLDINGS CORP	47,046	1,301,292
LUMENTUM HOLDINGS INC	12,680	1,202,064
CELSIUS HOLDINGS INC	18,507	931,087
TELOS CORP	27,272	899,431
TALEND SA	23,224	890,408
NATERA INC	8,735	869,307
COLFAX CORP	22,349	854,626
RENT-A-CENTER INC	22,138	847,664
OTHER EQUITY SECURITIES-DOMESTIC	797,067	35,010,618
TOTAL DOMESTIC EQUITY SECURITIES	<u>1,019,471</u>	<u>\$ 46,070,821</u>

**CPERS LIST OF INVESTMENTS (CONTINUED)
EQUITIES (CONTINUED)**

EQUITIES – DOMESTIC POOLED ACCOUNTS

DESCRIPTION	UNITS	FAIR VALUE
SMALL CAP VALUE FUND	12,663	\$ 37,734,957
RUSSELL 1000 FUND	527,565	160,753,970
S&P 500 FUND	3,137,163	161,068,850
TOTAL EQUITIES – DOMESTIC POOLED ACCOUNTS	<u>3,677,391</u>	<u>\$ 359,557,777</u>

EQUITIES – INTERNATIONAL POOLED ACCOUNTS

DESCRIPTION	UNITS	FAIR VALUE
INTERNATIONAL VALUE EQUITY FUND	663,781	\$ 54,457,847
INTERNATIONAL GROWTH EQUITY FUND	721,877	67,148,292
INTERNATIONAL SMALL CAP FUND	1,736,568	64,112,692
EMERGING MARKETS FUND	476,700	69,634,115
TOTAL EQUITIES – INTERNATIONAL POOLED ACCOUNTS	<u>3,598,926</u>	<u>\$ 255,352,946</u>

ALTERNATIVE INVESTMENTS

DESCRIPTION	UNITS	FAIR VALUE
HEDGE FUND OF FUNDS	28,935	\$ 56,840,658
REAL ESTATE INVESTMENT FUND	49,707	76,435,627
PRIVATE EQUITY	45,708,783	49,621,999
RISK PARITY	6,702,592	102,791,887
TOTAL ALTERNATIVE INVESTMENTS	<u>52,490,017</u>	<u>\$ 285,690,171</u>

CASH EQUIVALENTS

DESCRIPTION	FAIR VALUE
COLLECTIVE U.S. GOVERNMENT SHORT TERM INVESTMENT FUND	<u>\$ 6,258,249</u>
TOTAL CPERS INVESTMENTS	<u>\$ 1,273,392,011</u>

A complete list of portfolio holdings is available upon request.

**PGT LIST OF INVESTMENTS
AS OF DECEMBER 31, 2020**

FIXED INCOME

DOMESTIC FIXED INCOME

DESCRIPTION	UNITS	FAIR VALUE
ISHARES US AGG BOND INDEX FUND	293,151	\$ 3,195,342
PIMCO DIVERSIFIED INCOME FUND	119,236	1,361,674
	<u>412,387</u>	<u>\$ 4,557,016</u>

EQUITIES

EQUITIES – DOMESTIC

DESCRIPTION	UNITS	FAIR VALUE
ISHARES US STOCK MARKET FUND	239,673	\$ 4,311,722

EQUITIES – INTERNATIONAL

DESCRIPTION	UNITS	FAIR VALUE
ISHARES INTERNATIONAL INDEX FUND	222,392	\$ 2,317,329

ALTERNATIVE INVESTMENTS

DESCRIPTION	UNITS	FAIR VALUE
BLACKROCK MULTI-ASSET INCOME FUND	114,877	\$ 1,283,177

CASH EQUIVALENTS

DESCRIPTION	FAIR VALUE
COLLECTIVE U.S. GOVERNMENT SHORT TERM INVESTMENT FUND	<u>\$ 1,027,484</u>

TOTAL PGT INVESTMENTS

\$ 13,496,728

A complete list of portfolio holdings is available upon request.

INVESTMENT PERFORMANCE MEASUREMENTS

	Rate of Return	Rank*
Comparative Rates of Return on Total Fund – Year Ended December 31, 2020		
City-Parish Employees' Retirement System	13.25 %	38
Police Guarantee Trust	8.83 %	88
Median Total Fund	12.17 %	50
Comparative Rates of Return on Domestic Equities – Year Ended December 31, 2020		
City-Parish Employees' Retirement System	24.33 %	13
Police Guarantee Trust	21.68 %	23
Median Domestic Equity Composite	18.13 %	50
Russell 3000	20.89 %	29
Comparative Rates of Return on International Equities – Year Ended December 31, 2020		
City-Parish Employees' Retirement System	14.42 %	35
Police Guarantee Trust	5.05 %	92
Median International Equity Composite	11.70 %	50
MSCI ACWI ex US (Net)	10.65 %	63
Comparative Rates of Return on Fixed Income Securities – Year Ended December 31, 2020		
City-Parish Employees' Retirement System	8.45 %	52
Police Guarantee Trust	8.07 %	58
Median Bond Composite	8.58 %	50
Barclays Capital Aggregate Index	7.51 %	66
Comparative Rates of Return on Real Estate – Year Ended December 31, 2020		
City-Parish Employees' Retirement System	2.23 %	38
Median Real Estate Fund	1.54 %	50
NCREIF Property Index	1.60 %	48
Comparative Rates of Return on Hedge Fund – Year Ended December 31, 2020		
City-Parish Employees' Retirement System	8.43 %	N/A
Police Guarantee Trust	N/A	N/A
HFRI Fund of Funds Comp. Index	10.71 %	N/A
Comparative Rates of Return on Master Limited Partnership – Year Ended December 31, 2020		
Police Guarantee Trust	N/A	N/A
Median Master Limited Partnership	N/A	N/A
S&P MLP Index	N/A	N/A
Comparative Rates of Return on Private Equity – Year Ended December 31, 2020**		
City-Parish Employees' Retirement System	2.23 %	N/A

* Rank indicates CPERS' relative investment performance in relation to other total funds in the Mellon Universe of funds.

** These calculations were prepared using a time-weighted rate of return based on market rates of return at December 31st.

INVESTMENT PERFORMANCE MEASUREMENTS (CONTINUED)

The total performance as compared to public funds in the Mellon Universe, as reported by AndCo Consulting, Investment Consultant for the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge, is as follows:

One-year period ending December 31, 2020	13.25 %
Two-year period ending December 31, 2020	15.32 %
Three-year period ending December 31, 2020	7.95 %
Four-year period ending December 31, 2020	10.07 %
Five-year period ending December 31, 2020	9.78 %

ANNUAL RATES OF RETURN

	ANNUALIZED					3 YRS.	5 YRS.
	2016	2017	2018	2019	2020		
TOTAL FUND							
City-Parish Emp. Retirement System	8.6 %	16.7 %	(5.4)%	17.4 %	13.3 %	8.0 %	9.8 %
Police Guarantee Trust	7.4 %	13.2 %	(5.2)%	14.3 %	8.8 %	5.7 %	7.5 %
Median Total Fund	7.3 %	15.5 %	(4.3)%	18.4 %	12.2 %	8.5 %	9.7 %
Inflation (CPI)	2.1 %	2.1 %	1.9 %	2.3 %	2.3 %	1.8 %	1.9 %
DOMESTIC EQUITY							
City-Parish Emp. Retirement System	12.4 %	21.2 %	(6.7)%	30.3 %	24.3 %	14.8 %	15.6 %
Police Guarantee Trust	12.0 %	21.6 %	(6.6)%	31.3 %	21.7 %	14.3 %	15.2 %
Median Domestic Equity Fund	12.3 %	20.6 %	(5.8)%	28.7 %	18.1 %	12.6 %	14.3 %
Russell 3000	12.7 %	21.1 %	(5.2)%	31.0 %	20.9 %	14.5 %	15.4 %
INTERNATIONAL EQUITY							
City-Parish Emp. Retirement System	9.1 %	32.7 %	(16.1)%	21.6 %	14.4 %	5.3 %	11.1 %
Police Guarantee Trust	8.9 %	32.4 %	(16.2)%	21.5 %	5.1 %	2.3 %	9.1 %
Median International Equity Fund	4.3 %	28.1 %	(13.8)%	22.7 %	11.7 %	5.9 %	9.8 %
MSCI ACWI ex US (Net)	4.5 %	27.2 %	(14.2)%	21.5 %	10.7 %	4.9 %	8.9 %
FIXED INCOME							
City-Parish Emp. Retirement System	5.2 %	5.8 %	(1.1)%	9.7 %	8.5 %	5.6 %	5.6 %
Police Guarantee Trust	5.1 %	5.6 %	(0.8)%	9.8 %	8.1 %	5.6 %	5.5 %
Median Bond Fund	4.5 %	4.7 %	(0.4)%	9.1 %	8.6 %	5.8 %	5.4 %
Barclays Capital Aggregate Index	2.7 %	3.5 %	0.1 %	8.7 %	7.5 %	5.3 %	4.4 %
REAL ESTATE							
City-Parish Emp. Retirement System	9.4 %	9.5 %	11.3 %	7.3 %	2.2 %	6.9 %	7.8 %
Median Real Estate Fund	9.3 %	9.4 %	8.0 %	7.5 %	1.5 %	5.9 %	7.4 %
NCREIF Property Index	8.0 %	7.0 %	6.7 %	6.4 %	1.6 %	4.9 %	5.9 %
HEDGE FUND OF FUNDS							
City-Parish Emp. Retirement System	(1.9)%	6.9 %	1.3 %	6.4 %	8.4 %	5.3 %	4.2 %
Police Guarantee Trust	(1.9)%	6.8 %	1.3 %	6.4 %	N/A	N/A	N/A
HFRI Fund of Funds Comp. Index	0.7 %	7.7 %	(4.1)%	8.3 %	10.7 %	4.8 %	4.5 %
MASTER LIMITED PARTNERSHIP							
City-Parish Emp. Retirement System	20.2 %	(4.9)%	(13.0)%	N/A	N/A	N/A	N/A
Police Guarantee Trust	20.1 %	(5.0)%	(13.0)%	13.0 %	N/A	N/A	N/A
Median MLP	25.6 %	(5.3)%	(13.5)%	11.0 %	N/A	N/A	N/A
S&P MLP Index	22.0 %	(5.6)%	(11.7)%	9.8 %	N/A	N/A	N/A
PRIVATE EQUITY							
City-Parish Emp. Retirement System	6.3 %	15.1 %	16.8 %	7.3 %	15.6 %	14.4 %	13.6 %

Note: These calculations were prepared using a time-weighted rate of return based on market rates of return at December 31st of the year indicated.

**SCHEDULE OF CPERS INVESTMENT FEES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Assets Under Management</u>		<u>Investment Service Fees</u>
Fixed Income:			
Fixed Income – Domestic	\$ 298,151,812	\$	911,664
Fixed Income – International	22,310,235		101,254
Equity Securities:			
Equities – Domestic	405,628,598		966,367
Equities – International	255,352,946		1,733,331
Alternative Investments:			
Hedge Fund of Funds	56,840,658		1,035,109
Real Estate Investments	76,435,627		679,647
Private Equity	49,621,999		866,366
Risk Parity	102,791,887		405,076
Total Investment Managers' Fees			<u>6,698,814</u>
Custodian Fees			121,535
Advisor Fees			<u>149,400</u>
Total Investment Expenses		\$	<u><u>6,969,749</u></u>

**SCHEDULE OF PGT INVESTMENT FEES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Assets Under Management</u>		<u>Investment Service Fees</u>
Fixed Income:			
Fixed Income – Domestic	\$ 4,557,016	\$	10,205
Fixed Income – International	--		1,010
Equity Securities:			
Equities – Domestic	4,311,722		4,038
Equities – International	2,317,329		6,648
Alternative Investments:			
Hedge Fund of Funds	--		6,366
Risk Parity	--		1,936
Multi-asset Income Fund	1,283,177		<u>--</u>
Total Investment Manager's Fees			<u>30,203</u>
Custodian Fees			25,109
Advisor Fees			<u>30,600</u>
Total Investment Expenses		\$	<u><u>85,912</u></u>

**SCHEDULE OF COMMISSIONS PAID TO BROKERS
FOR THE YEAR ENDED DECEMBER 31, 2020**

<u>Brokerage Firm</u>	<u>Shares Traded</u>	<u>Commission</u>	
		<u>Dollar Amount</u>	<u>Per Share</u>
Cowen & Co., LLC	641,969	\$ 19,133	\$.0298
Instinet Clearing Services, Inc.	1,455,528	18,227	.0125
Goldman Sachs & Co.	267,815	7,121	.0266
J.P. Morgan Securities Inc.	217,087	4,762	.0219
Merrill Lynch Pierce Fenner Smith Inc.	175,371	3,448	.0197
B Riley & Co. LLC	109,126	2,905	.0266
D A Davidson & Co. Inc.	95,517	2,691	.0282
JonesTrading Institutional Services, LLC	119,807	2,138	.0178
Oppenheimer & Co., Inc.	89,925	2,077	.0231
Morgan Stanley & Co., Inc.	65,329	1,948	.0298
Wedbush Morgan Securities, Inc.	87,100	1,899	.0218
Stifel Nicolaus	61,429	1,879	.0306
Guggenheim Capital Markets, LLC	83,288	1,859	.0223
Sidoti & Co. LLC	52,415	1,827	.0348
Piper Jaffray & Co.	80,509	1,770	.0220
Jefferies & Co. Inc.	126,935	1,735	.0137
Pershing, LLC	53,757	1,734	.0323
Keybank Capital Markets, Inc.	48,293	1,611	.0334
Seaport Group Securities, LLC	74,675	1,530	.0205
Robert W. Baird & Co., Inc.	61,693	1,398	.0227
William Blair & Co.	57,957	1,388	.0239
Needham & Co. LLC	33,170	1,327	.0400
Northland Securities Inc.	54,297	1,186	.0218
Barrington Research Associates Inc.	25,427	1,017	.0400
Sanford C. Bernstein & Co.	77,734	996	.0128
Gordon Haskett Capital Corp.	24,842	994	.0400
Roth Capital Partners, LLC	26,096	852	.0327
Cantor Fitzgerald & Co. Inc.	36,116	787	.0218
RBC Capital Markets, LLC	31,640	762	.0241
Barclays Capital	22,266	732	.0329
Credit Suisse	34,125	698	.0205
Suntrust Capital Markets Inc.	17,925	697	.0389
Raymond James & Associates, Inc.	21,954	682	.0311
UBS Securities, LLC	27,772	675	.0243
ISI Group Inc.	26,698	633	.0237
Other (22 firms)*	303,712	6,641	.0219
Total	4,789,299	\$ 101,759	\$.0212

* Firms that had less than \$633 commissions paid.



**City of Baton Rouge and Parish of East Baton Rouge
EMPLOYEES' RETIREMENT SYSTEM**

A Component Unit of the Consolidated Government of the
City of Baton Rouge and the Parish of East Baton Rouge, LA

CP
Employees'
Retirement System





June 10, 2021

Board of Trustees
Employees' Retirement System
City of Baton Rouge and Parish of East Baton Rouge
209 St. Ferdinand Street
Post Office Box 1471
Baton Rouge, Louisiana 70821

Dear Board Members:

This is to certify that Foster & Foster, Inc. has completed the annual actuarial valuation of the Employees Retirement System of the City of Baton Rouge and Parish of East Baton Rouge as of January 1, 2021. The valuation report was prepared at the request of the Board and is intended for use by the System staff and those designated or approved by the Board.

The primary purpose of the actuarial valuation report is to determine the funding requirements of the members and participating employers, to describe the current financial condition of the System, and to analyze changes in the System's funding condition since the prior valuation. In addition, the report provides various summaries of data. The report may not be appropriate for other purposes. The financial reporting requirements of the Governmental Accounting Standards Board Statement No. 67 (GASB No. 67) are provided under separate cover.

Funding Objective of the Plan

The combined employer and employee contribution requirements are established in order to fully fund all current normal costs and payments sufficient to liquidate the unfunded actuarial accrued liability as determined in accordance with the Board adopted actuarial cost method, asset valuation method, and amortization method. The amortization method was initially established with the objective of liquidating the unfunded liability as of January 1, 1995 over a thirty-year period with subsequent changes in unfunded liabilities amortized over thirty years. The amortization method has been modified several times since 1995. Beginning with the January 1, 1995 valuation the amortization method was changed to a level percentage of payroll 30-year open amortization method. Effective January 1, 2015, the amortization approach was changed to use a level percentage of payroll 30-year closed method with reductions in successive amortization periods until reaching a 15-year open period. As of January 1, 2021, the unfunded liability was \$649,324,063.

The actuarial cost method was changed from the Aggregate Entry Age Normal Cost Method to the Individual Entry Age Normal Cost Method, effective January 1, 2010.

The method for determining the actuarial value of assets uniformly spreads actuarial investment gains and losses over a five-year period, beginning with a "fresh start" on January 1, 2018, where the Actuarial Value of Assets equals the Market Value of Assets in the first year. The resulting actuarial value of assets as of December 31, 2020, is \$1,236,056,460.

Effective with the 2000 year, the Board introduced a one-year delay from the valuation date to the year for which the employer contribution rate calculated in the valuation is applied. The January 1, 2020 valuation was the basis for the 2021 employer contribution rate, and the January 1, 2021 valuation is the basis for the 2022 employer contribution rate. The employer contribution rate for the 2021 year is set to 36.0%. The employer contribution rate for the 2022 year is set to 36.5%.

Progress Toward Realization of Funding Objective

The employer contributions determined by the January 1, 2021 actuarial valuation and the member contributions, paid as a percentage of payroll, are expected to be sufficient to achieve the funding objective set forth above. The progress toward achieving the intended funding objectives can be measured by funding level, determined as the ratio of actuarial assets to the actuarial accrued liabilities. If the experience develops as assumed this ratio is expected to increase over time, in the absence of benefit improvements.

Plan Provisions

A summary of plan provisions used in the actuarial valuations can be found starting on page 39 of the actuarial valuation report and in the schedules prepared for the Comprehensive Annual Financial Report

Data

In performing the January 1, 2021 valuation, we have relied upon the employee data and financial information provided by the administrative staff of the Employee's Retirement System of the City of Baton Rouge and Parish of East Baton Rouge. Participant data was not audited but was reviewed for reasonableness and consistency relative to data used for prior year valuations. Plan assets were compared with information furnished for the prior plan year's valuation and reviewed for consistency.

Actuarial Methods and Assumptions

The present values shown in the January 1, 2021 actuarial valuation and supporting schedules of this certification have been prepared in accordance with the actuarial methods and assumptions approved by the Board. There were no changes in actuarial assumptions or methods for the January 1, 2021 valuation. The assumptions and methods are detailed starting on page 13 of the valuation report. The assumptions were selected by the Board based on our recommendations from the results of the most recent experience study. We believe the assumptions are reasonable and represent a reasonable expectation of future experience under the plan.

The actuarial assumptions and methods used for accounting purposes are, in the actuary's opinion, reasonable and compliant with the parameters set forth by the Governmental Accounting Standards Board (GASB) Statement No. 67.

We provided the following schedules, included in the Actuarial Section of this report:

Summary of Principal System Provisions

Summary of Actuarial Assumptions and Methods

Schedule of Funding Progress
Summary of Actuarial Accrued Liabilities
Actuarial Gain/Loss Analysis
Percentage covered by Actuarial Value of Assets/Solvency Test
Active Membership Data
Schedule of Retirees and Beneficiaries Added
Total Membership Data

We certify to the best of our knowledge, the methods and assumptions comply with generally recognized and accepted actuarial principles and practices set forth in the Actuarial Standards of Practice established by the Actuarial Standards Board, are reasonable and represent our best estimate of the funding requirement to achieve the Retirement System's Funding Objective, unless otherwise noted herein. Shelley is an Associate in the Society of Actuaries and Pat is a Fellow in the Society of Actuaries. We are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Respectfully submitted,

FOSTER & FOSTER INC.



Shelley R. Johnson, ASA, MAAA



D. Patrick McDonald, FSA, EA, MAAA, FCA

SUMMARY OF PRINCIPAL SYSTEM PROVISIONS

(Source: 2021 Actuarial Report)
(Based on Ordinance Nos. 235 and 276)

Effective Date: (1:250, 1:258)	December 31, 1953, as restated effective April 1, 1997 (Ordinance No. 10779). Amended effective January 1, 1998, (Ordinance No. 11019 and 11020). Amended effective February 23, 2000, August 26, 2000 and December 31, 2001 (Ordinance 11827) and May 22, 2002 (Ordinance 12323 and Ordinance 12322) \$600 spouse benefit November 25, 2003 (Ordinance 12814) SBP, April 28, 2004 (Ordinance 12936) Disability earned income offset September 27, 2006 (Ordinance 13760) Advalorem taxes for SBP. Amended effective August 12, 2015 (Ordinance No. 16039 and 16040).
Fiscal Year	Calendar year.
Membership: (1:259, 1:266)	Any regular employee of the City-Parish, excluding Police employees who elected to transfer into the Municipal Police Employees' Retirement System (MPERS) as of February 26, 2000 and Police employees hired after that date. Part-time council members with service prior to January 1, 1997, retroactive to December 31, 1976.
Contributions:	<p>Members: 8% of compensation (1:264 A1(a)). Effective January 1, 2002, member contribution is equal to Maximum Employer Contribution, if less than 8% (1:264 A1 (c)). If the Maximum Employer Contribution rate is 17% or greater, the members' contribution rate will be 50% of the Employer Contribution rate, but not more than 9.5% (1:264 A(b)). The Maximum Employer Contribution rate is the larger of the City rate and the Special Funds rate.</p> <p>Employer contribution: Balance, actuarially determined (1:253N). maximum employer contribution: Employer contribution plus adjusting percentages for pro-rata allocation of obligations for transfer of members to plans maintained by the State or a political subdivision thereof (1:251).</p> <p>MERS payments received for 2006 and later are reserved for future Supplemental Benefit Payments.</p>
Creditable Service:	Service credited under Retirement System; military service (maximum of three years); additional military service as required under USERRA for which member contributions are received.
Final Average Compensation:	<p><u>For members hired prior to September 1, 2015:</u> Average compensation during the highest 36 successive months of creditable service.</p> <p><u>For members hired on or after September 1, 2015:</u> Average compensation during the highest 60 successive months of creditable service.</p>

SUMMARY OF PRINCIPAL SYSTEM PROVISIONS (CONTINUED)

Service Retirement
Eligibility: (1:265A)

For members hired prior to September 1, 2015:

- (1) Full retirement: 25 years of service, regardless of age.
- (2) Minimum eligibility: Age 55 with 10 years of service, or 20 years of service regardless of age.

For non-public safety members hired on or after September 1, 2015:

- (1) Full retirement: 25 years of service, age 55.
- (2) Minimum eligibility: Age 60 with 10 years of service, or 20 years of service regardless of age.

For public safety members hired on or after September 1, 2015:

- (1) Full retirement: 25 years of service, age 50.
- (2) Minimum eligibility: Age 55 with 10 years of service, or 20 years of service regardless of age.

Service Retirement
Benefits:
(1:265A-1, 1:265A-3)

Full Retirement: 3.0% of final compensation for each year of creditable service.

Minimum Eligibility: 2.5% of final average compensation for each year of creditable service.

Maximum of 90% of final average compensation.

Early Service
Retirement: (1:265A-2)

For members hired prior to September 1, 2015:

If not eligible for full retirement: Benefits are reduced by 3% per year for each year under age 55.

For non-public safety members hired on or after September 1, 2015:

If not eligible for full retirement: Benefits are reduced to an actuarial equivalent benefit.

For public safety members hired on or after September 1, 2015:

If not eligible for full retirement: Benefits are reduced to an actuarial equivalent benefit.

Disability:
(1:265D)

Ordinary Disability: After 10 or more years of creditable service, 2.5% of final average compensation times creditable service, with a minimum benefit of 50% of final average compensation. Ordinary disability benefits are paid on a life annuity basis.

Service-Connected: 50% of final average compensation, plus 1.5% of final average compensation times creditable service in excess of 10 years, with a maximum benefit of 90% of final average compensation. For members hired prior to September 1, 2015, service-connected disabilities are paid on a 50% Joint & Survivor basis.

Benefits are offset by workers' compensation (1:264F).

Benefits are offset by earned income (1:265G).

SUMMARY OF PRINCIPAL SYSTEM PROVISIONS (CONTINUED)

- Survivor Benefits:
(1:270)
- (1) If member eligible for retirement, or at least twenty (20) years of creditable service, surviving spouse may elect 100% joint & survivor actuarially equivalent without reduction for early commencement or a refund of the member's contributions.
 - (2) If not eligible for retirement, surviving spouse may elect a monthly benefit of \$600 payable until remarriage, or a refund of the member's contributions.
 - (3) If eligible children under age 18, monthly benefit of \$150 per child (maximum \$300), payable until age 18. These benefits are in addition to any benefits payable under (1) or (2).
 - (4) If member died prior to May 24, 1989, monthly benefit to surviving spouse of \$600. (July 1, 2002)
 - (5) If no benefits are payable under (1), (2) or (3), \$150 monthly benefit to unmarried dependent parent until death or remarriage.
- Employment
Termination:
(1:267, 1:268)
- After 10 years of creditable service, based on creditable service and final average compensation at termination date. For members hired prior to September 1, 2015 benefits are deferred to age 55, for members hired on or after September 1, 2015, benefits are deferred to age 60 for non-public safety and age 55 for public safety. If member contributions are withdrawn, benefit is forfeited.
- Optional Allowances:
(1:265C)
- For members hired prior to September 1, 2015, normal form is joint and 50% contingent survivor. For members entitled to service retirement benefits, actuarially equivalent to regular retirement allowance:
- Option 1: Refund of excess of member's contributions over aggregate benefits paid;
- Option 2: 100% Joint & Survivor to designated contingent annuitant; any other form, approved by the Board.
- For members hired on or after September 1, 2015, Options 1 through 5 joint and survivor benefits available for purchase.
- Retirement Benefit
Adjustments: (1:269)
- For members who retired on or before December 31, 1989, or surviving spouses of such members, who did not enter DROP, an annual payment of \$600 effective July 1, 1992 plus \$30 for each full year retired.
- Supplemental Benefit
Payments: (1:269)
- To be funded from (i) 1/10 of the first 2%, and 1/20 of the remainder, of excess return on the actuarial value of assets, provided the aggregate experience from all sources is an actuarial gain; and (ii) decreases in Retirement Benefit Adjustment payments under 1:269 since July, 2002; and (iii) MERS payments received for 2006 and later.

SUMMARY OF PRINCIPAL SYSTEM PROVISIONS (CONTINUED)

Compensated Absences: (1:262)	<p>Upon written consent of the member or his surviving spouse, the Retirement System will provide the following with respect to unused, accumulated vacation time and sick leave:</p> <p>(a) Cash payment for a portion, with the remainder added to the member's Creditable Service, on the basis of one (1) hour for each two (2) hours of unused time.</p> <p>(b) Conversion of all of the accumulated time to creditable service, on the basis of one (1) hour for each hour of unused accumulated vacation time and sick leave.</p> <p>Any unused time converted to service credit is included in determining eligibility for retirement and benefits. For purposes of determining final average compensation, compensation at the time of retirement or death is assumed to continue for the period of added service.</p>
Deferred Retirement Option Plan (DROP): (1:271)	<p><u>Prior to July 1, 1991:</u></p> <p><u>Eligibility:</u> If eligible to retire with an immediate service retirement allowance and between 25 and 30 years of creditable service.</p> <p><u>Duration:</u> The lesser of 5 years, or 32 years minus creditable service at DROP entry.</p> <p><u>Benefits:</u> Service retirement allowances are paid into the member's DROP account, and credited with interest at the rate set by the actuarial formula. No further member or employer contributions are payable, and no further benefits are accrued.</p> <p>Upon retirement and termination of DROP participation (or death), the member (or beneficiary) may elect one of the following:</p> <p>(a) A lump sum of DROP account balance;</p> <p>(b) A life annuity based on the DROP balance;</p> <p>(c) Any other method of payment approved by the Board of Trustees.</p> <p>Normal survival benefits payable to survivors of retirees are paid upon death of the member while a DROP participant.</p> <p><u>On and after July 1, 1991:</u></p> <p>Comparable to pre-July 1, 1991 provisions, except interest is not credited to DROP account until the conditions of DROP participation have been satisfied. If the member does not terminate employment at the end of the DROP period, potential interest credits are forfeited.</p> <p><u>On and after July 1, 2002:</u> If the member has at least ten (10) years of creditable service and has attained at least age 55, with DROP duration not greater than three (3) years</p> <p><u>On and after September 1, 2015:</u></p> <p><u>Eligibility:</u> Not less than 25 years of creditable service at age 55 for non-public safety employees or age 50 for public safety. Duration 5 years if election to participate is exercised prior to attaining 33 years of creditable service. except for members not reaching minimum required retirement age, option to participate made no later than 60 days after age 55 for non-public safety employees and age 50 for public safety employees. Has not less than 10 years of creditable service at age 60 for non-public safety employees or age 55 for public safety, duration 3 years.</p>
Changes Since Prior Valuation:	None

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

(Source: 2021 Actuarial Report)

Valuation Date:	December 31, 2020
Valuation Method:	<p>Entry Age Normal Actuarial Cost Method. This method produces a normal cost as a level percentage of pay over the service life of each participant and amortization of the Unfunded Actuarial Accrued Liability (UAAL). Gains and losses are reflected in the UAAL and are included in its amortization. <i>(Adopted March 25, 2010)</i></p> <p>Starting January 1, 2015, the UAAL is amortized over a 30-year period using an annual total payroll growth assumption. The period will be reduced in successive years until reaching a 15-year open period. <i>(Adopted February 26, 2015)</i></p>
Actuarial Value of Assets:	Market Value as of January 1, 1996. Beginning January 1, 1997, adjusted Market Value with 20% of unrealized gains (or losses) recognized each year. Beginning January 1, 2002, Expected Value Method, with 20% of investment gains or (losses) recognized each year. Beginning January 1, 2018, method changed to uniformly spread actuarial gains and losses over a five-year period which ensures the Actuarial Value of Assets converge to the Market Value of Assets within a reasonable time.
Investment Return and Expense:	7.00% compounded annually. <i>(Adopted March 26, 2020)</i> . The rate of return on assets is assumed to be net of investment expense. <i>(Adopted October 18, 2004)</i>
Inflation:	2.25% per year <i>(Adopted March 26, 2020)</i>
Salary Increases:	Inflation plus experience factors. Current assumptions are based on the system's experience using factors ranging from .75% - 15.50% based on the member's age, years of service, and employer group. For a complete description of the assumptions used, please see the January 1, 2020 actuarial valuation report. <i>(Adopted March 26, 2020)</i>
Aggregate Payroll Growth:	2.5% compounded annually. <i>(Adopted October 18, 2004)</i>
Non-Disabled Mortality:	Healthy Active Lives: RP-2006 Blue Collar Employee Projected back to 2001, Generational with MP-2018 (2016 base year) and Healthy Inactive Lives: RP-2006 Blue Collar Annuitant Projected back to 2001, Generational with MP-2018 (2016 base year). <i>(Adopted March 26, 2020)</i>
Disabled Mortality:	RP-2006 Disability Table Projected back to 2001, Generational with MP-2018 (2016 base). <i>(Adopted March 26, 2020)</i>

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS (CONTINUED)

Turnover and Disability: Current termination rate assumptions are based on the system's experience using a factor ranging from .5% - 34.1% based on the member's age, years of service, and employer group. For a complete description of the assumptions used, please see the January 1, 2020 actuarial valuation report. *(Adopted March 26, 2020)*

Current disability rate assumptions are based on the system's experience using a factor ranging from .01% - .7% based on the member's age. It is assumed that 45% of BREC/Regular, 70% Firefighter, and 55% of Police Officer disablements are service related. For a complete description of the assumptions used, please see the January 1, 2020 actuarial valuation report. *(Adopted March 26, 2020)*

Type of Disability: Probabilities of disability are in accordance with the Eleventh Actuarial Valuation of the Railroad Retirement System. The disability rates for all members are increased by 100%. A percentage of disabilities is assumed to be ordinary disabilities, as shown below:

BREC, Regular	25% service-connected, 75% ordinary
Fire	50% service-connected, 50% ordinary
Police	75% service-connected, 25% ordinary

Retirement Rates: Current assumptions are based on the system's experience using a factor ranging from 1.5% - 100% based on the member's age, years of service and employer group. Please note that a 100% probability of retirement will apply once a member reaches age 70 or BREC and General or age 65 for Fire and Police. For a complete description of the assumptions used, please see the January 1, 2020 actuarial valuation report. *(Adopted March 26, 2020)*

Assumed Transfers to Retirement System for accumulated vacation and sick leave. *(Adopted March 26, 2020)*

Hired before April 4, 2015:

	<u>Total</u>
BREC	0.65 years
Regular	0.55 years
Fire	1.25 years
Police	0.75 years

Hired on or after April 4, 2015:

	<u>Total</u>
BREC	0.50 years
Regular	0.40 years
Fire	0.95 years
Police	0.55 years

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS (CONTINUED)

Recovery:	No probabilities of recovery are used. <i>(Adopted March 2, 1995)</i>
Remarriage:	No probabilities of remarriage are used. <i>(Adopted March 2, 1995)</i>
Marital Status:	80% of employees are assumed to be married with males three years older than female spouses. <i>(Adopted March 2, 1995)</i>
Administrative Expenses:	The actual amount of the prior year's expense is added to the normal cost.
Withdrawal of Employee Contributions:	75% of employees who terminate (other than retirement, death, or disability) are assumed to withdraw their contributions. <i>(Adopted March 26, 2020)</i>
Other:	The liability for Retirement Benefit Adjustments and the funding of the Supplemental Benefit Payments from decreases in the Retirement Benefit Adjustments is combined into perpetuity.
Sources of Data:	Membership and asset data was furnished by Retirement Office staff.
Changes Since Prior Valuation:	None

SCHEDULE OF FUNDING PROGRESS
 (Source: 2021 Actuarial Report)

Actuarial Valuation Date	Actuarial Value of Assets (a) \$	Actuarial Accrued Liability (AAL) (b) \$	Unfunded AAL (b-a) \$	Funded Ratio (a/b)	Annual Covered Payroll* (c) \$	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/11	1,027,953,907	1,423,218,176	395,264,269	72.2%	136,781,288	289.0%
12/31/12	1,041,229,857	1,446,809,462	405,579,605	72.0%	137,426,654	295.1%
12/31/13	1,074,038,336	1,471,977,274	397,938,938	73.0%	137,789,518	288.8%
12/31/14	1,106,575,866	1,559,275,063	452,699,197	71.0%	135,556,888	334.0%
12/31/15	1,119,731,517	1,614,978,634	495,247,117	69.3%	137,591,450	360.0%
12/31/16	1,137,769,215	1,674,790,880	537,021,665	67.9%	139,807,313	384.1%
12/31/17	1,178,878,851	1,734,951,874	556,073,023	67.9%	145,219,716	383.0%
12/31/18	1,190,267,261	1,785,955,516	595,688,255	66.6%	144,939,664	411.0%
12/31/19	1,201,491,055	1,838,970,234	637,479,179	65.3%	147,942,231	430.9%
12/31/20	1,236,056,460	1,885,380,523	649,324,063	65.6%	151,242,996	429.3%

*Based on the actuarial method and assumptions used for funding purposes, this schedule was prepared using the annual covered payroll rolled forward from the previous year to produce liability results.

**SUMMARY OF ACTUARIAL ACCRUED LIABILITIES AND PERCENTAGE
COVERED BY ACTUARIAL VALUE OF ASSETS/SOLVENCY TEST
FOR THE TEN YEARS ENDED DECEMBER 31, 2020
(Source: 2021 Actuarial Report)**

Valuation Date	(1)	(2)	(3)	(4)	Actuarial Value of Assets -\$-	Percentage of Actuarial Liabilities Covered by Assets			
	Active Members' Contributions*	Terminated Vested Members	Retirees And Survivors**	Active Members Employer Contribution		(1)	(2)	(3)	(4)
	-\$-	-\$-	-\$-	-\$-	-\$-	-%-	-%-	-%-	-%-
12/31/11	270,043,946	4,255,920	762,106,926	386,811,384	1,027,953,907	100.0	100.0	98.9	0.0
12/31/12	270,204,544	3,909,968	788,868,802	383,826,148	1,041,229,857	100.0	100.0	97.2	0.0
12/31/13	271,758,390	2,267,254	831,113,713	366,837,917	1,074,038,336	100.0	100.0	96.3	0.0
12/31/14	284,306,327	2,236,906	932,088,088	340,643,742	1,106,575,866	100.0	100.0	88.0	0.0
12/31/15	306,319,701	2,005,865	966,095,357	340,557,711	1,119,731,517	100.0	100.0	84.0	0.0
12/31/16	315,984,448	2,019,223	996,658,142	300,316,821	1,137,769,215	100.0	100.0	82.3	0.0
12/31/17	340,087,199	1,838,007	1,025,213,152	367,813,516	1,178,878,851	100.0	100.0	81.6	0.0
12/31/18	360,926,159	1,851,006	1,049,464,845	373,713,506	1,190,267,261	100.0	100.0	78.8	0.0
12/31/19	378,730,258	1,996,035	1,062,122,817	396,121,124	1,201,491,055	100.0	100.0	77.3	0.0
12/31/20	394,394,393	1,227,715	1,068,678,381	421,080,034	1,236,056,460	100.0	100.0	78.6	0.0

* Including DROP accounts.

** Including DROP participants' future benefits.

ANALYSIS OF ACTUARIAL GAIN/LOSS
(Source: 2021 Actuarial Report)

GAINS AND LOSSES IN UNFUNDED ACTUARIAL LIABILITY DURING YEARS ENDED 2016 – 2020
RESULTING FROM DIFFERENCES BETWEEN ASSUMED EXPERIENCE AND ACTUAL EXPERIENCE

	\$ Gain or (Loss) For Year				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Investment Return	\$ (19,785,680)	\$ 473,285	\$ (30,400,229)	\$ (19,208,162)	\$ 1,079,187
Salary Increases	(12,876,120)	5,500,275	(2,806,302)	(2,622,006)	(4,224,946)
Retirements	(3,937,829)	252,779	(1,573,861)	(267,613)	(1,962,081)
Mortality	1,507,344	3,552,858	2,181,709	(472,270)	171,776
Disability	(758,916)	(526,410)	(479,657)	(9,988)	(59,543)
Turnover	(1,059,303)	(740,321)	85,179	(1,555,198)	(2,504,493)
New Members	(136,664)	(370,855)	(1,639,910)	(1,141,384)	(525,037)
Contribution Differences	N/A	N/A	N/A	N/A	N/A
Leaves, Transfers, Etc.	<u>(4,247,437)</u>	<u>(7,635,725)</u>	<u>(9,158,023)</u>	<u>(6,272,044)</u>	<u>(4,606,130)</u>
Gain or (Loss) from Financial Experience	(41,294,605)	505,886	(43,791,094)	(31,548,665)	(12,631,267)
Non Recurring Elements:					
Data (Optional Forms)	--	--	--	--	--
Valuation Software	--	(18,848,257)	--	--	--
Assumption Changes	--	--	--	(5,943,063)	--
Asset Method Changes	--	1,893,141	--	--	--
Plan Amendment	--	--	--	--	--
Composite Gain/(Loss) During Year	<u>\$ (41,294,605)</u>	<u>\$ (16,449,230)</u>	<u>\$ (43,791,094)</u>	<u>\$ (37,491,728)</u>	<u>\$ (12,631,267)</u>

**ACTIVE MEMBERSHIP DATA
FOR THE TEN YEARS ENDED DECEMBER 31, 2020
(Source: 2021 Actuarial Report)**

<u>Valuation Date</u>	<u>Total Active Members</u>	<u>Percentage Change</u> -%-	<u>Annual Payroll</u> -\$-	<u>Average Annual Pay</u> -\$-	<u>% Increase in Average Pay</u> -%-
12/31/11	3,245	(4.0)	136,781,288	42,151	4.6
12/31/12	3,226	(0.6)	137,426,654	42,600	1.1
12/31/13	3,283	1.8	137,789,518	41,971	(1.5)
12/31/14	3,181	(3.1)	135,556,888	42,615	1.5
12/31/15	3,138	(1.4)	137,591,450	43,847	2.9
12/31/16	3,062	(2.4)	139,807,313	45,659	4.1
12/31/17	3,047	(0.5)	145,219,716	47,660	4.4
12/31/18	2,961	(2.8)	144,939,664	48,950	2.7
12/31/19	2,934	(0.9)	147,942,231	50,423	3.0
12/31/20	2,889	(1.5)	151,242,996	52,351	3.8

**SCHEDULE OF RETIREES AND BENEFICIARIES ADDED
FOR THE TEN YEARS ENDED DECEMBER 31, 2020
(Source: 2021 Actuarial Report)**

<u>Valuation Date</u>	<u>Additions</u>	<u>Change in Number at EOY</u>		<u>Annual Allowances</u> -\$-	<u>Number of Annuitants</u>	<u>Percentage Change in Membership</u> -%-	<u>Annual Annuities</u> -\$-	<u>Percentage Change in Annuities</u> -%-	<u>Average Annual Allowances</u> -\$-
		<u>Annual Allowances</u>	<u>Deletions</u>						
12/31/11	173	4,400,751	79	1,227,453	2,970	3.3	62,858,848	5.3	21,165
12/31/12	191	4,904,590	103	1,607,987	3,058	3.0	66,155,451	5.2	21,634
12/31/13	156	4,753,829	88	1,392,522	3,126	2.2	69,516,758	5.0	22,238
12/31/14	144	4,349,774	89	1,404,169	3,181	1.8	72,462,363	4.2	22,780
12/31/15	197	4,942,646	121	2,018,112	3,257	2.4	75,386,897	4.0	23,146
12/31/16	170	4,446,732	123	2,032,306	3,304	1.4	77,801,323	3.2	23,548
12/31/17	165	4,578,514	122	1,999,524	3,347	1.3	80,380,313	3.3	24,016
12/31/18	188	5,734,403	132	2,254,669	3,403	1.6	83,860,047	4.3	24,643
12/31/19	177	5,652,788	103	1,713,223	3,477	2.2	87,799,612	4.7	25,252
12/31/20	170	5,223,869	124	2,372,446	3,523	1.3	90,651,035	3.2	25,731

TOTAL MEMBERSHIP DATA
(Source: 2021 Actuarial Report)

Actives:

	2020		2019	
	Count	Average Salary	Count	Average Salary
BREC	435	\$47,797	426	\$44,539
Regular	1,958	48,759	2,011	47,569
Fire	481	70,091	482	66,475
Police	15	84,453	15	84,417
Total/Average	2,889	\$52,351	2,934	\$50,423

Annuitants:

	2020		2019	
	Count	Average Annuity	Count	Average Annuity
Retirees and Survivors	3,331	\$26,264	3,278	\$25,787
Disabilities	192	16,497	199	16,426
DROP	305	44,662	340	44,256
Total/Average	3,828	\$27,240	3,817	\$26,944

Inactive Members:

	2020		2019	
	Count	Average Deferred Annuity	Count	Average Deferred Annuity
Deferred Vested	12	\$10,606	15	\$12,911

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City of Baton Rouge and Parish of East Baton Rouge
EMPLOYEES' RETIREMENT SYSTEM

A Component Unit of the Consolidated Government of the
City of Baton Rouge and the Parish of East Baton Rouge, LA

Actuarial Section Police Guarantee Trust

CP
Employees'
Retirement System





June 10, 2021

Board of Trustees
Police Guarantee Trust of the Employees' Retirement System
of the City of Baton Rouge and Parish of East Baton Rouge
209 St. Ferdinand Street
Post Office Box 1471
Baton Rouge, Louisiana 70821

Dear Board Members:

This is to certify that Foster & Foster, Inc. has completed the annual actuarial valuation of the Police Guarantee Trust of the Employees Retirement System of the City of Baton Rouge and Parish of East Baton Rouge as of January 1, 2021. The valuation report was prepared at the request of the Board and is intended for use by the System staff and those designated or approved by the Board.

The primary purpose of the actuarial valuation report is to determine the funding requirements of the participating employers, to describe the current financial condition of the System, and to analyze changes in the System's funding condition since the prior valuation. In addition, the report provides various summaries of data. The report may not be appropriate for other purposes. The financial reporting requirements of the Governmental Accounting Standard Board Statement No. 67 (GASB No. 67) are provided under separate cover.

Funding Objective of the Plan

The Police Guarantee Trust was established on February 26, 2000 to provide supplemental benefits to a closed group of 637 police officers electing to transfer to the statewide Municipal Police Employees' Retirement system. The funding objective was established as follows:

- a) Fully fund all projected liabilities determined at inception, through a trust-to-trust transfer of \$24,627,209 in assets from CPERS; and
- b) Fund any future actuarial losses through employee and employer contributions on included compensation for CPERS that is excluded for MPERS benefits; and
- c) Any shortfall after taking into account the above will be funded as a level percentage of future payroll, using the Aggregate Actuarial Cost Method. This method was subsequently changed as described below.

The initial valuation, prepared as of January 1, 2000, is the basis for the city contribution rates of 0% for the 2000 and 2001 years. The Board has adopted a one-year delay from the valuation date to the year for which the contribution rate calculated in the valuation is applied. Thus, the contribution rate calculated in the 2020 valuation will apply to the year 2021.

Effective January 1, 2017, the Board of Trustees adopted a change in actuarial cost method from Aggregate to Entry Age Normal.

The method for determining the actuarial value of assets uniformly spreads actuarial investment gains and losses over a five-year period, beginning with a "fresh start" on January 1, 2018, where the Actuarial Value of Assets equals the Market Value of Assets in the first year. The resulting actuarial value of assets as of December 31, 2020, is \$15,164,485.

Based on our recommendation, the Board adopted a change in the method used to amortize the unfunded actuarial accrued liability, effective January 1, 2019, from 15-year open amortization with level payments, to 4-year open amortization with level payments.

Progress Toward Realization of Funding Objective

Since the intent was to fund the projected liability through the initial trust to trust transfer of \$24,627,209 from the Employees' Retirement System, no unfunded actuarial accrued liability was expected. However, due to substantial contribution deficits relative to the actuarially determined contributions and actuarial losses, there is a current unfunded actuarial accrued liability in the PGT of \$29,052,270 as of December 31, 2020.

The progress toward achieving the intended funding objectives can be measured by the ratio of the actuarial value of assets to the actuarial accrued liabilities. Based on current methods and assumptions, the funded ratio is 34.3%. In the absence of benefit improvements, and assuming the full actuarially determined contribution is paid when due, this ratio should increase over time and future contribution requirements are expected to be sufficient to achieve the funding objective set forth above. However, if the current contribution deficits continue, there is significant risk of the plan not meeting benefit obligations.

Plan Provisions and Data

A summary of plan provisions, on which the actuarial valuation is based, can be found in the actuarial valuation report and in the schedules prepared for the Comprehensive Annual Financial Report.

In performing the January 1, 2021 valuation, we have relied upon the employee data and financial information provided by the administrative staff of the Employee's Retirement System of the City of Baton Rouge and Parish of East Baton Rouge. Participant data was not audited but was reviewed for reasonableness and consistency relative to data used for prior year valuations. Plan assets were compared with information furnished for the prior plan year's valuation and reviewed for consistency.

Actuarial Assumptions and Methods

The present values shown in the January 1, 2021 actuarial valuation and supporting schedules of this certification have been prepared in accordance with the actuarial methods and assumptions approved by the Board. There were no changes in actuarial assumptions or methods for the January 1, 2021 valuation. The assumptions and methods are detailed starting on page 12 of the valuation report. The assumptions were selected by the Board based on our recommendations from the results of the most recent experience study. We believe the assumptions are reasonable and represent a reasonable expectation of future experience under the plan.

The actuarial assumptions and methods used for accounting purposes are, in the actuary's opinion, reasonable and compliant with the parameters set forth by the Governmental Accounting Standards Board (GASB) Statement No. 67. The same actuarial assumptions and methods were employed in the development of the schedules which we prepared for the Actuarial Section of this report.

We provided the following schedules included in this section:

Summary of Principal System Provisions
Summary of Actuarial Assumptions and methods
Schedule of Funding Progress
Summary of Actuarial Accrued Liabilities
Percentage covered by Actuarial Value of Assets/Solvency Test
Active Membership Data
Schedule of Retirees and Beneficiaries Added
Total Membership Data

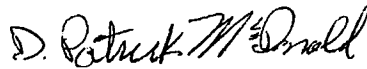
We certify to the best of our knowledge, the methods and assumptions comply with generally recognized and accepted actuarial principles and practices set forth in the Actuarial Standards of Practice established by the Actuarial Standards Board, are reasonable and represent our best estimate of the funding requirement to achieve the Retirement System's Funding Objective, unless otherwise noted herein. Shelley is an Associate in the Society of Actuaries and Pat is a Fellow in the Society of Actuaries. We are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Respectfully submitted,

FOSTER & FOSTER INC.



Shelley R. Johnson, ASA, MAAA



D. Patrick McDonald, FSA, EA, MAAA

SUMMARY OF PRINCIPAL SYSTEM PROVISIONS

(Source: 2021 PGT Actuarial Report)

(Based on Ordinance No. 11669)

Effective Date:	February 26, 2000, amended February 28, 2001.
Fiscal Year:	Calendar year.
Membership:	Eligible police employees who were active members or in the Deferred Retirement Option Plan (DROP) of the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge (CPERS) on February 26, 2000 who elected to transfer into the Municipal Police Employees' Retirement System of Louisiana (MPERS) are automatically included in the Police Guarantee Trust (PGT).
Transferred Assets:	Initially funded by a trust to trust transfer of \$24,627,209 from CPERS, as of January 1, 2000.
Contributions:	Members: Based on current member contribution rate under CPERS, applied to member's compensation not covered by MPERS. Member contributions are "picked up" by the City. City: Actuarially determined.
Benefit Amounts:	The excess of the benefits that would have been payable under CPERS, based on the provisions in effect on February 26, 2000, over the benefits payable under MPERS. MPERS benefits are calculated under a 50% joint and survivor option. PGT benefits reflect any increases in MPERS benefits due to cost-of-living adjustments.
DROP:	A. Members in CPERS DROP at February 26, 2000: (1) If in CPERS DROP for 3 or more years, DROP payments are credited to PGT DROP account. Investment returns for CPERS and PGT accounts are credited to PGT account after February 26, 2000. (2) If in CPERS DROP less than 3 years, up to 3 years since transfer, in MPERS DROP. After 3 years in DROP (CPERS and MPERS combined) DROP payments are credited to PGT DROP account for remainder of DROP period (5 years maximum for total DROP periods). Investment returns for CPERS, MPERS, and PGT accounts are credited to the PGT account after February 26, 2000. B. Active members at February 26, 2000: Members enter PGT DROP first, with payments credited to PGT DROP account, until the later of 2 years or eligibility for MPERS DROP. Investment returns for MPERS and PGT DROP accounts are credited to PGT DROP account.
Changes Since Prior Valuation:	None.

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS**(Source: 2021 PGT Actuarial Report)**

Valuation Date:	December 31, 2020												
Valuation Method:	Entry Age Normal Actuarial Cost Method <i>(Adopted July 28, 2016)</i>												
Actuarial Value of Assets:	Market Value as of January 1, 2000 and January 1, 2001. Beginning January 1, 2002, Expected Value Method, with 20% of unrealized gains (or losses) recognized each year. Beginning January 1, 2018, method changed to uniformly spread gains and losses over a five-year period which ensures the Actuarial Value of Assets converge to the Market Value of Assets within a reasonable time.												
Investment Return:	5.75% compounded annually, net of investment expenses. <i>(Adopted January 31, 2019)</i>												
Inflation:	2.25% per year <i>(Adopted March 26, 2020)</i>												
Salary Increases:	Inflation plus: <i>(Adopted March 26, 2020)</i>												
	<table> <thead> <tr> <th><u>Age</u></th> <th><u>PGT</u></th> </tr> </thead> <tbody> <tr> <td>37</td> <td>3.75%</td> </tr> <tr> <td>42</td> <td>3.75%</td> </tr> <tr> <td>47</td> <td>2.75%</td> </tr> <tr> <td>52</td> <td>2.75%</td> </tr> <tr> <td>55+</td> <td>2.50%</td> </tr> </tbody> </table>	<u>Age</u>	<u>PGT</u>	37	3.75%	42	3.75%	47	2.75%	52	2.75%	55+	2.50%
<u>Age</u>	<u>PGT</u>												
37	3.75%												
42	3.75%												
47	2.75%												
52	2.75%												
55+	2.50%												
Aggregate Payroll Growth:	Not applicable.												
MPERS COLA	0.62% compounded annually <i>(Adopted March 26, 2020)</i>												
Non-Disabled Mortality:	Active Lives: RP-2006 Blue Collar Employee Projected back to 2001, Generational with MP-2018 (2016 base year). Inactive Lives: RP-2006 Blue Collar Annuitant Projected back to 2001, Generational with MP-2018 (2016 base year). <i>(Adopted March 26, 2020)</i>												
Disabled Mortality:	RP-2006 Disabled Table Projected back to 2001, Generational with MP-2018 (2016 base year). <i>(Adopted March 26, 2020)</i>												
Type of Disability:	75% service connected, 25% ordinary. <i>(Adopted February 26, 2000)</i>												

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS (CONTINUED)

Turnover and Disability: 1.0% for all ages for turnovers *(Adopted March 26, 2020)* Disability rates: *(Adopted February 26, 2015)*

<u>Age</u>	<u>Disability</u>
22	0.06%
27	0.06%
32	0.06%
37	0.08%
42	0.15%
47	0.28%
52	0.69%
57	1.25%
62	4.00%
65	1.95%

It is assumed that 75% of disablements are service related.

Assumed transfers to CPERS (for accumulated vacation and sick leave e.g.): .75 years. *(Adopted March 26, 2020)*

Retirement Rates: Upon attaining 25.5 years of service or age 61 and 11 years of service, the following rates: *(Adopted March 26, 2020)*

<u>Prior to 25 years of creditable service</u>		<u>After 25 years of creditable service</u>		
<u>Age</u>	<u>Retirement</u>	<u>Service</u>	<u>Age</u>	<u>Retirement</u>
<55	3%	25	<55	15.0%
55-60	7%	26	<55	25.0%
61-63	20%	27	<55	25.0%
64	25%	28+	<55	70.0%
65+	100%	25	55+	33.3%
		26	55+	50.0%
		27	55+	50.0%
		28+	55+	100.0%

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS (CONTINUED)

Recovery:	No probabilities of recovery are used. <i>(Adopted February 26, 2000)</i>
Remarriage:	No probabilities of remarriage are used. <i>(Adopted February 26, 2000)</i>
Marital Status:	80% of employees are assumed to be married. Female spouses are assumed to be 3 years younger than males <i>(Adopted February 26, 2000)</i>
Interest on Future MPERS DROP Accounts:	6.00%, compounded annually for three years, payable at DROP exit. <i>(Adopted March 26, 2020)</i>
Withdrawal of Employee Contributions:	100% of employees who terminate (other than retirement, death, or disability) are assumed to withdraw their contributions. <i>(Adopted February 26, 2000)</i>
Ancillary Benefits:	MPERS ancillary benefits (turnover, disability, death) are assumed to be greater than CPERS ancillary benefits. <i>(Adopted February 26, 2000)</i>
Sources of Data:	Membership data, asset information, and aggregate DROP balances were furnished by Retirement Office. For active members, MPERS compensation was estimated as: CPERS compensation, minus member contributions to PGT divided by .095. For members who are in CPERS DROP but not in MPERS DROP, MPERS compensation was assumed to be the same as the prior year.
Administrative Expense Load:	\$287,863 annually, based on the average of actual expenses incurred in the prior two fiscal years. <i>(Adopted March 26, 2020)</i>
Unfunded Actuarial Accrued Liability Amortization Period:	Beginning January 1, 2019, the UAAL is amortized as a level dollar over a 4 year open period. <i>(Adopted January 31, 2019)</i>
Changes Since Prior Valuation:	None

SCHEDULE OF FUNDING PROGRESS*
(Source: 2021 PGT Actuarial Report)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Annual Covered Payroll** (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
	\$	\$	\$		\$	
12/31/11	26,206,315	35,864,985	9,658,670	73.1%	15,966,923	60.5%
12/31/12	24,810,218	34,992,004	10,181,786	70.9%	15,428,420	66.0%
12/31/13	23,314,114	34,614,160	11,300,046	67.4%	14,282,440	79.1%
12/31/14	23,382,542	35,574,753	12,192,211	65.7%	14,066,159	86.7%
12/31/15	22,850,794	38,992,367	16,141,573	58.6%	14,177,878	113.9%
12/31/16	21,173,125	40,258,037	19,084,912	52.6%	13,271,888	143.8%
12/31/17	17,087,813	42,947,777	25,859,964	39.8%	11,748,200	220.1%
12/31/18	16,033,810	44,276,128	28,242,318	36.2%	9,206,458	306.8%
12/31/19	14,545,124	45,063,101	30,517,977	32.3%	8,100,367	376.7%
12/31/20	15,164,485	44,216,755	29,052,270	34.3%	6,668,867	435.6%

*The above schedule of funding progress is prepared using the entry age normal actuarial cost method. The purpose of this disclosure is to provide information that serves as a surrogate for the funding progress of the plan

**Based on the actuarial method and assumptions used for funding purposes, this schedule was prepared using the annual covered payroll rolled forward from the previous year to produce liability results.

**SUMMARY OF ACTUARIAL ACCRUED LIABILITIES AND PERCENTAGE
COVERED BY ACTUARIAL VALUE OF ASSETS/SOLVENCY TEST
FOR THE TEN YEARS ENDED DECEMBER 31, 2020
(Source: 2021 PGT Actuarial Report)**

Valuation Date	(1)	(2)	(3)	(4)	Actuarial Value of Assets -\$-	Percentage of Actuarial Liabilities Covered by Assets			
	Active Members' Contributions*	Retirees And Survivors**	Terminated Vested Members	Active Members Employer Contribution		(1) -%-	(2) -%-	(3) -%-	(4) -%-
12/31/11	18,720,950	4,343,650	--	9,672,138	26,206,315	100.0	100.0	100.0	32.5
12/31/12	18,586,440	4,097,007	--	9,531,370	24,810,218	100.0	100.0	100.0	22.3
12/31/13	18,493,361	3,800,666	11,641	9,745,773	23,314,114	100.0	100.0	100.0	10.3
12/31/14	20,632,861	2,755,604	12,763	9,604,613	23,382,542	100.0	99.8	0.0	0.0
12/31/15	23,724,080	3,186,174	8,900	13,220,191	22,850,794	96.3	0.0	0.0	0.0
12/31/16	23,716,549	3,611,137	68,781	12,861,570	21,173,125	89.3	0.0	0.0	0.0
12/31/17	25,909,677	5,085,959	74,805	11,877,336	17,087,813	66.0	0.0	0.0	0.0
12/31/18	28,705,043	5,757,629	85,587	9,727,869	16,033,810	55.9	0.0	0.0	0.0
12/31/19	31,685,741	5,005,957	90,530	8,280,873	14,545,124	45.9	0.0	0.0	0.0
12/31/20	33,597,229	4,583,940	79,970	5,955,616	15,164,485	45.1	0.0	0.0	0.0

* Including DROP accounts.

** Including DROP participants' future benefits.

**ACTIVE MEMBERSHIP DATA
FOR THE TEN YEARS ENDED DECEMBER 31, 2020
(Source: 2021 PGT Actuarial Report)**

<u>Valuation Date</u>	<u>Total Active Members</u>	<u>Percentage Change</u> -%-	<u>Annual Payroll</u> -\$-	<u>Average Annual Pay</u> -\$-	<u>% Increase in Average Pay</u> -%-
12/31/11	235	(6.7)	15,966,923	67,944	(1.1)
12/31/12	218	(7.2)	15,428,420	70,773	4.2
12/31/13	198	(9.2)	14,282,440	72,134	1.9
12/31/14	188	(5.1)	14,066,159	74,820	3.7
12/31/15	174	(7.4)	14,177,878	81,482	8.9
12/31/16	158	(9.2)	13,271,888	83,999	3.1
12/31/17	137	(13.3)	11,748,200	85,753	2.1
12/31/18	106	(22.6)	9,206,458	86,853	1.3
12/31/19	90	(15.1)	8,100,367	90,004	3.6
12/31/20	70	(22.2)	6,668,867	95,270	5.9

**SCHEDULE OF RETIREES AND BENEFICIARIES ADDED
FOR THE TEN YEARS ENDED DECEMBER 31, 2020
(Source: 2021 PGT Actuarial Report)**

<u>Valuation Date</u>	<u>Change in Number at EOY</u>				<u>*Number of Annuitants</u>	<u>Percentage Change in Membership</u> -%-	<u>**Annual Annuities</u> -\$-	<u>Percentage Change in Annuities</u> -%-	<u>Average Annual Allowances</u> -\$-
	<u>Additions</u>	<u>Annual Allowances</u> -\$-	<u>Deletions</u>	<u>Annual Allowances</u> -\$-					
12/31/11	0	--	2	69,297	21	(8.7)	122,043	(36.2)	5,812
12/31/12	0	--	0	--	21	--	122,043	--	5,812
12/31/13	2	41,792	0	--	23	9.5	163,835	34.2	7,123
12/31/14	0	--	6	18,242	17	(26.1)	145,593	(11.1)	8,564
12/31/15	3	18,365	1	27,915	19	11.8	136,043	(6.6)	7,160
12/31/16	0	--	2	72,719	17	(10.5)	63,324	(53.5)	3,725
12/31/17	4	48,835	0	--	21	23.5	112,159	77.1	5,341
12/31/18	6	28,212	1	1,676	26	23.8	138,695	23.7	5,334
12/31/19	0	--	0	--	26	--	138,695	--	5,334
12/31/20	4	98,816	0	--	30	15.4	237,511	71.2	7,917

* Includes only those annuitants who receive full or partial monthly retirement benefits from PGT.

** Includes only monthly annuities paid through PGT annualized

TOTAL MEMBERSHIP DATA
(Source: 2021 PGT Actuarial Report)

Actives:

	2020		2019	
	Count	Average Salary	Count	Average Salary
Police	70	\$95,270	90	\$90,004

Annuitants:

	2020		2019	
	Count	Average Annuity	Count	Average Annuity
Retirees and Survivors	28	\$60,224	24	\$57,925
Disabilities	2	14,404	2	14,404
DROP	60	73,344	65	72,533
Total/Average	90	\$67,952	91	\$67,403

Inactive Members:

	2020		2019	
	Count	Average Deferred Annuity	Count	Average Deferred Annuity
Deferred Vested	3	\$18,661	3	\$18,661

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**City of Baton Rouge and Parish of East Baton Rouge
EMPLOYEES' RETIREMENT SYSTEM**

A Component Unit of the Consolidated Government of the
City of Baton Rouge and the Parish of East Baton Rouge, LA

CP
Employees'
Retirement System



STATISTICAL SECTION NARRATIVE

The objective of the Statistical Section is to provide financial statement users with a source of information regarding the system's economic condition by providing information on historical financial trends, demographic trends, and operating information.

For the purposes of the schedules contained in the statistical section, active members are defined as those actively employed full time by an eligible employer and contributing to the system at the end of the current fiscal year. Deferred retirees are those members who have, in lieu of immediate termination of employment and receipt of a service allowance retirement, elected to continue employment with an eligible employer for a specified period of time, while deferring the receipt of retirement benefits. Retirees and beneficiaries are those who were receiving benefits at the end of the current fiscal year, including those members who retired after participating in the Deferred Retirement Option Plan (DROP).

The Police Guarantee Trust (PGT) only guarantees benefits in the form of extended participation in the Deferred Retirement Option Plan (DROP) greater than what is available to them in Municipal Police Employees' Retirement System of Louisiana (MPERS). Also, there are a minority of members that are paid a residual benefit from the PGT when their calculated pension in MPERS is less than would have otherwise been calculated in CPERS. The PGT members receive their monthly pensions from MPERS, not the PGT. Since the payments made from PGT represent only the difference between MPERS calculated benefits and CPERS calculated benefits, not an actual monthly pension amount, some of the schedules only pertain to CPERS members. Each schedule is noted as to whether it is describing CPERS members, PGT members, or both.

Financial Trends

The schedules listed below provide financial trend information that assists users in understanding and assessing how the retirement system's position has changed over time:

- Schedule of Changes in Net Position (CPERS)
- Schedule of Changes in Net Position (PGT)

Demographic Trends

The schedules listed below provide information to assist the users in understanding the system's socioeconomic environment and to facilitate comparisons for financial statement information over time:

- Schedule of Participating Employers for 2020 and 2011
- Number of Active Members
- Number of Retirees, Beneficiaries, Vested Terminated, and Deferred Retirees
- Schedule of Retired Members by Type of Benefit (CPERS)
- Number of Refunds of Contributions
- Retirees at December 31, 2020

Operational Information

The schedules listed below provide information about the system's operations and uses of resources as well as to provide a context for understanding and assessing its economic condition:

- Number of Administrative Staff Positions
- Number of Retirees and Benefit Expenses
- Number of Retired Deferred Retirement Option Plan Participants and Payments
- Schedule of Benefit Expenses by Type (CPERS)
- Average Monthly Service Retiree Benefit (CPERS)
- Average Monthly Service Retiree Benefit (PGT)
- Number of Excess Benefit Plan Participants and Benefit Expenses

STATISTICAL SECTION NARRATIVE (CONTINUED)

Data Sources, Assumptions, and Methodologies

Data for the statistical section is derived from financial statements, active member data files, and retired member data files, all of which are prepared by CPERS. These data files are also used by CPERS' independent actuary to prepare the annual actuarial valuations.

CPERS uses custom computer programming as well as database queries to extract data to produce the information for the statistical section. The data is either imported into pre-defined file formats or personal computer software applications for further analysis, calculations, and formatting for presentation in the statistical section.

NUMBER OF ADMINISTRATIVE STAFF POSITIONS

<u>Fiscal Year</u>	<u>Staff</u>	<u>% Increase Each Year</u>
2011	12	0.00%
2012	12	0.00%
2013	12	0.00%
2014	12	0.00%
2015	12	0.00%
2016	12	0.00%
2017	12	0.00%
2018	12	0.00%
2019	12	0.00%
2020	12	0.00%

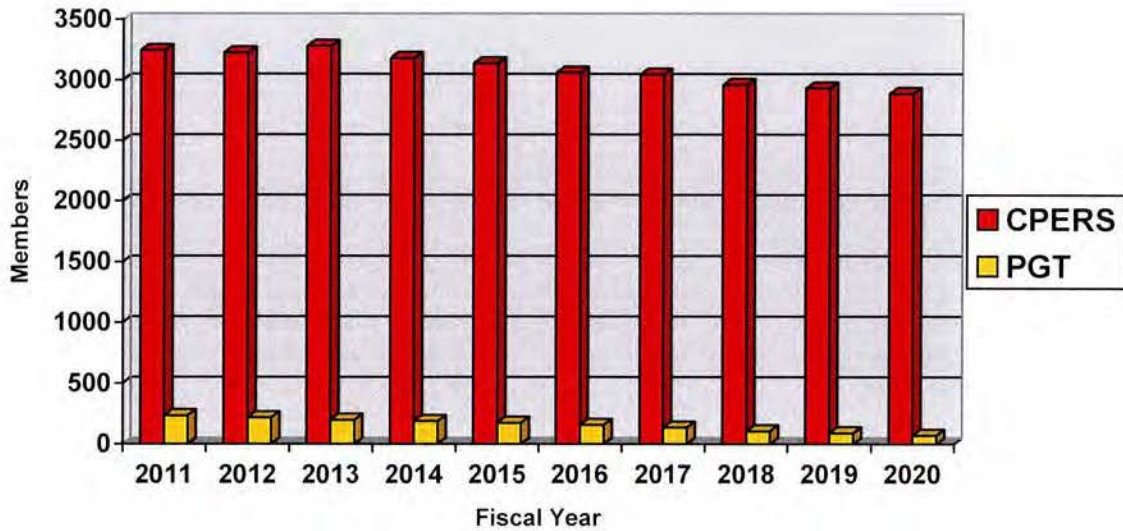
SCHEDULE OF PARTICIPATING EMPLOYERS FOR 2020 AND 2011

<u>Participating Employer</u>	<u>Covered Active Employees</u>	<u>Rank</u>	<u>Percentage of System Membership</u>
<u>2020</u>			
City of Baton Rouge and Parish of East Baton Rouge	2,332	1	80.72%
Recreation and Park Commission for the Parish of East Baton Rouge	435	2	15.06%
District Attorney of the Nineteenth Judicial District	77	3	2.67%
Office of the Coroner of East Baton Rouge Parish	17	4	.59%
East Baton Rouge Parish Juvenile Court	12	5	.42%
East Baton Rouge Parish Family Court	11	6	.38%
Brownsfield Fire Protection District	3	7	.10%
St. George Fire Protection District	1	8	.03%
Eastside Fire Protection District	1	9	.03%
2020 Total	2,889		100.00%

<u>Participating Employer</u>	<u>Covered Active Employees</u>	<u>Rank</u>	<u>Percentage of System Membership</u>
<u>2011</u>			
City of Baton Rouge and Parish of East Baton Rouge	2,697	1	83.11%
Recreation and Park Commission for the Parish of East Baton Rouge	428	2	13.19%
District Attorney of the Nineteenth Judicial District	77	3	2.37%
East Baton Rouge Parish Juvenile Court	14	4	.43%
East Baton Rouge Parish Family Court	11	5	.34%
Office of the Coroner of East Baton Rouge Parish	10	6	.31%
Brownsfield Fire Protection District	4	7	.13%
St. George Fire Protection District	3	8	.09%
Eastside Fire Protection District	1	9	.03%
2011 Total	3,245		100.00%

NUMBER OF ACTIVE MEMBERS

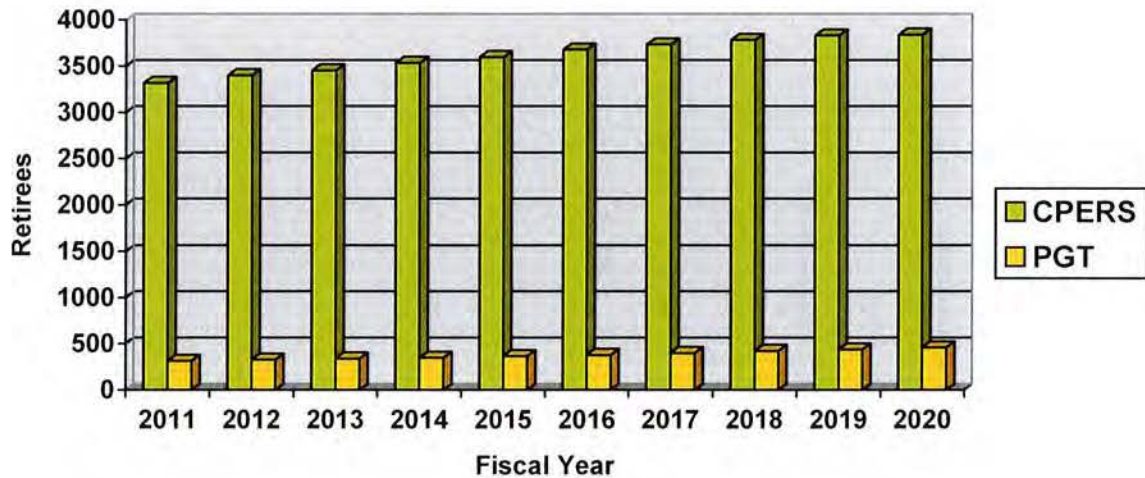
<u>Fiscal Year</u>	<u>CPERS</u>		<u>PGT</u>	
	<u>Members</u>	<u>% Increase Each Year</u>	<u>Members</u>	<u>% Increase Each Year</u>
2011	3,245	(4.0)%	235	(6.7)%
2012	3,226	(0.6)%	218	(7.2)%
2013	3,283	1.8 %	198	(9.2)%
2014	3,181	(3.1)%	188	(5.1)%
2015	3,138	(1.4)%	174	(7.4)%
2016	3,062	(2.4)%	158	(9.2)%
2017	3,047	(0.5)%	137	(13.3)%
2018	2,961	(2.8)%	106	(22.6)%
2019	2,934	(0.9)%	90	(15.1)%
2020	2,889	(1.5)%	70	(22.2)%



NUMBER OF RETIREES, BENEFICIARIES, VESTED TERMINATED, AND DEFERRED RETIREES

Fiscal Year	CPERS		PGT	
	Retirees and Deferred Retirees	% Increase Each Year	Retirees and Deferred Retirees*	% Increase Each Year
2011	3,317	1.8%	314	5.4%
2012	3,401	2.5%	327	4.1%
2013	3,452	1.5%	340	4.0%
2014	3,535	2.4%	348	2.4%
2015	3,618	2.3%	366	5.2%
2016	3,680	1.7%	378	3.3%
2017	3,735	1.5%	398	5.3%
2018	3,782	1.3%	423	6.3%
2019	3,832	1.3%	439	3.7%
2020	3,840	0.2%	459	4.6%

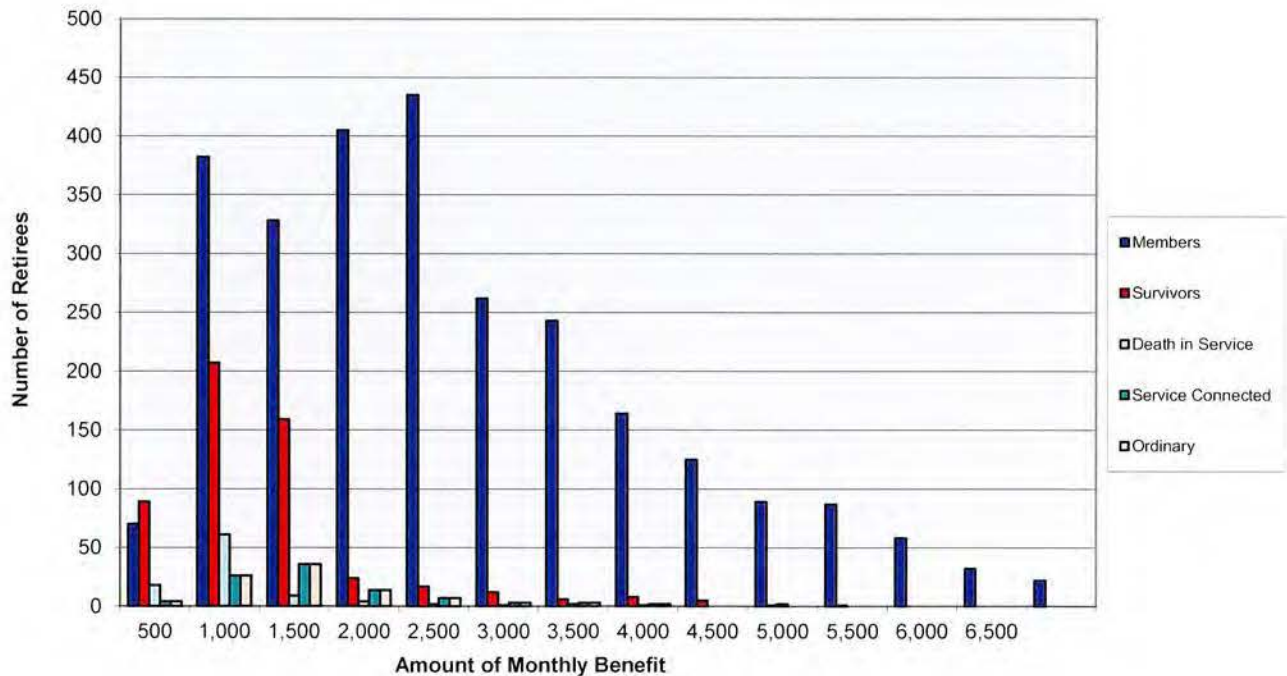
* Includes annuitants who participated in the PGT but receive monthly retirement benefits from MPERS.



SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT (CPERS)

Amount of Monthly Benefit	Number of Retirees *	Types of Retirement				
		Service Benefits			Disability Benefits	
		Members	Survivors	Death in Service	Service Connected	Ordinary
\$1-500	183	70	89	18	4	2
501-1,000	693	382	207	61	26	17
1,001-1,500	582	328	159	9	36	50
1,501-2,000	463	405	24	4	14	16
2,001-2,500	470	435	17	2	7	9
2,501-3,000	281	262	12	1	3	3
3,001-3,500	254	243	6	2	3	--
3,501-4,000	175	164	8	1	2	--
4,001-4,500	130	125	5	0	--	--
4,501-5,000	92	89	1	2	--	--
5,001-5,500	88	87	1	--	--	--
5,501-6,000	58	58	--	--	--	--
6,001-6,500	32	32	--	--	--	--
Above \$6,500	22	22	--	--	--	--
Totals	3,523	2,702	529	100	95	97

* Does not include deferred retirees



NUMBER OF RETIREES AND BENEFIT EXPENSES

<u>Fiscal Year</u>	<u>CPERS*</u>		<u>PGT*</u>	
	<u>Retirees</u>	<u>Benefit Expenses</u> \$	<u>Retirees**</u>	<u>Benefit Expenses</u> \$
2011	2,970	63,126,784	21	179,342
2012	3,058	66,288,313	21	122,118
2013	3,126	69,710,050	23	156,783
2014	3,181	72,940,687	17	160,795
2015	3,257	75,613,052	19	132,445
2016	3,304	78,214,124	17	116,396
2017	3,347	80,585,661	21	86,083
2018	3,403	83,785,001	26	132,957
2019	3,477	87,748,808	26	138,695
2020	3,523	91,036,856	30	196,659

* Does not included deferred retirees

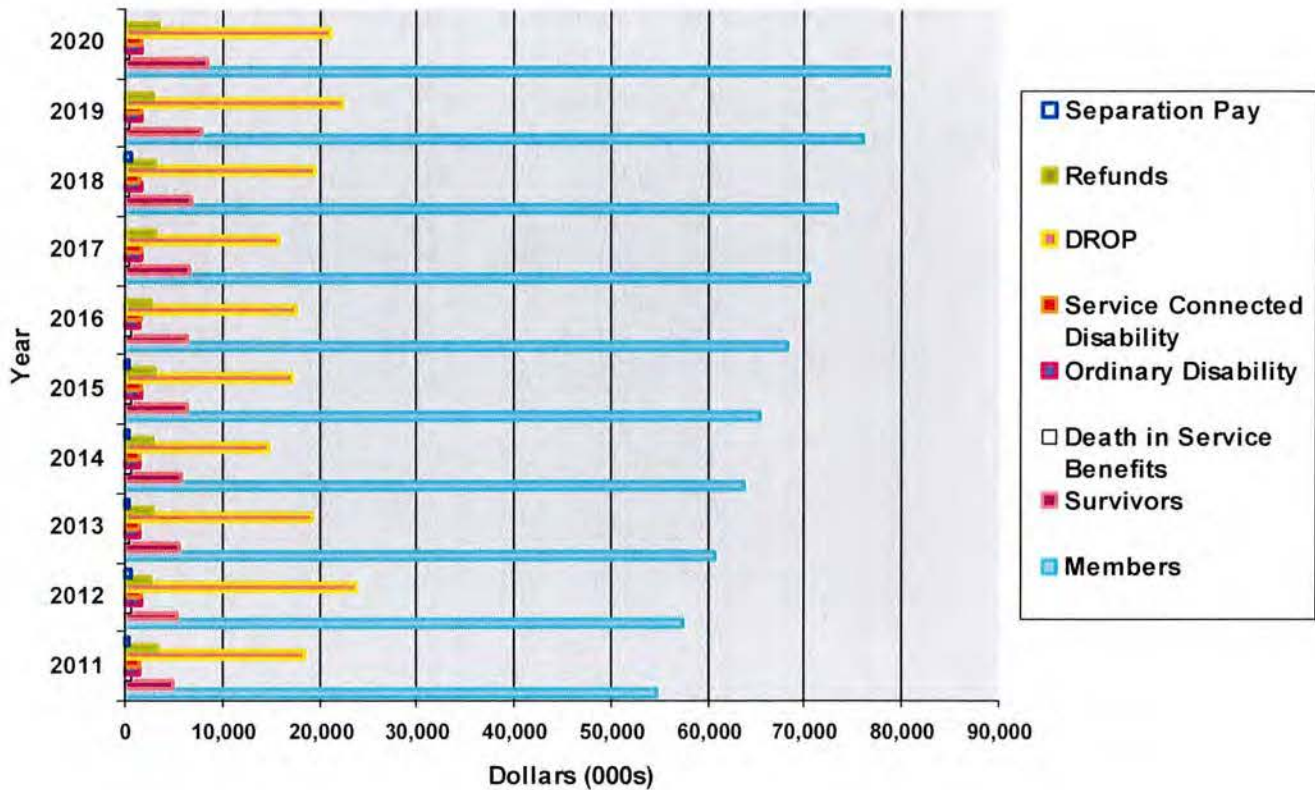
** Includes only retirees receiving monthly benefits from PGT

NUMBER OF RETIRED DEFERRED RETIREMENT OPTION PLAN PARTICIPANTS AND PAYMENTS

<u>Fiscal Year</u>	<u>CPERS</u>		<u>PGT</u>	
	<u>Retired Deferred Retirement Participants</u>	<u>Retired Deferred Retirement Benefit Expenses</u> \$	<u>Retired Deferred Retirement Participants</u>	<u>Retired Deferred Retirement Benefit Expenses</u> \$
2011	983	18,354,844	78	1,171,784
2012	1,019	23,804,543	83	2,140,253
2013	1,060	19,249,264	90	2,488,063
2014	1,085	14,859,565	98	1,211,521
2015	1,133	17,140,815	110	1,170,706
2016	1,164	17,703,924	116	2,062,190
2017	1,201	15,888,090	121	1,908,513
2018	1,297	19,505,050	136	1,771,964
2019	1,347	22,294,682	137	1,800,289
2020	1,387	21,095,357	149	2,061,728

SCHEDULE OF BENEFIT EXPENSES BY TYPE (CPERS)

Year Ending	Service Benefits		Death in Service Benefits	Disability Benefits			Refunds	Separation Benefits	Total
	Members	Survivors		Ordinary	Service Connected	DROP			
	\$	\$	\$	\$	\$	\$	\$	\$	\$
2011	54,839,755	4,957,864	518,070	1,367,049	1,444,046	18,354,844	3,304,186	371,022	85,156,836
2012	57,362,968	5,260,293	555,375	1,569,076	1,540,601	23,804,543	2,721,886	518,566	93,333,308
2013	60,737,119	5,524,687	501,727	1,523,176	1,423,341	19,249,264	2,940,900	478,543	92,378,757
2014	63,720,199	5,673,581	523,267	1,525,387	1,498,253	14,859,565	2,806,619	342,378	90,949,249
2015	65,487,500	6,380,359	536,492	1,595,590	1,613,111	17,140,815	3,088,270	364,508	96,206,645
2016	68,263,205	6,352,841	520,166	1,532,200	1,545,712	17,703,924	2,655,064	192,364	98,765,476
2017	70,580,751	6,472,585	447,020	1,545,180	1,540,125	15,888,090	3,167,338	163,091	99,804,180
2018	73,388,557	6,838,385	455,300	1,624,382	1,478,377	19,505,050	3,102,453	597,322	106,989,826
2019	76,124,669	7,866,119	464,296	1,738,567	1,555,157	22,294,682	2,811,623	280,698	113,135,811
2020	78,810,444	8,307,683	463,911	1,687,848	1,562,423	21,095,357	3,425,203	204,547	115,557,416



AVERAGE MONTHLY SERVICE RETIREE BENEFIT (CPERS) *

Retirement Date		Years of Service Credit						
		0-5	6-10	11-15	16-20	21-25	26-30	>30
2011	Avg. Monthly Benefit - \$	0.00	860.54	1,210.84	1,617.64	3,073.10	3,604.76	0.00
	Avg. Final Average Salary - \$	0.00	2,675.43	3,043.27	3,491.40	4,300.47	4,513.19	0.00
	Number of Retirees	0	12	19	15	42	38	0
2012	Avg. Monthly Benefit - \$	0.00	867.79	1,130.82	1,693.60	3,265.59	3,793.28	0.00
	Avg. Final Average Salary - \$	0.00	3,013.70	3,130.64	4,033.72	4,593.46	4,730.13	0.00
	Number of Retirees	0	18	24	11	34	54	0
2013	Avg. Monthly Benefit - \$	1,043.82	722.62	1,204.13	1,653.42	3,109.03	4,440.71	5,436.28
	Avg. Final Average Salary - \$	2,087.64	2,731.54	3,373.51	3,695.25	4,332.62	5,531.39	6,060.31
	Number of Retirees	2	16	21	23	37	42	1
2014	Avg. Monthly Benefit - \$	0.00	739.40	1,219.88	2,071.86	3,837.78	4,043.91	5,813.26
	Avg. Final Average Salary - \$	0.00	2,757.72	3,322.29	4,753.06	5,238.71	4,998.69	6,459.18
	Number of Retirees	0	7	22	8	29	36	1
2015	Avg. Monthly Benefit - \$	966.66	670.56	1,131.77	1,711.34	3,294.81	4,052.35	0.00
	Avg. Final Average Salary - \$	1,933.32	2,682.75	3,285.76	3,586.49	4,839.45	5,103.55	0.00
	Number of Retirees	2	13	32	20	44	33	0
2016	Avg. Monthly Benefit - \$	0.00	829.20	1,228.06	1,653.32	3,548.38	4,738.66	0.00
	Avg. Final Average Salary - \$	0.00	2,972.79	3,483.89	3,456.11	4,649.35	5,721.25	0.00
	Number of Retirees	0	16	20	20	29	29	0
2017	Avg. Monthly Benefit - \$	151.09	1,165.02	1,410.41	2,116.93	3,942.14	4,624.90	0.00
	Avg. Final Average Salary - \$	4,029.19	4,062.79	3,212.41	4,452.60	5,332.00	5,365.79	0.00
	Number of Retirees	1	14	15	13	44	26	0
2018	Avg. Monthly Benefit - \$	0.00	1,509.87	1,157.91	2,793.10	4,405.01	4,592.94	0.00
	Avg. Final Average Salary - \$	0.00	4,126.74	3,381.22	5,323.86	5,115.81	5,785.43	0.00
	Number of Retirees	0	9	25	17	32	44	0
2019	Avg. Monthly Benefit - \$	0.00	1,143.06	1,273.03	1,846.07	3,632.92	4,776.11	0.00
	Avg. Final Average Salary - \$	0.00	4,442.86	3,561.10	3,984.75	4,942.44	6,048.37	0.00
	Number of Retirees	0	20	19	15	36	49	0
2020	Avg. Monthly Benefit - \$	0.00	877.47	1,213.50	1,735.35	3,333.31	4,635.88	0.00
	Avg. Final Average Salary - \$	0.00	3,511.16	3,622.41	3,757.99	4,664.50	5,812.36	0.00
	Number of Retirees	0	6	16	13	39	42	0

* Includes service and disability retirees with effective retirement dates as shown. Does not include survivor or beneficiary annuitants.

AVERAGE MONTHLY SERVICE RETIREE BENEFIT (PGT) *

Retirement Date		Years of Service Credit						
		0-5	6-10	11-15	16-20	21-25	26-30	>30
2011	Avg. Monthly Benefit - \$	0.00	0.00	1,936.06	0.00	4,018.47	4,526.42	0.00
	Avg. Final Average Salary - \$	0.00	0.00	4,996.27	0.00	5,302.09	5,532.60	0.00
	Number of Retirees	0	0	1	0	4	8	0
2012	Avg. Monthly Benefit - \$	0.00	0.00	1,112.61	1,663.87	4,031.54	4,544.92	0.00
	Avg. Final Average Salary - \$	0.00	0.00	3,423.41	4,443.05	5,909.51	5,649.90	0.00
	Number of Retirees	0	0	1	2	3	11	0
2013	Avg. Monthly Benefit - \$	0.00	0.00	0.00	0.00	3,860.89	5,432.66	0.00
	Avg. Final Average Salary - \$	0.00	0.00	0.00	0.00	5,819.45	6,607.35	0.00
	Number of Retirees	0	0	0	0	6	9	0
2014	Avg. Monthly Benefit - \$	0.00	0.00	0.00	0.00	4,056.75	5,434.89	0.00
	Avg. Final Average Salary - \$	0.00	0.00	0.00	0.00	5,397.17	6,707.29	0.00
	Number of Retirees	0	0	0	0	4	8	0
2015	Avg. Monthly Benefit - \$	0.00	0.00	0.00	2,460.79	5,217.95	5,941.29	0.00
	Avg. Final Average Salary - \$	0.00	0.00	0.00	5,543.43	6,957.65	7,389.42	0.00
	Number of Retirees	0	0	0	2	10	9	0
2016	Avg. Monthly Benefit - \$	0.00	0.00	0.00	2,800.96	5,102.17	5,917.25	6,583.92
	Avg. Final Average Salary - \$	0.00	0.00	0.00	5,683.32	6,772.91	7,315.74	7,315.46
	Number of Retirees	0	0	0	2	8	6	1
2017	Avg. Monthly Benefit - \$	0.00	0.00	0.00	2,533.44	4,047.63	5,961.64	0.00
	Avg. Final Average Salary - \$	0.00	0.00	0.00	6,584.66	5,877.42	7,352.37	0.00
	Number of Retirees	0	0	0	1	7	8	0
2018	Avg. Monthly Benefit - \$	0.00	0.00	0.00	0.00	2,803.80	5,633.00	6,987.31
	Avg. Final Average Salary - \$	0.00	0.00	0.00	0.00	5,665.57	6,953.71	7,962.75
	Number of Retirees	0	0	0	0	5	12	1
2019	Avg. Monthly Benefit - \$	0.00	0.00	0.00	2,703.66	4,249.22	5,346.24	0.00
	Avg. Final Average Salary - \$	0.00	0.00	0.00	5,868.76	6,729.96	6,503.49	0.00
	Number of Retirees	0	0	0	1	4	9	0
2020	Avg. Monthly Benefit - \$	0.00	0.00	0.00	1,892.79	4,501.88	5,797.90	0.00
	Avg. Final Average Salary - \$	0.00	0.00	0.00	4,157.99	6,677.51	7,387.49	0.00
	Number of Retirees	0	0	0	2	9	15	0

* Includes service and disability retirees with effective retirement dates as shown. Does not include survivor or beneficiary annuitants. The data represents members that retired in the years listed and the creditable service and average salary that was used to compute pensions for those members. Note that these members are paid by the Municipal Police Employees' Retirement System of Louisiana and the pensions computed are not paid by Police Guarantee Trust (PGT).

**NUMBER OF EXCESS BENEFIT PLAN PARTICIPANTS
AND BENEFIT EXPENSES**

<u>Fiscal Year</u>	<u>CPERS</u>		<u>PGT</u>	
	<u>Excess Benefit Plan Participants</u>	<u>Benefit Expenses</u> \$	<u>Excess Benefit Plan Participants</u>	<u>Benefit Expenses</u>
2011	9	125,174	N/A	N/A
2012	12	198,780	N/A	N/A
2013	12	179,524	N/A	N/A
2014	12	167,932	N/A	N/A
2015	14	195,611	N/A	N/A
2016	18	291,532	N/A	N/A
2017	19	270,746	N/A	N/A
2018	20	273,608	N/A	N/A
2019	20	281,992	N/A	N/A
2020	20	267,212	N/A	N/A

NUMBER OF REFUNDS OF CONTRIBUTIONS

<u>Fiscal Year</u>	<u>CPERS</u>		<u>PGT</u>	
	<u>Number of Refunds</u>	<u>% Increase Each Year</u> %	<u>Number of Refunds</u>	<u>% Increase Each Year</u> %
2011	216	(16.6)	0	(100.0)
2012	220	1.9	0	0.0
2013	239	8.6	2	200.0
2014	238	(.4)	2	0.0
2015	239	.4	0	(100.0)
2016	215	(10.0)	0	0.0
2017	237	10.2	0	0.0
2018	210	(11.4)	0	0.0
2019	192	(8.6)	0	0.0
2020	177	(7.8)	0	0.0

SCHEDULE OF CHANGES IN NET POSITION (CPERS)

Fiscal Year	Member Contributions	Employer and Non-Employer Contributions	Net Investment Income	Total Additions to Net Position
	\$	\$	\$	\$
2011	14,742,541	35,793,135	(19,521,974)	31,013,702
2012	15,205,761	37,321,809	114,974,105	167,501,675
2013	14,888,376	38,392,495	140,442,726	193,723,597
2014	14,907,221	39,363,171	50,531,109	104,801,501
2015	15,054,222	41,387,640	(9,608,883)	46,832,979
2016	15,175,111	43,049,895	79,044,839	137,269,845
2017	15,074,669	43,839,321	162,787,042	221,701,032
2018	15,973,377	50,500,048	(67,904,707)	(1,431,282)
2019	16,252,239	48,033,990	175,633,971	239,920,200
2020	16,037,215	52,368,800	143,087,206	211,493,221

Fiscal Year	Benefit Payments	Refunds and Withdrawals	Administrative Expenses	Total Deductions from Net Position	Total Changes in Net Position
	\$	\$	\$	\$	\$
2011	81,852,650	3,304,186	1,065,344	86,222,180	(55,208,478)
2012	90,611,422	2,721,886	1,137,201	94,470,509	73,031,166
2013	89,437,857	2,940,900	1,188,598	93,567,355	100,156,242
2014	88,142,630	2,806,619	1,388,242	92,337,491	12,464,010
2015	93,118,375	3,088,270	1,318,104	97,524,749	(50,691,770)
2016	96,110,412	2,655,064	1,325,596	100,091,072	37,178,773
2017	96,636,842	3,167,338	1,350,435	101,154,615	120,546,417
2018*	103,887,373	3,102,453	1,490,465	108,480,291	(109,911,573)
2019	110,324,188	2,811,623	1,372,143	114,507,954	125,412,246
2020	112,132,213	3,425,203	1,460,277	117,017,693	94,475,528

*Restated due to the implementation of GASB Statement No.75.

SCHEDULE OF CHANGES IN NET POSITION (PGT)

Fiscal Year	Member Contributions	Employer Contributions	Net Investment Income	Total Additions To Net Position
	\$	\$	\$	\$
2011	80,601	202,695	(384,890)	(101,594)
2012	92,880	238,628	2,427,788	2,759,296
2013	85,817	696,918	2,277,503	3,060,238
2014	90,774	763,873	796,414	1,651,061
2015	99,365	951,261	(403,640)	646,986
2016	63,856	581,007	974,589	1,619,452
2017	70,460	641,699	1,727,482	2,439,641
2018	54,100	778,113	(849,966)	(17,753)
2019	52,178	1,167,213	1,788,105	3,007,496
2020	33,241	3,205,654	937,018	4,175,913

Fiscal Year	Benefit Payments	Refunds and Withdrawals	Administrative Expenses	Total Deductions from Net Position	Total Changes In Net Position
	\$	\$	\$	\$	\$
2011	1,685,391	0	313,966	1,999,357	(2,100,951)
2012	2,670,498	0	329,109	2,999,607	(240,311)
2013	3,327,491	0	356,118	3,683,609	(623,371)
2014	1,662,603	16,903	333,744	2,013,250	(362,189)
2015	1,853,004	0	313,560	2,166,564	(1,519,578)
2016	2,651,397	0	269,510	2,920,907	(1,301,455)
2017	2,340,178	0	275,799	2,615,977	(176,336)
2018*	2,371,530	0	300,141	2,671,671	(2,689,424)
2019	2,312,226	0	279,405	2,591,631	415,865
2020	2,957,973	0	299,516	3,257,489	918,424

*Restated due to the implementation of GASB Statement No.75.



Alternative Retirement Plans



City of Baton Rouge and Parish of East Baton Rouge
EMPLOYEES' RETIREMENT SYSTEM

A Component Unit of the Consolidated Government of the
City of Baton Rouge and the Parish of East Baton Rouge, LA

CP
Employees'
Retirement System



DEFERRED RETIREMENT OPTION PLAN - DROP

The Deferred Retirement Option Plan became effective January 1, 1982, and was created essentially to provide a cost of living increase for retirees, which would be cost neutral to the System and the employer. It has undergone several structural changes over the years, including changes in 2015. The fundamental provisions of the DROP are as follows:

Eligibility

A member eligible for retirement may contractually, in lieu of immediate termination of employment and receipt of a service allowance retirement, continue employment for a specified period of time while deferring the receipt of retirement benefits. At the end of the contractually specified time, the employee terminates employment. **For members hired prior to September 1, 2015**, eligible members are considered those who (a) have attained 25 years of creditable service and not more than 30 years of creditable service or (b) have attained at least 10 years of service and are age 55 or older. **For members hired on or after September 1, 2015**, eligible members are considered those who (a) have attained 25 years of creditable service and not more than 33 years of creditable service, (b) are non-public safety members age 55 or public safety members age 50, or (c) have attained at least 10 years of service and are non-public safety members age 60 or public safety members age 55, or (d) do not reach the minimum required retirement age but exercise the option to participate in the DROP no later than 60 days following the attainment of age 55 for non-public safety members or age 50 for public safety members.

Participation

For members hired prior to September 1, 2015, participation in the DROP is for a period not exceeding either 5 years or a number of years which, when added to the number of years of creditable service, equals 32. **For members hired on or after September 1, 2015**, participation in the DROP is for a period not exceeding 5 years. For members entering the DROP with less than 25 years of service, DROP participation is limited to 3 years. The ordinance provides for a member with interrupted service, while on the DROP, to resume participation if he has not received any distributions from his DROP account that were not based on his life expectancy.

For members electing to participate in the DROP after July 1, 1991, the member shall agree to terminate employment at the end of the DROP participation period or immediately receive a distribution, representing a lump-sum payment in the amount equal to the member's DROP account balance, without the addition of any interest amount, and the member's DROP account shall be terminated. Should a member choose to remain employed, no additional service credit or additional benefits shall be earned.

For members who transferred to the Municipal Police Employees' Retirement System, the total DROP participation in both systems combined cannot exceed 5 years. In some cases, the member may be required to enroll in one system's DROP for a period of time prior to enrolling in the other system's DROP. Rights in the CPERS and Police Guarantee Trust DROP are contractually guaranteed through the *Agreement and Guarantee of Retirement Rights and Benefits*.

Interest Rate

Each year a DROP interest rate is determined by the System's actuary and paid to members' accounts where applicable. The rate is an average of five (5) years of market rates of return, compounded quarterly, as measured by the System's investment consultant. The DROP interest rate credited to members' accounts is the percentage rate certified by the actuary less one annual percentage point (100 basis points).

Termination of Participation

For a member who terminates employment in accordance with the DROP contract terms, and thus becomes a retiree, an election can be made regarding the withdrawal of DROP account funds. The retiree can choose any of the following options:

1. a lump-sum distribution of the balance in the DROP account, provided he has not yet received his first regular pension payment.
2. a method of distribution based on life expectancy.
3. any other method of distribution approved by the Retirement Board of Trustees.

If the terminating member is age 55 or older (age 50 for public safety officers), any severance/separation pay must be rolled into his existing DROP account. For members less than 55 years of age (age 50 for public safety officers), the option is given to either roll the severance/separation pay into his DROP account or take receipt of it. The option to roll is not available to transferred police members.

DEFERRED RETIREMENT OPTION PLAN – DROP (CONTINUED)

Survivor Benefits

Essentially, a surviving spouse of a DROP participant retains the same rights for the account as the member had. The methods of withdrawal are basically the same also. For beneficiaries other than the spouse, the beneficiary receives a lump-sum payment equal to the member's individual account balance in the DROP account. If no beneficiary is named, the member's estate receives the lump-sum payment from the DROP account.

EXCESS BENEFIT PLAN

The Excess Benefit Plan was created as a separate, unfunded, non-qualified plan, and intended to be a qualified governmental excess benefit arrangement as defined in Section 415(m)(3) of the Internal Revenue Code.

A member whose benefit exceeds the maximum benefit allowed under Section 415 of the Code, is entitled to a monthly benefit under the excess benefit plan in an amount equal to the lesser of the member's unrestricted benefit less the maximum benefit, or the amount by which the member's monthly benefit from the pension plan has been reduced because of the limitations as provided for in section 1:272 of the Retirement Ordinance.

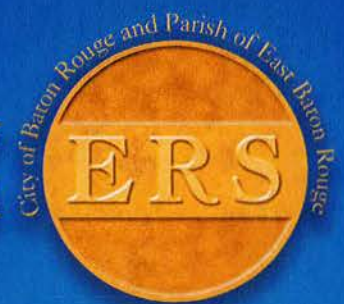
The Excess Benefit Plan is administered by the Retirement Board of Trustees who are assigned the same rights, duties, and responsibilities for this plan as for the pension plan. The System's actuary is responsible for determining the amount of benefits that may be provided under the pension plan solely because of the limitations of section 1:272 of the Retirement Ordinance and Section 415 of the Code. The actuary also determines the amount of contributions that will be made to the Excess Benefit Plan rather than to the pension plan.

Contributions may not be accumulated under the Excess Benefit Plan to pay future retirement benefits. Instead, each payment made by the employer is reduced by the amount determined by the System's actuary to be required as funding for the Excess Benefit Plan. Employer contributions made to fund the Excess Benefit Plan are not commingled with the monies of the pension plan or any other qualified plan. Also, this plan may never receive any transfer of assets from the pension plan.

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