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PARISH EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
BATON ROUGE, LOUISIANA

AUDIT REPORT
DECEMBER 31, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-14-99

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the Accompanying Statement of Plan Net Assets of the Parochial Employees' Retirement System (the "System") as of December 31, 1998, and the related statement of changes in Net Plan Assets for the year than ended. These financial statements are the responsibility of the System's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the Net Assets available for benefits for Parochial Employee's Retirement System of Louisiana as of December 31, 1998 and the Changes in Net Plan Assets for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated June 10, 1999 on my consideration of the Parochial Employees' Retirement System internal control over financial reporting and my test of its compliance with certain provisions of laws, regulations, contracts and grants.

My audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the table of contents as required supplemental information are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the Parochial Employees' Retirement System.

Such statistical information other than Year 2000 supplemental information headed as unaudited has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects when considered in relation to the financial statements taken as a whole.

Bruce H. Stagg

Bruce H. Stagg, CPA

June 10, 1999

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

I have audited the financial statements of the Parochial Employees' Retirement System of Louisiana for the year ended December 31, 1998, and have issued my report thereon dated June 10, 1999. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Parochial Employees' Retirement System's financial statements are free of material misstatement. I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Parochial Employees' Retirement System's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the use of management and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the Parochial Employees' Retirement System of Louisiana, is a matter of public record.

Bruce H Stagg, CPA

June 10, 1999

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
STATEMENT OF PLAN NET ASSETS
December 31, 1998

	PLAN A	PLAN B	TOTALS
ASSETS			
Cash and short term investments	$ 29,500,897	$ 3,394,077	$ 32,894,974
RECEIVABLES			
Contributions Receivable			
Employer	5,968,997	168,454	6,137,451
Employee	7,320,294	132,715	7,453,009
Taxing Bodies	2,628,904	307,220	2,936,124
Interest	1,521,167	148,680	1,669,847
Dividends	473,479	-	473,479
Due (to) From other funds	(9,646)	9,646	-
Total Receivables	17,903,195	766,715	18,669,910
INVESTMENTS AT FAIR VALUE			
Government National Mortgage Associations	49,137,390	5,117,951	54,255,341
Collateralized Mortgage Obligations	102,969,024	8,338,477	111,307,501
FHLMC REMIC-Z'S	130,401,909	11,554,841	141,956,750
US Zero Coupon Bonds	93,324,904	20,207,689	113,532,593
US Agency Zero Coupon Bonds	148,293,007	1,785,930	150,078,937
US Treasury Notes and Bonds	13,043,453	3,652,256	16,695,709
Government Guaranteed Bonds	4,250,992	-	4,250,992
Corporate Bonds	5,541,619	3,324,870	8,866,489
Government Guaranteed Mortgages	-	1,013,708	1,013,708
Domestic and International Stocks	535,216,160	17,441,752	552,657,912
Total Investments	1,082,178,458	72,437,474	1,154,615,932
PROPERTIES AT COST, NET OF ACCUMULATED DEPRECIATION OF $184,601	17,613	2,062	19,675
OTHER ASSETS	87,620	9,827	97,447
TOTAL ASSETS	$1,129,687,783	$76,610,155	$1,206,297,938

See Notes to Financial Statements.

(Continued)

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
STATEMENT OF PLAN NET ASSETS
December 31, 1998
(Continued)

	PLAN A	PLAN B	TOTALS
LIABILITIES			
Pensions Payable	$ 3,668,896	$ 184,426	$ 3,853,322
Refunds Payable	592,996	18,886	611,882
Accounts Payable and Accrued Leave	2,342,783	2,762	2,345,545
Deferred Compensation	81,688	9,563	91,251
TOTAL LIABILITIES	6,686,363	215,637	6,902,000
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS (A schedule of funding progress is presented on Page 18)	$1,123,001,420	$76,394,518	$1,199,395,938

See Notes to Financial Statements.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
STATEMENT OF CHANGES IN PLAN NET ASSETS
For the year ended December 31, 1998

	PLAN A	PLAN B	TOTALS
ADDITIONS TO NET ASSETS			
Contributions			
Employee	$ 29,154,989	$ 762,179	$ 29,917,168
Employer	24,012,924	891,537	24,904,461
Taxing Bodies	2,828,740	330,818	3,159,558
TOTAL CONTRIBUTIONS	55,996,653	1,984,534	57,981,187
Transfer from other systems			
Employees	369,266	27,380	396,646
Employers and Actuarial transfers	728,396	103,616	832,012
TOTAL TRANSFERS	1,097,662	130,996	1,228,658
Miscellaneous Income	321,335	14,155	335,490
Investment Income			
Net Appreciation (Depreciation) in Fair Value of Investments	104,249,203	6,223,488	110,472,691
Interest	25,128,791	2,531,631	27,660,422
Dividends	6,958,215	-	6,958,215
TOTAL INVESTMENT INCOME	136,336,209	8,755,119	145,091,328
Less Investment Expenses	1,895,549	32,051	1,927,600
NET INVESTMENT INCOME	134,440,660	8,723,068	143,163,728
TOTAL ADDITIONS TO NET ASSETS	191,856,310	10,852,753	202,709,063

See Notes to Financial Statements.

(Continued)

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
STATEMENT OF CHANGES IN PLAN NET ASSETS
For the year Ended December 31, 1998
(Continued)

	PLAN A	PLAN B	TOTALS
DEDUCTIONS FROM NET ASSETS			
Benefits	$ 43,154,509	$ 1,935,114	$ 45,089,623
Refunds of Contributions	9,341,089	304,462	9,645,551
Transfers to other systems	575,448	154,749	730,197
Administrative Expenses	532,078	61,241	593,319
TOTAL DEDUCTIONS FROM NET ASSETS	53,603,124	2,455,566	56,058,690
NET INCREASE	138,253,186	8,397,187	146,650,373
NET ASSETS ABAILABLE FOR BENEFITS			
Beginning of year	984,748,234	67,997,331	1,052,745,565
End of year	$1,123,001,420	$76,394,518	$1,199,395,938

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 1998

The Parochial Employees' Retirement System of Louisiana, a Public Employee Retirement System (PERS), is the administrator of two cost sharing multiple-employer plan that was established by the Louisiana legislature as of January 1, 1953, by Act 205 of 1952. The system was revised by Act No. 765 of 1979, effective January 1, 1980, to create the Plan A Fund and Plan B Fund to replace the "regular plan" and the "supplemental plan". Plan B Fund replaced the "regular plan". The system is administered by a Board of Trustees consisting of seven members.

The Retirement System is governed by the Louisiana Revised Statutes, Title 11, Sections 1901 through 2015, specifically, and other general laws of the State of Louisiana.

Employers that may participate are: Any parish in the State of Louisiana, excepting Orleans and East Baton Rouge; the Police Jury or any other governing body of a parish which employs and pays persons serving the parish; the Police Jury Association of Louisiana; the Louisiana School Boards Association, and this Retirement System; members of School Boards at their option; any taxing district of a parish or any branch or section of a parish including a hospital district, water district, library, district indigent defender program in this state; and soil and water conservation districts.

Any person who is a permanent employee and works at least 28 hours a week and whose compensation is paid wholly or partly by a covered employer is covered by this system.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The financial statements of the Parochial Employees' Retirement System of Louisiana are prepared on the accrual basis of accounting. Contributions from employers and employees are recognized as revenue in the period in which employees provide services to the employers. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Methods used to value investments: Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at the current exchange rates.

No investment in any one organization represents 5% or more of the net assets available for pension benefits.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 1998
(Continued)

There are no investments in, loans to, or leases with parties related to the Pension Plans.

The preparation of financial statements in conformity with generally accepted accounting principles requires the plan to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Fixed assets of the Parochial Employees' Retirement System of Louisiana are carried at historical costs. Depreciation is recognized on the straight-line method over the useful lives of the assets which range from five to ten years for equipment.

2. PLAN DESCRIPTION

The Parochial Employee's Retirement System of Louisiana (PERS) administers two defined benefit pension plans (Plan A and Plan B). The assets of the plans are not comingled for investment purposes. Each plan's assets may be used only for the payment of benefits to the members of that plan, in accordance with the terms of the plan. The system was established and provided for by R.S. 11:1901 of the Louisiana Revised Stature (LRS)

The system provides retirement benefits to employees as enumerated in the introductory comments of the notes to financial statements.

Membership of each plan consisted of the following at December 31, 1998, the date of the latest actuarial valuation.

	PLAN A	PLAN B
Retirees and beneficiaries currently receiving benefits	4,159	355
Terminated employees entitled to benefits but not receiving them	246	40
Terminated employees due a refund of contributions	4,860	1,004
Total	9,265	1,399
Active plan participants:		
Vested	4,177	465
Non-vested	8,985	1,306
Members participating in DROP	142	11
Total	13,304	1,782

Membership is mandatory for all employees of taxing districts of a parish or any branch or section of a parish including a hospital district, water district or library that is a member of the retirement system providing they meet the statutory criteria.

(A) Plan A Fund Benefits:

The following brief description of the Parochial Employees' Retirement System Pension Plan is provided for general information purposes only. Participants should refer to the Plan agreement for more complete information.

Any member is eligible for normal retirement if he has at least 30 years of creditable service regardless of age, 25 years of creditable service and is at least age 55, or 10 years of creditable service and is at least age 60.

The retirement allowance is equal to three percent of the member's final average compensation (defined as the average of the highest consecutive 36 months) multiplied by his years of creditable service; however, any employee who was a member of the supplemental plan only prior to the revision date has the benefit earned for service credited prior to the revision date on the basis of one percent of final compensation plus two dollars per month for each year credited prior to the revision date, and three percent of final compensation for each year of service credited after the revision date. The retirement allowance may not exceed the greater of one hundred percent of a member's final salary (last 12 months) or the final average compensation.

A member is eligible to retire and receive disability benefits if he has at least 5 years of creditable service, is not eligible for normal retirement and suffers disability which has been certified by the State Medical Disability Board. The rate is 3 per cent of the member's final compensation multiplied by his years of creditable service under certain conditions outlined in the statutes.

Upon the death of a member with 5 or more years of creditable service, the Plan provides benefits for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 30 to 60 per cent of the member's final compensation.

(B) Plan B Fund Benefits:

Any member is eligible for normal retirement if he has at least 30 years of creditable service and is at least age 55, or 10 years of creditable service and is at least age 62 if the preceding requirements are met. Early retirement is allowed at age 60, provided that benefits are reduced by 3% for each year below age 62. The monthly amount of the retirement allowance is 2 per cent, subject to the provisions of the statutes, of the member's final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) less the amount of $1200.00 times his years of creditable service.

A member is eligible to retire and receive disability benefits if he has at least 10 years of creditable service, is not eligible for normal retirement and suffers disability. The disability must be certified by the State Medical Disability Board. The disability rate is 2 per cent of the member's final compensation, multiplied by his years of creditable service under certain conditions outlined in the statutes.

The Plan provides benefits for surviving spouses and minor children under certain provisions in the statutes.

(C) Deferred Retirement Option Plan

In lieu of terminating employment and accepting a service retirement allowance, any member who has been an active contributing member for one full year after becoming eligible for a normal retirement allowance may elect to participate in the Deferred Retirement Option Plan, and defer the receipt of benefits.

The duration of participation in the plan shall be specified and shall not exceed three years.

Upon the effective date of the commencement of participation in the plan, membership in the system shall terminate. Employer contributions shall continue to be payable by the employer during the person's participation in the plan, but payments of employee contributions shall cease upon the effective date of the person's commencement of participation in the plan.

The monthly retirement benefits that would have been payable, had the person elected to cease employment and receive a service retirement allowance, shall be paid into the Deferred Retirement Option Plan Fund, which shall not earn interest.

Upon termination of employment at the end of the specified period of participation, a participant in the plan shall receive, at his option, a lump sum payment from the Deferred Retirement Option Plan Fund equal to the payments made to that fund on his behalf, a true annuity based upon his account in that fund, or any other method of payment approved by the Board of Trustees.

(D) Both plans provide for deferred benefits for vested members who terminate before being eligible for retirement. Once a member reaches the appropriate age for retirement benefits become payable. Benefits are based on statutes in effect at the time of withdrawal.

3. CONTRIBUTIONS

(A) Member Contributions:

Member contributions, established by Statute at 9.5% of total compensation for Plan A and at 2.5% of total compensation less $100 per month for Plan B, are deducted from the member's salary, and remitted by the participating employers. The Annuity Savings Fund of Plans A and B represents member contributions, less refunds, and less transfers to the Annuity Reserve Fund of Plans A and B.

(B) Employer Contributions:

Employer contributions are actuarially determined every fiscal year according to statutory process. Written notice of these rates is provided to employers annually. In 1998, these employer rates were 7.75% for Plan A and 2.50% for Plan B.

(C) Taxing Bodies' Contributions:

The Sheriffs and ex-officio tax collectors of all parishes except Orleans and East Baton Rouge remit one-fourth of one per cent of the amount of taxes which are being collected. This contribution is pro-rated between the Plan A Fund and the Plan B Fund based on the salaries of members for the previous fiscal year.

4. ACTUARIAL COST METHOD

The actuary for the Pension Plans, G.S. Curran and Company, LTD, has determined the actuarially required contributions as established by state statute.

METHOD OF RECOGNIZING GAINS AND LOSSES: Under the Frozen Attained Age Normal Method, actuarial gains and losses are spread over future normal costs.

The actuarially required employer contribution for Plan A was determined by adding to the normal cost an amortization payment on the unfunded accrued liability which was based on a 40 year annuity with payments increasing at 4% per year.

This payment method conforms to legislation passed during 1988 by the Louisiana Legislature. The resulting employers' net actuarially required contribution for 1999 is $16,738,074 or 4.50% of payroll. This plan currently receives employee contributions of 9.5% of payroll together with employer contributions of 7.75% of payroll. In addition, the System also receives a percentage of tax revenues from various taxing bodies.

Thus, the net employer contribution for fiscal 1999 is 7.75% of payroll or 3.25% of payroll more than the amount required to fund the plan according to the methods and assumptions stipulated in this report.

The actuarially required employer contribution as determined by the funding method and assumptions specified in the report for Plan B for 1999 is $1,212,668 or 2.07% of payroll. The Plan currently receives employee contributions amounting to 2.5% of payroll on salaries in excess of $100 per month and employer contributions of 2.5% of payroll. In addition, the System also receives a percentage of tax revenues from various taxing bodies. Thus, for Plan B the estimated net employer contribution for fiscal 1999 amounts to 2.50% of payroll or .43% of payroll more than the amount required to fund the plan according to the methods and assumptions stipulated in this report.

Contributions required and made during the year are as follows:

	PLAN A	PLAN B	TOTAL
Employer	$24,012,924	$ 891,537	$24,904,461
Employee	29,088,736	746,798	29,835,534
Taxing bodies	2,828,740	330,818	3,159,558
Total	$55,930,400	$1,969,153	$57,899,553

5. REQUIRED SUPPLEMENTARY SCHEDULE INFORMATION:

Information in the Required Supplementary Schedule is designed to provide information about the System's progress made in accumulating sufficient assets to pay benefits is presented on pages 18 - 20.

6. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS:

State statutes and Board of Trustees policies permit the system to use investments of Plan A to enter into securities lending transactions - loans of securities to broker-dealers or other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future. The system's securities custodians are agents in lending the plan's domestic securities for cash or securities issued, or guaranteed as to principal and interest, by the United States Government, its agents or instrumentalities, as collateral of 102 percent. The cash received as collateral is invested in securities issued, or guaranteed as to principal and interest, by the United States Government, its agencies or instrumentalities and/or repurchase agreements collateralized by such investments and money market mutual funds which invest in those securities.

Securities on loan at year-end are presented as unclassified in the following schedule. At year-end, the system has no credit risk exposure to borrowers because the amounts the system owes the borrowers exceed the amounts the borrowers owe the system. Contracts with the lending agents require them to indemnify the system if the borrowers fail to return the securities (and the collateral is inadequate to replace the loaned securities) or fail to pay the system for income distributions by the securities' issuers while the securities are on loan.

Before the lending transactions and the investment of the cash collateral, the plans' aggregate investments are as shown in the following table. These investments are reported at fair value. The investments are classified in category 1 because the securities are held by the system's agent (which is not affiliated with or related to the investments brokers) in the system's name.

	PLAN A	PLAN B	TOTALS
INVESTMENTS AT FAIR VALUE			
Government National Mortgage Associations	$ 49,136,470	$ 5,117,951	$ 54,254,421
Collateralized Mortgage Obligations	102,969,024	8,338,477	111,307,501
FHLMC REMIC-Z'S	130,402,829	11,554,841	141,957,670
US Zero Coupon Bonds	93,324,904	20,207,689	113,532,593
US Agency Zero Coupon Bonds	148,293,007	1,785,930	150,078,937
US Treasury Notes and Bonds	13,043,453	3,652,256	16,695,709
Government Guaranteed Bonds	4,250,992	-	4,250,992
Corporate Bonds	5,541,619	3,324,870	8,866,489
Government Guaranteed Mortgages	-	1,013,708	1,013,708
Domestic and International Stocks	535,216,160	17,441,752	552,657,912
Total Investments	$1,082,178,458	$ 72,437,474	$1,154,615,932

The net amount earned by the system during the year from security lending transactions was $230,076 which is included in the financial statements as investment revenue.

The following represents the balances relating to the securities lending transactions at December 31, 1998:

Securities Loaned	Securities	Fair Value of Collateral Received	Collateral Investment Value	Underlying Type of Collateral
U.S. Government and Agency Securities	$43,518,572	$44,388,943	$44,388,943	Cash
Corporate Equities	8,737,721	8,912,475	8,912,475	
U.S. Government and Agency Securities	41,579,626	42,411,219	42,411,219	U.S. Gov't & Agency Securities
Totals	$93,835,919	$95,712,637	$95,712,637	

The Parochial Employees' Retirement System of Louisiana adopts an annual budget only for the Expense Fund. This budget is utilized only for forecasting purposes and is not legally binding on the System. Unspent allocations lapse at year end.

All demand deposits and time deposits (with the exception of the Expense Fund checking account) are held in trust. The Expense Fund checking account ($15,755) is covered by insurance and/or fully collateralized, while all trust accounts are fully collateralized.

Employees' leave, cumulative without limitation, is accrued at rates of 12 to 18 days per year depending upon length of service. Upon separation, employees are compensated for unused accumulated annual leave, not to exceed $800.00. Employees are not compensated for accumulated sick leave upon separation. The liability for accrued annual leave at December 31, 1998, was $4,495.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF FUNDING PROGRESS

	ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (a)	ACTUARIAL ACCRUED LIABILITY(AAL) ENTRY AGE (b)	UNFUNDED (EXCESS) AAL UAAL (b-a)	FUNDED RATIO (a/b)	COVERED PAYROLL (c)	UAAL AS A PERCENTAGE OF COVERED PAYROLL [(b-a) c]
PLAN A							
	12/31/97	874,023,941	881,981,793	7,957,852	99.10	291,212,401	2.73
	12/31/98	960,159,912	959,044,243	1,115,669	100.12	309,147,622	3.61
PLAN B							
	12/31/97	60,674,072	45,929,455	(14,744,617)	132.10	34,092,285	(43.25)
	12/31/98	66,212,388	51,172,174	15,040,212	129.39	37,979,985	(39.60)

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYERS AND OTHER CONTRIBUTING ENTITIES

	EMPLOYER CONTRIBUTIONS				TAXING BODIES			
	PLAN A		PLAN B		PLAN A		PLAN B	
YEAR ENDED DECEMBER 31	ANNUAL REQUIRED CONTRIBUTION	PERCENTAGE CONTRIBUTION	ANNUAL REQUIRED CONTRIBUTION	PERCENTAGE CONTRIBUTION	ANNUAL REQUIRED CONTRIBUTION	PERCENTAGE CONTRIBUTION	ANNUAL REQUIRED CONTRIBUTION	PERCENTAGE CONTRIBUTION
1992	$22,526,722	100.00%	$241,691	100.00%	2,070,885	100.00%	$223,849	100.00%
1993	22,154,882	100.00%	519,455	100.00%	2,167,192	100.00%	230,572	100.00%
1994	21,427,858	100.00%	425,625	100.00%	2,220,970	100.00%	260,110	100.00%
1995	21,196,094	100.00%	300,372	100.00%	2,295,567	100.00%	261,693	100.00%
1996	20,078,053	100.00%	321,880	100.00%	2,514,891	100.00%	311,145	100.00%
1997	21,413,588	100.00%	870,523	100.00%	2,723,548	100.00%	343,165	100.00%
1998	24,012,924	100.00%	891,537	100.00%	2,828,740	100.00%	330,818	100.00%

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO THE SCHEDULE OF FUNDING PROGRESS AND SCHEDULE OF CONTRIBUTIONS FROM EMPLOYERS AND OTHER CONTRIBUTING ENTITIES

The information presented in the required supplementary schedules was determined a part of the actuarial valuations at the dates indicated. Addition information as of the actuarial valuation follows:

	PLAN A	PLAN B
Valuation	12-31-98	12-31-98
Actuarial Cost Method	Frozen attained age normal	Aggregate Actuarial cost
Amortization Method	Frozen unfunded accrued liability	--
Remaining Amortization Period	30 years	--
Asset Valuation Method	(1)	--
Actuarial Assumptions		
Investment rate of return	8%	8%
Projected salary increases	5.5%	5.5%

1. Basis of Actuarial Asset Value: The actuarial value of assets was based on the amortized cost value for debt securities. Equity values was determined by adjusting market values to defer one- third of realized and unrealized capital gains or losses accrued during the fiscal year. A pro-rata share of expense fund assets was allocated to each plan in proportion to current salaries.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
COST OF LIVING INCREASES
PLAN A AND PLAN B

Cost of living provisions for the system are detailed in R.S. 11:1937 and R.S. 11:246. R.S. 11:1937 allows the board of trustees to provide a cost of living increase to retiree's original benefit for each year from the effective date of the benefit.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
NOTES TO THE SCHEDULE OF FUNDING PROGRESS
AND SCHEDULE OF CONTRIBUTIONS FROM
EMPLOYERS AND OTHER CONTRIBUTING ENTITIES
(Continued)

In order to grant either increase, investment earnings must exceed the amount the system would earn under the valuation interest rate. R.S. 11:246 allows the board of trustees to grant an additional cost of living increase to all retirees and beneficiaries over age 65 equal to two percent of the benefit paid on October 1, 1998 (or the member's retirement date, if later).

In order to grant any cost of living increase, the ratio of the actuarial value of assets to the Pension Benefit Obligation must equal or exceed a statutory target ratio defined in R.S. 11:242. The funded ratio for Plan A is 100.12% which exceeds the target of 68.46%. Likewise, the 129.39% funded ratio of Plan B exceeds its target ratio of 100.00%. thus, for fiscal 1998, the target ratio was met by both plans. Investments produced $12.3 million of excess interest in Plan A and $1.0 million of excess interest in Plan B; these earnings are sufficient to grant the above described cost of living increases in both Plan A and Plan B.

Below is a summary of available cost of living increases and their respective costs.

COLA DESCRIPTION	PLAN	ANNUAL INCREASE IN BENEFITS	PRESENT VALUE OF INCREASE
2% to pre July 1, 1973 pensioners	A	$2,190	$9,416
	B	59	254
2% to pensioners over age 65	A	495,539	3,722,095
	B	28,117	216,990

In lieu of awarding the cost of living increases described above, RS 11:241B allows the board to grant a cost of living increase of an amount not to exceed $1 for every year of service plus the number of years since retirement. There is insufficient information available on the system's database to provide meaningful estimates of the costs associated with awarding this type of cost of living increase. During calendar 1998 the actual cost of living (as measured by the US Department of Labor CPI-U) increased by 1.61%.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

SUPPLEMENTAL INFORMATION
SCHEDULE OF OPERATING EXPENSES
BUDGET (GAAP BASIS) AND ACTUAL
Year ended December 31, 1998

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
SALARIES AND RELATED EXPENSE:			
Salaries	$267,713	$269,234	$ (1,521)
Retirement	20,748	20,851	(103)
Group Hospitalization	11,500	11,574	(74)
Medicare & P/R Taxes	3,300	3,155	145
	303,261	304,814	(1,553)
PROFESSIONAL SERVICES:			
Actuarial Consultant	43,160	42,458	702
Custodian Bank	159,000	158,741	259
Auditor	17,000	16,000	1,000
Legal Counsel	12,000	18,865	(6,865)
Investment Counseling	24,000	18,000	6,000
Computer Programing	6,000	3,672	2,328
Investigation	3,000	-	3,000
Medical Board	5,000	2,600	2,400
	269,160	260,336	8,824
COMMUNICATIONS:			
Printing	16,000	14,097	1,903
Telephone	8,400	8,269	131
Postage	20,000	17,937	2,063
Travel	28,100	17,696	10,404
Per Diem	2,250	2,100	150
	74,750	60,099	14,651
GENERAL OFFICE:			
Rent	43,200	46,797	(3,597)
Supplies	4,800	7,303	(2,503)
Dues & Subscriptions	4,800	8,934	(4,134)
Equipment Rental	19,250	23,774	(4,524)
Equipment Maintenance	13,000	16,238	(3,238)
Insurance	3,700	2,310	1,390
Microfilm	4,500	5,311	(811)
Training	1,000	-	1,000
Miscellaneous	-	60	(60)
	94,250	110,727	(16,477)
DEPRECIATION	-	7,129	(7,129)
Total operating expenses	$741,421	$743,105	$ (1,684)

Also included in Budget was $ 8,000 for Capital Items, of which $4,384 was expended.

See Notes to Financial Statements.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

SUPPLEMENTAL INFORMATION
PER DIEM PAID TRUSTEES
Year ended December 31, 1998

The per diem paid to the trustees is an expenditure of the Expense Fund. In accordance with the Louisiana Revised Statutes, Title 11, Section 182 A (1) the trustees receive per diem at the rate of $75.00 for each regularly scheduled and special meeting of the Board of Trustees that they attend. Particulars of the per diem paid to the trustees for the year ended December 31, 1998, are as follows:

TRUSTEE	NUMBER OF MEETINGS ATTENDED	PER DIEM
C. Reagan Sutton	7	$ 525
L. E. Buller	-	-
Terri Rodrigue	7	525
Joseph C Arabie	7	525
Gwen LeBlanc	7	525
Total		$2,100

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

REQUIRED SUPPLEMENTAL INFORMATION

UNAUDITED

YEAR 2000 DISCLOSURE

The Year 2000 issue is a result of short comings in many electronic data processing systems and other electronic equipment that may adversely affect the system's operations as early as fiscal year 1999.

The Parochial Employees Retirement System has completed an inventory of computer systems and other electronic equipment that may be affected by the Year 2000 issue, and that are necessary to conduct the system's operations. Based on this inventory, and in consultation with their computer programer, it is felt that their systems are Year 2000 compliant. Further testing is being carried out. Contact with vendors is being carried out to be sure they are Year 2000 compliant.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management cannot assure that the system is or will be Year 2000 ready, that the system remediation efforts will be successful in whole or in part, or that parties with whom the system does business will be Year 2000 ready.