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ANNUAL FINANCIAL REPORT

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
BATON ROUGE, LOUISIANA

DECEMBER 31, 2007 AND 2006

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA

INDEX TO ANNUAL FINANCIAL REPORT

DECEMBER 31, 2007 AND 2006

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INDEPENDENT AUDITOR'S REPORT

July 14, 2008

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

We have audited the accompanying statements of plan net assets of Parochial Employees' Retirement System of Louisiana as of December 31, 2007 and 2006, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America applicable to financial audits and *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 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. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Parochial Employees' Retirement System of Louisiana as of December 31, 2007 and 2006, and the results of its operations and changes in net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 3 through 8 is not a required part of the financial statements, but is supplementary information required by the Governmental Accounting Standards Board (GASB). We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

We have audited the financial statements of the System for the years ended December 31, 2007 and 2006, and issued our unqualified opinion on such financial statements. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The required statistical information on pages 34 - 36 and the supplemental schedules on pages 26 – 33 are presented for the purposes of additional analysis and are not a part of the basic financial statements. Such required statistical information for the years ending December 31, 2002 through 2007 and supplemental schedules for the years ending December 31, 2007 and 2006, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 14, 2008 on our consideration of Parochial Employees' Retirement System of Louisiana's internal control over financial reporting and our test of compliance with certain provisions of laws and regulations The purpose of that report is to describe the scope of our testing of internal control over the financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Duplantier, Hrapmann, Hogan & Maher, LLP

PAROCHIAL EMPLOYEES'
RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2007

The Management's Discussion and Analysis of Parochial Employees' Retirement System's financial performance presents a narrative overview and analysis of Parochial Employees' Retirement System's financial activities for the year ended December 31, 2007. This document focuses on the current year's activities, resulting changes, currently known facts in comparison with the prior year's information. Please read this document in conjunction with the information contained in Parochial Employees' Retirement System's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

- Parochial Employees' Retirement System's assets exceeded its liabilities at the close of fiscal year 2007 by $2,232,243,917 which represents an increase from last fiscal year. The net assets held in trust for pension benefits increased by $178,193,641 or 8.68%. The increase in assets is in line with the rate of return earned on the investment portfolio.

- Contributions to the plan by members and employers totaled $107,182,092, an increase of $10,359,405 or 10.70% over the prior year.

- The net appreciation in the fair value of investments was $112,088,144 for 2007, which is about $37.3 million less than 2006.

- The rate of return on the System's investments was 7.90% for Plan A and 7.70% for Plan B based on the market value. This represents a decrease from 2006 for both plans.

- Pension benefits paid to retirees and beneficiaries increased by $6,111,692 or 8.42%. This increase is due to an increase in the number of retirees and the larger benefit amounts for new retirees.

- Administrative expenses totaled $966,390, an increase of $75,540 or 8.48%. The cost of administering the System per member during 2007 was $33 per individual. This figure is derived by dividing total administrative expenses by the sum of active and retired employees, survivors, and terminated employees eligible for a refund or benefit.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- Statement of plan net assets,
- Statement of changes in plan net assets, and
- Notes to the financial statements.

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

PAROCHIAL EMPLOYEES'
RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2007

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The statements of plan net assets report the System's assets, liabilities, and resultant net assets held in trust for pension benefits. It discloses the financial position of the System as of December 31, 2007 and 2006.

The statement of changes in plan net assets reports the results of the System's operations during the year disclosing the additions to and deductions from the plan net assets. It supports the change that has occurred to the prior year's net asset value on the statement of plan net assets.

FINANCIAL ANALYSIS OF THE FUND

Parochial Employees' Retirement System provides benefits to all eligible parish employees in 61 of the 64 parishes in the State of Louisiana. Employee contributions, employer contributions and earnings on investments fund these benefits.

Statement of Plan Net Assets
December 31, 2007 and 2006

	2007	2006
Cash and investments	$ 2,346,708,033	$ 2,118,990,713
Receivables	31,834,011	34,276,865
Other	2,515	2,515
Property and equipment	657,566	20,735
Total assets	2,379,202,125	2,153,290,828
Total liabilities	146,958,208	99,240,552
Net Assets Held in Trust For Pension Benefits	$ 2,232,243,917	$ 2,054,050,276

Plan net assets increased by 8.68% ($2,232,243,917 compared to $2,054,050,276). All of these assets are restricted in use to provide monthly retirement allowances to members who contributed to the System as employees and their beneficiaries. The increase in plan net assets was a result of the rise in the value of investments due to strong stock market performance and an increase in employer contributions.

Statement of Changes in Plan Net Assets
December 31, 2007 and 2006

	2007	2006
Additions:		
Contributions	$ 112,702,629	$ 101,818,540
Investment gain (net)	162,786,788	230,771,423
Other	1,900,667	3,132,496
Total additions	277,390,084	335,722,459
Total deductions	99,196,443	94,850,913
Increase (decrease) in Plan Net Assets	$ 178,193,641	$ 240,871,546

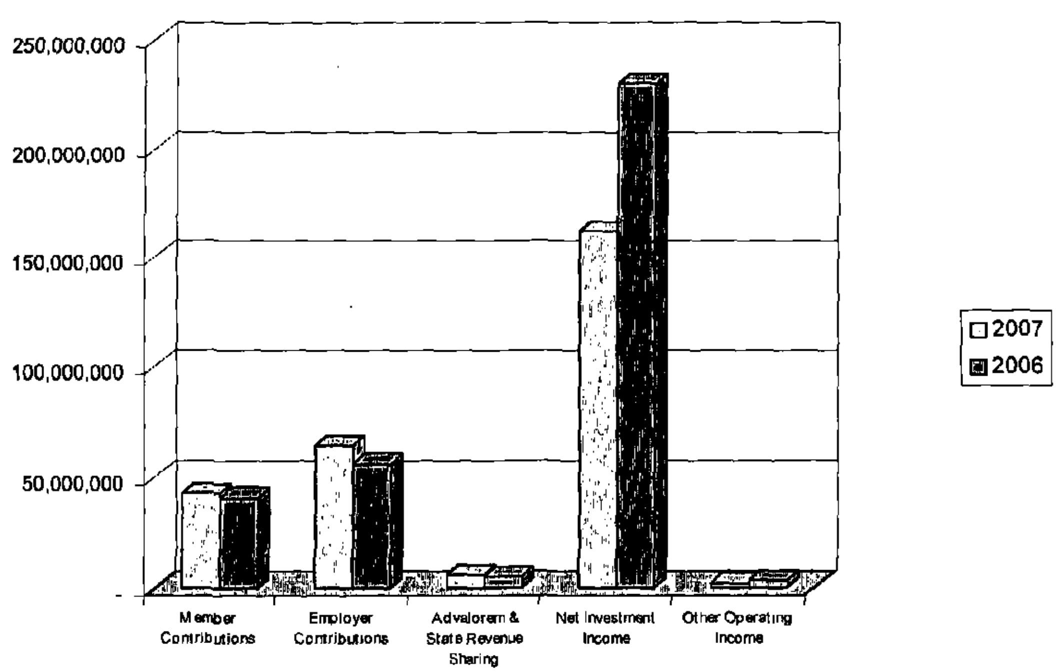
PAROCHIAL EMPLOYEES'
RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2007

FINANCIAL ANALYSIS OF THE FUND (Continued)

Additions to Plan Net Assets

Additions to the System's plan net assets were derived from member and employer contributions. Member contributions increased $2,466,571 or 6.07% and employer contributions increased $7,892,834 or 14.04%. The System experienced a net investment gain of $162,786,788 as compared to a net investment gain of $230,771,423 in the previous year. The change in investment income was due mainly to the fact that equity markets in general, particularly the domestic and developed international equities, performed under the levels of 2006.

	2007	2006	Increase (Decrease) Percentage
Member Contributions	$ 43,089,653	$ 40,623,082	6.07 %
Employer Contributions	64,092,439	56,199,605	14.04 %
Ad valorem & State Revenue Sharing	5,520,537	4,995,853	10.50 %
Net Investment Income	162,786,788	230,771,423	(29.46) %
Other Operating Revenues	1,900,667	3,132,496	(39.32) %
Total	$ 277,390,084	$ 335,722,459	



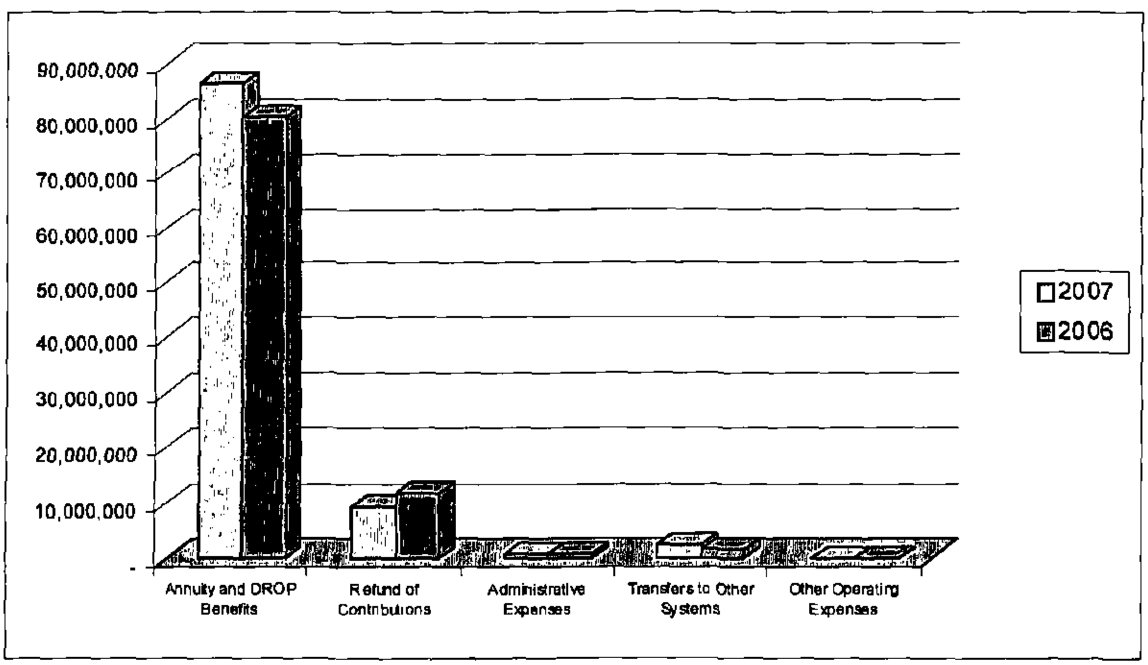
PAROCHIAL EMPLOYEES'
RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2007

FINANCIAL ANALYSIS OF THE FUND (Continued)

Deductions from Plan Net Assets

Deductions from plan net assets include mainly retirement, death and survivor benefits and administrative expenses. Deductions from plan net assets totaled $99,196,443 in fiscal year 2007. Deductions from plan net assets increased by $4,345,530. Retirement benefits accounted for the majority of the increase. Retirement benefits increased by $6,111,692 as a result of adding 330 new retirees in 2007. Although this figure is offset somewhat by the 226 deaths, experience shows that new retirees receive higher benefits on average than existing retirees.

	2007	2006	Increase Percentage
Annuity and DROP Benefits	$ 86,337,256	$ 80,361,142	7.44 %
Refunds of Contributions	9,514,756	11,750,920	(19.03) %
Administrative Expenses	966,389	890,849	8.48 %
Transfers to Other Systems	2,369,857	1,839,927	28.80 %
Other Operating Expenses	8,185	8,075	1.36 %
Total	$ 99,196,443	$ 94,850,913	



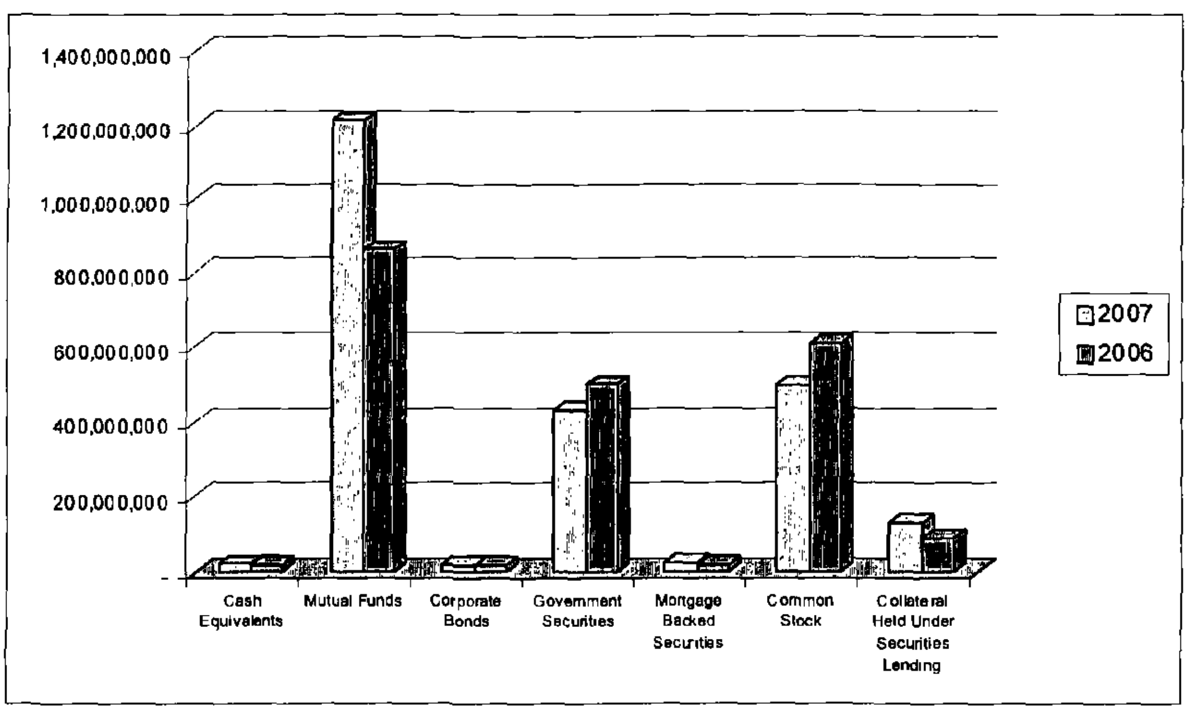
PAROCHIAL EMPLOYEES'
RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2007

FINANCIAL ANALYSIS OF THE FUND (Continued)

Investments

Parochial Employees' Retirement System is responsible for the prudent management of funds held in trust for the exclusive benefits of their members' pension benefits. Funds are invested to achieve maximum returns without exposing retirement assets to unacceptable risks. Total investments at December 31, 2007 amounted to $2,345,835,363 as compared to $2,118,430,008 at December 31, 2006 which is an increase of $227,405,355 or 10.73%. The System's investments in various markets at the end of the 2007 and 2006 fiscal years are indicated in the following table:

	2007	2006	Increase (Decrease) Percentage
Cash Equivalents	$ 21,862,063	$ 17,997,630	21.47 %
Mutual Funds	1,215,398,014	864,003,322	40.67 %
Corporate Bonds	18,673,543	18,797,972	(.66) %
Government Securities	430,666,932	499,649,114	(13.81) %
Mortgage Backed Securities	26,572,834	18,151,782	46.39 %
Common Stock	498,055,853	610,195,770	(18.38) %
Collateral Held Under Securities Lending	134,606,124	89,634,418	50.17 %
Total	$ 2,345,835,363	$ 2,118,430,008	



PAROCHIAL EMPLOYEES'
RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2007

REQUESTS FOR INFORMATION

Questions concerning any of the information provided or requests for additional financial information should be addressed to Dainna Tully, Administrative Director of Parochial Employees' Retirement System, 7905 Wrenwood Boulevard, Baton Rouge, Louisiana 70809, (225) 928-1361.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
STATEMENTS OF PLAN NET ASSETS
DECEMBER 31, 2007 AND 2006

	2007	2006
ASSETS:		
Cash	$ 872,670	$ 560,705
Receivables:		
Contributions receivable - Member	7,853,156	9,423,082
Contributions receivable - Employer	11,184,922	12,818,490
Ad valorem taxes and state revenue sharing receivable	5,485,729	4,957,992
Miscellaneous receivable	850	882
Investment receivable	3,673,613	2,526,046
Accrued interest and dividends	3,635,741	4,550,373
	31,834,011	34,276,865
Investments (at fair value):		
Cash equivalents	21,862,063	17,997,630
Mutual funds	1,215,398,014	864,003,322
Corporate bonds	18,673,543	18,797,972
Government securities	430,666,932	499,649,114
Mortgage backed securities	26,572,834	18,151,782
Common stock	498,055,853	610,195,770
Collateral under securities lending	134,606,124	89,634,418
Total	2,345,835,363	2,118,430,008
Deposits	2,515	2,515
Property, plant and equipment:		
Net of accumulated depreciation	657,566	20,735
Total assets	2,379,202,125	2,153,290,828
LIABILITIES:		
Accounts payable	724,337	803,145
Accrued leave payable	4,371	4,074
Withholding taxes payable	28,591	25,614
Refunds payable	557,423	1,062,839
Investment payable	4,259,433	1,402,811
Retirement payable	6,777,929	6,307,651
Obligations under securities lending	134,606,124	89,634,418
Total liabilities	146,958,208	99,240,552
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	$ 2,232,243,917	$ 2,054,050,276

(A schedule of funding progress is presented on Page 35)

See accompanying notes.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007	2006
ADDITIONS:		
Contributions:		
Member	$ 43,089,653	$ 40,623,082
Employer	64,092,439	56,199,605
Ad valorem tax	5,361,379	4,842,993
Revenue sharing	159,158	152,860
Total contributions	112,702,629	101,818,540
Investment income:		
Net appreciation in fair value of investments	112,088,144	149,362,766
Interest income	46,147,189	77,757,421
Dividend income	11,438,852	8,074,940
Securities lending income	6,642,263	7,397,369
	176,316,448	242,592,496
Less - Investment expense:		
Custodial fee	172,750	173,626
Money manager fees	6,811,272	4,292,969
Securities lending	6,383,236	7,191,734
Investment consulting	162,402	162,744
	13,529,660	11,821,073
Net investment income	162,786,788	230,771,423
Other additions:		
Interest - transfers, refund payback	830,681	1,640,688
Transfers in - employee	357,457	519,589
Transfers in - employer	520,822	883,720
Miscellaneous income	191,707	88,499
Total other additions	1,900,667	3,132,496
Total additions	277,390,084	335,722,459
DEDUCTIONS:		
Annuity benefits	78,682,728	72,571,036
Refunds to terminated employees	9,514,756	11,750,920
DROP benefits	7,654,528	7,790,106
Transfer to other systems - employee	593,107	467,236
Transfer to other systems - employer/interest	1,776,750	1,372,691
Administrative expenses	966,389	890,849
Depreciation	8,185	8,075
Total deductions	99,196,443	94,850,913
NET INCREASE	178,193,641	240,871,546
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:		
Beginning of the year	2,054,050,276	1,813,178,730
END OF YEAR	$ 2,232,243,917	$ 2,054,050,276

See accompanying notes.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

DESCRIPTION OF ORGANIZATION:

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

The System is operated by a Board of Trustees, an Administrative Director, an Actuary and Legal Counsel. The Board consists of seven trustees, four of whom are active or retired members of the System with at least ten years of creditable service, elected by the members of the System; one of whom shall be appointed by the Executive Board of the Police Jury Association of Louisiana who shall serve as an ex-officio member during his tenure; one who shall be the Chairman of the Senate Retirement Committee; and one who shall be the Chairman of the House Retirement Committee of the Legislature of Louisiana or their appointees.

Act #765 of the year 1979 established by the Legislature of the State of Louisiana revised the System to created Plan A and Plan B to replace the "regular plan" and the "supplemental plan". Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date.

Act #867 of the year 1997 revised the System to create Plan C. This plan was established for a larger employer that remained in Social Security on the revision date. As of December 31, 2005, there were no participants in this plan.

Act #194 of the year 2003 established a separate unfunded, non-tax qualified Excess Benefit Plan to supplement the benefits provided to members to the extent their benefits are reduced by the limitations imposed by Section 415 of the United States Internal Revenue Code.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements are prepared in accordance with the standards established by the Governmental Accounting Standards Board (GASB) as the successor to the National Council on Governmental Accounting (NCGA). During 2005, Governmental Accounting Standards Board 40 (GASB 40) was implemented. The statement addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. The required disclosures are included in Note 6 to the financial statements. In addition, these financial statements include the management's discussion and analysis as supplementary information, as required by GASB Statement Number 34, *Basic Financial Statement- and Management's Discussion and Analysis- for State and Local Governments* and related standards.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Accounting:

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

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

Method 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 current exchange rates.

Property, Plant and Equipment:

Fixed assets of Parochial Employees' Retirement System of Louisiana are carried at historical cost. Depreciation is recognized on the straight- line method over the useful lives of the assets.

Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

2. PLAN DESCRIPTION:

Parochial Employees' Retirement System of Louisiana is the administrator of a cost sharing multiple employer defined benefit pension plan. The System was established and provided for by R.S.11:1901 of the Louisiana Revised Statute (LRS).

The System provides retirement benefits to employees of taxing districts of a parish or any branch or section of a parish within the State which does not have their own retirement system and which elect to become members of the System. For the year ended December 31, 2007, there were 242 contributing employers in Plan A and 53 in Plan B.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

2. PLAN DESCRIPTION: (Continued)

Statewide retirement membership consisted of:

2007	PLAN A	PLAN B	TOTAL
Active members	13,245	1,993	15,238
Retirees and survivors	5,083	530	5,613
"DROP plan participants	405	37	442
Terminated employees due deferred benefits	497	97	594
Terminated due refunds	6,122	1,353	7,475
TOTAL PARTICIPATING AS OF THE VALUATION DATE	25,352	4,010	29,362

2006	PLAN A	PLAN B	TOTAL
Active members	12,836	1,957	14,793
Retirees and survivors	4,978	508	5,486
"DROP plan participants	408	33	441
Terminated employees due deferred benefits	522	98	620
Terminated due refunds	6,140	1,369	7,509
TOTAL PARTICIPATING AS OF THE VALUATION DATE	24,884	3,965	28,849

Eligibility Requirements:

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

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

Retirement Benefits:

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

For employees hired prior to January 1, 2007:

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

2. PLAN DESCRIPTION: (Continued)

Retirement Benefits: (Continued)

For employees hired after January 1, 2007:

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

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

For employees hired prior to January 1, 2007:

1. Age 55 with thirty (30) years of creditable service.
2. Age 62 with a minimum of ten (10) years of creditable service.
3. Age 60 with a minimum of ten (10) years of creditable service or 65 with only seven (7) years of creditable service.

For employees hired after January 1, 2007:

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

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of an amount equal to three percent of the member's final compensation multiplied by his/her years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the members' final average compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits:

Upon the death of any member of Plan A with five (5) or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children as outlined in the statutes.

Any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit as outlined in the statutes.

Plan B members need ten (10) years of service credit to be eligible for survivor benefits. Upon the death of any member of Plan B with twenty (20) or more years of creditable service who is not eligible for normal retirement, the plan provides for an automatic Option 2 benefit for the surviving spouse when he/she reaches age 50.

2. PLAN DESCRIPTION: (Continued)

Survivor Benefits: (Continued)

A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

DROP Benefits:

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for that member who is eligible for normal retirement.

In lieu of terminating employment and accepting a service retirement, any member of Plan A or B who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

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

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

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

Disability Benefits:

For Plan A, a member shall be eligible to retire and receive a disability benefit if he/she was hired prior to January 1, 2007 and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to three percent of the member's final compensation multiplied by his years of service, not to be less than fifteen, or three percent multiplied by years of service assuming continued service to age sixty.

2. PLAN DESCRIPTION: (Continued)

Disability Benefits: (Continued)

For Plan B, a member shall be eligible to retire and receive a disability benefit if he/she was hired prior to January 1, 2007 and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of an amount equal to two percent of the member's final compensation multiplied by his years of service, not to be less than fifteen, or an amount equal to what the member's normal benefit would be based on the member's current final compensation but assuming the member remained in continuous service until his earliest normal retirement age.

Cost of Living Increases:

The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Lastly, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (RS 11:1937)

3. CONTRIBUTIONS AND RESERVES:

Contributions:

Contributions for all members are established by statute at 9.5% of compensation for Plan A members and 3% of compensation for Plan B. The contributions are deducted from the member's salary and remitted by the participating employer.

According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2007, the actuarially determined contribution rate was 9.58% of member's compensation for Plan A and 5.39% of member's compensation for Plan B. However, the actual rate for the fiscal year ending December 31, 2007 was 13.25% for Plan A and 6.00% for Plan B.

According to state statute, the System also receives ¼ of 1% of ad valorem taxes collected within the respective parishes except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions.

Administrative costs of the System are financed through employer contributions.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

3. CONTRIBUTIONS AND RESERVES: (Continued)

Reserves:

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

a. Expense Fund:

The Expense Fund Reserve provides for general and administrative expenses of the System. Funding consists of transfers from Plan A and Plan B. The balance in the expense fund as of December 31, 2007 and 2006 was $694,748 and $61,542, respectively.

b. Annuity Savings Reserve:

The Annuity Savings Reserve is credited with contributions made by the member of the System. When a member terminates his service, or upon his death, before qualifying for a benefit, the refund of his contributions is made from this reserve. If a member dies and there is a survivor who is eligible for a benefit, the amount of the member's accumulated contributions is transferred from the Annuity Savings to the Annuity Reserve. When a member retires, the amount of his accumulated contributions is transferred to Annuity Reserve to fund part of the benefits. Plan A's Annuity Savings balance was $319,239,028 and $302,744,907 for December 31, 2007 and 2006, respectively. The balance for Plan B was $12,280,356 and $11,460,591 for December 31, 2007 and 2006, respectively. The Annuity Saving is fully funded for both plans for the years ending December 31, 2007 and 2006.

c. Pension Accumulation Reserve:

The Pension Accumulation Reserve consists of contributions paid by employers, interest earned on investments and any other income not covered by other accounts. This reserve account is charged annually with an amount, determined by the actuary, to be transferred to the Annuity Reserve to fund retirement benefits for existing recipients. It is also relieved when expenditures are not covered by the other accounts. The Pension Accumulation Reserve for Plan A as of December 31, 2007 and 2006 was $1,053,291,306 and $849,837,099, respectively. The balance for Plan B for December 31, 2007 and 2006 was $88,178,158 and $76,029,412, respectively.

The Pension Accumulation Reserve is 99% funded for Plan A and fully funded Plan B for the year ended December 31, 2007. The Pension Accumulation Reserve is fully funded for Plan A and Plan B for the year ended December 31, 2006.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

3. CONTRIBUTIONS AND RESERVES: (Continued)

d. Annuity Reserve:

The Annuity Reserve consists of the reserves for all pensions, excluding cost of living increases, granted to retired members and is the reserve account from which such pensions and annuities are paid. Survivors of deceased beneficiaries also receive benefits from this reserve account. The Annuity Reserve as of December 31, 2007 and 2006 for Plan A was \$693,716,824 and \$632,482,901, respectively. The Annuity Reserve as of December 31, 2007 and 2006 for Plan B was \$40,012,339 and \$35,155,460. The Annuity Reserve is 100% funded for both plans for the years ending December 31, 2007 and 2006.

e. Deferred Retirement Option Account:

The Deferred Retirement Option account consists of the reserves for all members who upon retirement eligibility elect to deposit into this account an amount equal to the member's monthly benefit if he/she had retired. A member can only participate in the program for three years, and upon termination may receive his benefits in a lump sum payment or a true annuity. The Deferred Retirement Option balance for Plan A as of December 31, 2007 and 2006 was \$27,295,860 and \$23,452,576, respectively. The balance for Plan B as of December 31, 2007 and 2006 was \$1,285,534 and \$1,136,309, respectively. The Deferred Retirement Option account is fully funded for both plans for the years ending December 31, 2007 and 2006.

4. ACTUARIAL COST METHOD:

The Frozen Attained Age Normal Cost Method is used to calculate the funding requirements for Plan A with the unfunded accrued liability frozen as of December 31, 1989, and originally amortized over 40 years with payments increasing at 4% per year. The Aggregate Actuarial Cost Method is used to calculate the funding requirements for Plan B. This method does not develop an unfunded actuarial liability.

5. REQUIRED SUPPLEMENTARY SCHEDULE INFORMATION:

Information in the Required Supplementary Schedules is designed to provide information about the System's progress made in accumulating sufficient assets to pay benefits and is presented on pages 34 - 36.

6. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS:

The following are the components of the Plan' deposits, cash equivalents and investments at December 31, 2007 and 2006:

	2007	2006
Deposits (bank balance)	\$ 1,003,453	\$ 1,020,022
Cash equivalents	21,862,063	17,997,630
Investments	2,323,973,300	2,100,432,378
	\$ 2,346,838,816	\$ 2,119,450,030

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

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

Deposits:

The System's bank deposits were fully covered by federal depository insurance.

Cash Equivalents:

Cash equivalents in the amount of $21,862,063 and $17,997,630 for December 31, 2007 and 2006, respectively, consist of a money market account. The funds are managed and held by a separate money manager, and are in the name of the System.

Investments:

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

Concentration of Credit Risk:

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

The System's investment policy states that the equity holdings in any single corporation shall not exceed 6% to 8% of the market value of the manager's portfolio. In addition, no more than 5% of the aggregated long-term debt portfolio at cost may be invested in any one issuer's securities (exclusive of issues of the U.S. Treasury or other Federal agencies). For international equity assets, exposure to any one EAFE country should not exceed the lesser of 20% of the portfolio assets at market or 150% of the country's weight in the MSCI EAFE Index. For emerging markets assets exposure in any one issuer is limited to 7% of the total portfolio at market value. Exposure to emerging market countries should be limited to no more than 10% of the international portfolio. At December 31, 2007, there were no investment holdings that exceeded the System's concentration of credit risk investment policy.

Credit Risk:

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Following are the credit ratings of the System's investments in long-term debt securities as of December 31, 2007.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

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

Credit Risk: (Continued)

2007

Total	U.S. Treasury Zero Bonds	U.S. Treasury Notes	Federal Home Loan Mortgage	Federal National Mortgage Assn.	Gov't. National Mortgage Assn.	U.S. Gov't. Guarantee	Resolution FDG Corp. Fed. Coupon Strips	Other	Corporate Bonds	Total
A	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ 5,720,750	$ 5,720,750
A+	--	--	--	--	--	--	--	--	4,486,453	4,486,453
A-	--	--	--	--	--	--	--	--	1,583,550	1,583,550
AA--	--	--	--	3,511,592	--	--	--	--	5,941,540	9,453,132
AAA	24,264,338	11,439,048	89,289,765	80,145,610	--	11,123	90,667,688	582,237	--	296,399,809
BB+	--	--	--	--	--	--	--	--	--	--
CCC+	--	--	--	--	--	--	--	--	941,250	941,250
Not Rated	15,373,507	--	58,289,095	39,672,483	26,572,834	2,402,996	--	15,017,450	--	157,328,365
Total	$ 39,637,845	$ 11,439,048	$ 147,578,860	$ 123,329,685	$ 26,572,834	$ 2,414,119	$ 90,667,688	$ 15,599,687	$ 18,673,543	$ 475,913,309

2006

Total	U.S. Treasury Zero Bonds	U.S. Treasury Notes	Federal Home Loan Mortgage	Federal National Mortgage Assn.	Gov't. National Mortgage Assn.	U.S. Gov't. Guarantee	Resolution FDG Corp. Fed. Coupon Strips	Other	Corporate Bonds	Total
A	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ 6,391,137	$ 6,391,137
A+	--	--	--	--	--	--	--	--	3,940,450	3,940,450
A-	--	--	--	--	--	--	--	--	1,593,555	1,593,555
AA--	--	--	--	3,098,286	--	--	--	--	5,887,580	8,985,866
AAA	22,634,964	11,053,592	118,608,691	101,664,977	--	19,589	81,855,746	476,139	--	336,313,698
BB+	--	--	--	--	--	--	--	--	985,250	985,250
CCC+	--	--	--	--	--	--	--	--	--	--
Not Rated	29,098,249	--	60,948,608	39,521,241	18,151,782	2,511,171	--	28,157,861	--	178,388,912
Total	$ 51,733,213	$ 11,053,592	$ 179,557,299	$ 144,284,504	$ 18,151,782	$ 2,530,760	$ 81,855,746	$ 28,634,000	$ 18,797,972	$ 536,598,868

The System's investment policy limits its investments to corporate debt issues rated the equivalent of BBB/Baa or better by both Moody's Investor Services and Standard & Poor's rating services on investments held as of June 2002. The purchase of new securities will be restricted to securities carrying an investment rating of A or higher by both Standard and Poor's and Moody's. The average quality of the bond portfolio must be at least AA+ or its equivalent. Obligations guaranteed or explicitly guaranteed by the U.S. Government are not considered to have credit risk and therefore are not rated. Those obligations include debt securities with Federal Home Loan Mortgage, Federal National Mortgage Assn., Government National Mortgage Assn., U.S. Treasury Zero Bonds, U.S. Treasury Notes and U.S. Government Guarantee.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

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

Custodial Credit Risk:

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The System is not exposed to custodial credit risk at December 31, 2007 and 2006 for the investments in the amount of $2,211,229,239 and $2,028,795,590, respectively, since the investments are in the name of the System.

At December 31, 2007, the collateral held under securities lending in the amount of $134,606,124 is exposed to custodial credit risk since these investments are not in the name of the System.

The System has no formal policy regarding custodial credit risk.

Interest Rate Risk:

Interest rate risk is defined as the risk that changes in the interest rates will adversely affect the fair value of an investment. As of December 31, 2007 and 2006, the System had the following investments in long-term debt securities and maturities:

2007 Investment Type	Fair Value	Less Than 1	1 - 5	6 - 10	More Than 10
U.S. Treasury Zero Bonds	$ 39,637,845	$ --	$ 7,246,913	$ 32,390,932	$ --
U.S. Treasury Notes	11,439,048	--	--	1,797,108	9,641,940
Federal Home Loan Mortgage	147,578,860	--	6,990,640	19,243,326	121,344,894
Federal National Mortgage Assn.	123,329,685	--	--	61,370,436	61,959,249
Government National Mortgage Assn.	26,572,834	--	230,024	596,066	25,746,744
U.S. Gov't. Guarantee	2,414,119	11,123	--	2,402,996	
Resolution FDG Corp. Fed. Coupon Strips	90,667,688	--	--	60,855,550	29,812,138
Corporate Bonds	18,673,543	941,250	8,360,280	9,372,013	--
Other	15,599,687	--	705,515	582,237	14,311,935
	$ 475,913,309	$ 952,373	$ 23,533,372	$ 188,610,664	$ 262,816,900

2006 Investment Type	Fair Value	Less Than 1	1 - 5	6 - 10	More Than 10
U.S. Treasury Zero Bonds	$ 51,733,213	$ --	$ 7,243,614	$ 44,489,599	$ --
U.S. Treasury Notes	11,053,592	--	--	1,711,322	9,342,270
Federal Home Loan Mortgage	179,557,299	--	21,084,700	24,589,607	133,882,992
Federal National Mortgage Assn.	144,284,504	--	--	66,000,418	78,284,086
Government National Mortgage Assn.	18,151,782	--	277,228	756,765	17,117,789
U.S. Gov't. Guarantee	2,530,760	--	--	19,589	2,511,171
Resolution FDG Corp. Fed. Coupon Strips	81,855,746	--	--	54,822,230	27,033,516
Corporate Bonds	18,797,972	--	9,038,485	9,388,291	371,196
Other	28,634,000	--	--	15,570,455	13,063,545
	$ 536,598,868	$ --	$ 37,644,027	$ 217,348,276	$ 281,606,565

The System has no formal policy regarding interest rate risk.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

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

Foreign Currency Risk

Foreign currency risk is defined as the risk that changes in exchange rates will adversely affect the fair value of an investment. All of the System foreign investments are traded on United States exchanges.

The System has no formal policy regarding foreign currency risk.

7. SECURITIES LENDING AGREEMENTS:

State statutes and board of trustee policies authorize the System to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The System has entered into a contract with a company, which acts as their third-party securities lending agent. The lending agent has access to the System's lendable portfolio of available assets, such as U.S. and non-U.S. equities, corporate bonds, government bonds and government agency bonds. The lending agent continually reviews credit worthiness of potential borrowers through adequate analysis of all material provided to them. All loans are fully collateralized with cash, government securities, or irrevocable letters of credit.

Collateralization of loans will be 102% of the market value of the loaned securities plus accrued interest if the loaned securities are securities other than foreign securities. Collateralization of loans will be at 105% of the market value of the loaned securities if the loaned securities are foreign securities. As a result of the required collateralization percentage, the System has no credit risk. The lending agent and the System enter into contracts with all approved borrowers. In the case of any loans collateralized by cash, the lending agent will invest the cash collateral (in the name of the System) in approved investments, such as commercial paper, certificates of deposit and repurchase agreements including tri-party. For tri-party repurchase agreements, party to such agreements must be an approved borrower. The collateralization percentage of tri-party agreements varies depending upon the collateral received from the borrower. Acceptable collateral from approved borrowers for tri-party repurchase agreements is all direct U.S. Treasury obligations, mortgage and asset-backed securities rated AA or higher, commercial paper and other investments stipulated in the lender agent contract.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

7. SECURITIES LENDING AGREEMENTS: (Continued)

The System has the following securities on loan:

	December 31, 2007 Market (Carrying Value)	December 31, 2006 Market (Carrying Value)
U. S. Government Agency Obligations	$ 40,006,372	$ 57,157,449
Common Stock	90,969,660	30,559,702
Totals	$ 130,976,032	$ 87,717,151

The term to maturity of the securities loaned is matched with the term to maturity of the investment of the cash collateral. Such matching existed at December 31, 2007 and 2006.

8. FIXED ASSETS:

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

2007	Beginning Balance	Additions	Deletions	Ending Balance
Building & improvements	$ --	$ 640,345	$ --	$ 640,345
Office equipment and furniture	263,699	5,187	(3,107)	265,779
Less: accumulated depreciation	(242,964)	(8,185)	2,591	(248,558)
	$ 20,735	$ 637,347	$ (516)	$ 657,566

2006	Beginning Balance	Additions	Deletions	Ending Balance
Building & improvements	$ --	$ --	$ --	$ --
Office equipment and furniture	288,268	7,350	(31,919)	263,699
Less: accumulated depreciation	(265,350)	(8,075)	30,461	(242,964)
	$ 22,918	$ (725)	$ (1,458)	$ 20,735

Depreciation expense for the years ended December 31, 2007 and 2006 was $8,185 and $8,075, respectively.

9. TAX QUALIFICATION:

Effective January 1, 1993, the System is a tax qualified plan under IRS code section 401(a).

10. OPERATING LEASES:

The System entered into a five-year operating lease for office space beginning August 1, 2001 and ending July 31, 2006. The System extended the lease until July 31, 2011 with a cancelation clause after 36 months. The System has elected to cancel the lease at the 36th month. Lease expense for the years ended December 31, 2007 and 2006 was $55,106 and $54,926, respectively. The System's lease obligation is as follows:

2008	$53,314
January – July 2009	31,677

11. OTHER POST EMPLOYMENT BENEFITS (OPEB):

During 2007 the System implemented GASB 45, *Postemployment benefits other than pension benefits*. Since 2007 was the year of implementation the System elected to implement prospectively, therefore prior year comparative data is not available.

The System participates in the State of Louisiana Office of Group Benefits Program (Program), an agent multiple employer plan. The Program established and administered by the State of Louisiana provides healthcare and life insurance benefits to employees and retirees of the State of Louisiana and to other non-state governmental entities. The financial report of the State of Louisiana Office of Group Benefits Program is included in the financial report of the State of Louisiana which can be obtained through the Louisiana Legislative Auditor.

The Louisiana State Legislature provided the Program with the authority to establish and amend contributions and benefit provisions. Employees hired before January 1, 2002 pay approximately 25% of the cost of coverage (except single retirees under age 65 pay approximately 25% of the active employee cost). Employees hired on or after January 1, 2002 pay a percentage of the total contribution rate based on years of service. For life insurance the retiree pays .50 and .88 for each $1,000 of insurance for participant and spouses respectively. Employers contribute 75% of the cost of coverage. The post-retirement medical insurance benefits are currently funded on a pay-as-you-go basis. The State currently funds on a cash basis as benefits are paid. No assets have been segregated and restricted to provide post-retirement benefits.

The System's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The ARC for PERS for the fiscal year ended June 30, 2008 is $119,900. Contributions made to the OPEB during the year ended December 31, 2007 totaled $54,989.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

11. OTHER POST EMPLOYMENT BENEFITS (OPEB): (Continued)

For the fiscal year ended June 30, 2008 the Actuarial Accrued Liability was $1,249,800 and normal cost was $45,800.

Funding Status and Funding Progress. As of the most recent actuarial valuation date of July, 2007, the Program had an actuarial accrued liability of 12.9 billion for all state agencies. The actuarial value of assets and the covered payroll for state agencies is unavailable. The Program's actuarial accrued liability, actuarial value of assets and the covered payroll for non-state agencies is unavailable.

The System has 5 active participants and 1 retired participant.

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

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

Valuation date:	July 1, 2007
Discount rate:	4% per annum net of expenses
Salary increases:	5% per annum
Payroll growth:	3% per annum
Retiree contribution increases:	Retiree medical contributions are assumed to increase at the same rates as incurred claims. The actuary assumes a constant cost sharing in plan design between employer and employees
Administrative expenses:	Included in the per-capita claims cost
Accounting policies:	The unfunded actuarial liability is shown using both a level dollar amount and a level percent of pay over an amortization of 30 years in developing the annual required contribution
Cost method:	Projected unit credit cost method
Healthcare cost trend rate – medical and drug	The trend rates range for the years 2007-2021 from 9.5% to 5.0% for pre-medicare and 10.6% to 5.0% for medicare eligible

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
INDIVIDUAL PLAN STATEMENTS OF PLAN NET ASSETS
DECEMBER 31, 2007 AND 2006

	PLAN "A"		PLAN "B"		EXPENSE FUND		TOTAL	
ASSETS:	2007	2006	2007	2006	2007	2006	2007	2006
Cash	$ 671,695	$ 379,811	$ 133,346	$ 112,914	$ 67,629	$ 67,980	$ 872,670	$ 560,705
Receivables:								
Due from (to) other funds	(164,328)	(281,763)	164,328	281,763	-	-	-	-
Contributions receivable -Member	7,510,864	9,112,012	342,292	311,070	-	-	7,853,156	9,423,082
Contributions receivable - Employer	10,500,544	12,222,516	684,378	595,974	-	-	11,184,922	12,818,490
Ad valorem taxes & state revenue sharing receivable	4,808,522	4,342,209	677,207	615,783	-	-	5,485,729	4,957,992
Miscellaneous receivable	-	31	850	851	-	-	850	882
Investment receivable	3,449,723	2,374,054	223,890	151,992	-	-	3,673,613	2,526,046
Accrued interest and dividends	3,317,587	4,140,619	318,154	409,754	-	-	3,635,741	4,550,373
	29,422,912	31,909,678	2,411,099	2,367,187	-	-	31,834,011	34,276,865
Investments (at fair value)								
Cash equivalents	19,645,725	16,903,701	2,216,338	1,093,929	-	-	21,862,063	17,997,630
Mutual funds	1,137,762,052	810,252,905	77,635,962	53,750,417	-	-	1,215,398,014	864,003,322
Corporate bonds	16,243,345	15,993,944	2,430,198	2,804,028	-	-	18,673,543	18,797,972
Government securities	401,597,968	463,516,878	29,068,964	36,132,236	-	-	430,666,932	499,649,114
Mortgage backed securities	26,101,675	17,897,645	471,159	254,137	-	-	26,572,834	18,151,782
Common stock	467,550,399	573,480,250	30,505,454	36,715,520	-	-	498,055,853	610,195,770
Collateral under securities lending	102,588,551	82,997,527	32,017,573	6,636,891	-	-	134,606,124	89,634,418
	2,171,489,715	1,981,042,850	174,345,648	137,387,158	-	-	2,345,835,363	2,118,430,008
Deposits	-	-	-	-	2,515	2,515	2,515	2,515
Property, plant and equipment: Net of accumulated depreciation	-	-	-	-	657,566	20,735	657,566	20,735
Total assets	2,201,584,322	2,013,332,339	176,890,093	139,867,259	727,710	91,230	2,379,202,125	2,153,290,828
LIABILITIES:								
Accounts payable	680,315	754,439	44,022	48,706	-	-	724,337	803,145
Accrued leave payable	-	-	-	-	4,371	4,074	4,371	4,074
Withholding taxes payable	-	-	-	-	28,591	25,614	28,591	25,614
Refunds payable	512,425	1,007,381	44,998	55,458	-	-	557,423	1,062,839
Investment payable	3,998,842	1,300,540	260,591	102,271	-	-	4,259,433	1,402,811
Retirement payable	6,418,811	5,978,828	359,118	328,823	-	-	6,777,929	6,307,651
Obligations under securities lending	102,588,551	82,997,527	32,017,573	6,636,891	-	-	134,606,124	89,634,418
Total liabilities	114,198,944	92,038,715	32,726,302	7,172,149	32,962	29,688	146,958,208	99,240,552
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	$ 2,087,385,378	$ 1,921,293,624	$ 144,163,791	$ 132,695,110	$ 694,748	$ 61,542	$ 2,232,243,917	$ 2,054,050,276

PAROCHIAL EMPLOYEES' RETIRMENT SYSTEM
SUPPLEMENTARY INFORMATION
INDIVIDUAL PLAN STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	PLAN "A"		PLAN "B"		EXPENSE FUND		TOTAL	
	2007	2006	2007	2006	2007	2006	2007	2006
ADDITIONS:								
Contributions:								
Member	$ 41,233,560	$ 38,899,657	$ 1,856,093	$ 1,723,425	$ -	$ -	$ 43,089,653	$ 40,623,082
Employer	60,315,511	52,838,085	3,776,928	3,361,520	-	-	64,092,439	56,199,605
Ad valorem tax	4,698,757	4,211,806	662,622	631,187	-	-	5,361,379	4,842,993
Revenue sharing	140,336	133,954	18,822	18,906	-	-	159,158	152,860
Total contributions	106,388,164	96,083,502	6,314,465	5,735,038	-	-	112,702,629	101,818,540
Investment income:								
Net appreciation in fair								
value of investments	104,623,447	142,321,383	7,464,697	7,041,383	-	-	112,088,144	149,362,766
Interest income	43,583,531	71,123,618	2,561,071	6,631,271	2,587	2,532	46,147,189	77,757,421
Dividend income	10,791,919	7,802,730	646,933	272,210	-	-	11,438,852	8,074,940
Securities lending income	6,159,255	7,036,272	483,008	361,097	-	-	6,642,263	7,397,369
	165,158,152	228,284,003	11,155,709	14,305,961	2,587	2,532	176,316,448	242,592,496
Less: Investment expense:								
Custodial fees	-	-	-	-	172,750	173,626	172,750	173,626
Money manager fees	6,393,267	4,082,195	418,005	210,774	-	-	6,811,272	4,292,969
Securities lending	5,919,542	6,840,197	463,694	351,537	-	-	6,383,236	7,191,734
Investment consultant	-	-	-	-	162,402	162,744	162,402	162,744
	12,312,809	10,922,392	881,699	562,311	335,152	336,370	13,529,660	11,821,073
Net investment income (loss)	152,845,343	217,361,611	10,274,010	13,743,650	(332,565)	(333,838)	162,786,788	230,771,423
Other additions:								
Interest - transfers, refund payback	741,245	1,444,940	89,436	195,748	-	-	830,681	1,640,688
Transfers in - employee	338,925	494,798	18,532	24,791	-	-	357,457	519,589
Transfers in - employer	499,874	863,247	20,948	20,473	-	-	520,822	883,720
Miscellaneous income	183,123	84,214	8,584	4,285	-	-	191,707	88,499
Total other additions	1,763,167	2,887,199	137,500	245,297	-	-	1,900,667	3,132,496
Total additions (reductions)	260,996,674	316,332,312	16,725,975	19,723,985	(332,565)	(333,838)	277,390,084	335,722,459
DEDUCTIONS:								
Retirement and disability benefits	74,476,404	68,797,697	4,206,324	3,773,339	-	-	78,682,728	72,571,036
Refunds to terminated employees	9,047,402	11,284,016	467,354	466,904	-	-	9,514,756	11,750,920
DROP benefits	7,313,651	7,420,652	340,877	369,454	-	-	7,654,528	7,790,106
Transfers to/from plans	1,699,354	1,251,601	240,991	48,399	(1,940,345)	(1,300,000)	-	-
Transfer to other systems - employee	592,728	460,134	379	7,102	-	-	593,107	467,236
Transfer to other systems - employer and interest	1,775,381	1,347,731	1,369	24,960	-	-	1,776,750	1,372,691
Administrative expenses	-	-	-	-	966,389	890,849	966,389	890,849
Depreciation	-	-	-	-	8,185	8,075	8,185	8,075
Total deductions	94,904,920	90,561,831	5,257,294	4,690,158	(965,771)	(401,076)	99,196,443	94,850,913
NET INCREASE (DECREASE)	166,091,754	225,770,481	11,468,681	15,033,827	633,206	67,238	178,193,641	240,871,546
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - Net assets - beginning of year	1,921,293,624	1,695,523,143	132,695,110	117,661,283	61,542	(5,696)	2,054,050,276	1,813,178,730
END OF YEAR	$ 2,087,385,378	$ 1,921,293,624	$ 144,163,791	$ 132,695,110	$ 694,748	$ 61,542	$ 2,232,243,917	2,054,050,276

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

PLAN "A"

	DECEMBER 31, 2007			DECEMBER 31, 2006		
	PAR VALUE	ORIGINAL COST	MARKET VALUE	PAR VALUE	ORIGINAL COST	MARKET VALUE
BONDS:						
U.S. Treasury Notes	$ 6,000,000	$ 6,297,555	$ 8,264,520	$ 6,000,000	$ 6,297,555	$ 8,007,660
U.S. Treasury Zeros	41,022,000	7,595,698	31,406,133	60,425,250	10,512,515	41,052,671
U.S. Agency Bonds	437,963,560	233,902,783	359,513,196	500,530,798	289,490,219	411,925,787
Government Guaranteed Bonds	2,372,639	2,342,895	2,414,119	2,486,822	2,455,589	2,530,760
Corporate Bonds	17,650,000	15,434,596	16,243,345	17,650,000	15,434,596	15,993,944
Government National Mortgage Corporation Bonds	26,086,490	25,312,668	26,101,675	17,623,495	17,258,778	17,897,645
TOTAL BONDS	$ 531,094,689	$ 290,886,195	$ 443,942,988	$ 604,716,365	$ 341,449,251	$ 497,408,467

	COST	MARKET	COST	MARKET
STOCKS:				
Common stocks	$ 400,555,760	$ 467,550,399	$ 423,348,568	$ 573,480,250
MUTUAL FUNDS:				
Domestic	$ 941,226,497	$ 1,137,762,042	$ 656,950,064	$ 810,252,905
CASH EQUIVALENTS	$ 19,645,725	$ 19,645,725	$ 16,903,701	$ 16,903,701

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2006

PLAN "B"	DECEMBER 31, 2007			DECEMBER 31, 2006		
	PAR VALUE	ORIGINAL COST	MARKET VALUE	PAR VALUE	ORIGINAL COST	MARKET VALUE
BONDS:						
U.S. Treasury Notes	$ 2,570,000	$ 2,582,630	$ 3,174,528	$ 2,570,000	$ 2,582,630	$ 3,045,932
U.S. Treasury Zeros	11,449,500	3,297,011	8,231,712	14,735,500	3,952,312	10,680,542
U.S. Agency Bonds	16,258,033	15,836,717	16,374,972	21,546,014	21,020,450	21,328,217
Government Guaranteed Bonds	1,830,325	2,350,665	2,430,198	1,663,197	1,663,197	1,077,545
Corporate Bonds	2,700,000	1,830,325	1,287,752	4,500,000	2,561,404	2,804,028
Government National Mortgage Corporation Bonds	476,809	440,207	471,159	241,649	221,727	254,137
TOTAL BONDS	$ 35,284,667	$ 26,337,554	$ 31,970,321	$ 45,256,360	$ 32,001,720	$ 39,190,401

	COST	MARKET	COST	MARKET
STOCKS:				
Common stocks	$ 26,128,098	$ 30,505,454	$ 27,103,746	$ 36,715,520
MUTUAL FUNDS				
Domestic	$ 64,428,531	$ 77,635,962	$ 43,808,970	$ 53,750,417
CASH EQUIVALENTS	$ 2,216,338	$ 2,216,338	$ 1,093,929	$ 1,093,929

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULES OF ADMINISTRATIVE AND INVESTMENT EXPENSES
BUDGET AND ACTUAL
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007			2006		
	Budget	Actual	Variance (over) under	Budget	Actual	Variance (over) under
ADMINISTRATIVE EXPENSES:						
SALARIES AND RELATED EXPENSES:						
Salaries	$ 482,733	$ 488,136	$ (5,403)	$ 445,000	$ 454,454	$ (9,454)
Retirement	63,962	64,578	(616)	56,767	57,908	(1,141)
Group hospitalization	37,041	35,501	1,540	31,342	31,154	188
Medicare and payroll taxes	6,200	6,084	116	5,727	5,643	84
Total salaries and related expenses	589,936	594,299	(4,363)	538,836	549,159	(10,323)
PROFESSIONAL SERVICES:						
Actuarial consultant	75,820	72,414	3,406	75,820	71,820	4,000
Auditor	36,500	36,400	100	33,500	31,763	1,737
Legal counsel	25,000	11,747	13,253	25,000	15,415	9,585
Computer programming	69,700	45,924	23,776	71,444	27,932	43,512
Medical board	17,000	5,275	11,725	17,000	9,525	7,475
Investigation	2,400	1,485	915	2,400	1,222	1,178
Total professional services	226,420	173,245	53,175	225,164	157,677	67,487
COMMUNICATIONS:						
Printing	17,300	19,272	(1,972)	17,300	12,527	4,773
Telephone	6,400	5,517	883	6,400	5,965	435
Postage	24,000	21,593	2,407	24,000	19,449	4,551
Travel	33,000	18,325	14,675	31,580	20,839	10,741
Website	3,700	600	3,100	3,700	2,035	1,665
Per diem	2,625	1,425	1,200	2,625	1,725	900
Total communications	87,025	66,732	20,293	85,605	62,540	23,065
GENERAL OFFICE:						
Rent	55,425	55,106	319	55,147	54,926	221
Supplies	7,700	9,928	(2,228)	7,700	8,230	(530)
Dues and subscriptions	8,000	8,283	(283)	7,275	7,722	(447)
Equipment rental	29,540	30,279	(739)	28,800	30,315	(1,515)
Equipment maintenance	8,500	13,690	(5,190)	9,300	3,121	6,179
Insurance	6,250	6,492	(242)	6,125	6,741	(616)
Microfilm	8,500	225	8,275	8,500	5,450	3,050
Miscellaneous	-	814	(814)	-	1,446	(1,446)
Training	10,200	7,296	2,904	5,400	3,522	1,878
Total general office	134,115	132,113	2,002	128,247	121,473	6,774
TOTAL ADMINISTRATIVE EXPENSES	$ 1,037,496	$ 966,389	$ 71,107	$ 977,852	$ 890,849	$ 87,003
INVESTMENT EXPENSES:						
Custodial Bank	$ 270,000	$ 172,750	$ 97,250	$ 270,000	$ 173,626	$ 96,374
Investment counsultant	170,100	162,402	7,698	182,243	162,744	19,499
TOTAL INVESTMENT EXPENSES	$ 440,100	$ 335,152	$ 104,948	$ 452,243	$ 336,370	$ 115,873
CAPITAL OUTLAYS	$ 11,000	$ 645,531	(634,531)	$ 14,500	$ 7,350	$ 7,150

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION - PLAN "A"
STATEMENTS OF CHANGES IN RESERVE BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007					
	ANNUITY SAVINGS	DROP	ANNUITY RESERVE	PENSION ACCUMULATION	SURPLUS ACTUARIAL (UNFUNDED) LIABILITY	TOTAL
BALANCE - BEGINNING	$ 302,744,907	$ 23,452,576	$ 632,482,901	$ 849,837,099	$ 112,776,141	$ 1,921,293,624
REVENUES AND TRANSFERS:						
Employee contributions	41,233,560	-	-	-	-	41,233,560
Employer contributions	-	-	-	60,315,511	-	60,315,511
Tax collector contributions	-	-	-	4,698,757	-	4,698,757
Revenue sharing contributions	-	-	-	140,336	-	140,336
Net investment income	-	-	-	152,845,343	-	152,845,343
Miscellaneous income	-	-	-	183,123	-	183,123
Transfer from Annuity Savings	-	-	15,438,234	-	-	15,438,234
Transfer from Annuity Reserve	-	11,156,935	-	-	-	11,156,935
Interest - transfers, refund payback	-	-	-	741,245	-	741,245
Transfer from another system	338,925	-	-	499,874	-	838,799
Actuarial transfer	-	-	131,429,028	-	-	131,429,028
	41,572,485	11,156,935	146,867,262	219,424,189	-	419,020,871
EXPENDITURES AND TRANSFERS:						
Refunds to terminated employees	9,047,402	-	-	-	-	9,047,402
Transfer to Annuity Reserve	15,438,234	-	-	-	-	15,438,234
Transfer to DROP	-	-	11,156,935	-	-	11,156,935
Pensions paid	-	-	74,476,404	-	-	74,476,404
Transfer to other plans	-	-	-	1,699,354	-	1,699,354
DROP benefits	-	7,313,651	-	-	-	7,313,651
Actuarial transfer	-	-	-	12,495,247	118,933,781	131,429,028
Transfers to another system	592,728	-	-	1,775,381	-	2,368,109
	25,078,364	7,313,651	85,633,339	15,969,982	118,933,781	252,929,117
NET INCREASE (DECREASE)	16,494,121	3,843,284	61,233,923	203,454,207	(118,933,781)	166,091,754
BALANCE - ENDING	$ 319,239,028	$ 27,295,860	$ 693,716,824	$ 1,053,291,306	$ (6,157,640)	$ 2,087,385,378

2006					
ANNUITY SAVINGS	DROP	ANNUITY RESERVE	PENSION ACCUMULATION	SURPLUS ACTUARIAL (UNFUNDED) LIABILITY	TOTAL
$ 292,309,795	$ 20,621,635	$ 579,020,723	$ 732,196,642	$ 71,374,348	$ 1,695,523,143
38,899,657	-	-	-	-	38,899,657
-	-	-	52,838,085	-	52,838,085
-	-	-	4,211,806	-	4,211,806
-	-	-	*133,954*	-	*133,954*
-	-	-	217,361,611	-	217,361,611
-	-	-	84,214	-	84,214
-	-	17,215,193	-	-	17,215,193
-	10,251,593	-	-	-	10,251,593
-	-	-	1,444,940	-	1,444,940
494,798	-	-	863,247	-	1,358,045
-	-	115,296,275	-	41,401,793	156,698,068
39,394,455	10,251,593	132,511,468	276,937,857	41,401,793	500,497,166
11,284,016	-	-	-	-	11,284,016
17,215,193	-	-	-	-	17,215,193
-	-	10,251,593	-	-	10,251,593
-	-	68,797,697	-	-	68,797,697
-	-	-	1,251,601	-	1,251,601
-	7,420,652	-	-	-	7,420,652
-	-	-	156,698,068	-	156,698,068
460,134	-	-	1,347,731	-	1,807,865
28,959,343	7,420,652	79,049,290	159,297,400	-	274,726,685
10,435,112	2,830,941	53,462,178	117,640,457	41,401,793	225,770,481
$ 302,744,907	$ 23,452,576	$ 632,482,901	$ 849,837,099	$ 112,776,141	$ 1,921,293,624

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION - PLAN "B"
STATEMENTS OF CHANGES IN RESERVE BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007					
	ANNUITY SAVINGS	DROP	ANNUITY RESERVE	PENSION ACCUMULATION	SURPLUS ACTUARIAL LIABILITY	TOTAL
BALANCE - BEGINNING	$ 11,460,591	$ 1,136,309	$ 35,155,460	$ 76,029,412	$ 8,913,338	$ 132,695,110
REVENUES AND TRANSFERS:						
Employee contributions	1,856,093	-	-	-	-	1,856,093
Employer contributions	-	-	-	3,776,928	-	3,776,928
Net investment income	-	-	-	10,274,010	-	10,274,010
Tax collector contributions	-	-	-	662,622	-	662,622
Revenue sharing contributions	-	-	-	18,822	-	18,822
Miscellaneous income	-	-	-	8,584	-	8,584
Transfer from Annuity Savings	-	-	587,127	-	-	587,127
Transfer from Annuity Reserve	-	490,102	-	-	-	490,102
Transfer from another system	18,532	-	-	20,948	-	39,480
Interest - transfers refund payback	-	-	-	89,436	-	89,436
Actuarial transfer	-	-	8,966,178	-	-	8,966,178
	1,874,625	490,102	9,553,305	14,851,350	-	26,769,382
EXPENDITURES AND TRANSFERS:						
Refunds to terminated employees	467,354	-	-	-	-	467,354
Transfer to Annuity Reserve	587,127	-	-	-	-	587,127
Transfer to DROP	-	-	490,102	-	-	490,102
Pensions paid	-	-	4,206,324	-	-	4,206,324
Transfer to other plans	-	-	-	240,991	-	240,991
DROP benefits	-	340,877	-	-	-	340,877
Actuarial transfer	-	-	-	2,460,244	6,505,934	8,966,178
Transfers to another system	379	-	-	1,369	-	1,748
	1,054,860	340,877	4,696,426	2,702,604	6,505,934	15,300,701
NET INCREASE (DECREASE)	819,765	149,225	4,856,879	12,148,746	(6,505,934)	11,468,681
BALANCE - ENDING	$ 12,280,356	$ 1,285,534	$ 40,012,339	$ 88,178,158	$ 2,407,404	$ 144,163,791

2006					
ANNUITY SAVINGS	DROP	ANNUITY RESERVE	PENSION ACCUMULATION	SURPLUS ACTUARIAL LIABILITY	TOTAL
$ 10,650,602	$ 1,024,598	$ 31,389,457	$ 68,378,953	$ 6,217,673	$ 117,661,283
1,723,425	-	-	-	-	1,723,425
-	-	-	3,361,520	-	3,361,520
-	-	-	13,743,650	-	13,743,650
-	-	-	631,187	-	631,187
-	-	-	18,906	-	18,906
-	-	-	4,285	-	4,285
-	-	464,221	-	-	464,221
-	481,165	-	-	-	481,165
24,791	-	-	20,473	-	45,264
-	-	-	195,748	-	195,748
-	-	7,556,286	-	2,695,665	10,251,951
1,748,216	481,165	8,020,507	17,975,769	2,695,665	30,921,322
466,904	-	-	-	-	466,904
464,221	-	-	-	-	464,221
-	-	481,165	-	-	481,165
-	-	3,773,339	-	-	3,773,339
-	-	-	48,399	-	48,399
-	369,454	-	-	-	369,454
-	-	-	10,251,951	-	10,251,951
7,102	-	-	24,960	-	32,062
938,227	369,454	4,254,504	10,325,310	-	15,887,495
809,989	111,711	3,766,003	7,650,459	2,695,665	15,033,827
$ 11,460,591	$ 1,136,309	$ 35,155,460	$ 76,029,412	$ 8,913,338	$ 132,695,110

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
DECEMBER 31, 2007 AND 2006

	2007	2006
Gwen Le Blanc	$ 300	$ 375
Will Langlinais	75	75
Terri Rodrigue	300	375
Tim Ware	300	300
Thomas Nelson	-	225
Bob Manuel	150	-
Jerry Milner	300	375
TOTAL	$ 1,425	$ 1,725

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - EMPLOYER AND OTHER SOURCES
DECEMBER 31, 2002 THROUGH 2007

PLAN A

Year ended 12/31	Actuarial Required Contribution Employer	Percentage Contributed Employer	Actuarial Required Contribution Other Sources	Percentage Contributed Other Sources
2002	$ 26,639,688	109.14%	$ 3,565,693	99.66%
2003	43,183,038	71.39%	3,725,026	98.70%
2004	51,787,217	92.52%	3,929,672	101.54%
2005	52,008,446	107.35%	4,268,166	97.33%
2006	58,805,700	89.85%	4,154,451	104.60%
2007	41,756,774	144.45%	4,595,741	105.30%

PLAN B

Year ended 12/31	Actuarial Required Contribution Employer	Percentage Contributed Employer	Actuarial Required Contribution Other Sources	Percentage Contributed Other Sources
2002	$ 1,849,431	80.66%	$ 490,729	96.47%
2003	2,866,570	68.17%	528,196	98.99%
2004	3,227,397	50.33%	543,585	101.46%
2005	3,092,614	103.07%	569,689	101.73%
2006	3,328,612	100.99%	579,586	112.16%
2007	3,331,826	113.36%	647,136	105.30%

For the year ended 2002 for Plan A the actuarially required contribution differes significantly from actual contributions mad due to the board of trustees' election to freeze the employer contribution rate at a higher level than required. The effect of this election is to reduce the number of years over which payments on the frozen unfunded accrued liability will be required for Plan A.

For the years ended 2003 through 2006 for Plan A and for the years 2002 through 2007 for Plan B, the actuarially required contribution differs from actual contributions made due to state statute that require contributions rate be calculated and set two years prior to the effective year.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
DECEMBER 31, 2002 THROUGH 2007

PLAN A

	Actuarial Value of Assets (a)	Actuarial Accrued Liability Entry Age (b)	Unfunded (Excess) AAL UAAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/02	$ 1,214,971,041	$ 1,313,900,436	$ 98,929,395	92.47%	$ 372,814,126	26.54%
12/31/03	1,261,191,242	1,358,628,340	97,437,098	92.83%	396,330,869	24.58%
12/31/04	1,364,795,086	1,460,244,238	95,449,152	93.46%	407,022,806	23.45%
12/31/05	1,535,416,950	1,628,327,803	92,910,853	94.29%	429,459,653	21.63%
12/31/06	1,718,754,962	1,808,517,483	89,762,521	95.04%	420,104,038	21.37%
12/31/07	2,027,214,660	2,093,543,018	66,328,358	96.83%	454,741,830	14.59%

PLAN B

	Actuarial Value of Assets (a)	Actuarial Accrued Liability Entry Age (b)	Unfunded (Excess) AAL UAAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/07	$ 141,756,387	$ 144,913,286	$ 3,156,899	97.82%	$ 62,859,807	5.02%

The actuarial valuation of assets, actuarial accrued liability and unfunded amounts were calculated using the entry age actuarial cost method which is a different from the actuarial method used for funding purposes. The above schedule of funding progesss is to provide a surrogate for the funding status and funding of the plan.

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
NOTES TO SCHEDULE OF CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS – PLANS A & B
DECEMBER 31, 2002 THROUGH 2007

The information presented in the Schedule of Contributions – Employer and Other and the Schedule of Funding Progress was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	December 31, 2007
Actuarial Cost Method	Plan A - Frozen Attained Age Normal Cost Plan B - Aggregate Actuarial Cost
Asset Valuation Method:	Market Value of investment securities adjusted to average in asset earnings above or below the assumed rate of return over a five-year period subject to a minimum of 90% of the market value of assets and a maximum of 110% of the market value of assets. Expense fund assets are allocated to each plan in proportion to reported payroll.
Actuarial Assumptions Investment Rate of Return	7.5% (Net of investment expense)
Projected Salary Increases	Plan A – 5.75% Plan B – 5.75%
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. Future cost of living increases are only granted if specific target ratios are met and excess interest earnings are available to fund the cost of the benefit increase.
Change in Normal Cost/ Actuarial Assumptions:	The System incurred a decrease in normal cost for Plan A and an increase in Plan B in the amounts of $17,158,027 and $449,962, respectively, for the year ended December 31, 2007 due to a positive asset experience for Plan A and change in assumptions for Plan B. The System also incurred several other changes in valuation methods and assumptions. The valuation interest rate was changed from 8% to 7.5%. The actuarial asset valuation method was changed from 3-year smoothing of realized and unrealized capital gains for equities and amortized cost value for debt securities to 5-year smoothing of all earnings above or below the valuation interest rate subject to a minimum of 90% of the market value of assets and a maximum of 110% of the market value of assets. The annual salary increase rate was changed from 6% to 5.75%. The effect of the change in normal cost for years ending subsequent to December 31, 2007 has not been determined.

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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

July 14, 2008

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Parochial Employees' Retirement System, as of and for the year ended December 31, 2007, which collectively comprise Parochial Employees' Retirement System basic financial statements and have issued our report thereon dated July 14, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Parochial Employees' Retirement System's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Parochial Employees' Retirement System's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Parochial Employees' Retirement System's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Parochial Employees' Retirement System's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Parochial Employees' Retirement System's financial statements that is more than inconsequential will not be prevented or detected by the Parochial Employees' Retirement System's internal control. We consider the deficiency 07-01 and 07-02 described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Parochial Employees' Retirement System's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we believe that the significant deficiencies described above are not material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Parochial Employees' 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Trustees, Office of the Legislative Auditor of the State of Louisiana and management, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
OF LOUISIANA
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2007

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of Parochial Employees' Retirement System of Louisiana for the year ended December 31, 2007 was unqualified.

2. Internal Control

   Material weaknesses: none noted

   Significant deficiency:

   07-01 Investment Testing

   It was noted during the audit of investment income that the System's independent testing of their investment income included errors in gains and losses. The System should have accurate procedures in place to independently test investment income. Without accurate procedures, investment income could be misstated. We recommend that the procedures for independent testing of investment income be reviewed to ensure their accuracy.

   07-02 Annuity Savings

   During the audit of the System's Annuity Savings for Plan A, it was noted that the beginning balance did not agree to the prior year ending balance. It was also noted that refunds per the Annuity Savings report did not agree to the general ledger. The Annuity Savings detail report should be reconciled to the general ledger on a periodic basis. Not reconciling the Annuity Savings detail report could result in a misstatement of participant's account balances. We recommend that the Annuity Report be reconciled periodically.

3. Compliance and Other Matters

   Noncompliance material to financial statements: none noted

SUMMARY OF PRIOR YEAR FINDINGS:

None noted

Parochial Employees' Retirement System

OF LOUISIANA

DAINNA S. TULLY, ADMINISTRATIVE DIRECTOR

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July 14, 2008

Duplantier, Hrapmann, Hogan & Maher
Attn: Ms. Michelle Cunningham
1340 Poydras St., Suite 2000
New Orleans, LA 70112

RE: Response to Exit Conference Report

Dear Michelle:

Please let this letter serve as our response to the findings cited during our exit conference on today's date. I will respond to each finding in the order listed in the exit conference report.

1. Investment Testing
   The retirement system will review the formulas contained within the Excel spreadsheet to verify that the correct formulas are being utilized. In addition we will add a procedure to check the trust statements following our testing to make certain that the correct investment income is being posted to the trust accounts.

2. Annuity Savings Schedule
   The retirement system will work with our actuary, G.S. Curran & Co., to obtain files which contain correct beginning balances for Plan A's Annuity Savings. These files will be transmitted to our software provider, Southwest Computer Bureau, Inc. so that the reconciliation of the Annuity Saving can be completed. The retirement system will implement a procedure to reconcile the annuity savings accounts on an ongoing basis as recommended.

If you require additional information concerning these responses, please contact me.

Sincerely,

Dainna S. Tully

Dainna S. Tully
Administrative Director