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LOUISIANA ASSESSORS' INSURANCE FUND

BATON ROUGE, LOUISIANA

DECEMBER 31, 1997

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Release Date 7-28-99

LOUISIANA ASSESSORS' INSURANCE FUND

BATON ROUGE, LOUISIANA

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AUDITED FINANCIAL STATEMENTS

May 17, 1999

Carmon F. Walker, President
Board of Trustees
Louisiana Assessors' Insurance Fund
Baton Rouge, Louisiana

Independent Auditor's Report

We have audited the accompanying statement of net assets arising from cash transactions of the Louisiana Assessors' Insurance Fund as of December 31, 1997, and the related statement of changes in net assets resulting from revenue collected and expenses paid for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. 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 audit provides a reasonable basis for our opinion.

As described in Note 2, these financial statements were prepared on the basis of cash receipts and disbursements and are not intended to be a presentation in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets arising from cash transactions of the Louisiana Assessors' Insurance Fund as of December 31, 1997 and its revenue collected and expenses paid during the year then ended, on the basis of accounting described in Note 2.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of per diem and reimbursed expenses paid board members is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Heard, McElroy & Vestal, LLP

LOUISIANA ASSESSORS' INSURANCE FUND

STATEMENTS OF NET ASSETS ARISING FROM CASH TRANSACTIONS

DECEMBER 31, 1997

Cash	231,036
Investments, at fair value-Note 3	1,975,414
Fixed assets, net of depreciation	<u>10,293</u>
Net assets	<u>2,216,743</u>

The accompanying notes to financial statements are an integral part of such statements.

LOUISIANA ASSESSORS' INSURANCE FUND

STATEMENT OF CHANGES IN NET ASSETS RESULTING FROM REVENUE

COLLECTED AND EXPENSES PAID

FOR THE YEAR ENDED DECEMBER 31, 1997

Additions to plan assets attributed to:

Investment income	
Net appreciation in fair value of investments	5,122
Interest	19,267
Dividends	<u>111,547</u>
	135,936
Contributions	4,234,859
Miscellaneous income	<u>4,836</u>
Total additions	4,375,631

Deductions from plan assets attributed to:

Payments for:	
Insurance premiums	4,483,594
Administrative expenses-Note 4	<u>53,986</u>
Total deductions	<u>4,537,580</u>
Net decrease	(161,949)

Net assets:

Beginning of year	<u>2,378,692</u>
End of year	<u>2,216,743</u>

The accompanying notes to financial statements are an integral part of such statements.

LOUISIANA ASSESSORS' INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1997

1. Description of the Plan

Louisiana Revised Statute 47:1922 created an Assessors' Insurance Fund for the assessors and assessors' employees throughout the State of Louisiana, and a public corporation to be known as the Insurance Committee of the Assessors' Insurance Fund, which committee shall be vested with the power to administer the fund herewith provided for, to sue and be sued, to contract for and pay premiums for group life and accidental death and dismemberment insurance, group health, accident, dental, hospital, surgical and other medical expense insurance for the assessors, assessors' employees, and the dependents of the assessors and assessors' employees as provided, herein, with any insurance company legally organized to do business in the State of Louisiana.

On August 30, 1988, the Fund filed an Application for Recognition of Exemption under Section 501(c)(d) of the Internal Revenue Code, Voluntary Employees Beneficiary Associations. On December 13, 1988, the Internal Revenue Service advised that the application had been referred to their national office for a ruling. No response has been received from the Internal Revenue Service.

2. Summary of Significant Accounting Policies

- a) Principles of Accounting. The Fund prepares its financial statements on the cash basis. Under this basis, revenues are recognized when collected rather than when earned, and expenses are generally recognized when paid rather than when incurred. Consequently, accounts receivable, trade accounts payable, and accrued expenses are not included in the financial statements as of December 31, 1997.
- b) Fixed assets. Fixed assets consist of equipment which is stated at cost less provision for accumulated depreciation.

3. Investments

The fund's investments are stated at fair value. During 1997, the Plan's investments appreciated in value as follows:

Fair value as determined by quoted market price:	<u>Net Increase in Value During Year</u>	<u>Fair Value at December 31, 1997</u>
U.S. Government securities	<u>5,122</u>	<u>1,975,415</u>

The fair value of individual investments that represent 5.0% or more of the Plan's net assets are as follows:

Adjustable rate U.S. Government Fund (267,309.144 shares)	<u>1,975,415</u>
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4. Administrative Expenses

The following administrative expenses were incurred during the period ended December 31, 1997:

Administrative fees	6,600
Computer supplies	968
Employee benefits	1,196
Depreciation	1,716
Salaries	21,483
Payroll taxes	334
Per diem and travel	2,102
Insurance	3,114
Office supplies	254
Postage	841
Telephone	3,712
Travel	361
Miscellaneous	4,914
Parking and storage	360
Professional fees	5,692
Repairs and maintenance	<u>339</u>
Total administrative expenses	<u><u>53,986</u></u>

LOUISIANA ASSESSORS' INSURANCE FUND
SCHEDULE OF PER DIEM AND REIMBURSED
EXPENSES PAID BOARD MEMBERS
FOR THE YEAR ENDED DECEMBER 31, 1997

	<u>Number of Days</u>	<u>Amount Paid</u>
Stephanie S. Smith	4	300
Basil P. Scalise	3	225
Leroy A. Martin	4	300
Irby S. Gamble	3	225
Carmon F. Walker	3	225
Bennie Ruth Hill	1	75
Sue H. Benoit	2	150
A. T. "Mike" Clingan	4	300
Felix LeBlanc	4	<u>302</u>
Meeting totals		<u><u>2,102</u></u>

Note - In accordance with Legislative Act 221 of 1981, members of the board receive per diem of \$75. In addition to per diem, board members are reimbursed for mileage at 25¢ per mile or actual plane fare plus cost of hotel accommodations.

OTHER REPORTS REQUIRED BY GOVERNMENT

AUDITING STANDARDS

May 17, 1999

Mr. Carmon F. Walker, President
Board of Trustees
Louisiana Assessors' Insurance Fund
Baton Rouge, Louisiana

Report on Compliance and on Internal Control Over Financial
Reporting Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

We have audited the financial statements of the Louisiana Assessors' Insurance Fund as of and for the year ended December 31, 1997, and have issued our report thereon dated May 17, 1999. We conducted our 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 the financial statements of the Louisiana Assessors' Insurance Fund are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our 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 our audit, we considered internal control over financial reporting of the Louisiana Assessors' Insurance Fund in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and the Office of the Legislative Auditor, State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

LOUISIANA ASSESSORS' INSURANCE FUND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 1997

We have audited the financial statements of the Louisiana Assessors' Insurance Fund as of and for the year ended December 31, 1997, and have issued our report thereon dated May 17, 1999. We conducted our 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. Our audit of the financial statements as of December 31, 1997 resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control - No material weakness or reportable condition was noted; no management letter was issued.

Compliance - no material noncompliance was noted.

b. Federal Awards - No major program.

Section II - Financial Statement Findings

No matters were reported.

LOUISIANA ASSESSORS' INSURANCE FUND

SCHEDULE OF PRIOR YEAR FINDINGS

YEAR ENDED DECEMBER 31, 1997

No prior year findings were reported.