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THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH, LOUISIANA

Component Unit Financial Statements
and Independent Auditor's Report
As of and for the Year Ended
December 31, 1996
With Comparatives for 1995

KEITH J. ROVIRA
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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees of
The Employees' Retirement System of
Jefferson Parish, Louisiana

I have audited the component unit financial statements of the Employees' Retirement System of Jefferson Parish, a component unit of Jefferson Parish, as of and for the years ended December 31, 1996 and 1995, as listed in the table of contents. These component unit financial statements are the responsibility of the System's management. My responsibility is to express an opinion on these component unit financial statements based on my audits.

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

In my opinion, the component unit financial statements referred to in the first paragraph, present fairly, in all material respects, the financial position of the Employees' Retirement System of Jefferson Parish as of December 31, 1996 and 1995, and the results of its operations and cash flows for the years then ended, in conformity with generally accepted accounting principles.

My audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed as "Supplementary Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Employees' Retirement System of Jefferson Parish. Such information has been subjected to the auditing procedures applied in the audit of the component unit financial statements and, in my opinion, is fairly stated in all material respects in relation to such financial statements taken as a whole.

In accordance with <u>Government Auditing Standards</u>, I have also issued a report dated February 5, 1997 on my consideration of the the Employees' Retirement System of Jefferson Parish's internal control structure and a report dated February 5, 1997 on its compliance with laws and regulations. Both reports are presented separately after the notes to the financial statements of this audit report.

Keith J. Rovira

Keith J. Rovira
Certified Public Accountant

February 5, 1997

COMPONENT UNIT FINANCIAL STATEMENTS

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Balance Sheets
December 31, 1996 and 1995

	1996	1995
ASSETS		
Cash	$ 71,902	$ 15,596
Contributions receivable - members	4,597	9,096
Contributions receivable - employer	29,703	53,098
Accrued interest receivable	207,063	286,025
Prepaid expenses	4,001	3,534
Total Assets	317,266	367,349
Investments: (Note B.2.)		
U.S. Treasury obligations	4,332,027	5,977,167
U.S. Government agencies	1,657,042	2,174,107
U.S. Government guaranteed securities	-	66,000
Corporate bonds	3,526,936	5,273,365
Municipal bonds	350,000	350,000
Mutual funds	7,858,076	3,005,380
Cash in trust	47,263	-
Total Investments	17,771,344	16,846,019
Office equipment, net of accumulated depreciation (Notes B.3. & G)	6,723	8,595
Total Assets	18,095,333	17,221,963
LIABILITIES		
Accounts payable	14,439	11,478
Unclaimed employee contribution refunds	12,896	14,908
Retirees' premiums collected in advance	18,642	-
Accrued annual and sick leave	45,302	42,159
Total Liabilities	91,279	68,545
Net Assets Available for Benefits	$18,004,054	$17,153,418

(Continued)

The accompanying notes are an integral part of this statement.

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Balance Sheets (Continued)
December 31, 1996 and 1995

	1996	1995
FUND BALANCE		
Actuarial present value of projected benefits payable to current retirants and beneficiaries	$23,088,507	$22,228,315
Actuarial present value of projected benefits payable to terminated vested participants	288,033	306,782
Actuarial present value of credited projected benefits for active participants:		
Member contributions	2,478,346	2,518,085
Employer-financed portion	5,952,134	5,989,058
Total Actuarial Present Value of Credited Projected Benefits	31,807,020	31,042,240
Unfunded actuarial present value of credited projected benefits	(13,802,966)	(13,888,822)
Total Fund Balance	$18,004,054	$17,153,418

(Concluded)

The accompanying notes are an integral part of this statement.

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Statements of Revenues, Expenses and Changes in Fund Balance
For the Years Ended December 31, 1996 and 1995

	1996	1995
OPERATING REVENUES		
Member contributions	$ 168,067	$ 161,927
Employer contributions	1,013,555	870,706
Investment income	1,747,998	1,100,454
Gain (loss) on disposition of investments	(57,140)	320,236
Total Operating Revenues	2,872,480	2,453,323
OPERATING EXPENSES		
Annuity benefits	1,345,041	1,305,007
Disability benefits	411,230	421,945
Refunds of contributions	73,697	107,509
Administrative expenses (Page 29)	191,876	194,666
Total Operating Expenses	2,021,844	2,029,127
Net Operating Income	850,636	424,196
Fund Balance, January 1	17,153,418	16,729,222
Fund Balance, December 31	$18,004,054	$17,153,418

The accompanying notes are an integral part of this statement.

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Statements of Cash Flows
For the Years Ended December 31, 1996 and 1995

	1996	1995
Cash flows from operating activities:		
Net operating income	$ 850,636	$ 424,197
Adjustments to reconcile net income to net cash provided by operating activities --		
Depreciation	3,567	4,161
(Increase) decrease in contributions receivable	27,894	(4,074)
Decrease in accrued interest receivable	78,962	41,639
(Increase) in prepaid expenses	(467)	(343)
Increase in accounts payable	2,961	3,545
(Decrease) in unclaimed employee contribution refunds	(2,012)	-
Increase in retirees' premiums collected in advance	18,642	-
Increase in accrued annual and sick leave	3,143	12,506
Total adjustments	132,690	57,434
Net cash provided by operating activities	983,326	481,631
Cash flows from investing activities:		
Purchases of investment securities	(9,655,489)	(15,407,044)
Proceeds from sales and maturities of investment securities	8,730,164	14,933,432
Net cash provided by (used in) investing activities	(925,325)	(473,612)
Cash flows from capital and related financing activities:		
Acquisition of office equipment	(3,195)	(2,676)
Proceeds from the sale office equipment	1,500	-
Net cash (used in) capital and related financing activities	(1,695)	(2,676)
Net increase (decrease) in cash	56,306	5,343
Cash, beginning of year	15,596	10,253
Cash, end of year	$ 71,902	$ 15,596

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Notes to the Financial Statements
December 31, 1996 and 1995

NOTE A - DESCRIPTION OF THE SYSTEM

The following brief description of the Employees' Retirement System of Jefferson Parish (System), established January 1, 1973, is provided for general information purposes only. Participants should refer to Ordinance No. 11027 and all amendments for more complete information.

In classifying the reporting entity, certain criteria for defining the organizations, functions and activities of a governmental unit should be included in the component unit financial statements of that governmental entity. The criteria considered and evaluated were accountability for fiscal matters, scope of public service and manifestations of oversight. Manifestations of oversight were considered to include the designation of management, the selection of the governing board and the ability to significantly influence operations. Accountability for fiscal matters was considered to include control over surpluses, responsibility for debt, managerial control of fiscal matters, certain revenue characteristics and budgetary approval, or the lack thereof. Based on the foregoing criteria, the Employees' Retirement System of Jefferson Parish was determined to be a component unit of Jefferson Parish, the governmental entity with oversight responsibility. The accompanying financial statements present information only on those funds maintained by the System and do not present information on the Parish, the general government services provided by that governmental entity, or other governmental entities that comprise the governmental reporting entity.

The System is a single-employer defined benefit pension plan replacing Social Security for substantially all employees of Jefferson Parish who began their employment prior to December 15, 1979. On that date the System merged with the Parochial Employees' Retirement System of Louisiana (PERS) and became a closed system; all new employees of the Parish after that date are members of PERS only. Approximately 98.87% of the employees who were members of the System in 1996 were also members of PERS.

The following employee membership data is actuarially determined and is a categorized listing of the total number

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Notes to the Financial Statements (Continued)
December 31, 1996 and 1995

NOTE A - DESCRIPTION OF THE SYSTEM (CONTINUED)

of members on whom the Jefferson System retains liability as of December 31, 1996:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	844
Active plan participants:	
Vested	529

Prior to the December 15, 1979, merger with PERS, substantially all employees of Jefferson Parish were required to contribute 6.05% of their salaries to the Jefferson System as a condition of their employment. This contribution was matched by the Parish. Members who also belonged to PERS also contributed 4% of their monthly earnings in excess of $100 to that system.

After the merger, members belonging to the Jefferson System only continued to contribute 6.05% of their salaries to that System; the Parish continued to match that amount. Members of both systems began contributing 9.25% of their salaries to PERS on January 1, 1980, and effective January 1, 1990, the employees' contribution increased to 9.50%. The contribution to the Jefferson System dropped to the difference between the combined contributions to both systems at the 1979 rates minus the January 1, 1980, PERS rate. Parish contributions dropped to .2% of salaries paid to members of both systems.

Beginning on January 1, 1980, PERS provided substantially all benefits to new retirees who belonged to both systems. For such retirees, the benefits provided by the Jefferson System are now limited to amounts resulting from differences between benefits provided by the two systems: Jefferson's free credit for military service to retirees who did not purchase credit from PERS, Jefferson's automatic one-half benefit to a surviving spouse, and Jefferson's guarantee that combined retirement benefits at least equal the benefits a member would have received had they remained under only Social Security and PERS until the date of their retirement, death or disability.

The Parish's contribution to the System increased to .4% of total Parish payroll on January 1, 1981. The employer rate increased to 6.95% and 7.06% for those members of the

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Notes to the Financial Statements (Continued)
December 31, 1996 and 1995

NOTE A - DESCRIPTION OF THE SYSTEM (CONTINUED)

Jefferson System only and to .9% and 1.01% for the remainder of total Parish payroll effective on January 1, 1982 and January 1, 1990, respectively.

The System permits retirement at age 60 with at least 10 years of service. Members terminating before rendering 10 years of service may elect to receive a lump-sum distribution equal to their accumulated contributions at their termination date.

Death and disability benefits formerly provided by the System are now provided for the most part by PERS.

The 1996 annual covered payroll used in computing employee and employer contributions was $21,476,026 for members of the Jefferson System. Contributions are also being received based on the payroll for members of PERS who are not members of the Jefferson System.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES & PLAN ASSET MATTERS

1. Basis of Accounting
   This Fiduciary Fund is accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred. Contributions from the System and the System's employees are recognized as revenue in the period in which employees provide services to the System. Investment income is recognized as earned by the pension plan.

2. Cash and Investments
   The Governmental Accounting Standards Board Statement No. 3 requires the disclosure of deposits with financial institutions and investments.

   Cash
   At year-end, the carrying amount of the System's bank deposit was $71,902. The bank balance was $190,566, of which $100,000 was insured by federal depository insurance and $90,566 was collateralized with securities held by the pledging institution's agent in the name of the System.

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Notes to the Financial Statements (Continued)
December 31, 1996 and 1995

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES & PLAN ASSET MATTERS (CONTINUED)

Investments
For financial reporting purposes, corporate bonds, U.S. Government obligations and U.S. Government agencies are valued at amortized cost. These types of investments are reported at cost plus/(minus) accumulated amortization of discounts/(premiums). At December 31, 1996, the accumulated amortization of investment discounts was $61,786.

All other investments, including mutual funds are valued at cost. All investment valuations are subject to adjustment for market value declines judged to be other than temporary.

The Board of Trustees adopted a revised investment policy on December 14, 1995. The principal change was the addition of equity investments as allowable investments, with corresponding modifications to the bench marks used to evaluate investment performance. The transfer of funds into equity investments would be made over a period of time at the discretion of the System's investment advisor. To implement the revised policy, the Board approved use of an open-end mutual fund as the vehicle for initial equity investments because a mutual fund might more efficiently provide underlying diversity with less commission cost than a series of relatively small investments in separate stocks. Investments in that mutual fund would continue until the total equity investment became sufficient to justify direct investment in a separate portfolio of equities.

As of December 31, 1996, five-percent of the net assets available for pension benefits equaled $900,203.

Investment in the mutual fund began in November, 1995. At December 31, 1996, it had a total carrying amount of $7,250,000, with a market value of $7,651,864. Therefore, this mutual fund's carrying amount exceeded five-percent of the System's net assets available for pension benefits.

Other than the mutual fund mentioned in the previous paragraph, no investment in any one organization, other than the U.S. Government, represented 5% or more of the net assets available for pension benefits.

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Notes to the Financial Statements (Continued)
December 31, 1996 and 1995

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES & PLAN ASSET MATTERS (CONTINUED)

The System's investments are held in a single bank-administered trust fund. The investments at year-end are categorized to give an indication of the level of risk assumed by the System. Category 1 includes investments that are insured or registered or for which the securities are held by the System or its agent in the System's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the System's name. Category 3 includes uninsured or investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the System's name.

The System's investments as of December 31, 1996 are categorized as follows:

	CATEGORY			Carrying	Market
	1	2	3	Amount	Value
U.S Treasury obligations	-	$4,332,027	-	$4,332,027	$4,538,944
U.S. Government agencies	-	1,657,042	-	1,657,042	1,660,351
Corporate bonds	-	3,526,936	-	3,526,936	3,550,009
Municipal bonds	-	350,000	-	350,000	355,009
Cash in trust	-	47,263	-	47,263	47,263
		$9,913,268		9,913,268	10,151,576
Mutual funds				7,858,076	8,259,939
Total Investments				$17,771,344	$18,411,515

See the schedule entitled "Details of Investments" in the Supplementary Information section of this report for a breakdown of investment types by carrying amount and their applicable percentage of total investments for the years ended 1996, 1995 and 1994.

There are no investments in, loans to, or leases with parties related to the pension plan.

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Notes to the Financial Statements (Continued)
December 31, 1996 and 1995

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES & PLAN ASSET MATTERS (CONTINUED)

3. Fixed Assets
Office equipment is valued at cost less accumulated depreciation, calculated on a straight-line basis over estimated useful lives of 3 to 10 years.

4. Annual and Sick Leave
Annual leave (vacation) and sick leave (sick pay) are accrued when incurred for the office employees.

5. Comparative Data
Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the System's financial position and operations.

6. Actuarial Present Value of Credited Projected Benefits
Credited projected benefits represent that portion of the pension plan benefit amounts expected to be paid at various future times allocated to service to date, determined in accordance with the terms of the pension plan and based on future compensation as projected to retirement. For financial reporting purposes, pursuant to Governmental Accounting Standards Board Statement No. 5 on disclosures of pension information, the actuarial present value of credited projected benefits has been computed and included in these financial statements. The actuarial present value of projected benefits consists of: (a) the actuarial present value of projected benefits payable to current retirants and beneficiaries, (b) the actuarial present value of projected benefits payable to terminated vested participants, and (c) the actuarial present value of credited projected benefits for active participants. The actuarial present value of credited projected benefits for active participants represents the portion of the actuarial present value of projected total benefits attributable to service rendered as of the date of the valuation, giving effect to estimated salary increases to date of retirement. Benefits payable under all circumstances - retirement, death, disability and termination of employment - are included only to the extent not expected to be covered by the Parochial Employees' Retirement System (PERS).

NOTE C - FUNDING STATUS AND PROGRESS

Presented below is the total pension benefit obligation of the System. The amount of the total pension benefit obligation is based on a standardized measurement established by Governmental Accounting Standards Board Statement No. 5. The standardized measurement is the actuarial present value of credited projected benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effects of projected salary increases and any step-rate benefits. A standardized measure of the pension benefit obligation was adopted by the Governmental Accounting Standards Board to enable readers of the public employee retirement system financial statements to (a) assess the System's funding status on a going-concern basis, (b) assess progress made in accumulating sufficient assets to pay benefits when due, and (c) make comparisons among public employee retirement systems.

Because the standardized measurement is used only for disclosure purposes by this System, the measurement is independent of any actuarial computation that would be made to determine contributions to the System. The actuarial funding method used to determine contributions to the System is explained in Note D.

The allocation of investment income with accumulated employee contributions is not applicable to the System.

At December 31, 1996, the unfunded pension benefit obligation was $13,802,966. This is a $85,856 decrease from December 31, 1995.

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Notes to the Financial Statements (Continued)
December 31, 1996 and 1995

NOTE C - FUNDING STATUS AND PROGRESS (CONTINUED)

The standardized measure of the unfunded pension benefit obligation as of December 31, 1996, is as follows:

Pension Benefit Obligation	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	$23,376,540
Current employees:	
Accumulated employee contributions	2,478,346
Employer-financed vested	2,416,612
Employer-financed nonvested	3,535,522
Total pension benefit obligation	31,807,020
Less: Net assets available for benefits, at cost (market value is $18,644,225)	18,004,054
Unfunded pension benefit obligation	$13,802,966

The pension benefit obligation was determined as part of an actuarial valuation as of December 31, 1996. The actuarial present value of credited projected benefits is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal or retirement) between the valuation date and the expected date of payment. Some of the significant actuarial assumptions used in the valuations for 1995 and 1996, were as follows: the valuation interest rate for present and future assets for 1995 and 1996 was 8% (net of investment expenses); the total annual salary increase rate was 6% for 1995 and 1996, of which 3.25% is attributable to inflation and 2.75% to merit or seniority; post retirement benefit increases are not funded by the System; annuitant mortality used was the 1971 Group Annuity

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Notes to the Financial Statements (Continued)
December 31, 1996 and 1995

NOTE C - FUNDING STATUS AND PROGRESS (CONTINUED)

Mortality Table (6-year setback for females); the present values of future retirement benefits do not include provisions for future increases to be paid for by the System; in the event a spouse pre-deceases the retiree, contributions are assumed to be refunded; the table of retirement rates applies only to those eligible to retire; the table of withdrawal rates and retirement rates can be found in the actuarial report; 80% of the members are assumed to be married and husbands are assumed to be 3 years older than wives; the disabled lives mortality rate used was 175% of 1971 Group Annuity Mortality Table (6-year setback for females); 90% of those who are disabled are assumed to elect the maximum disability benefit and forfeit survivor benefits; 80% of those vested elect deferred benefits in lieu of contribution refunds. The foregoing actuarial assumptions are based on the presumption that the System will continue. Were the System to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of credited projected benefits.

NOTE D - CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE

In 1989, the System adopted a funding policy with respect to a specific time period for which the unfunded actuarial accrued liability is to be amortized. Contribution rates are still authorized by the Jefferson Parish Council.

The financial statement reporting data for 1995 and 1996 is based on the individual entry age normal actuarial cost method with allocation of cost based on salary being used in the actuarial valuation and the unfunded actuarial accrued liability being amortized over a 40-year period, which began on January 1, 1980. Entry age is determined as attained age less creditable service. For 1996, 1997, and 1998, periodic employer and employee contribution rates were actuarially

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Notes to the Financial Statements (Continued)
December 31, 1996 and 1995

NOTE D - CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE (CONTINUED)

determined using the above information. The actuarially determined contribution requirements recommended for these years are as follows:

	1996	1997	1998
Jefferson System only:			
Employee rate	6.05%	6.05%	6.05%
Employer rate	7.25%	7.27%	7.48%
PERS, Firefighters & Jefferson Systems:			
Employee rate	.8% minus $4 per month	.8% minus $4 per month	.8% minus $4 per month
Employer rate	1.20%	1.22%	1.43%
PERS & Firefighters Systems only:			
Employee rate	-	-	-
Employer rate	1.20%	1.22%	1.43%

The actual contribution percentage rates and amounts made by employee and employer (Jefferson Parish) in 1995 and 1996 were as follows:

	1995	1996
Jefferson System only:		
Employee rate	6.05%	6.05%
Employer rate	7.06%	7.25%
Employee contribution	$5,839	$6,061
Employer contribution	$9,157	$9,567
PERS, Firefighters & Jefferson System:		
Employee rate	.8% minus $4 per month	.8% minus $4 per month
Employer rate	1.06%	1.20%
Employee contribution	$156,088	$162,006
Employer contribution	$260,421	$285,684

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Notes to the Financial Statements (Continued)
December 31, 1996 and 1995

NOTE D - CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE (CONTINUED)

PERS & Firefighters Systems only:		
Employee rate	-	-
Employer rate	1.06%	1.20%
Employee contribution	-	-
Employer contribution	$601,128	$718,304

Total actual contributions to the pension plan in 1995 amounted to $1,032,633 of which $870,706 and $161,927 were made by Jefferson Parish and its employees, respectively. The contribution rates used to calculate these amounts were actuarially determined. The percentages of actual contributions made by Jefferson Parish and its employees to covered payroll for 1995 were 3.9% and .7%, respectively. Total actual contributions to the pension plan in 1996 amounted to $1,181,622 of which $1,013,555 and $168,067 were made by Jefferson Parish and its employees, respectively. The contribution rates used to calculate these amounts were actuarially determined. The percentages of actual contributions made by Jefferson Parish and its employees to covered payroll for 1996 were 4.7% and .8%, respectively. (See Note F for the amounts of annual covered payroll for 1995 and 1996.)

The pension contributions represent actuarial funding for the following:

	1996	1997
Normal cost	$300,781	$266,748
Amortization payment	$696,434	$919,273
Unfunded actuarial accrued liability	$14,394,516	$14,082,235

Significant actuarial assumptions used to compute pension contribution requirements differed from 1995 to 1996 in the following ways. For 1995 the overall total payroll of members in either the System or PERS was assumed to increase at a rate of 4.75% per year, whereas for 1996, payments on the unfunded accrued liability were amortized over the remaining 23 years with payments increasing at 3.75% per year. Also, for 1995 administrative expenses to be paid for by the System were assumed to increase at a rate of 4.75% over the next 12 years and decrease at the same rate for the following 14 years, at which time they will become zero, whereas for 1996, the current actuarial valuation funds only the current year's anticipated administrative expenses.

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Notes to the Financial Statements (Continued)
December 31, 1996 and 1995

NOTE E - TREND INFORMATION

Trend information gives an indication of the progress made in accumulating sufficient assets to pay pension benefits when due. Ten-year trend data may be found in the Supplementary Information section of this report on pages 23 - 26.

NOTE F - EXPLANATION OF ACTUARIAL VALUES AND CHANGES

The total actuarial present values of credited projected benefits were $31,807,020 and $31,042,240 at December 31, 1996 and 1995, respectively, and consisted of the following:

	December 31, 1996 Dollar Amount	December 31, 1996 % of Annual Covered Payroll	December 31, 1995 Dollar Amount	December 31, 1995 % of Annual Covered Payroll
Actuarial present value of projected benefits payable to:				
Current retirants and beneficiaries	$23,088,507	108%	$22,228,315	100%
Terminated vested participants	288,033	1	306,782	1
	23,376,540	109	22,535,097	101
Actuarial present value of credited projected benefits for active participants:				
Member contributions	2,478,346	11	2,518,085	11
Employer-financed portion	5,952,134	28	5,989,058	27
	8,430,480	39	8,507,143	38
Total actuarial present value of credited projected benefits	$31,807,020	148%	$31,042,240	139%

Annual covered payroll, totaling $21,476,026 for 1996 and $22,317,135 for 1995, includes the payroll of employees who

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Notes to the Financial Statements (Continued)
December 31, 1996 and 1995

NOTE F - EXPLANATION OF ACTUARIAL VALUES AND CHANGES (CONTINUED)

are covered under the Employees' Retirement System of Jefferson Parish only and the employees who are covered under both the Jefferson Parish System and the PERS of Louisiana. Annual covered payroll does not include the payrolls of employees who are members of PERS only for the above schedule.

The total actuarial present value of credited projected benefits increased by $764,780 from December 31, 1995 to December 31, 1996.

NOTE G - OFFICE EQUIPMENT

A summary of changes in office equipment and related accumulated depreciation on those fixed assets for the year ended December 31, 1996 is as follows:

Office Equipment

	Balance January 1, 1996	Additions	Deletions	Balance December 31, 1996
Office equipment	$41,635	$3,195	$3,344	$41,486
Total	$41,635	$3,195	$3,344	$41,486

Accumulated Depreciation

	Balance January 1, 1996	Additions	Deletions	Balance December 31, 1996
Office equipment	$33,040	$3,567	$1,844	$34,763
Total	$33,040	$3,567	$1,844	$34,763

NOTE H - LITIGATION

The System is a defendant in one lawsuit as of December 31, 1996. At this time, there is no evidence to prove that an asset has been impaired or a liability has been incurred in connection with this litigation.

SUPPLEMENTARY INFORMATION

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Supplementary Information
Actuarial Present Values Schedules
December 31, 1996

Comparative Summary of Net Assets Available for Benefits and Total Actuarial Present Value of Credited Projected Benefits

Year	Net Assets Available for Benefits	Total Actuarial Present Value of Credited Projected Benefits	Percentage (%)
1987	$13,167,347	$21,971,031	59.9
1988	13,687,396	22,606,689	60.5
1989	14,171,071	23,585,811	60.1
1990	14,796,810	24,770,569	59.7
1991	15,428,988	25,683,652	60.1
1992	16,121,934	26,920,546	59.9
1993	16,660,436	28,432,244	58.6
1994	16,729,222	29,957,939	55.8
1995	17,153,418	31,042,240	55.3
1996	18,004,054	31,807,020	56.6

Comparative Summary of Actuarial Values and Percentages Covered in Net Assets Available for Benefits

	Actuarial Present Value of Credited Projected Benefits for				Percentage (%) of Actuarial Values Covered by Net Assets Available for Benefits		
Year	Member Contribs.	Current Retirants and Benefic.	Active Members, Employer-Financed Portion	Net Assets Available for Benefits	(1)	(2)	(3)
1987	$3,216,572	$15,077,932	$3,676,527	$13,167,347	100	66.0	0
1988	3,170,924	16,046,369	3,389,396	13,687,396	100	65.5	0
1989	3,028,292	17,000,969	3,556,550	14,171,071	100	65.5	0
1990	2,983,426	17,635,581	4,151,562	14,796,810	100	66.9	0
1991	3,038,541	18,050,224	4,594,887	15,428,988	100	68.6	0
1992	2,945,338	19,312,063	4,663,145	16,121,934	100	68.2	0
1993	2,916,912	20,206,957	5,308,375	16,660,436	100	68.0	0
1994	2,901,013	21,663,477	5,393,449	16,729,222	100	63.8	0
1995	2,824,867	22,228,315	5,989,058	17,153,418	100	64.5	0
1996	2,766,379	23,088,507	5,952,134	18,004,054	100	66.0	0

The Employees' Retirement System of Jefferson Parish's progress in accumulating assets to pay all promised benefits can be measured by comparing the present assets of the System with (1) member contributions, (2) the actuarial present value of projected benefits payable to current retirants and beneficiaries, and

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Supplementary Information (Continued)
Actuarial Present Values Schedules (Continued)
December 31, 1996

(3) the employer-financed portion of the actuarial present value of credited projected benefits payable to active plan participants. For a retirement system receiving actuarially determined contribution amounts, the total of actuarial values should generally be fully covered by assets. An increase in benefits can adversely affect the trends in the years such increased benefits are first reflected in the actuarial values.

The merger with the Parochial Employees' Retirement System of Louisiana on December 15, 1979, which is discussed in Note A, had the effect of reducing the employer-financed portion of the actuarial present value of credited projected benefits for active members.

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Supplementary Information (Continued)
Analysis of Funding Progress
December 31, 1996

	(1)	(2)	(3)	(4)	(5)	(6)
Year	Net Assets Available for Benefits	Pension Benefit Obligation	Percent-age Funded	Unfunded Pension Benefit Obligation	Annual Covered Payroll	Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll
1987	$13,167,347	$21,971,031	59.9	$8,803,684	$24,306,145	36.2
1988	13,687,396	22,606,689	60.5	8,919,293	23,194,975	38.5
1989	14,171,071	23,585,811	60.1	9,414,740	22,439,852	42.0
1990	14,796,810	24,770,569	59.7	9,973,759	22,350,930	44.6
1991	15,428,988	25,683,652	60.1	10,254,664	22,922,437	44.7
1992	16,121,934	26,920,546	59.9	10,798,612	22,231,917	48.6
1993	16,660,436	28,432,244	58.6	11,771,808	23,403,099	50.3
1994	16,729,222	29,957,939	55.8	13,228,717	22,352,193	59.2
1995	17,153,418	31,042,240	55.3	13,888,822	22,317,135	62.2
1996	18,004,054	31,807,020	56.6	13,802,966	21,476,026	64.3

Isolated analysis of the dollar amounts of net assets available for benefits, pension benefit and unfunded pension benefit obligation can be misleading. Expressing the net assets available for benefits as a percentage (column (3) above) of the pension benefit obligation provides one indication of the System's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the System is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the system. Trends in unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage (column (6) above) of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the System's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the system.

The information displayed above is derived by actuarial valuations, and should not be relied on without first considering the actuarial methods used in calculating this data.

Columnar formulas:
Column (3) = Column (1) divided by Column (2)
Column (4) = Column (2) less Column (1)
Column (6) = Column (4) divided by Column (5)

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Supplementary Information (Continued)
Comparative Summary of Revenues by Source and Expenses by Type
December 31, 1996

Revenues by Source

Fiscal Year	Employee Contributions	Employer Contributions: Dollar Amount	Employer Contributions: % of Annual Covered Payroll	Investment Income	Total
1987	$164,287	$570,248	2.3	$1,217,548	$1,952,083
1988	179,089	554,636	2.4	1,279,898	2,013,623
1989	146,026	582,789	2.6	1,316,260	2,045,075
1990	169,787	683,632	3.1	1,346,815	2,200,234
1991	156,248	722,781	3.2	1,368,877	2,247,906
1992	156,456	772,974	3.5	1,450,998	2,380,428
1993	168,684	797,990	3.4	1,327,206	2,293,880
1994	160,776	812,801	3.6	1,002,069	1,975,646
1995	161,927	870,706	3.9	1,420,690	2,453,323
1996	168,067	1,013,555	4.7	1,690,858	2,872,480

Expenses by Type

Year	Benefits	Administrative Expenses	Refunds	Total
1987	$1,208,297	$141,371	$110,582	$1,460,250
1988	1,282,947	147,816	62,811	1,493,574
1989	1,323,855	136,750	100,795	1,561,400
1990	1,363,707	140,617	70,171	1,574,495
1991	1,404,095	150,547	61,086	1,615,728
1992	1,453,476	162,204	71,802	1,687,482
1993	1,525,645	175,299	54,434	1,755,378
1994	1,620,378	179,818	106,664	1,906,860
1995	1,726,952	194,666	107,509	2,029,127
1996	1,756,271	191,876	73,697	2,021,844

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Supplementary Information (Continued)
Summary of Historical Data
December 31, 1996

The Employees' Retirement System of Jefferson Parish began operating on January 1, 1973, after the employees of Jefferson Parish voted 87.8% in favor of such retirement system to replace Social Security.

The Parish paid all retirement benefits and other expenses of the System from January 1, 1973, through December 31, 1974, from its General Fund. Contributions to the System began on January 1, 1975.

The System was funded initially by contributions of 5.85% of total wages by both the employee and the employer from January 1, 1975, through January 6, 1978. The rate was increased to 6.05% each, effective with the January 30, 1978, payroll.

In 1979 the Louisiana Legislature amended the Parochial Employees' Retirement System law to require Jefferson Parish to pay an additional 4.3% contribution (from 1%) or abandon Jefferson Parish's supplemental system and join the revised PERS effective January 1, 1980.

On December 12, 1979, the Jefferson Parish System agreed to merge its supplemental system with PERS, effective December 15, 1979. As a result of this, the 4.3% increase in cost was avoided.

After advice by its actuary, confirmed by its legal counsel, and with a written opinion from the Louisiana Attorney General, the Employees' Retirement System of Jefferson Parish decided to join PERS' supplemental system before January 1, 1980, at no added cost to the Parish or its employees.

All of the employees who were members of the Employees' Retirement System of Jefferson Parish's separate supplemental plan on December 14, 1979 will be guaranteed all of the benefits offered by that plan, and all retirees entitled to benefits under that plan will continue to receive those benefits. The accumulated assets and funds of the Employees' Retirement System of Jefferson Parish were retained for that purpose. All persons employed after December 14, 1979 are members of the PERS only. On December 31, 1996, there were 529 active members of the System (Note A).

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Supplementary Information (Continued)
Details of Investments
December 31, 1996

The following schedule represents a historical analysis of the types of investments and the applicable percentage of total investments at carrying amounts for the years ended 1996, 1995 and 1994:

	1996	% of total investments	1995	% of total investments	1994	% of total investments
U.S. Treasury obligations	$4,332,027	25%	$5,977,167	35%	$7,031,233	43%
U.S. Government agencies	1,657,042	9	2,174,107	13	2,412,688	15
U.S. Government guaranteed securities	-	-	66,000	1	76,000	1
Subtotal	5,989,069	34	8,217,274	49	9,519,921	59
Corporate bonds	3,526,936	20	5,273,365	31	6,243,410	38
Municipal bonds	350,000	2	350,000	2	350,000	2
Mutual funds	7,858,076	44	3,005,380	18	259,076	1
Cash in trust	47,263	-	-	-	-	-
Subtotal	11,782,275	66	8,628,745	51	6,852,486	41
Total investments	$17,771,344	100%	$16,846,019	100%	$16,372,407	100%

Refer to Note B.2. in the Summary of Significant Accounting Policies & Plan Asset Matters section of the Notes to Financial Statements of this report for an analysis of market values and carrying amounts categorized by type of investments.

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Supplementary Information (Continued)
Schedule of Administrative Expenses
For the Year Ended December 31, 1996

Salaries	$ 73,514
Retirement contributions	5,925
Group insurance	7,309
Depreciation	3,567
Membership dues & publications	177
Postage	4,073
Office expenses	5,261
Insurance	3,594
Actuarial fees	14,700
Audit fees	7,250
Legal fees	875
Investment counseling fees	57,716
Telephone	1,935
Car allowance	4,638
Travel and seminar expenses	1,342
Total Administrative Expenses	$191,876

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Supplementary Information (Continued)
Schedule of Insurance Policies in Force and Per Diem
As of December 31, 1996

Insurance Policies in Force

The following insurance policies were in force on December 31, 1996:

Type of Coverage	Amount of Coverage
Fidelity bond and depositor's forgery coverage, no deductible	$100,000
Employees non-owned and hired vehicles liability, combined bodily injury and property damage, no deductible	$600,000
Workers' compensation, no deductible	Per policy on file
General liability, no deductible	$1,000,000

Per Diem

Board members do not receive any compensation or per diem.

OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF COMPONENT UNIT FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Trustees of
The Employees' Retirement System of
Jefferson Parish, Louisiana

I have audited the component unit financial statements of the Employees' Retirement System of Jefferson Parish, a component unit of Jefferson Parish, as of and for the years ended December 31, 1996 and 1995, and have issued my report thereon dated February 5, 1997.

I conducted my audits in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Employees' Retirement System of Jefferson Parish is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of component unit financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the internal control structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

In planning and performing my audits of the component unit financial statements of the Employees' Retirement System of Jefferson Parish for the years ended December 31, 1996 and 1995, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the component unit financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I noted a matter involving the internal control structure and its operation that I consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. A reportable condition involves a matter coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgement, could adversely affect the entity's ability to record, process, summarize and report financial data consistent with the assertions of management in the component unit financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the component unit 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.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I noted that, as a material weakness, the size of the System's operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal accounting control, although to employ such controls may not be cost beneficial. This condition was considered in determining the nature, timing and extent of the procedures to be performed in my audits of the financial statements of the Employees' Retirement System of Jefferson Parish as of and for the years ended December 31, 1996 and 1995.

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

Keith J. Rovira

Keith J. Rovira
Certified Public Accountant

February 5, 1997

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS BASED ON AN AUDIT OF COMPONENT UNIT FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Trustees of
The Employees' Retirement System of
Jefferson Parish, Louisiana

I have audited the component unit financial statements of the Employees' Retirement System of Jefferson Parish, a component unit of Jefferson Parish, as of and for the years ended December 31, 1996 and 1995, and have issued my report thereon dated February 5, 1997.

I conducted my audits in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement.

Compliance with laws, regulations and contracts applicable to the Employees' Retirement System of Jefferson Parish is the responsibility of the Employees' Retirement System of Jefferson Parish. As part of obtaining reasonable assurance about whether the component unit financial statements are free of material misstatement, I performed tests of the Employees' Retirement System of Jefferson Parish's compliance with certain provisions of laws, regulations and contracts. However, the objective of my audits of the component unit financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

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

Keith J. Rovira

Keith J. Rovira
Certified Public Accountant

February 5, 1997