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LOUISIANA ASSESSORS' RETIREMENT FUND

SHREVEPORT, LOUISIANA

SEPTEMBER 30, 1997 AND 1996

LOUISIANA ASSESSORS' RETIREMENT FUND

SHREVEPORT, LOUISIANA

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March 2, 1998

To the Board of Trustees
Louisiana Assessors' Retirement Fund
Shreveport, Louisiana

Independent Auditor's Report

We have audited the accompanying balance sheets of the Louisiana Assessors' Retirement Fund as of September 30, 1997 and 1996, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the years 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 audits.

We conducted our 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 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 the Louisiana Assessors' Retirement Fund as of September 30, 1997 and 1996, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated January 9, 1998, on our consideration of Louisiana Assessors' Retirement Fund's internal control structure and a report dated January 9, 1998, on its compliance with laws and regulations.

The Analysis of Funding Progress and Schedule of Employer Contributions on Page 15 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires 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.

Heard, McElroy & Vestal, LLP

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LOUISIANA ASSESSORS' RETIREMENT FUND

STATEMENTS OF PLAN NET ASSETS

AS OF SEPTEMBER 30, 1997 AND 1996

	1997	1996
Assets:		
Cash and cash equivalents-Note 4	6,380,815	4,330,317
Receivables:		
Employer receivable	103,969	80,981
Member receivable	130,497	107,228
Accrued interest receivable	708,757	449,192
Accrued dividends receivable	62,649	47,386
Total receivables	1,005,872	684,787
Investments, at fair value: Note 5		
Certificates of deposit	352,183	560,000
Equitable securities	33,921,895	24,573,693
Securities of the United States	12,944,601	8,640,177
Securities guaranteed by the United States Government	4,518,936	4,693,589
U. S. Government guaranteed loans	10,371,326	9,902,148
U. S. Government Agencies	13,880,246	16,126,721
Corporate bonds	4,145,997	3,476,307
Real estate loan	104,460	114,121
Total investments	80,239,644	68,086,756
Other assets	1,718	-
Furniture and equipment-net-Note 6	4,283	5,078
Total assets	87,632,332	73,106,938
Liabilities:		
Accounts payable and accrued expenses	44,405	35,384
Net assets held in trust for pension benefits	87,587,927	73,071,554

See accompanying notes to financial statements.

LOUISIANA ASSESSORS' RETIREMENT FUND

STATEMENTS OF CHANGES IN PLAN NET ASSETS

FOR THE YEARS ENDED SEPTEMBER 30, 1997 AND 1996

	1997	1996
Additions:		
Contributions:		
Members	1,483,736	1,308,517
Employers	1,221,405	989,693
Tax collectors' remittance	3,340,933	3,062,717
Total contributions	6,046,074	5,360,927
Investment income:		
Net appreciation (realized and unrealized) in fair value of investments	9,953,157	6,048,031
Interest	3,812,093	3,582,105
Dividends	820,491	605,202
	14,585,741	10,235,338
Less-investment expenses	169,561	148,977
Net investment income	14,416,180	10,086,361
Other income	2,901	9,513
Total additions	20,465,155	15,456,801
Deductions:		
Annuity benefits	5,219,031	4,757,692
Disability benefits	32,163	31,431
Refund of contributions	167,488	71,110
Cost to transfer to other systems	15,858	11,738
Drop account payments	321,461	191,533
Beneficiary payments	33,821	-
Administrative expenses:		
Salaries	59,488	56,718
Payroll taxes	354	346
Retirement contribution	3,272	2,836
Board per diem	6,036	4,277
Board travel	14	2,940
Accounting and legal fees	28,222	21,198
Actuarial	9,720	9,720
Computer supplies and expense	2,773	2,107
Communications	5,093	5,046
Educational conferences	2,682	6,403

See accompanying notes to financial statements.

LOUISIANA ASSESSORS' RETIREMENT FUND

STATEMENTS OF CHANGES IN PLAN NET ASSETS

FOR THE YEARS ENDED SEPTEMBER 30, 1997 AND 1996

	1997	1996
Administrative expenses: (Continued)		
Rent-Note 7	9,720	12,960
Office expense	10,816	10,554
Insurance	6,527	5,548
Depreciation-Note 6	3,183	5,258
Interest expense	11,060	9,088
Total administrative expenses	158,960	154,999
Total deductions	5,948,782	5,218,503
Net increase	14,516,373	10,238,298
Net assets held in trust for pension benefits:		
Beginning of year	73,071,554	62,833,256
End of year	87,587,927	73,071,554

See accompanying notes to financial statements.

1. Plan Description

The Louisiana Assessors' Retirement Fund is the administrator of a cost-sharing multiple-employer public employee retirement system (PERS). The system provides retirement allowances and other benefits for the assessors and their permanent, full-time employees. The plan was established by Act 91 of the 1950 Louisiana Legislative Session. Provisions of the plan are set forth in the Louisiana Revised Statutes (R.S.11:1401 through R.S.11:1483).

As of September 30, 1997 and 1996, employee membership data related to the retirement plan was as follows:

	1997	1996
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	378	366
Active plan participants:		
Vested	339	334
Nonvested	361	355
Total active plan participants	700	689

Retirement Benefits - Members with 30 years of creditable service may retire at age fifty and members with at least 12 years of service may retire at age fifty-five. The monthly retirement allowance is equal to three percent of the highest average monthly salary earned during any thirty-six consecutive months while employed multiplied by the member's years of creditable service. The retirement allowance may not exceed 100% of final average compensation, after taking into account the reduction arising from any option selected.

Disability Benefits - Disability benefits are awarded to active members who are totally disabled with 12 or more years of creditable service. In addition, any member with 20 years of service who withdraws from service prior to reaching retirement age is eligible for disability benefits. The disability benefit is equal to the lesser of three percent of the final three-year average compensation multiplied by the number of years of creditable service (not to be less than 15 years) or three percent of the final three-year average compensation multiplied by years of service to earliest normal retirement age.

Survivor Benefits - If a member dies in service with less than 12 years of service credit, his accumulated contributions are paid to the surviving spouse. If a member dies with 12 or more years of creditable service and is not eligible for retirement, the surviving spouse receives an automatic option 2 benefit which ceases on remarriage. If a member dies who is eligible for retirement, the surviving spouse receives an automatic option 2 benefit which does not terminate on remarriage. The minor children or handicapped children of a member with no spouse who dies in line of duty or with four years creditable service receives $50 per month for the first child and $10 per month for each additional child.

1. Plan Description (Continued)

Provisions for the Deferred Retirement Option Plan - In lieu of terminating employment and accepting a service retirement allowance, any member with thirteen or more years of service at age fifty-six, or thirty-one or more years of service at age fifty-one, may elect to participate in the Deferred Retirement Option Plan (DROP) for up to two years and defer the receipt of benefits. Upon commencement of participation in the plan, membership in the system terminates. During participation in the plan, employer contributions are payable, but employee contributions cease. The monthly retirement benefits that would have been payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP fund. This fund does not earn interest. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the system has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the plan 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 any other method of payment if approved by the board of trustees. The monthly benefits that were being paid into the Deferred Retirement Option Plan Fund will begin to be paid to the retiree. If a participant dies during the participation in the plan, a lump sum equal to his account balance in the plan fund shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the twenty-four months, payments into the plan fund cease and the person resumes active contributing membership in the system.

Contribution Rates - The fund is financed by employee contributions of 7% of salary and employer contributions at a rate which is redetermined annually based on the results of the actuarial valuation for the prior year. The rate for fiscal 1997 was 5.00% of payroll. In addition, the fund receives .25% of the taxes shown to be collected on the tax rolls of each parish, excluding Orleans which is required to deduct one percent of taxes, and revenue sharing funds as appropriated each year by the Legislature. However, ad valorem taxes have not been collected from Orleans Parish, and the amount of taxes not collected is undeterminable.

Contribution Refunds - Upon withdrawal from service, members not entitled to a retirement allowance are paid a refund of accumulated contributions upon request. Receipt of such a refund cancels all accrued benefits in the system.

Plan Changes - Based upon a mortality study, the plan changed mortality tables used in 1995. The Plan previously used the 1971 Group Annuity Mortality Table but replaced it during the 1995 year with the 1983 Group Annuity Mortality Table (without margins). The effect of this change was to increase the present value of future benefits by about $2,700,000.

The Plan's retirement rates were restructured due to the creation of a DROP entry decrement.

2. Summary of Significant Accounting Policies and Plan Asset Matters
The Louisiana Assessors' Retirement Fund does not receive any state funds but is required to operate in compliance with Louisiana law.

Basis of Accounting. The financial statements are prepared on the accrual basis of accounting. Employee contributions are recognized as revenues in the period in which employees services are performed.

2. Summary of Significant Accounting Policies and Plan Asset Matters (Continued)

Method Used to Value Investments. As of September 30, 1996, investments are reported at fair value to comply with GASB Statement Number 25, which establishes financial reporting standards for defined benefit pension plans. 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. Investments that do not have an established market are reported at estimated fair value.

Fixed Assets. Fixed assets are carried at cost. Depreciation of fixed assets is computed on the straight-line method based on the estimated useful lives of the respective assets.

Cash Equivalents. For purposes of the statement of cash flows, the Fund considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

3. Explanation of Actuarial Values and Changes

The total actuarial present values of credited projected benefits were $152,095,630 and $140,915,528 at September 30, 1997 and September 30, 1996, respectively, consisting of:

	1997	1996
Active members	104,478,125	97,481,791
Terminated members	1,709,547	1,005,571
Retirees and survivors	45,907,958	42,428,166
	152,095,630	140,915,528

The actuarial present value of total projected benefits increased by $11,180,102 from September 30, 1996 to September 30, 1997.

4. Cash and Cash Equivalents

Cash and cash equivalents are carried at cost. Idle funds are invested in a repurchase agreement account and a money market account. The money market account is used in conjunction with the custodial account at Bank One. The repurchase agreement account was paying interest at 2.30% and the money market account at 5.04% as of September 30, 1997. Cash and cash equivalents at September 30, 1997 are noted below. Amounts at 1996 were $4,330,317 carrying amount and $4,352,055 bank balance.

	Carrying Amount	Bank Balance
Insured (FDIC)		
Repurchase Agreements: Securities held by Hancock Bank and collateralized by pledged securities. Market value of pledged security is $1,140,320	1,133,708	1,133,708
Money Market Account: Bank One Trust collateralized by securities of money market fund. Market value of securities is $1,425,832	1,425,832	1,425,832

4. Cash and Cash Equivalents (Continued)

	Carrying Amount	Bank Balance
Money Market Account:		
Bank One Trust collateralized by pledged securities.		
Market value of pledged securities is $2,307,347.	3,781,906	3,781,906
Insured cash equivalents	6,341,446	6,341,446
Cash	39,369	56,491
Total cash and cash equivalents	6,380,815	6,397,937

5. Investments

Statutes authorize the Fund to make investments using the "prudent-man rule", limited to twenty-five percent of the total portfolio in common stock. Investments are stated at cost or amortized cost with accrued interest shown under a separate caption on the balance sheet.

The retirement fund loaned the Louisiana Assessors' Association $130,000 to purchase a building. The loan is at 9 ½% interest and payable over ten years.

The Fund's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments in securities of the U. S. Government or guaranteed by the U. S. Government and investments that are insured or registered or for which the securities are held by the Fund or its agent in the Fund'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 Fund's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the Fund's name.

	1997			
	Category			
	1	2	3	Total
Certificates of deposit	352,183	-	-	352,183
Equitable securities	-	33,921,895	-	33,921,895
Securities of and guaranteed by the U. S. Government	17,463,537	-	-	17,463,537
U. S. Government guaranteed loans	10,371,326	-	-	10,371,326
U. S. Government Agencies	13,880,246	-	-	13,880,246
Corporate bonds	4,145,997	-	-	4,145,997
Real estate loan	-	104,460	-	104,460
	46,213,289	34,026,355	-	80,239,644

The Fund has a custodial agreement with Bank One Trust located in Shreveport, Louisiana. Under terms of the agreement, the custodian holds cash and securities of the Fund and collects income when due and all principal at maturity. The custodian reinvests or distributes income as directed by the Fund.

5. Investments (Continued)

Investment information at 1996 is noted below:

	1996			
	Category			
	1	2	3	Total
Certificates of deposit	560,000	-	-	560,000
Equitable securities	-	24,573,693	-	24,573,693
Securities of and guaranteed by the				
U. S. Government	13,333,766	-	-	13,333,766
U. S. Government guaranteed loans	9,902,148	-	-	9,902,148
U. S. Government Agencies	16,126,721	-	-	16,126,721
Corporate bonds	3,476,307	-	-	3,476,307
Real estate loan	-	114,121	-	114,121
	43,398,942	24,687,814	-	68,086,756

6. Furniture and Equipment

The details of the amounts of office furniture and equipment at September 30, 1997 and 1996 are as follows:

	1997	1996
Cost	44,516	42,128
Accumulated depreciation	(40,233)	(37,050)
	4,283	5,078

Depreciation charged to operations during the years ended September 30, 1997 and 1996 was $3,183 and $5,258, respectively.

7. Rent Expense

The Fund rented its business office in Shreveport, Louisiana. This lease expired June 30, 1997.

8. Contingencies

The Fund is currently involved in a lawsuit with Orleans Parish over the payment of tax revenues to the Fund. Each parish is to pay ¼ of 1% of property taxes plus ¼ of 1% of revenue sharing monies except Orleans Parish which is required to pay 1%. The Parish of Orleans ceased the 1% contribution in the mid 1970s. It has been remitting the 1% of state revenue sharing funds. The Fund has sued the Parish of Orleans to collect the back contributions required by law to the Fund. The suit has not yet gone to trial and the outcome is unknown at this time.

9. Per Diem and Reimbursed Expenses Paid Board Members

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. Listed below are the board members active during the fiscal year ending September 30, 1997 and their related reimbursements.

9. Per Diem and Reimbursed Expenses Paid Board Members (Continued)

	Number of Days	Amount Paid
Thomas L. Arnold	4	732
Michael D. Wooden	4	300
Daniel J. Broussard	6	1,248
Verna N. Soileau	6	1,082
Rich Bailey	1	75
Cameron F. Walker	2	150
M. L. Graham, Jr.	4	789
Richard M. Newton	1	150
Basil P. Scalise	3	225
Irby S. Gamble	5	682
Pamela C. Jones	3	603
		6,036

SUPPLEMENTARY INFORMATION

LOUISIANA ASSESSORS' RETIREMENT FUND

ANALYSIS OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability Entry Age (b)	Unfunded Actuarial Accrued Liability (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll [(b-a)/c)]
9/30/91	45,960,435	75,228,531	29,268,096	61.09%	15,983,897	183.11%
9/30/92	50,552,519	80,518,935	29,966,416	62.78%	16,522,712	181.36%
9/30/93	54,399,951	85,063,044	30,663,093	63.95%	16,897,427	181.47%
9/30/94	58,749,097	90,105,078	31,355,981	65.20%	17,805,316	176.10%
9/30/95	65,628,670	97,671,364	32,042,694	67.19%	18,040,940	177.61%
9/30/96	71,271,364	103,991,947	32,720,583	68.54%	19,437,383	168.34%
9/30/97	81,784,208	115,170,917	33,386,709	71.01%	21,190,419	157.56%

SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER

AND OTHER CONTRIBUTING ENTITIES

Year Ended	Annual Required Contribution	Annual Required Employer Contribution	Percentage of Employer Contribution in Annual Required Contribution	Required Contributions From Other than Employer and Members	Percentage of Other Contributions in Annual Required Contributions
9/30/96	4,324,954	1,137,961	26.31%	3,186,993	73.69%
9/30/97	4,321,032	774,611	17.93%	3,546,421	82.07%

LOUISIANA ASSESSORS' RETIREMENT FUND

NOTES TO THE SCHEDULE OF FUNDING PROGRESS

AND SCHEDULE OF EMPLOYER CONTRIBUTIONS

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

The method used to calculate costs is the Frozen Attained Age Normal Cost Method with the unfunded accrued liability frozen as of September 30, 1989, and amortized over 40 years. All assumptions utilized were the same as those for the prior year. Under the Frozen Attained Age Normal Cost Method, experience gains and losses are spread over future normal costs. Thus, favorable actuarial and investment experience will lower future normal costs; unfavorable experience will cause future normal costs to increase. Plan benefit changes and changes in the actuarial assumptions are funded through future normal costs.

Contributions Required and Contributions Made
The first of these components is the employer normal cost of the plan which was $2,143,370 and $2,195,955 as of October 1, 1997 and 1996.

In addition, amortization payments on the fund's unfunded accrued liability must be made. Act 81 of the 1988 legislative session requires that the unfunded accrued liability be amortized over a forty year period beginning on October 1, 1989, with payments increasing at 3.5% per year. This schedule results in a payment of $1,870,207 and $1,806,963 for fiscal years 1997 and 1996, respectively. The sum of normal and amortization costs as of October 1, 1997 and 1996 is $4,013,577 and $4,002,918. When this value is then adjusted to account for the fact that payments are received throughout the year and increased for anticipated administrative expenses, the resulting total required by the employer and/or tax monies is $4,321,032 and $4,324,954, respectively.

Actual contributions for the years ended September 30, 1997 and 1996 were $4,562,338 and $4,052,410, respectively. These contributions consist of 5% employer contributions, ad valorem taxes collected by the respective parishes and state revenue sharing funds received. Member contributions are established by state statute at 7% and resulted in contributions of $1,483,736 for the year ended September 30, 1997, and $1,308,517 for the year ended September 30, 1996. Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the standardized measure of the pension obligation discussed in Note 3. In the current year there were no significant changes in benefit provisions or actuarial assumptions.

For the year ending September 30, 1997, GASB 25 was implemented into the financial statements and supplementary schedules. Information included in the supplementary schedules contains the required information for the transition year and as many of the previous years for which acceptable information is available. The information included in the financial statements and supplementary information was developed to satisfy the parameter criteria established in GASB-25. Noncompliance information is not presented on the schedule of employer contributions.

OTHER REPORTS

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January 9, 1998

To the Board of Trustees
Louisiana Assessors' Retirement Fund
Shreveport, Louisiana

<u>Independent Auditor's Report on Internal Control Structure</u>

We have audited the financial statements of the Louisiana Assessors' Retirement Fund as of and for the year ended September 30, 1997, and have issued our report thereon dated

We conducted our audit in accordance with generally accepted auditing standards and <u>Government Auditing Standards</u>, 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.

The management of the Louisiana Assessors' Retirement Fund 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 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 structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of the Louisiana Assessors' Retirement Fund for the year ended September 30, 1997, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation 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 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 structure and its operations that we consider to be material weaknesses as defined above.

This report is intended for the information of the Board of Trustees, management and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Heard, McElroy & Vestal LLP

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January 9, 1998

To the Board of Trustees
Louisiana Assessors' Retirement Fund
Shreveport, Louisiana

Independent Auditor's Report on Compliance with Laws and Regulations

We have audited the financial statements of the Louisiana Assessors' Retirement Fund as of and for the year ended September 30, 1997, and have issued our report thereon dated

We conducted our audit in accordance with generally accepted auditing standards 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.

Compliance with laws and regulations applicable to the Louisiana Assessors' Retirement Fund is the responsibility of the Fund's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Fund's compliance with certain provisions of laws and regulations. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. 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.

This report is intended for the information of the Board of Trustees, management, and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Heard, McElroy & Vestal, L.L.P.