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LOUISIANA SHERIFFS' AUTOMOBILE RISK PROGRAM

FINANCIAL STATEMENTS AND

SUPPLEMENTAL SCHEDULES

June 30, 1997

Greg A. Kennedy, CPA (APAC)

LOUISIANA SHERIFFS' AUTOMOBILE RISK PROGRAM
Baton Rouge, Louisiana

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GREG A. KENNEDY
Certified Public Accountant
(A Professional Accounting Corporation)

INDEPENDENT AUDITOR'S REPORT

Board of Managers
Louisiana Sheriffs' Automobile Risk Program
Baton Rouge, Louisiana

I have audited the accompanying statement of financial position of Louisiana Sheriffs' Automobile Risk Program as of June 30, 1997, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Program's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Sheriffs' Automobile Risk Program as of June 30, 1997, and the changes in its net deficit and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued a report dated December 4, 1997, on my consideration of the Louisiana Sheriffs' Automobile Risk Program's internal control structure and a report dated December 4, 1997, on its compliance with laws and regulations.

The Louisiana Sheriffs' Automobile Risk Program has a cumulative net deficit as of June 30, 1997. Management's plans regarding this matter is described in Note 2 to the financial statements.

Greg A. Kennedy

CERTIFIED PUBLIC ACCOUNTANT

December 4, 1997

7341 Jefferson Highway, Suite H • Baton Rouge, Louisiana 70806 • (504) 927-5704

LOUISIANA SHERIFFS' AUTOMOBILE RISK PROGRAM
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 1997

(With Comparative Data for 1996)

ASSETS	1997	1996
Investments	$ 2,426,609	$ 1,884,203
Cash and cash equivalents	79,527	262,130
Accrued interest receivable	15,250	23,712
Receivables from members	0	1,977
TOTAL ASSETS	$ 2,521,386	$ 2,172,022
LIABILITIES AND NET DEFICIT		
LIABILITIES		
Claims reserves	$ 5,193,855	$ 3,936,530
Reserve for unallocated loss adjustment expenses	50,000	52,000
Accounts payable and accrued liabilities	45,387	0
TOTAL LIABILITIES	5,289,242	3,988,530
NET DEFICIT		
Unrestricted-operating	(2,767,856)	(1,816,508)
TOTAL LIABILITIES AND NET DEFICIT	$ 2,521,386	$ 2,172,022

The accompanying notes are an integral part of these statements.

LOUISIANA SHERIFFS' AUTOMOBILE RISK PROGRAM
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 1997

(With Comparative Data for 1996)

	1997	1996
REVENUE AND OTHER SUPPORT		
Membership contributions:		
Liability premiums	$ 2,261,557	$ 2,203,174
Excess premiums	446,573	423,700
Physical damage premiums	157,474	125,617
Investment income	136,035	108,177
Total revenue and other support	3,001,639	2,860,668
EXPENSES		
Program expenses:		
Claims and claim expenses paid on current losses	567,017	387,506
Established claims reserves	1,383,854	1,562,630
Adjustment to prior years' claim reserves	1,257,325	347,732
Excess insurance premiums	456,707	446,882
Unallocated loss adjustment expense (credit)	(2,000)	18,400
Total program expenses	3,662,903	2,763,150
Supporting services:		
Administrators fee	201,561	134,764
LSA administration fee	65,000	65,000
Other general and administrative	23,523	19,778
Total supporting services	290,084	219,542
Total expenses	3,952,987	2,982,692
Change in net deficit	(951,348)	(122,024)
NET DEFICIT		
June 30, 1996	(1,816,508)	(1,694,484)
June 30, 1997	$ (2,767,856)	$ (1,816,508)

The accompanying notes are an integral part of these statements.

LOUISIANA SHERIFFS' AUTOMOBILE RISK PROGRAM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 1997

(With Comparative Data for 1996)

	1997	1996
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net deficit	$ (951,348)	$ (122,024)
Adjustments to reconcile change in net deficit to net cash provided by operating activities:		
Change in operating assets and liabilities:		
Accrued interest receivable	8,462	(13,594)
Receivables from members	1,977	6,297
Claims reserve	1,257,325	347,732
Reserve for unallocated loss adjustment expenses	(2,000)	18,400
Due to Louisiana Sheriffs' Risk Management Program	0	(85,000)
Accounts payable and accrued liabilities	45,387	(4,369)
Net cash provided by operating activities	359,803	147,442
CASH FLOWS FROM INVESTING ACTIVITIES		
Net increase in investments	(542,406)	(217,059)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(182,603)	(69,617)
CASH AND CASH EQUIVALENTS:		
June 30, 1996	262,130	331,747
June 30, 1997	$ 79,527	$ 262,130

The accompanying notes are an integral part of these statements.

NOTE 1- DESCRIPTION OF PROGRAM

The Louisiana Sheriffs' Automobile Risk Program (LASHARP), a public entity risk pool, was created effective July 1, 1989. The purpose of the Program is to provide members of the Louisiana Sheriffs' Association automobile liability insurance.

The Program retains the first $100,000/$300,000/$100,000 layer of exposure and affords its individual members the option of purchasing excess automobile liability coverage through outside underwriters for claims in excess of the amount retained. In addition, the program provides coverage for medical payments coverage with a $2,000 limit and uninsured motorists coverage at various limits.

Individual members' optional excess automobile liability coverage is offered for the following limits:

- $300,000 combined single limit
- $350,000 combined single limit
- $500,000 combined single limit
- $1,000,000 combined single limit

Excess automobile liability coverage was provided through Clarendon National Insurance Company for 1997 and 1996.

The responsibility for managing the affairs of LASHARP rests with the Board of Managers consisting of eight Sheriffs elected by a majority vote of the Sheriffs in each Congressional District. Managers are elected for staggered terms of four years and may be re-elected to any number of successive terms.

Mor-Tem Systems, Inc. serves as the administrator for the Program. The administrators responsibilities include, but are not limited to, underwriting, policy issuance, policy holder services and claims management services. In addition, the administrator oversees and manages the claim services and uses professional adjustment firms in Louisiana for field services.

The Louisiana Sheriffs' Association is in charge of the accounting and bookeeping functions in addition to various administrative duties.

**NOTE 2-	MANAGEMENT'S PLANS FOR FUTURE OPERATIONS**

The administrator has revised the methodology for establishing claims reserves and has implemented a diary system to facilitate proper claims review. In an effort to control litigation costs, attorneys were given a structured set of guidelines and all attorney bills are audited monthly.

Management of the Program believes that steps to revise the Program's operating and financial requirements such as increasing future premium contributions and the continuance of risk prevention programs will be sufficient to provide the Program with the ability to meet its present and future obligations and to eliminate the Program's deficit.

**NOTE 3-	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Financial Statement Presentation

In 1996, the Program elected to adopt Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Program is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Program is required to present a statement of cash flows.

Estimates

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

Investments

The Program accounts for its investments under SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities." SFAS No. 115 addresses the accounting and reporting for investments in equity securities that have readily determinable fair values and all investments in debt securities. These investments are to be classified into the following categories:

1) Held-to-maturity securities reported at amortized cost;
2) Trading securities reported at fair value with unrealized gains and losses included in earnings; or
3) Securities available-for-sale reported at fair value with unrealized gains and losses reported as separate component of fund balance.

The Program's investments are classified and accounted for as held-to-maturity. Gains and losses on the ultimate sale of securities are determined using the specific identification method. Premiums and discounts are amortized into investment income using a level yield method.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Program considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Reserve for Unallocated Loss Adjustment Expenses

The reserve for unallocated loss adjustment expense represents the estimated cost to be incurred with respect to the settlement of claims in process and claims incurred but not reported. Management estimates this liability at each year-end based upon cost estimates. The change in the liability each year is reflected in current earnings.

Excess Insurance

The Program purchases excess insurance only for individual members who elect to acquire the excess coverage to reduce their exposure to large losses. The purpose of excess insurance is to transfer a portion of the risk from the insured to the excess insurer. The Program does not report liabilities which are covered by excess insurance.

Income Taxes

No provision for income taxes has been made since the receipts of the Program are considered public monies which are believed to be exempt from Federal and State income taxes. The Program has not requested nor has it received a letter of determination from the Internal Revenue Service advising it that it qualifies as a not-for-profit entity under Section 501 of the Internal Revenue Code.

NOTE 4- INVESTMENTS

Investments as of June 30, 1997 and 1996 are summarized as follows:

	June 30, 1997	
	Amortized Cost	Approximate Market Value
Debt Securities		
FHLMC POOL, maturing September 1, 2001, with an interest rate of 6.00%	$ 100,000	$ 97,888
FHLMC POOL, maturing December 1, 2001, with an interest rate of 6.00%	15,000	12,893
FHLMC POOL, maturing September 1, 2002, with an interest rate of 6.00%	175,000	173,298

FHLMC POOL, maturing October 1, 2003, with an interest rate of 6.00%	95,000	96,856
FHLMC POOL, maturing December 1, 2010, with an interest rate of 6.00%	90,000	88,315
FHLMC POOL, maturing July 9, 2003, with an interest rate of 6.30%	100,000	97,560
FHLMC DEBENTURE, maturing January 24, 2001, with an interest rate of 5.69%	95,000	92,654
FHLMC DEBENTURE, maturing February 21, 2001, with an interest rate of 5.29%	38,000	38,500
FHLMC DEBENTURE, maturing August 25, 2005, with an interest rate of 7.07%	40,000	34,542
FHLMC DEBENTURE, maturing February 9, 2006, with an interest rate of 5.83%	210,000	206,448
FHLMC DEBENTURE, maturing June 24, 2005, with an interest rate of 7.12%	100,000	98,440
FHLMC DEBENTURE, maturing February 7, 2006, with an interest rate of 6.78%	200,000	195,380
FHLMC DEBENTURE, maturing February 14, 2011, with an interest rate of 7.07%	50,000	48,690
FNMA POOL, maturing December 1, 2002, with an interest rate of 6.00%	95,000	91,944
FNMA POOL, maturing April 1, 2003, with an interest rate of 6.00%	85,000	80,296
FNMA POOL, maturing April 1, 2011, with an interest rate of 6.50%	200,000	196,470

FNMA POOL, maturing March 1, 2012, with an interest rate of 7.00%	30,000	29,712
FNMA DEBENTURE, maturing November 12, 2003, with an interest rate of 6.20%	10,000	9,694
FNMA MEDIUM TERM NOTE, maturing December 30, 1998, with an interest rate of 5.40%	200,000	198,220
SALLIE MAE NOTE, maturing September 28, 1998, with a floating interest rate	65,000	59,906
SALLIE MAE NOTE, maturing January 28, 2000, with a floating interest rate	30,000	29,964
U.S. TREASURY NOTE, maturing January 31, 1999, with an interest rate of 5.00%	75,000	73,875
U.S. TREASURY NOTE, maturing October 15, 1999, with an interest rate of 6.00%	60,000	59,888
Total debt securities	2,158,000	2,111,433
Equity Securities		
Abbott Laboratories, 70 shares	4,875	4,673
Allstate, 70 shares	3,104	5,110
AMP, Inc., 190 shares	8,100	7,933
Amoco, 45 shares	3,318	3,912
Atlantic Richfield, 50 shares	3,350	3,525
BCE, Inc., 300 shares	8,500	8,400
Baker Hughes, 100 shares	3,127	3,869
Banc One, 230 shares	10,580	11,141
Bausch & Lomb, 200 shares	8,991	9,425
Baxter International, 220 shares	12,377	11,509
Caterpillar, Inc., 90 shares	10,100	9,664
Central & Southwest, 530 shares	11,130	11,263
Dayton Hudson, 80 shares	4,005	4,255
Du Pont, 80 shares	5,000	5,030
Ford Motor, 200 shares	7,600	7,600
Frontier Corp., 400 shares	7,640	7,975

GTE Corp., 280 shares	12,100	12,285
Great Western Financial, 200 shares	10,107	10,750
Halliburton Co., 60 shares	3,110	4,755
Harris Corp., 50 shares	3,254	4,200
Heinz Co., 180 shares	8,300	8,303
Lockheed Martin, 80 shares	7,900	8,285
Maytag Corp., 400 shares	9,500	10,600
Minorco, 340 shares	7,075	7,841
Motorola, 75 shares	5,500	5,709
Newmont Mining, 110 shares	4,350	4,290
Newport News, 15 shares	300	292
Peco Energy, 125 shares	3,142	2,625
Raytheon, 140 shares	7,050	7,140
Royal Dutch Petroleum, 100 shares	5,000	5,438
SBC Communications, 40 shares	2,500	2,475
Tenet Healthcare, 250 shares	8,200	7,375
Tenneco, Inc., 175 shares	7,000	7,908
Terra Inds, 450 shares	4,700	5,231
Torchmark, 75 shares	3,216	5,344
USX Marathon, 250 shares	7,200	7,219
Union Tex, 490 shares	10,300	10,260
Waste Management, 265 shares	8,100	8,513
Wendy's International, 440 shares	10,108	11,413
Williams Co., 205 shares	8,800	8,965
Total equity securities	268,609	282,500
	$ 2,426,609	$ 2,393,933

	June 30, 1996	
	Amortized Cost	Approximate Market Value
Debt Securities		
FHLMC DEBENTURE, maturing February 23, 2001, with an interest rate of 5.10%	$ 97,363	$ 97,030
FHLMC DEBENTURE, maturing March 8, 1999, with an interest rate of 5.94%	14,829	14,757
FHLMC DEBENTURE, maturing July 9, 2003, with an interest rate of 6.30%	96,234	95,440

FNMA DEBENTURE, maturing November 12, 2003, with an interest rate of 6.20%	9,533	9,431
FNMA MEDIUM TERM NOTE, maturing August 25, 1998, with an interest rate of 5.30%	97,955	97,420
FNMA MEDIUM TERM NOTE, maturing December 30, 1998, with an interest rate of 5.40%	195,800	194,280
FHLMC POOL, maturing December 1, 2010, with an interest rate of 6.00%	97,301	91,790
FHLMC POOL, maturing September 1, 2002, with an interest rate of 6.00%	195,607	186,599
FNMA POOL, maturing December 1, 2002, with an with an interest rate of 6.00%	99,353	95,442
FNMA POOL, maturing April 1, 2011, with an interest rate of 6.50%	215,462	209,234
FHLMC DEBENTURE, maturing February 21, 2001, with an interest rate of 5.29%	39,828	37,964
FHLMC DEBENTURE, maturing August 25, 2005, with an interest rate of 7.07%	35,188	33,950
FHLMC DEBENTURE, maturing February 9, 2006, with an interest rate of 5.83%	221,849	200,816
SLMA NOTE, maturing February 14, 1997, with a floating interest rate	50,197	50,120
U.S. TREASURY NOTE, maturing August 15, 2002, with an interest rate of 6.38%	31,458	29,756
U.S. TREASURY NOTE, maturing August 31, 1997, with an interest rate of 5.63%	30,087	29,897

U.S. TREASURY NOTE, maturing October 15, 1999, with an interest rate of 6.00%	61,670	59,438
U.S. TREASURY NOTE, maturing February 15, 2003, with an interest rate of 6.25%	30,381	29,475
U.S. TREASURY NOTE, maturing April 15, 2000, with an interest rate of 5.50%	25,673	33,961
U.S. TREASURY NOTE, maturing January 31, 1999, with an interest rate of 5.00%	101,450	97,030
SLMA DEBENTURE, maturing September 28, 1998, with a variable interest rate	60,480	60,000
Total debt securities	1,808,198	1,753,830
Equity Securities		
ADT, Ltd., 170 shares	3,284	3,230
Allstate, 70 shares	3,104	3,194
AMP, 75 shares	3,150	3,009
Amoco, 45 shares	3,318	3,246
Atlantic Richfield, 25 shares	2,985	2,956
Baker Hughes, 100 shares	3,127	3,288
Central & Southwest, 120 shares	3,383	3,465
Conrail, 50 shares	3,507	3,319
Cyprus Amax, 130 shares	3,316	2,974
Diamond Shamrock, 100 shares	3,064	2,888
Dupont, 40 shares	3,262	3,165
First Virginia Bank, 75 shares	3,150	3,000
GTE, 40 shares	1,751	1,790
Halliburton, 60 shares	3,110	3,330
Harris Corporation, 50 shares	3,254	3,050
Limited, 150 shares	3,309	3,225
Peco Energy, 125 shares	3,142	3,250
Tenet Healthcare, 150 shares	3,208	3,206
Terra Inds, 230 shares	3,222	2,846
Texas Instruments, 60 shares	3,345	2,993
Torchmark, 75 shares	3,216	3,281
USX Marathon, 150 shares	3,132	3,019

USX Steel, 110 shares	3,355	3,121
Union Tex Pet., 170 shares	3,312	3,314
Total equity securities	76,006	74,159
	$ 1,884,204	$ 1,827,989

A summary of investment securities as of June 30, 1997 follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Approximate Market Value
FNMA	$ 620,000	-	13,664	$ 606,336
FHLMC	1,308,000	2,356	28,892	1,281,464
SLMA	95,000	-	5,130	89,870
U.S. TREASURIES	135,000	-	1,237	133,763
EQUITIES	268,609	17,139	3,248	282,500
	$ 2,426,609	19,495	52,171	$ 2,393,933

The scheduled maturities of debt securities as of June 30, 1997 are as follows:

	Amortized Cost	Approximate Market Value
Due from one year to five years	$ 678,000	$ 663,788
Due from five to ten years	1,110,000	1,084,458
Due after ten years	370,000	363,187
	$ 2,158,000	$ 2,111,433

FANNIE MAES (FNMA)-mortgage-backed securities guaranteed by the Federal National Mortgage Association, a federally chartered and stockholder-owned corporation subject to supervision by the Secretary of Housing and Urban Development.

FREDDIE MACS (FHLMC)-mortgage participation certificates guaranteed by the Federal Home Loan Mortgage Corporation, publicly held, government-sponsored enterprise created pursuant to an Act of Congress.

NOTE 5- RESERVES FOR CLAIMS

The Program utilized the services of an independent actuarial firm to determine the estimated reserves for claims as of June 30, 1997 and 1996.

NOTE 6- UNPAID CLAIMS LIABILITIES

The Program establishes a liability for reported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following table represents changes in those aggregate liabilities for the Program:

	1997	1996
Unpaid claims and claims adjustment expenses at the beginning of the year	$ 3,988,530	$ 3,622,398
Incurred claims and claim adjustment expenses:		
Provision for insured events of current year	1,950,871	1,950,136
Increase in provision for insured events of prior years	1,882,626	265,990
Total incurred claims and claim expenses	3,833,497	2,216,126
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current year	(567,017)	(387,506)
Claims and claim adjustment expenses attributable to insured events of prior years	(2,011,155)	(1,462,488)
Total claim expenses	(2,578,172)	(1,849,994)
Unpaid claims and claim adjustment expenses at end of year	$ 5,243,855	$ 3,988,530

As of June 30, 1997, approximately $5,698,412 of unpaid claims and claim adjustment expenses are presented at their net present value of $5,243,855. These claims were discounted at annual rates of five percent.

NOTE 7- EXCESS INSURANCE AND OTHER

A contingent liability exists which could become a liability in the unlikely event that all or any of the insurance companies which provide excess insurance for the Program cancel, fail to renew or become unable to meet their obligations under the excess insurance contracts. In the event of such occurence, the Program's members could be responsible for such defaulted amounts. In addition, the Program's members could be responsible for the portion of the Program's retention of claims if the Program is unable to meet its obligations.

NOTE 8- FAIR VALUES OF FINANCIAL INSTRUMENTS

The Program has a number of financial instruments, none of which are held for trading purposes. The Program estimates that the fair value of all financial instruments, with the exception of investments (see Note 4), at June 30, 1997 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the Program could realize in a current market exchange.

NOTE 9- CASH AND CASH EQUIVALENTS

As of June 30, 1997 and 1996, respectively, the Program had cash and cash equivalents (bank balances) of $125,081 and $432,122 as follows:

	1997	1996
Demand deposits	$ 125,081	$ 432,122

Cash and cash equivalents of deposit balances at June 30, 1997 and 1996, are collateralized as follows:

Bank balances	$ 125,081	$ 432,122
Federal deposit insurance and other security	$ 125,081	$ 432,122
Unsecured portion	$ -	$ -

NOTE 10- LITIGATION

At June 30, 1997, the Program was not involved in litigation either as plaintiff or defendant except for litigation involving claims in the ordinary course of its operations.

SUPPLEMENTAL INFORMATION

GREG A. KENNEDY
Certified Public Accountant
(A Professional Accounting Corporation)

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

Board of Managers
Louisiana Sheriffs' Automobile Risk Program
Baton Rouge, Louisiana

My examination was made primarily to enable me to express an overall opinion on the basic financial statements of Louisiana Sheriffs' Automobile Risk Program for the year ended June 30, 1997, which are presented in the preceding sections of this report.

The comparative schedule of claim development earned membership fees, and unallocated expenses for the six year period ended June 30, 1997 as shown on pages 17 and 18, is required supplemental information and in my opinion is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Greg A. Kennedy
CERTIFIED PUBLIC ACCOUNTANT

Baton Rouge, Louisiana
December 4, 1997

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LOUISIANA SHERIFFS' AUTOMOBILE RISK PROGRAM
Comparative Schedule of Claim Development, Earned Membership Fees, and Unallocated Expenses

For the Six Year Period Ended June 30, 1997

		1992	1993	1994	1995	1996	1997
1	Earned membership fees and interest revenue net of excess insurance premiums	$ 1,422,252	$ 2,094,475	$ 2,200,527	$ 2,300,578	$ 2,413,786	$ 2,544,932
2	Unallocated expenses	210,431	320,644	373,566	271,044	219,542	225,084
3	Estimated incurred claims and expenses, net of policy year	1,503,655	2,080,622	1,704,156	1,520,852	1,950,136	1,950,871
4	Cumulative paid claims as of:						
	End of policy year	302,031	390,785	262,608	227,258	387,506	567,017
	One year later	1,061,453	749,583	670,726	554,180	1,079,899	-
	Two years later	1,874,766	1,447,208	1,258,889	826,373	-	-
	Three years later	2,200,244	1,930,599	1,553,520	-		
	Four years later	2,252,760	1,976,081	-	-	-	-
	Five years later	2,253,5[illegible]	-	-	-	-	-
5	Reestimated incurred claims and expenses:						
	End of policy year	1,503,655	2,080,622	1,704,156	1,520,852	1,950,136	1,950,871
	One year later	1,617,801	2,080,622	1,878,898	1,855,038	1,773,641	-
	Two years later	2,618,813	2,165,616	2,356,600	1,577,143	-	-
	Three years later	2,497,125	2,457,848	1,783,927	-	-	-
	Four years later	2,459,709	2,165,833	-	-	-	-
	Five years later	2,284,828	-	-	-	-	-
6	Increase (decrease) in estimated incurred claims and expense from end of the policy year	$ 781,173	$ 85,211	$ 79,771	$ 56,291	$ (176,495)	$ -

LOUISIANA SHERIFFS' AUTOMOBILE RISK PROGRAM
COMPARATIVE SCHEDULE OF CLAIM DEVELOPMENT, EARNED MEMBERSHIP FEES, AND UNALLOCATED EXPENSES

(Six-Year Claims Development Information)

The table on page thirteen illustrates how the Program's earned revenues (net of excess insurance premiums) and investment income compare to related costs of loss (net of loss assumed by excess carriers) and other claim expenses assumed by the Program as of the end of each of the six years the Program has been in existence. The rows of the table are defined as follows:

1. This line shows the total of each fiscal year's earned contribution revenues and investment revenues net of excess insurance costs.

2. This line shows each fiscal year's other operating costs of the Program including overhead and claims expense not allocable to individual claims.

3. This line shows the Program's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called the policy year).

4. This section of six rows shows the cumulative amounts paid as of the end of successive years for each policy year.

5. This section of six rows show how each policy year's incurred claims increased or decreased as of the end of successive years. This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.

6. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims or cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years. The columns of the table show data for successive policy years.

GREG A. KENNEDY
Certified Public Accountant
(A Professional Accounting Corporation)

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

Board of Managers
Louisiana Sheriffs' Automobile Risk Program
Baton Rouge, Louisiana

I have audited the financial statements of Louisiana Sheriffs' Automobile Risk Program, as of June 30, 1997, and for the year then ended, and have issued my report thereon dated December 4, 1997.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement.

The management of Louisiana Sheriffs' Automobile Risk Program 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 the 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 my audit of the financial statements of Louisiana Sheriffs' Automobile Risk Program, for the year ended June 30, 1997, 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 financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such

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an opinion.

My 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 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 financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control structure and its operations that I consider to be material weaknesses as defined above.

This report is intended solely for the use of management of the Louisiana Sheriffs' Automobile Risk Program, and interested state and federal agencies. However, this report is a matter of public record and its distribution is not limited.

Greg A. Kennedy

Baton Rouge, Louisiana
December 4, 1997

GREG A. KENNEDY
Certified Public Accountant
(A Professional Accounting Corporation)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Managers
Louisiana Sheriffs' Automobile Risk Program
Baton Rouge, Louisiana

I have audited the financial statements of Louisiana Sheriffs' Automobile Risk Program, as of June 30, 1997, and for the year then ended, and have issued my report thereon dated December 4, 1997.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States; and the Louisiana Governmental Audit Guide, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement.

Compliance with laws, regulations and contracts applicable to Louisiana Sheriffs' Automobile Risk Program, is the responsibility of Louisiana Sheriffs' Automobile Risk Program's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of Louisiana Sheriffs' Automobile Risk Program's compliance with certain provisions of laws, regulations, and contracts. However, the objective of my audit of the 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 herein under Government Auditing Standards.

This report is intended solely for the use of management of Louisiana Sheriffs' Automobile Risk Program, and interested State and Federal agencies. However, this report is a matter of public record and its distribution is not limited.

Greg A. Kennedy

Baton Rouge, Louisiana
December 4, 1997

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