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LOUISIANA ASSESSORS' RETIREMENT FUND

BATON ROUGE, LOUISIANA

SEPTEMBER 30, 1999 AND 1998

Release Date APR 1 9 2000

LOUISIANA ASSESSORS' RETIREMENT FUND

BATON ROUGE, LOUISIANA

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February 11, 2000

To the Board of Trustees
Louisiana Assessors' Retirement Fund
Baton Rouge, Louisiana

Independent Auditor's Report

We have audited the accompanying statements of plan net assets of the Louisiana Assessors' Retirement Fund as of September 30, 1999 and 1998, and the related statements of changes in plan net assets 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, 1999 and 1998, and the results of its operations 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 February 11, 2000, on our consideration of Louisiana Assessors' Retirement Fund's internal control structure and on its compliance with laws and regulations.

The Analysis of Funding Progress and Schedule of Contributions from the Employer on Page 12 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.

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LOUISIANA ASSESSORS' RETIREMENT FUND

STATEMENTS OF PLAN NET ASSETS

AS OF SEPTEMBER 30, 1999 AND 1998

	1999	1998
Assets:		
Cash and cash equivalents-Note 4	7,284,623	7,559,059
Receivables:		
Employer receivable	179,858	106,984
Member receivable	180,790	127,341
Accrued interest receivable	670,893	609,273
Accrued dividends receivable	81,459	66,685
Total receivables	1,113,000	910,283
Investments, at fair value: Note 5		
Certificates of deposit	175,441	183,821
Equitable securities	41,166,538	36,448,551
Securities of the United States	6,667,719	13,197,120
Securities guaranteed by the United States Government	4,980,003	3,739,505
U. S. Government guaranteed loans	13,891,907	13,317,920
U. S. Government Agencies	16,255,084	19,040,564
Corporate bonds	9,883,461	1,690,905
Real estate loan	55,272	65,723
Total investments	93,075,425	87,684,109
Other assets	1,718	1,718
Furniture and equipment-net-Note 6	2,399	4,076
Total assets	101,477,165	96,159,245
Liabilities:		
Accounts payable and accrued expenses	50,926	45,045
Net assets held in trust for pension benefits	101,426,239	96,114,200

See accompanying notes to financial statements.

LOUISIANA ASSESSORS' RETIREMENT FUND

STATEMENTS OF CHANGES IN PLAN NET ASSETS

FOR THE YEARS ENDED SEPTEMBER 30, 1999 AND 1998

	1999	1998
Additions:		
Contributions:		
Members	1,659,014	1,631,154
Employers	1,442,469	1,388,087
Tax collectors' remittance	3,735,440	3,603,329
Total contributions	6,836,923	6,622,570
Investment income:		
Net appreciation (realized and unrealized) in fair value of investments	768,234	4,175,944
Interest	3,426,047	3,263,958
Dividends	924,455	873,933
	5,118,736	8,313,835
Less-investment expenses	212,728	199,863
Net investment income	4,906,008	8,113,972
Other income	31,052	14,859
Total additions	11,773,983	14,751,401
Deductions:		
Annuity and disability benefits	5,921,747	5,541,912
Transfers in interest on contributions repaid and benefits recovered	(39,601)	(149,190)
Refund of contributions	119,913	149,271
Cost to transfer to other systems	-	4,962
Drop account payments	266,618	470,364
Beneficiary payments	-	9,242
Interest expense	-	48,146
Administrative expenses:		
Salaries	100,788	64,086
Payroll taxes	1,119	319
Retirement contribution	11,121	3,685
Board per diem-Note 9	2,925	4,210
Board travel	1,788	1,741
Accounting and legal fees	24,712	19,276
Actuarial	12,326	11,760
Computer supplies and expense	7,861	8,015
Communications	7,085	4,895

See accompanying notes to financial statements.

LOUISIANA ASSESSORS' RETIREMENT FUND

STATEMENTS OF CHANGES IN PLAN NET ASSETS

FOR THE YEARS ENDED SEPTEMBER 30, 1999 AND 1998

	1999	1998
Administrative expenses: (Continued)		
Educational conferences	9,644	6,381
Office expense	11,724	13,483
Insurance	-	7,188
Depreciation-Note 6	1,739	1,541
Miscellaneous	435	3,841
Total administrative expenses	193,267	150,421
Total deductions	6,461,944	6,225,128
Net increase	5,312,039	8,526,273
Net assets held in trust for pension benefits:		
Beginning of year	96,114,200	87,587,927
End of year	101,426,239	96,114,200

See accompanying notes to financial statements.

LOUISIANA ASSESSORS' RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 1999 AND 1998

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, 1999 and 1998, employee membership data related to the retirement plan was as follows:

	1999	1998
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	387	386
Active plan participants:		
Vested	363	343
Nonvested	342	351
Total active plan participants	705	694

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 1999 was 5.75% and 1998 was 5.75% 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 has not been determined at this time.

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 - Asset valuation method changed from amortized cost on fixed income and market value on stocks adjusted to defer one-half of realized and unrealized capital gains (losses) accrued during the year to market value of all securities adjusted to average in realized and unrealized capital gains (losses) over a three year period. No effect of this change was presented.

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.

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.

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

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 $176,705,395 and $162,531,111 at September 30, 1999 and September 30, 1998, respectively, consisting of:

	1999	1998
Active members	124,503,429	111,361,621
Terminated members	2,212,727	2,267,518
Retirees and survivors	49,989,239	48,901,972
	176,705,395	162,531,111

The actuarial present value of total projected benefits increased by $14,174,284 from September 30, 1998 to September 30, 1999.

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 5.68% and the money market account at 4.70% as of September 30, 1999. Cash and cash equivalents at September 30, 1999 are noted below. Amounts at 1998 were $7,559,059 carrying amount and $7,572,337 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 $1,815,060.	1,815,060	1,815,060
Money Market Account:		
Bank One Trust collateralized by securities of money market fund. Market value of securities is $2,442,588.	2,442,588	2,442,588
Louisiana Asset Management Pool, Inc. (LAMP) collateralized by securities of the fund. Market value of securities is $2,043,148.	2,043,148	2,043,148

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 $983,930.	983,930	983,930
Insured cash equivalents	7,284,726	7,284,726
Cash	(103)	28,176
Total cash and cash equivalents	7,284,623	7,312,902

5. Investments

Statutes authorize the Fund to make investments using the "prudent-man rule", limited to 55% (fifty-five percent) of the total portfolio in common stock. Investments are stated at fair market value 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 9½% 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.

	1999			
	Category			
	1	2	3	Total
Certificates of deposit	175,441	-	-	175,441
Equitable securities	-	41,166,538	-	41,166,538
Securities of and guaranteed by the U. S. Government	11,647,722	-	-	11,647,722
U. S. Government guaranteed loans	13,891,907	-	-	13,891,907
U. S. Government Agencies	16,255,084	-	-	16,255,084
Corporate bonds	9,883,461	-	-	9,883,461
Real estate loan	-	55,272	-	55,272
	51,853,615	41,221,810	-	93,075,425

The Fund has a custodial agreement with Bank One Trust located in Baton Rouge, 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 1998 is noted below:

	1998			
	Category			
	1	2	3	Total
Certificates of deposit	183,821	-	-	183,821
Equitable securities	-	36,448,551	-	36,448,551
Securities of and guaranteed by the U. S. Government	16,936,625	-	-	16,936,625
U. S. Government guaranteed loans	13,317,920	-	-	13,317,920
U. S. Government Agencies	19,040,564	-	-	19,040,564
Corporate bonds	1,690,905	-	-	1,690,905
Real estate loan	-	65,723	-	65,723
	51,169,835	36,514,274	-	87,684,109

6. Furniture and Equipment

The details of the amounts of office furniture and equipment at September 30, 1999 and 1998 are as follows:

	1999	1998
Cost	45,911	45,849
Accumulated depreciation	43,512	41,773
	2,399	4,076

Depreciation charged to operations during the years ended September 30, 1999 and 1998 was $1,739 and $1,541, respectively.

7. 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.

8. 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, 1999 and their related reimbursements.

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

	Number of Days	Amount Paid
Irby Gamble	2	150
Thomas L. Arnold	4	335
Michael D. Wooden	6	450
Daniel J. Broussard	4	860
Verna N. Soileau	5	517
Cameron F. Walker	6	450
M. L. Graham, Jr.	3	717
Rhyn Duplechain	4	300
Jimmy Dean	3	225
Pamela C. Jones	4	709
		4,713

9. Year 2000 Disclosures **(UNAUDITED)**
The Fund has identified its accounting system, retirement data system, and its outside custodial bank (refer to Note 5) as mission-critical and is subjecting systems to the four stages required in GASB Technical Bulletin 98-1. The stages are awareness, assessment, remediation and validation/testing.

Subsequent to the Fund's 1999 year end, its computer systems are operating in the year 2000 and its outside custodial bank's system appears to be working for 2000. No problems as of mid January 2000 have been encountered.

10. Tax Collections
Tax collections by parish and tax type are noted below:

Parish	Tax Collections	Revenue Sharing	Total
Acadia	25,057	1,905	26,962
Allen	18,656	864	19,520
Ascension	77,722	1,734	79,456
Assumption	14,325	710	15,035
Avoyelles	9,104	1,428	10,532
Beauregard	30,054	1,062	31,116
Bienville	21,317	737	22,054
Bossier	73,792	4,152	77,944
Caddo	297,234	18,880	316,114
Calcasieu	193,149	11,011	204,160
Caldwell	7,068	580	7,648
Cameron	42,435	728	43,163
Catahoula	5,803	551	6,354
Claiborne	12,095	593	12,688
Concordia	13,429	590	14,019
Desoto	41,296	636	41,932
East Baton Rouge	384,675	24,041	408,716
East Carroll	5,695	600	6,295

10. Tax Collections (Continued)

Parish	Tax Collections	Revenue Sharing	Total
East Feliciana	7,962	433	8,395
Evangeline	15,410	955	16,365
Franklin	8,473	1,377	9,850
Grant	8,941	650	9,591
Iberia	36,351	3,361	39,712
Iberville	45,963	1,474	47,437
Jackson	10,851	901	11,752
Jefferson	384,815	25,215	410,030
Jefferson Davis	20,899	1,394	22,293
Lafayette	118,346	5,174	123,520
Lafourche	78,629	3,563	82,192
Lasalle	13,689	635	14,324
Lincoln	25,457	1,678	27,135
Livingston	32,617	2,406	35,023
Madison	7,617	486	8,103
Morehouse	16,221	1,651	17,872
Natchitoches	25,329	1,410	26,739
Orleans	-	168,474	168,474
Ouachita	95,054	5,823	100,877
Plaquemines	57,520	2,258	59,778
Pointe Coupee	27,620	768	28,388
Rapides	107,203	6,825	114,028
Red River	7,960	267	8,227
Richland	9,120	1,243	10,363
Sabine	14,753	941	15,694
St. Bernard	42,862	5,468	48,330
St. Charles	168,017	1,705	169,722
St. Helena	6,010	530	6,540
St. James	55,940	1,380	57,320
St. John the Baptist	47,309	1,281	48,590
St. Landry	38,938	3,664	42,602
St. Martin	28,868	1,139	30,007
St. Mary	58,058	3,323	61,381
St. Tammany	170,564	4,385	174,949
Tangipahoa	35,023	3,390	38,413
Tensas	5,285	484	5,769
Terrebonne	76,095	3,958	80,053
Union	6,697	496	7,193
Vermilion	42,259	1,827	44,086
Vernon	19,496	2,024	21,520
Washington	20,163	1,678	21,841
Webster	25,211	2,058	27,269
West Baton Rouge	31,100	938	32,038
West Carroll	4,987	848	5,835
West Feliciana	41,575	342	41,917
Winn	9,509	686	10,195
Total	3,383,672	351,768	3,735,440

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%
9/30/98	91,984,065	126,021,888	34,037,823	72.99%	22,345,856	152.32%
9/30/99	99,540,025	133,418,608	33,878,583	74.61%	23,906,982	141.71%

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%
9/30/98	4,370,273	485,039	11.10%	3,885,234	88.90%
9/30/99	5,016,788	1,061,644	21.16%	3,955,144	78.84%

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 as of September 30, 1999 and 1998. 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 $2,660,412 and $2,120,483 as of October 1, 1999 and 1998.

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 $2,003,412 and $1,935,664 for fiscal years 1999 and 1998, respectively. The sum of normal and amortization costs as of October 1, 1999 and 1998 is $4,663,824 and $4,056,147. 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 $5,016,788 and $4,370,273, respectively.

Actual contributions for the years ended September 30, 1999 and 1998 were $5,177,909 and $4,991,416, respectively. These contributions consist of 5.75% 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 $1,659,014 for the year ended September 30, 1999, and $1,631,154 for the year ended September 30, 1998. 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 Actuarial Assumptions

Valuation Interest Rate	8%
Annual Salary Increase	6%
Cost of Living Adjustments	None

OTHER REPORTS

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February 11, 2000

To the Board of Trustees
Louisiana Assessors' Retirement Fund
Baton Rouge, Louisiana

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

We have audited the financial statements of Louisiana Assessors' Retirement Fund, as of and for the years ended September 30, 1999 and 1998, and have issued our report thereon dated February 11, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance
As part of obtaining reasonable assurance about whether the Louisiana Assessors' Retirement Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting
In planning and performing our audit, we considered the Louisiana Assessors' Retirement Fund's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Louisiana Assessors' Retirement Fund's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 99-1 through 99-4.

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A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

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

Heard, McElroy & Vestal, LLP

LOUISIANA ASSESSORS' RETIREMENT FUND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEARS ENDED SEPTEMBER 30, 1999 AND 1998

We have audited the financial statements of Louisiana Assessors' Retirement Fund, as of and for the years ended September 30, 1999 and 1998, and have issued our report thereon dated February 11, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audits of the financial statements as of September 30, 1999 and 1998 resulted in an unqualified opinion.

Section I-Summary of Auditor's Reports

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

   Internal Control - Reportable conditions noted; no management letter was issued.

   Compliance - No noncompliance was noted.

b. Federal Awards - Not Applicable

c. Identification of Major Programs - Not Applicable

Section II-Financial Statement Findings

99-1. Due to the complexity of the retirement system laws and regulations and to strengthen the segregation of duties, we recommend that all retirement calculations and death benefits be reviewed and approved by the outside actuary. Management has expanded its outside actuary's duties to include the above effective early 2000.

99-2. To further strengthen the internal controls relative to segregation of duties, we believe the executive director should formally initial and date the ACH retirement distribution list each month. The executive director has begun this procedure.

99-3 More timely monthly financial statements and general ledger processing needs to be implemented. Management has hired another accountant to correct this item.

99-4 Recommend an accounting policy manual be implemented.

LOUISIANA ASSESSORS' RETIREMENT FUND

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEARS ENDED SEPTEMBER 30, 1999 AND 1998

Section I-Financial Statement Findings

Not applicable - no prior year audit findings.

LOUISIANA ASSESSORS' RETIREMENT FUND

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March 30, 2000

Heard, McElroy & Vestal
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The following is in response to your financial statement findings relative to our September 30, 1999 audited financial statements:

Item 99-1 The Fund has engaged the actuarial firm of G.S. Curran and Company, Ltd. to review and approve all retirement benefit calculations effective February 22, 2000.

Item 99-2 I have started initialing and formally approving ACH retirement disbursements effective March, 2000.

Item 99-3 The Fund has approved hiring an outside accountant to process the financial statements and monthly general ledgers. This should be in place by mid-April, 2000.

Item 99-4 The Fund is in the process of having an internal control audit and anticipate this being computed by May, 2000.

We appreciate your comments and hope we have properly addressed all the items. Please do not hesitate to call me with any questions you may have.

Sincerely,

Cathy R. Wells
Executive Director