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**THE EMPLOYEES' RETIREMENT SYSTEM
OF JEFFERSON PARISH, LOUISIANA**

Financial Statements
and Independent Auditor's Report
As of and for the Year Ended
December 31, 1999
With Comparatives for 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JUL 19 2000

KEITH J. ROVIRA
Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying general purpose financial statements of the Employees' Retirement System of Jefferson Parish, a component unit of Jefferson Parish, as of and for the years ended December 31, 1999 and 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the System's management. My responsibility is to express an opinion on these general purpose financial statements based on my audits.

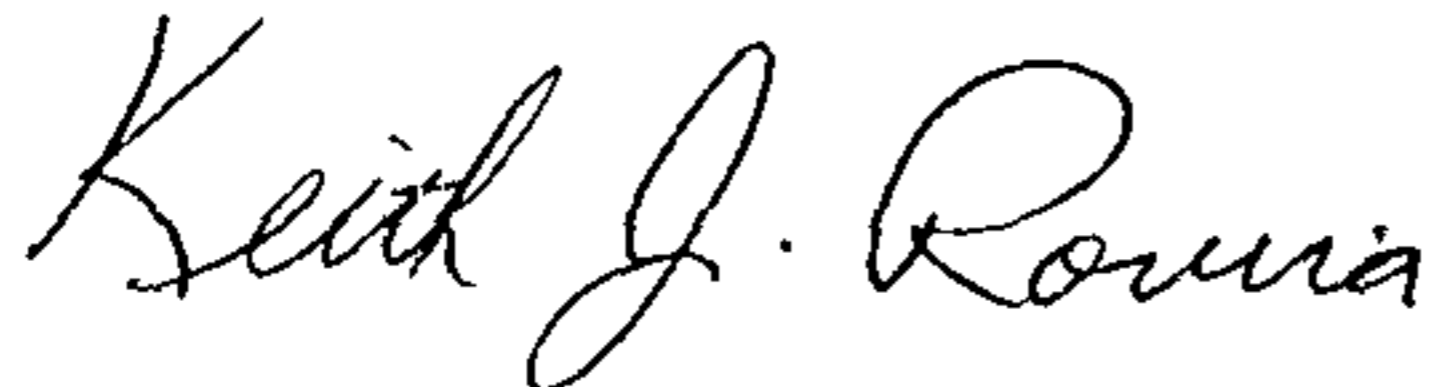
I conducted my audits in accordance with generally accepted auditing standards contained in the Government Auditing Standards. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.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

In my opinion, the general purpose financial statements referred to in the first paragraph, present fairly, in all material respects, the financial position of the Employees' Retirement System of Jefferson Parish as of December 31, 1999 and 1998, and the results of its operations for the years then ended, in conformity with generally accepted accounting principles.

My audits were made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as "Supplementary Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general

purpose financial statements of the Employees' Retirement System of Jefferson Parish. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated in all material respects in relation to such financial statements taken as a whole.

In accordance with Government Auditing Standards, I have also issued a report dated February 14, 2000, on my consideration of the the Employees' Retirement System of Jefferson Parish's compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards. This report is presented separately after the notes to the financial statements of this audit report.



Keith J. Rovira
Certified Public Accountant

February 14, 2000

GENERAL PURPOSE FINANCIAL STATEMENTS

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
 Statements of Plan Net Assets
 December 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
ASSETS		
Cash	\$ <u>145,281</u>	\$ <u>191,377</u>
Receivables:		
Employer contributions	58,376	46,982
Members contributions	6,058	5,592
Accrued interest	<u>230,297</u>	<u>195,932</u>
Total Receivables	<u>294,731</u>	<u>248,506</u>
Prepaid expenses	<u>1,591</u>	<u>2,470</u>
Investments: (Note B.3.)		
Mutual funds	14,579,441	13,284,591
U.S. Treasury obligations	5,233,896	5,258,410
Corporate bonds	3,741,025	3,957,889
U.S. Government agencies	113,162	331,712
Municipal bonds	1,980,430	1,502,536
Cash in trust	<u>-</u>	<u>6,603</u>
Total Investments	<u>25,647,954</u>	<u>24,341,741</u>
Office equipment, net of accumulated depreciation (Note C)	<u>5,872</u>	<u>6,939</u>
Total Assets	<u>26,095,429</u>	<u>24,791,033</u>
LIABILITIES		
Accounts payable	13,476	7,668
Federal tax withholding payable	30,764	-
Unclaimed employee contribution refunds	-	12,896
Retirees' premiums collected in advance	29,242	27,246
Accrued annual and sick leave	53,565	50,599
Hospitalization premiums payable	<u>70,102</u>	<u>72,441</u>
Total Liabilities	<u>197,149</u>	<u>170,850</u>
Net Assets Held in Trust for Pension Benefits (A schedule of funding progress for the plan is presented on page 15)	<u>\$25,898,280</u>	<u>\$24,620,183</u>

(Continued)

The accompanying notes are an integral part of this statement.

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Statements of Changes in Plan Net Assets
December 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
ADDITIONS		
Contributions:		
Employer	\$1,454,280	\$1,320,401
Members	<u>153,686</u>	<u>158,915</u>
Total Contributions	<u>1,607,966</u>	<u>1,479,316</u>
Investment income:		
Net appreciation (depreciation) in fair value of investments	(358,505)	1,771,823
Interest	770,352	700,502
Dividends	<u>1,577,104</u>	<u>1,423,570</u>
	1,988,951	3,895,895
Less: Investment expense	<u>(72,895)</u>	<u>(69,710)</u>
Net investment income	<u>1,916,056</u>	<u>3,826,185</u>
Total Additions	<u>3,524,022</u>	<u>5,305,501</u>
DEDUCTIONS		
Benefits	1,972,374	1,908,284
Refunds of contributions	102,525	129,074
Administrative expense (Page 19)	<u>171,026</u>	<u>157,488</u>
Total Deductions	<u>2,245,925</u>	<u>2,194,846</u>
Net Increase	1,278,097	3,110,655
Net Assets Held in Trust for Pension Benefits:		
Beginning of Year	<u>24,620,183</u>	<u>21,509,528</u>
End of Year	<u>\$25,898,280</u>	<u>\$24,620,183</u>

(Continued)

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Notes to the Financial Statements
December 31, 1999 and 1998

NOTE A - DESCRIPTION OF THE SYSTEM

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

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

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

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

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

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Notes to the Financial Statements (Continued)
December 31, 1999 and 1998

NOTE A - DESCRIPTION OF THE SYSTEM (CONTINUED)

The following employee membership data is actuarially determined and is a categorized listing of the total number of members on whom the Jefferson System retains liability as of December 31, 1999:

Retirees and beneficiaries currently receiving benefits	813
Terminated employees entitled to benefits but not yet receiving them	29
Active plan members	<u>416</u>
Total	<u><u>1,258</u></u>
Number of participating employers (Jefferson Parish)	1

The plan is closed to new entrants.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting
The System's financial statements are prepared using the accrual basis of accounting, whereby revenues are recognized when they are earned and expenses are recognized when incurred. Contributions from the System and the System's employees are recognized as revenue in the period in which employees provide services to the System. Contributions made to the System by Jefferson Parish, the employer, are recognized when due and the employer has made a formal commitment to provide the contributions. Pension benefits and refunds of employee contributions are recognized when due and payable in accordance with the terms of the plan. Investment income is recognized as earned by the plan.
2. Reporting Entity
In classifying the reporting entity, certain criteria for defining the organizations, functions and activities of a governmental unit should be included in the general purpose financial statements of the Employees' Retirement System of Jefferson Parish. Such

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
 Notes to the Financial Statements (Continued)
 December 31, 1999 and 1998

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

information has been subjected to the auditing procedures applied in the audit of the financial statements of that governmental entity. The criteria considered and evaluated were accountability for fiscal matters, scope of public service and manifestations of oversight. Manifestations of oversight were considered to include the designation of management, the selection of the governing board and the ability to significantly influence operations. Accountability for fiscal matters was considered to include control over surpluses, responsibility for debt, managerial control of fiscal matters, certain revenue characteristics and budgetary approval, or the lack thereof.

Based on the foregoing criteria, the Employees' Retirement System of Jefferson Parish was determined to be a component unit of Jefferson Parish, the governmental entity with oversight responsibility. The accompanying financial statements present information only on those funds maintained by the System and do not present information on Jefferson Parish, the general government services provided by that governmental entity, or other governmental entities that comprise the governmental reporting entity.

3. Cash and Investments

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

Cash

At year-end, the carrying amount of the System's bank deposit was \$145,281. The bank balance was \$231,746, of which \$100,000 was insured by federal depository insurance and \$131,746 was collateralized with securities held by the pledging institution's agent in the name of the System.

Investments

All investments of the System are reported at fair (market) value. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates.

As of December 31, 1999, five-percent of plan net assets equaled \$1,294,914. Also, as of December 31, 1999, the System had a total market value of

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Notes to the Financial Statements (Continued)
December 31, 1999 and 1998

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

\$12,679,094, invested in one mutual fund, which represented 49% of plan net assets. Other than this mutual fund, no investment in any one organization, other than the U.S. Government, represented 5% or more of plan net assets.

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

The System's investments as of December 31, 1999 are categorized as follows:

	<u>CATEGORY</u>			<u>Carrying Amount</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
U.S Treasury obligations	-	\$5,233,896	-	\$5,233,896
Corporate bonds	-	3,741,025	-	3,741,025
U.S. Government agencies	-	113,162	-	113,162
Municipal bonds	-	<u>1,980,430</u>	-	<u>1,980,430</u>
		<u>\$11,068,513</u>		11,068,513
Mutual funds				<u>14,579,441</u>
Total Investments				<u>\$25,647,954</u>

Since all investments are reported at fair (market) value the carrying amounts of all investments listed above equaled their fair (market) values.

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

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Notes to the Financial Statements (Continued)
December 31, 1999 and 1998

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Administrative costs are financed through investment earnings. There were no legally required reserves at December 31, 1999.

4. Contributions

Contribution rates for plan members are actuarially determined. The required contribution percentages for members depends on which retirement system that individual is a member. The rates are applied to an employee's annual covered salary. Member contribution rates may be amended only by the Jefferson Parish Council.

The employer contribution rate for the System is actuarially determined. The System's Board of Trustees can recommend a change in the employer contribution rate, however the Jefferson Parish Council has to approve the change.

For 1998, 1999, and 2000, periodic employer and employee contribution rates were actuarially determined. The actuarially determined contribution requirements recommended for these years are as follows:

	<u>1998</u>	<u>1999</u>	<u>2000</u>
Jefferson System only:			
Employee rate	6.05%	6.05%	6.05%
Employer rate	7.48%	7.45%	7.27%
PERS, Firefighters & Jefferson Systems:			
Employee rate	.8% minus \$4 per month	.8% minus \$4 per month	.8% minus \$4 per month
Employer rate	1.43%	1.40%	1.22%
PERS & Firefighters Systems only:			
Employee rate	-	-	-
Employer rate	1.43%	1.40%	1.22%

The actual rates used by the System to fund employee and employer contributions for 1998, 1999 and 2000, were the same rates that were actuarially recommended for the year 1998, as listed above.

'THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Notes to the Financial Statements (Continued)
December 31, 1999 and 1998

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Fixed Assets
Office equipment is valued at cost less accumulated depreciation, calculated on a straight-line basis over estimated useful lives of 3 to 10 years.
6. Annual and Sick Leave
Annual leave (vacation) and sick leave (sick pay) are accrued when incurred for the office employees.
7. Comparative Data
Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the System's financial position and operations.

NOTE C - OFFICE EQUIPMENT

A summary of changes in office equipment and related accumulated depreciation on those fixed assets for the year ended December 31, 1999 is as follows:

Office Equipment

	Balance January 1, <u>1999</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>1999</u>
Office equipment	\$ <u>38,931</u>	\$ <u>1,246</u>	\$ <u>9,638</u>	\$ <u>30,539</u>
Total	\$ <u>38,931</u>	\$ <u>1,246</u>	\$ <u>9,638</u>	\$ <u>30,539</u>

Accumulated Depreciation

	Balance January 1, <u>1999</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>1999</u>
Office equipment	\$ <u>31,992</u>	\$ <u>2,313</u>	\$ <u>9,638</u>	\$ <u>24,667</u>
Total	\$ <u>31,992</u>	\$ <u>2,313</u>	\$ <u>9,638</u>	\$ <u>24,667</u>

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Notes to the Financial Statements (Continued)
December 31, 1999 and 1998

NOTE D - LITIGATION

The System is a defendant in one lawsuit as of December 31, 1999. The Board of Trustees of the System authorized a settlement whereby the System would make a lump sum payment to the plaintiff of \$31,443, and the plaintiff would receive monthly disability payments in the amount of \$402 beginning April 1, 2000. As of the date of this audit report, the plaintiff has not accepted this settlement offer. Due to the uncertain outcome of this case, no amount should be set up as a liability on the financial statements at this time.

NOTE E - TREND INFORMATION

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

SUPPLEMENTARY INFORMATION

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
 Supplementary Information
 Schedule of Funding Progress
 December 31, 1999

	(A)	(B)	(B) - (A)	(A/B)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability- (AAL) Entry Age	Unfunded AAL, (UAAL)	Funded Ratio %
1994	\$16,729,222	\$30,502,397	\$13,773,175	54.85%
1995	17,163,066	31,557,582	14,394,516	54.39
1996	18,405,917	32,488,152	14,082,235	56.65
1997	20,043,556	32,946,135	12,902,579	60.84
1998	21,623,582	33,508,491	11,884,909	64.53
1999	24,158,811	34,070,857	9,912,046	70.91
	(C)	[(B-A) / C]		
Actuarial Valuation Date	Covered Payroll	UAAL as a Percentage of Covered Payroll		
1994	\$22,352,193	61.62%		
1995	22,317,135	64.50		
1996	21,476,026	65.57		
1997	21,170,519	60.95		
1998	20,617,755	57.64		
1999	20,109,775	49.29		

'THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
 Supplementary Information (Continued)
 Schedule of Employer Contributions
 December 31, 1999

<u>Year Ended</u> <u>December 31</u>	<u>Annual</u> <u>Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
1994	\$1,326,670	54.65%
1995	1,444,915	55.51
1996	1,528,058	67.11
1997	1,463,670	72.50
1998	1,470,763	92.47
1999	1,384,585	95.21

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:

Valuation date: 12/31/99

Actuarial cost method: Entry Age Normal

Amortization method: Level dollar, open

Amortization period: 40 years

Asset valuation method: 3 year smoothing of realized
and unrealized capital gains

Actuarial assumptions --

* Investment rate of return: 8% (net of investment
expense)

* Projected salary increases: 6%

* Includes an inflation rate of 3.25% and
a merit rate of 2.75%

Cost-of-living adjustments: None

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Supplementary Information (Continued)
Summary of Historical Data
December 31, 1999

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

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

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

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

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

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

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

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
 Supplementary Information (Continued)
 Details of Investments
 December 31, 1999

The following schedule represents a historical analysis of the types of investments and the applicable percentage of total investments at fair market value amounts for the years ended 1999 and 1998:

	<u>1999</u>	% of total invest- ments	<u>1998</u>	% of total invest- ments
Mutual funds	\$14,579,441	57%	\$13,284,591	55%
U.S. Treasury obligations	5,233,896	20	5,258,410	22
Corporate bonds	3,741,025	15	3,957,889	16
U.S. Government agencies	113,162	-	331,712	1
Municipal bonds	1,980,430	8	1,502,536	6
Cash in trust	<u>-</u>	<u>-</u>	<u>6,603</u>	<u>-</u>
Total investments	<u>\$25,647,954</u>	<u>100%</u>	<u>\$24,341,741</u>	<u>100%</u>

THE EMPLOYERS' RETIREMENT SYSTEM OF JEFFERSON PARISH
Supplementary Information (Continued)
Schedule of Administrative Expenses
For the Year Ended December 31, 1999

Salaries	\$100,657
Retirement contributions	8,171
Group insurance	8,182
Depreciation	2,314
Membership dues & publications	290
Postage	4,218
Office expenses	5,290
Insurance	3,269
Actuarial fees	15,780
Audit fees	8,900
Legal fees	5,000
Telephone	2,288
Car allowance	6,173
Travel and seminar expenses	<u>494</u>
 Total Administrative Expenses	 <u><u>\$171,026</u></u>

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
 Supplementary Information (Continued)
 Schedule of Insurance Policies in Force and
 Compensation Paid Board Members
 As of December 31, 1999

Insurance Policies in Force

The following insurance policies were in force on December 31, 1999:

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

Compensation Paid Board Members

Board members do not receive any compensation or per diem.

'THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Supplementary Information (Continued)
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 1999

Reference No.: 1

Fiscal Year Finding Initially Occurred: Has existed from inception.

Finding Described: The size of the System's operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal accounting control.

Corrective Action and Additional Explanation: Management is aware of this inadequacy in the internal control structure, however, it feels that to employ such controls would not be cost beneficial. No action will need to be taken.

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH
Supplementary Information (Continued)
Corrective Action Plan for Current Year Audit Findings
For the Year Ended December 31, 1999

Reference No.: 1

Fiscal Year Finding Initially Occurred: Has existed from inception.

Finding Described: The size of the System's operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal accounting control.

Corrective Action and Additional Explanation: Management is aware of this inadequacy in the internal control structure, however, it feels that to employ such controls would not be cost beneficial. No action will need to be taken.

Contact Person:

Ms. Terrie T. Rodrigue,
Chairperson - Board of Trustees
The Employees' Retirement System
of Jefferson Parish, Louisiana

Anticipated Completion Date: Not applicable.

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

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

I have audited the general purpose financial statements of the Employees' Retirement System of Jefferson Parish, a component unit of Jefferson Parish, as of and for the years ended December 31, 1999 and 1998, and have issued my report thereon dated February 14, 2000. I conducted my 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 a part of obtaining reasonable assurance about whether the Employees' Retirement System of Jefferson Parish's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audits, I considered the Employees' Retirement System of Jefferson Parish's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose

financial statements and not to provide assurance on the internal control over financial reporting. However, I noted a matter involving the internal control over financial reporting and its operations that I consider to be reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgement, could adversely affect the System's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. I noted that, as a material weakness, the size of the System's operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal accounting control. Management is aware of this inadequacy in the internal control structure, however, it feels that to employ such controls would not be cost beneficial.

A material weakness is a reportable 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 general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control 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, I considered the reportable condition described above to be a material weakness.

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



Keith J. Rovira
Certified Public Accountant

February 14, 2000