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LOUISIANA ASSESSORS' RETIREMENT FUND

SHREVEPORT, LOUISIANA

SEPTEMBER 30, 1996

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January 29, 1997

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

Independent Auditor's Report

We have audited the accompanying balance sheets of the Louisiana Assessors' Retirement Fund as of September 30, 1996 and 1995, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Assessors' Retirement Fund as of September 30, 1996 and 1995, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated January 29, 1997, on our consideration of Louisiana Assessors' Retirement Fund's internal control structure and a report dated January 29, 1997, on its compliance with laws and regulations.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on Pages 13 through 15 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Heard, McElroy & Vestal, LLP

LOUISIANA ASSESSORS' RETIREMENT FUND

BALANCE SHEETS

SEPTEMBER 30, 1996 AND 1995

	1996	1995
Assets:		
Cash and cash equivalents-Note 7	4,330,317	4,035,659
Accounts receivable	188,209	193,349
Accrued interest receivable	449,192	509,634
Accrued dividends receivable	47,386	38,745
Investments: Note 8		
Certificates of deposit	560,000	560,000
Equitable securities (common stocks), at cost (market value 1996, $24,573,693; 1995, $16,109,366)	18,964,498	13,313,952
Securities of the United States, at amortized cost (market value 1996, $8,640,177; 1995, $9,794,833)	8,276,444	9,211,052
Securities guaranteed by the United States Government, at amortized cost (market value 1996, $4,693,589; 1995, $6,561,686)	4,562,006	6,233,634
U. S. Government guaranteed loans, at amortized cost (market value 1996, $9,902,148; 1995, $13,807,776)	9,695,599	13,244,679
U. S. Government Agencies, at amortized cost (market value 1996, $16,126,721; 1995, $11,876,222)	16,432,617	11,873,649
Corporate bonds at amortized cost (market value 1996, $3,476,307; 1995, $3,370,904)	3,518,214	3,521,098
Real estate loan	114,121	122,909
Furniture and equipment-net-Note 9	5,078	8,546
Total assets	67,143,681	62,866,906

See accompanying notes to financial statements.

LIABILITIES AND FUND BALANCE	1996	1995
Liabilities:		
Accounts payable and accrued expenses	35,384	33,650
Fund balance:		
Actuarial present value of projected benefits payable to current retirees and beneficiaries	42,428,166	41,359,289
Actuarial present value of projected benefits payable to terminated participants	1,005,571	964,639
Actuarial present value of credited projected benefits for active participants:		
Member contributions	11,169,541	10,569,808
Employer financed portion	49,388,972	44,759,688
Total actuarial present value of credited projected benefits-Note 5	103,992,250	97,653,424
Unfunded actuarial present value of credited projected benefits-Note 3	(36,883,953)	(34,820,168)
Total fund balance	67,108,297	62,833,256
Total liabilities and fund balance	67,143,681	62,866,906

LOUISIANA ASSESSORS' RETIREMENT FUND

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE

YEARS ENDED SEPTEMBER 30, 1996 AND 1995

	1996	1995
Operating revenues:		
Members' contributions	1,308,517	1,247,660
Employers' contributions	989,693	1,127,575
Tax collectors' remittance	3,062,717	2,948,598
Investment income	4,187,307	3,897,290
Gain on sale of securities	84,774	485,403
Total operating revenues	9,633,008	9,706,526
Operating expenses:		
Annuity benefits	4,757,692	4,662,009
Disability benefits	31,431	37,591
Refund of contributions	71,110	128,097
Cost of transfers to other systems	11,738	6,564
Drop account payments	191,533	343,731
Beneficiary payments	-	36,527
Total operating expenses	5,063,504	5,214,519
Operating income	4,569,504	4,492,007
Other income:		
Miscellaneous income	9,513	12,886
Administrative expenses:		
Salaries	56,718	52,161
Payroll taxes	346	665
Retirement contribution	2,836	3,130
Board per diem	4,277	5,805
Board travel	2,940	1,572
Accounting and legal fees	21,198	15,887
Actuarial	9,720	7,620
Computer supplies and expense	2,107	8,976
Consultant fees	122,403	101,852
Communications	5,046	4,586
Educational conferences	6,403	9,564
Rent-Note 10	12,960	12,960
Office expense	10,554	6,459
Insurance	5,548	6,217
Custodial fees	26,574	23,427
Depreciation-Note 9	5,258	4,644
Interest expense	9,088	20,534
Total administrative expenses	303,976	286,059

See accompanying notes to financial statements.

LOUISIANA ASSESSORS' RETIREMENT FUND

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE

YEARS ENDED SEPTEMBER 30, 1996 AND 1995

	1996	1995
Net income	4,275,041	4,218,834
Fund balance-beginning of year	62,833,256	58,614,422
Fund balance-end of year	67,108,297	62,833,256

See accompanying notes to financial statements.

LOUISIANA ASSESSORS' RETIREMENT FUND

STATEMENTS OF CASH FLOWS

YEARS ENDED SEPTEMBER 30, 1996 AND 1995

	1996	1995
Cash flows from operating activities:		
Net income	4,275,041	4,218,834
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	12,026	9,960
Gain on sale of securities	(84,774)	(485,403)
Accretion of discount	(217,638)	(557,002)
Decrease in accounts receivable	5,140	14,410
(Increase) decrease in accrued interest receivable	60,442	(317,043)
(Increase) in accrued dividends receivable	(8,641)	(6,939)
Increase (decrease) in accounts payable and accrued expenses	1,734	(194,014)
Total adjustments	(231,711)	(1,536,031)
Net cash provided by operating activities	4,043,330	2,682,803
Cash flows from investing activities:		
Purchase of investments	(43,436,376)	(62,258,297)
Purchase of office equipment	-	(325)
Collections of loan principal	910,588	881,843
Proceeds from maturities and redemptions	38,777,116	58,822,803
Net cash (used) in investing activities	(3,748,672)	(2,553,976)
Net increase in cash and cash equivalents	294,658	128,827
Cash and cash equivalents at beginning of year	4,035,659	3,906,832
Cash and cash equivalents at end of year	4,330,317	4,035,659
Cash paid:		
Interest	9,088	20,534

See accompanying notes to financial statements.

1. Plan Description

The Louisiana Assessors' Retirement Fund is the administrator of a cost-sharing multiple-employer public 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, 1996 and 1995, employee membership data related to the retirement plan was as follows:

	1996	1995
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	366	398
Active plan participants:		
Vested	334	326
Nonvested	355	343
Total active plan participants	689	669

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 1996 was 5.00% of payroll. In addition, the fund receives .25% of the taxes shown to be collected on the tax rolls of each parish, excluding Orleans which is required to deduct one percent of taxes, and revenue sharing funds as appropriated each year by the Legislature. However, ad valorem taxes have not been collected from Orleans Parish, and the amount of taxes not collected is undeterminable.

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

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

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

2. Summary of Significant Accounting Policies and Plan Asset Matters

The Louisiana Assessors' Retirement Fund does not receive any state funds but is required to operate in compliance with Louisiana law.

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

Method Used to Value Investments. Fixed-income securities are reported at amortized cost with discounts or premiums amortized or accreted using the effective interest rate method and straight-line method. For those amortized on the straight-line method there is no material difference from the effective interest method. Investment income is recognized as earned. Gains and losses on sales and exchanges of securities are recognized on the transaction date and based upon specific cost.

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.

Actuarial Present Value of Credited Projected Benefits. For financial reporting purposes, pursuant to NCGA Statement 6, the actuarial present value of credited projected benefits has been computed and included in these financial statements. The actuarial present value of projected benefits consists of: (a) the actuarial present value of projected benefits payable to current retirees and beneficiaries, (b) the actuarial present value of projected benefits payable to terminated participants, and (c) the actuarial present value of credited projected benefits for active participants. The actuarial present value of credited projected benefits for active participants represents a portion of the actuarial present value of projected total benefits, giving effect to estimated salary increases to date of retirement. The portion assumed to be credited is the portion represented by the ratio of (a) the number of years of covered service rendered as of the date of the valuation to (b) the total covered service which will have been rendered as of the expected date of retirement.

3. Funding Status and Progress

The amount shown below as "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the Louisiana Assessors' Retirement Fund PERS funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERS.

The pension benefit obligation was determined as part of an actuarial valuation at September 30, 1996. Significant actuarial assumptions used include:

(a) A rate of return on the investment of present and future assets of 8 percent per year compounded annually.

(b) Projected salary increases of 5.5% per year compounded annually, attributable to inflation, and merit increases.

(c) No postretirement benefit increases beyond those already granted.

At September 30, 1996, the unfunded pension benefit obligation was $36.9 million as follows (in millions):

Pension Benefit Obligation:		
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	43.4	42.3
Current employees' accumulated contributions	11.2	10.6
Employer financed portion	49.4	44.7
Total pension benefit obligation	104.0	97.6
Net assets available for benefits, at cost (net market value is $73,106,938)	67.1	62.8
Unfunded pension benefit obligation	36.9	34.8

4. Contributions Required and Contributions Made

The Frozen Attained Age Normal Cost Method was used to calculate the funding requirements of the System. Funding of pension plans under the Frozen Attained Age Normal Cost Method consists of two components. The first of these components is the employer normal cost of the plan which was $2,195,955 and $2,103,272 as of October 1, 1996 and 1995.

In addition, amortization payments on the fund's unfunded accrued liability must be made. Act 81 of the 1988 legislative session requires that the unfunded accrued liability be amortized over a forty year period beginning on October 1, 1989, with payments increasing at 3.5% per year. This schedule results in a payment of $1,806,963 and $1,745,858 for fiscal years 1997 and 1996, respectively. The sum of normal and amortization costs as of October 1, 1996 and 1995 are $4,002,918 and $3,849,130. 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 are $4,324,954 and $4,142,133, respectively.

Actual contributions for the years ended September 30, 1996 and 1995 were $4,052,410 and $4,076,173, respectively. These contributions consist of 5% employer contributions, ad valorem taxes collected by the respective parishes and state revenue sharing funds received. Member contributions are established by state statute at 7% and resulted in contributions of $1,308,517 for the year ended September 30, 1996, and $1,247,660 for the year ended September 30, 1995. 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.

5. Explanation of Actuarial Values and Changes

The total actuarial present values of credited projected benefits were $103,992,250 and $97,653,424 at September 30, 1996 and September 30, 1995, respectively, consisting of:

	1996		1995	
	Dollar Amount	% of Annual Active Member Payroll	Dollar Amount	% of Annual Active Member Payroll
Actuarial present value of projected benefits payable to:				
Current retirees and beneficiaries	42,428,166	218.28%	41,359,289	229.25%
Terminated participants	1,005,571	5.17%	964,639	5.35%
Total	43,433,737	223.45%	42,323,928	234.60%
Actuarial present value of credited projected benefits for active participants:				
Member contributions	11,169,541	57.46%	10,569,808	58.59%
Employer financed portion	49,388,972	254.09%	44,759,688	248.10%
Total	60,558,513	311.55%	55,329,496	306.69%
Total actuarial present value of credited projected benefits	103,992,250	535.00%	97,653,424	541.29%

The total actuarial present value of credited projected benefits increased by $6,338,826 from September 30, 1995 to September 30, 1996.

5. Explanation of Actuarial Values and Changes (Continued)

The computation of the pension contribution requirements for 1996 was based on the same actuarial assumptions, benefit provisions, actuarial funding method, and other significant factors used to determine pension benefit requirements in the previous year.

6. Historical Trend Information

Historical trend information for the Louisiana Assessors' Retirement Fund is presented below:

	Fiscal Year	
	1996	1995
Net assets available for benefits as a percentage of pension benefit obligation applicable to the Fund's employees	110.82%	113.56%
Unfunded pension benefit obligation as a percentage of the Fund's Annual covered payroll	189.76%	193.01%
Employers' contributions to the pension plan as a percentage of annual covered payroll	5.01%	6.25%

Ten-year historical trend information designed to provide information about the Louisiana Assessors' Retirement Fund PERS' progress made in accumulating sufficient assets to pay benefits when due is presented on Pages 13 and 14.

7. 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 3.85% and the money market account at 4.89% as of September 30, 1996. Cash and cash equivalents at September 30, 1996 are noted below. Amounts at 1995 were $4,035,659 carrying amount and $4,058,535 bank balance.

	Carrying Amount	Bank Balance
Insured (FDIC)	2,201	23,939
Repurchase Agreements: Securities held by Commercial National Bank and collateralized by pledged securities. Market value of pledged securities is $2,000,000	1,050,000	1,050,000
Money Market Account: Bank One Trust collateralized by securities of money market fund. Market value of securities is $970,769	970,769	970,769

7. Cash and Cash Equivalents (Continued)

	Carrying Amount	Bank Balance
Money Market Account:		
Bank One Trust collateralized by pledged securities.		
Market value of pledged securities is $2,307,347.	2,307,347	2,307,347
Total cash and cash equivalents	4,330,317	4,352,055

8. Investments

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

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

The Fund's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments in securities of the U. S. Government or guaranteed by the U. S. Government and investments that are insured or registered or for which the securities are held by the Fund or its agent in the Fund's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Fund's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the Fund's name.

	1996				
	Category				
	1	2	3	Carrying Value	Market Value
Certificates of deposit	560,000	-	-	560,000	560,000
Equitable securities	-	18,964,498	-	18,964,498	24,573,693
Securities of and guaranteed by the U. S. Government	12,838,450	-	-	12,838,450	13,333,766
U. S. Government guaranteed loans	9,695,599	-	-	9,695,599	9,902,148
U. S. Government Agencies	16,432,617	-	-	16,432,617	16,126,721
Corporate bonds	3,518,214	-	-	3,518,214	3,476,307
Real estate loan	-	114,121	-	114,121	114,121
	43,044,880	19,078,619	-	62,123,499	68,086,756

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

8. Investments (Continued)

Investment information at 1995 is noted below:

	1995				
	Category			Carrying	Market
	1	2	3	Value	Value
Certificates of deposit	560,000	-	-	560,000	560,000
Equitable securities	-	13,313,952	-	13,313,952	16,109,366
Securities of and guaranteed by the U. S. Government	15,444,686	-	-	15,444,686	16,356,519
U. S. Government guaranteed loans	13,244,679	-	-	13,244,679	13,807,776
U. S. Government Agencies	11,873,649	-	-	11,873,649	11,876,222
Corporate bonds	3,521,098	-	-	3,521,098	3,370,904
Real estate loan	-	120,909	-	120,909	120,909
	44,644,112	13,434,861	-	58,078,973	62,201,696

9. Furniture and Equipment

The details of the amounts of office furniture and equipment at September 30, 1996 and 1995 are as follows:

	1996	1995
Cost	42,128	40,139
Accumulated depreciation	(37,050)	(31,593)
	5,078	8,546

Depreciation charged to operations during the years ended September 30, 1996 and 1995 was $5,258 and $4,644, respectively.

10. Rent Expense

The Fund rents its business office in Shreveport, Louisiana. A new lease was executed April 1, 1994 for a term of nine months with an option to renew for one year. The monthly rent is now $1,080 per month. Rent expense for the years ended September 30, 1996 and 1995 was $12,960 for both years.

11. 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.

SUPPLEMENTARY INFORMATION

LOUISIANA ASSESSORS' RETIREMENT FUND

ANALYSIS OF FUNDING PROGRESS

(in millions of dollars)

Fiscal Year Ended Sept. 30	(1) Net Assets Available for Benefits*	(2) Pension Benefit Obligation	(3) Percentage Funded (1) ÷ (2)	(4) Unfunded Pension Benefit Obligations (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll (4) ÷ (5)
1985	25.8	61.3	42.1	35.5	12.6	281.7
1986	28.2	63.5	44.4	35.3	12.9	273.6
1987	31.5	66.8	47.2	35.3	13.4	263.4
1988	34.4	59.4	57.9	25.0	13.4	186.6
1989	37.8	65.7	57.6	27.9	14.4	193.4
1990	41.7	69.3	60.2	27.6	15.3	180.4
1991	46.0	75.9	60.6	29.9	16.0	187.1
1992	50.6	82.0	61.7	31.4	16.5	190.3
1993	54.4	86.5	62.9	32.1	16.9	189.8
1994	58.6	89.6	65.4	31.0	17.8	174.4
1995	62.8	97.6	64.3	34.8	18.0	193.3
1996	67.1	104.0	64.5	36.9	19.4	190.2

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

*At cost (See Note 2).

LOUISIANA ASSESSORS' RETIREMENT FUND

REVENUES BY SOURCE AND EXPENSES BY TYPE

Fiscal Year Ended Sept. 30	Tax Collectors Remittance	Employees' Contributions	Employers' Contributions	Investment Income	Other Income	Total
	Revenue by Source					
1985	1,880,634	907,665	-	2,757,684	-	5,545,983
1986 (1)	2,074,601	926,503	38,999	2,887,176	-	5,927,279
1987 (2)	2,228,733	930,200	-	3,441,556	-	6,570,489
1988 (3)	2,264,726	1,002,590	105,326	2,937,944	-	6,310,586
1989	2,369,544	1,009,420	415,030	3,347,020	-	7,141,014
1990	2,459,359	1,059,992	566,650	3,662,659	-	7,748,660
1991	2,467,040	1,122,850	760,776	3,836,778	-	8,187,444
1992	2,552,385	1,131,247	758,315	4,443,733	-	8,885,680
1993	2,705,500	1,155,755	1,116,292	4,024,927	-	9,002,494
1994	2,827,483	1,217,998	1,207,916	3,973,500	21,071	9,247,968
1995	2,948,598	1,127,575	1,247,660	4,382,693	12,886	9,719,412
1996	3,062,717	1,308,517	989,693	4,272,081	9,513	9,642,521

	Benefits	Administrative Expenses	Refunds	Total
	Expenses by Type			
1985	3,707,128	107,523	140,481	3,955,132
1986 (4)	3,342,742	104,288	156,034	3,603,064
1987	3,106,654	110,361	74,167	3,291,182
1988	3,172,937	107,799	89,436	3,370,172
1989	3,465,092	112,965	165,799	3,743,856
1990	3,631,412	120,910	156,200	3,908,522
1991	3,711,456	130,627	38,841	3,880,924
1992	4,020,946	130,127	137,767	4,288,840
1993 (5)	4,814,309	175,833	160,193	5,150,335
1994	4,742,850	249,458	181,150	5,173,458
1995	5,086,422	286,059	128,097	5,500,578
1996	4,992,394	303,976	71,110	5,367,480

(1) Employer contributions in 1986 per Act 591. One time adjustment for certain employees not properly enrolled at time of employment.

(2) Increase in investment income in 1987 due to accounting change.

(3) Employer contributions began effective January 1, 1988.

(4) Decrease in benefit payments in 1986, due to correction in computation of cost of living allowance paid in prior years.

(5) Benefits paid include drop account payments for the first time during fiscal year 1993.

LOUISIANA ASSESSORS' RETIREMENT FUND

SCHEDULE OF PER DIEM AND REIMBURSED

EXPENSES PAID BOARD MEMBERS

FISCAL YEAR ENDED SEPTEMBER 30, 1996

	Number of Days	Amount Paid
Thomas L. Arnold	4	620
Michael D. Wooden	6	450
Daniel J. Broussard	5	725
Verna N. Soileau	4	343
Rich Bailey	4	300
Leroy A. Martin	1	75
M. L. Graham, Jr.	4	658
Richard M. Newton	4	506
Basil P. Scalise	4	300
Irby S. Gamble	4	300
		4,277

Note - 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.

OTHER REPORTS

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WILLIAM E. ALLEN, C.P.A. (RET.)

S. BENTON HEARD, C.P.A. (1966)
EDWARD K. ATKINSON, C.P.A. (1981)
CHARLES E. VESTAL, C.P.A. (1990)

January 29, 1997

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

Independent Auditor's Report on Internal Control Structure

We have audited the financial statements of the Louisiana Assessors' Retirement Fund as of and for the year ended September 30, 1996, and have issued our report thereon dated January 29, 1997.

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

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

In planning and performing our audit of the financial statements of the Louisiana Assessors' Retirement Fund for the year ended September 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

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

Heard, McElroy & Vestal, LLP

HEARD, MCELROY & VESTAL, L.L.P.

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January 29, 1997

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

Independent Auditor's Report on Compliance with Laws and Regulations

We have audited the financial statements of the Louisiana Assessors' Retirement Fund as of and for the year ended September 30, 1996, and have issued our report thereon dated January 29, 1997.

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

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

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

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

Heard, McElroy & Vestal, LLP