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REPORT

**REGISTRARS OF VOTERS
EMPLOYEES' RETIREMENT SYSTEM
(STATE OF LOUISIANA)**

JUNE 30, 1999 AND 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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.

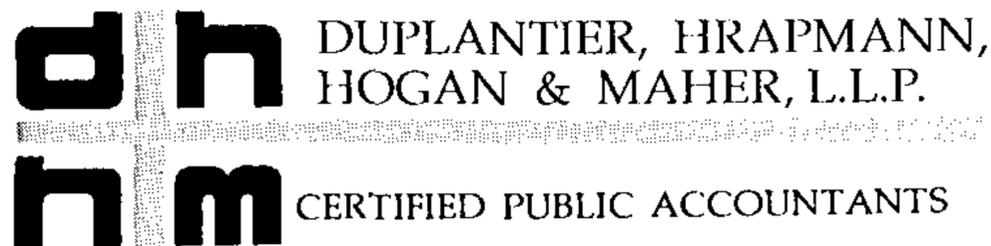
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REGISTRARS OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
(STATE OF LOUISIANA)

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INDEPENDENT AUDITOR'S REPORT

September 17, 1999

Board of Trustees
Registrars of Voters Employees'
Retirement System of Louisiana
P. O. Box 57
Jennings, Louisiana 70546

We have audited the accompanying statements of plan net assets of the Registrars of Voters Employees' Retirement System as of June 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 System'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 Registrars of Voters Employees' Retirement System as of June 30, 1999 and 1998 and the results of operations and changes in net assets for the years then ended in conformity with generally accepted accounting principles.

We have audited the financial statements of the System for the years ending June 30, 1999 and 1998 and issued our unqualified opinion on such financial statements. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The required statistical information on pages 20 - 21, and the supplemental schedules listed on pages 14 - 19 and the required schedule on the year 2000 issue on page 22 are presented for the purposes of additional analysis and are not a part of the basic financial statements. The required supplemental schedule on the year 2000 issue

has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it; however, such required statistical information for the years ending June 30, 1994 - 1999 and supplemental schedules for the years ending June 30, 1999 and 1998 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 17, 1999 on our consideration of the Registrars of Voters Employees' Retirement System's internal control over financial reporting and on its compliance with laws and regulations.

Duplantier, Hapmann, Hogan & Maher LLP

REGISTRARS OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 1999 AND 1998

ASSETS

| | 1999 | | | | 1998 | | | | |
|--|------------------------------------|---|-------------------------------|------------------------------------|---|-------------------------------|------------------------------------|---|-------------------------------|
| | RETIREMENT SYSTEM TRUST FUND | MEMBERS' SUPPLEMENTAL SAVINGS TRUST FUND | TOTAL (MEMORANDUM ONLY) | RETIREMENT SYSTEM TRUST FUND | MEMBERS' SUPPLEMENTAL SAVINGS TRUST FUND | TOTAL (MEMORANDUM ONLY) | RETIREMENT SYSTEM TRUST FUND | MEMBERS' SUPPLEMENTAL SAVINGS TRUST FUND | TOTAL (MEMORANDUM ONLY) |
| CASH: | | | | | | | | | |
| In bank (Note 6) | \$ 258,996 | \$ -- | \$ 258,996 | \$ 164,954 | \$ -- | \$ 164,954 | \$ -- | \$ -- | \$ 164,954 |
| RECEIVABLES: | | | | | | | | | |
| Member contributions (Note 1) | 36,513 | -- | 36,513 | 29,035 | -- | 29,035 | -- | -- | 29,035 |
| Investment receivable | 1,483,157 | -- | 1,483,157 | 355,785 | -- | 355,785 | -- | -- | 355,785 |
| Accrued interest and dividends | 200,977 | 14,016 | 214,993 | 248,527 | 12,002 | 260,529 | 12,002 | 12,002 | 260,529 |
| Total receivables | <u>1,720,647</u> | <u>14,016</u> | <u>1,734,663</u> | <u>633,347</u> | <u>12,002</u> | <u>645,349</u> | <u>633,347</u> | <u>12,002</u> | <u>645,349</u> |
| INVESTMENTS AT FAIR VALUE: (Pages 16 and 17) | | | | | | | | | |
| (Notes 1 and 6) | | | | | | | | | |
| Cash equivalents | 10,444,040 | 137,918 | 10,581,958 | 7,852,035 | 216,631 | 8,068,666 | 7,852,035 | 216,631 | 8,068,666 |
| Corporate bonds | 10,161,364 | -- | 10,161,364 | 10,031,704 | -- | 10,031,704 | 10,031,704 | -- | 10,031,704 |
| Government bonds | 13,984,743 | 804,400 | 14,789,143 | 6,448,704 | 781,511 | 7,230,215 | 6,448,704 | 781,511 | 7,230,215 |
| Marketable securities | 18,381,343 | 259,777 | 18,641,120 | 17,419,791 | -- | 17,419,791 | 17,419,791 | -- | 17,419,791 |
| Total investments | <u>52,971,490</u> | <u>1,202,095</u> | <u>54,173,585</u> | <u>41,752,234</u> | <u>998,142</u> | <u>42,750,376</u> | <u>41,752,234</u> | <u>998,142</u> | <u>42,750,376</u> |
| FURNITURE AND EQUIPMENT: (Notes 1 & 7) | | | | | | | | | |
| (Net of accumulated depreciation - \$20,304 for 1999 and \$18,747 for 1998) | 14,692 | -- | 14,692 | 2,275 | -- | 2,275 | 2,275 | -- | 2,275 |
| Total assets | <u>54,965,825</u> | <u>1,216,111</u> | <u>56,181,936</u> | <u>42,552,810</u> | <u>1,010,144</u> | <u>43,562,954</u> | <u>42,552,810</u> | <u>1,010,144</u> | <u>43,562,954</u> |
| LIABILITIES: | | | | | | | | | |
| Cash - overdrafts | -- | -- | -- | 100,000 | -- | 100,000 | 100,000 | -- | 100,000 |
| Accounts payable | 45,208 | -- | 45,208 | 51,542 | -- | 51,542 | 51,542 | -- | 51,542 |
| Investment payable | 11,810,139 | -- | 11,810,139 | 337,818 | -- | 337,818 | 337,818 | -- | 337,818 |
| Retirement withholding | 112 | -- | 112 | 112 | -- | 112 | 112 | -- | 112 |
| Total liabilities | <u>11,855,459</u> | <u>--</u> | <u>11,855,459</u> | <u>489,472</u> | <u>--</u> | <u>489,472</u> | <u>489,472</u> | <u>--</u> | <u>489,472</u> |
| NET ASSETS HELD IN TRUST FOR PENSION BENEFITS | <u>\$ 43,110,366</u> | <u>\$ 1,216,111</u> | <u>\$ 44,326,477</u> | <u>\$ 42,063,338</u> | <u>\$ 1,010,144</u> | <u>\$ 43,073,482</u> | <u>\$ 42,063,338</u> | <u>\$ 1,010,144</u> | <u>\$ 43,073,482</u> |

See accompanying notes.

REGISTRARS OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999 AND 1998

The Registrars of Voters Employees' Retirement System (System) was established as of January 1, 1955 by Act 215 of 1954, under R.S. Title 11:2032, as amended, for the purpose of providing retirement allowances and other benefits for registrars of voters, their deputies and their permanent employees in each parish of the State of Louisiana. The fund is administered by a board of trustees. Benefits, including normal retirement, early retirement, disability retirements and death benefits, are provided as specified in the plan.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Registrars of Voters Employees' Retirement System prepares its financial statements in accordance with the standards established by the Governmental Accounting Standards Board (GASB) as the successor to the National Council on Governmental Accounting (NCGA).

Basis of Accounting:

Registrars of Voters Employees' Retirement System's financial statements are prepared using the accrual basis of accounting. Employee contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Interest income is recognized when earned. Ad valorem taxes and revenue sharing monies are recognized in the year appropriated by the Legislature.

Method Used to Value Investments:

Investments are reported at fair value. 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.

Furniture and Equipment:

Furniture and equipment of the System are accounted for and capitalized in the Pension Fund. Depreciation of fixed assets is recorded as an expense in the Pension Fund. All fixed assets are valued on the basis of historical cost and depreciated using the straight-line method of depreciation over its estimated useful life.

Memorandum Only Column:

The total columns on the Statement of Plan Net Assets and Statement of Changes in Plan Net Assets are captioned memorandum only to indicate that they are presented to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

REGISTRARS OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999 AND 1998

2. PLAN DESCRIPTION:

The Registrars of Voters Employees' Retirement System is the administrator of a cost-sharing multiple-employer plan (Retirement System Trust Fund) and a Savings Plan (Members' Supplemental Savings Trust Fund). The System was established on the first day of January, nineteen hundred and fifty-five for the purpose of providing retirement allowances and other benefits as stated under the provisions of R.S. Title 11:2032, as amended, for registrars of voters, their deputies and their permanent employees in each parish. At June 30, 1999 and 1998, statewide retirement membership consists of:

| | <u>1999</u> | <u>1998</u> |
|--|-------------|-------------|
| Current retirees and beneficiaries | 113 | 111 |
| Terminated vested members not yet receiving benefits | 14 | 19 |
| Fully vested, partially vested, and nonvested active employees covered | 203 | 191 |
| DROP participants | <u>13</u> | <u>15</u> |
| Total participants as of the valuation date | <u>343</u> | <u>336</u> |

Retirement System Trust Fund:

Any member is eligible for normal retirement after he has 20 years of creditable service and is age 55 or has 10 years of creditable service and is age 60. Any member with 30 years of creditable service regardless of age may retire. Regular retirement benefits are 3% of the average final compensation (average monthly earnings during the highest 36 consecutive months) multiplied by the number of years of creditable service, not to exceed 100% of average final compensation.

Any member whose withdrawal from service occurs prior to attaining the age of sixty years, who shall have completed ten or more years of creditable service and shall not have received a refund of his accumulated contributions, shall become eligible for a deferred allowance beginning upon his attaining the age of sixty years.

Disability benefits are awarded to active contributing members with at least 10 years of service established in the System and who have been officially certified as disabled by the State Medical Disability Board. The disabled member who has attained the age of sixty years shall be entitled to a regular retirement allowance. The disabled member who has not yet attained age sixty shall be entitled to a disability benefit equal to the lessor of three percent of his average final compensation multiplied by the number of creditable years of service (not to be less than fifteen years) or three percent of average final compensation multiplied by the years of service assuming continued service to age sixty. Disability benefits may not exceed two-thirds of earnable compensation.

REGISTRARS OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999 AND 1998

2. PLAN DESCRIPTION: (Continued)

If a member who has less than five years of credited service dies due to any cause other than injuries sustained in the performance of his official duties, his accumulated contributions are paid to his designated beneficiary. If the member has five or more years of credited service, and is not eligible to retire, automatic option 2 benefits are payable to the surviving spouse. These benefits are based on the retirement benefits accrued at the member's date of death with option 2 factors used as if the member had continued in service to earliest normal retirement age. If a member has no surviving spouse and the member has five or more years of creditable service, the surviving minor children under 18 or disabled children shall be paid 80% of the accrued retirement benefit in equal shares until the age of majority or for the duration of the handicap for a handicapped child. Upon the death of any former member with 10 or more years of service, automatic option 2 benefits are payable to the surviving spouse. In lieu of periodic payments, the surviving spouse or children may receive a refund of the member's accumulated contributions.

In lieu of terminating employment and accepting a service retirement allowance, any member with eleven or more years of service at age sixty-one, twenty-one or more years of service at age fifty-six, or thirty-one or more years of service at any age may elect to participate in the Deferred Retirement Option Plan (DROP) for up to three 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 the 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 three years, payments into the plan fund cease and the person resumes active contributing membership in the System.

The Retirement System Trust Fund is financed by employee contributions of 7% of earnable compensation. In addition, each sheriff and ex-officio tax collector remits the employer's share of the actuarially required contribution to fund the System up to a maximum of one-sixteenth of one percent of the aggregate amount of the tax shown to be collected by the tax roll of each respective parish. Should employee contributions and tax monies be insufficient to fund the System as required by R.S. 11:22 employers contribute the additional amount.

REGISTRARS OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999 AND 1998

2. PLAN DESCRIPTION: (Continued)

Cost of living provisions for the System are detailed in R.S. 11:2073 and R.S. 11:246. R.S. 11:2073 allows the board of trustees to provide an annual cost of living increase of 3% of the retiree's original benefit from interest earnings on investments in excess of the valuation interest rate. This applies only to members who have been retired for at least two years. Louisiana statutes also allows the board of trustees to grant an additional cost of living increase to all retirees and beneficiaries over age 65 equal to two percent of the benefit paid on October 1, 1977, (or the member's retirement date, if later). This raise may only be granted from investment earnings in excess of the valuation interest rate of eight percent.

In lieu of granting a cost of living increase as described above, Louisiana statutes allow the board to grant a cost of living increase where the benefits shall be calculated using the number of years of service at retirement or at death plus the number of years since retirement or death multiplied by the cost of living amount not to exceed \$1.

In order to grant any cost of living increase, the ratio of the actuarial value of assets to the pension benefit obligation must equal or exceed a statutory target ratio defined in R.S. 11:242.

Members' Supplemental Savings Trust Fund:

The Members' Supplemental Savings Trust Fund (Fund) was established by LRS 11:2139 as a defined contribution plan. All registrars of voters, their deputies and active permanent employees participate in the plan. As of June 30, 1999 and 1998 the number of participants in the plan are 209 and 211, respectively.

In accordance with state statute funds contributed to the System in excess of those required contributions to the Retirement Fund employer reserve, as established by the Public Retirement Systems' Actuarial Committee, are deposited in the Members' Supplemental Savings Fund. The amount of funds deposited with the Members' Supplemental Savings Fund is three percent of the salaries paid during the preceding fiscal year to members who were still employed by the employer at the end of the fiscal year unless the Public Retirement Systems' Actuarial Committee recommends a lesser percentage based on available funds and the requirements of the Defined Benefit Plan. As of June 30, 1999 and 1998 there were 64 employers participating in the Fund.

Should any member of the System terminate membership in the System due to resignation, retirement, disability, death, or for any other reason involving termination of employment, he shall be entitled to payment of all contributions and interest or other earnings or losses credited to his account as of the date of payment, provided he remains out of service until such time as the payments are required to be paid. Payment to the member is made at the end of the calendar quarter following the quarter in which the member terminates.

Interest, dividends and realized gains or losses shall be allocated at least once each year on the valuation date or dates of the fund. Such earnings or losses shall be allocated to members in proportion to their account balances as of the first day of the period for which the earnings are credited, reduced by any distribution from such account during the valuation period.

REGISTRARS OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999 AND 1998

3. CONTRIBUTIONS AND RESERVES:

Contributions:

Contributions for all members are established by state statute at 7.0% of earnable compensation. The contribution is deducted from the member's salary and remitted by the participating registrar.

Contribution requirements for all employers are actuarially determined. Employer contributions are not considered necessary since ad valorem taxes and state revenue sharing are more than sufficient to pay the employer's actuarial costs. Should employee contributions and tax monies be insufficient to fund the System as required by R.S. 11:22 employers contribute the additional amount. In accordance with state statute the fund receives 1/30 of 1% of ad valorem taxes collected within the respective parishes and state revenue sharing funds. These additional sources of income are used as employer contributions

Administrative costs of the System are financed through ad valorem taxes and state revenue sharing monies.

Reserves:

Use of the term "reserve" by the System indicates that a portion of the fund balance is legally restricted for a specific future use. The nature and purpose of the reserves are explained below:

A) Deferred Retirement Option Plan:

The Deferred Retirement Option Account consists of the reserves for all members who upon eligibility elect to deposit into this account an amount equal to the member's monthly benefit if he had retired. A member can only participate in the program for three years, and upon termination may receive his benefits in a lump sum payment or by a true annuity. The Deferred Retirement Option Account as of June 30, 1999 and 1998 is \$795,525 and \$865,600, respectively. The Deferred Retirement Option Account is fully funded.

B) Annuity Savings:

The Annuity Savings is credited with contributions made by members of the System. When a member terminates his service, or upon his death before qualifying for a benefit, the refund of his contributions is made from this fund. If a member dies and there is a survivor who is eligible for a benefit, the amount of the member's accumulated contributions is transferred from the Annuity Savings to the Annuity Reserve. When a member retires, the amount of his accumulated contributions is transferred to the Annuity Reserve to provide part of the benefits payable from that fund. The Annuity Savings as of June 30, 1999 and 1998 is \$3,186,063 and \$2,931,555, respectively. The Annuity Savings is fully funded.

REGISTRARS OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999 AND 1998

3. CONTRIBUTIONS AND RESERVES: (Continued)

Reserves: (Continued)

C) Pension Accumulation:

The Pension Accumulation consists of contributions paid by employers, interest earned on investments and any other income not covered by other accounts. This fund is charged annually with an amount, determined by the actuary, to be transferred to the Annuity Reserve to fund retirement benefits for existing recipients. It is also relieved when expenditures are not covered by other accounts. The Pension Accumulation as of June 30, 1999 and 1998 is \$24,075,067 and \$21,621,282, respectively. The Pension Accumulation is fully funded.

D) Annuity Reserve:

The Annuity Reserve consists of the reserves for all pensions, excluding cost-of-living increases, granted to members and is the fund from which such pensions and annuities are paid. Survivors of deceased beneficiaries also receive benefits from this fund. The Annuity Reserve as of June 30, 1999 and 1998 is \$13,571,435 and \$13,366,315, respectively. The Annuity Reserve is fully funded.

E) Members' Supplemental Savings:

The Members' Supplemental Savings consists of contributions from the dedicated taxes to the System in excess of those required contributions to the Pension Accumulation, not to exceed three percent of the salaries paid during the fiscal year preceding the year in which funds are received. Upon termination a member is entitled to payment of all contributions and earnings credited to his account in the fund. The Members' Supplemental Savings as of June 30, 1999 and 1998 is \$1,216,111 and \$1,010,144, respectively. The Members' Supplemental Savings is fully funded.

4. ACTUARIAL COST METHOD:

The Aggregate Cost Method was used to calculate the funding requirements of the Registrars of Voters Employees' Retirement System for the fiscal year ended June 30, 1999 and 1998. This funding method allocates pension costs as a level percentage of payroll over the future working lifetime of current members. The Aggregate Cost Method produces no unfunded accrued liability. Under the Aggregate Cost Method, actuarial gains and losses are spread over future normal costs. Based on actual experience, future normal costs will increase or decrease.

REGISTRARS OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999 AND 1998

5. REQUIRED SUPPLEMENTARY SCHEDULES:

Information in the required supplemental schedules is designed to provide information about the System's progress made in accumulating sufficient assets to pay benefits and is presented on pages 20 – 21.

In accordance with GASB, the required schedule on page 22 is designed to provide information about the year 2000 issue.

6. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS:

Following are the components of the System's deposits, cash equivalents and investments at June 30, 1999 and 1998:

| | <u>1999</u> | <u>1999</u> | |
|-------------------------|------------------------------------|---|---------------------|
| | RETIREMENT SYSTEM TRUST FUND | MEMBERS' SUPPLEMENTAL SAVINGS TRUST FUND | TOTAL |
| Deposits (bank balance) | \$ 256,258 | \$ -- | \$ 256,258 |
| Cash equivalents | 10,444,040 | 137,918 | 10,581,958 |
| Investments | <u>42,527,450</u> | <u>1,064,177</u> | <u>43,591,627</u> |
| | <u>\$53,227,748</u> | <u>\$1,202,095</u> | <u>\$54,429,843</u> |
| | | <u>1998</u> | |
| | RETIREMENT SYSTEM TRUST FUND | MEMBERS' SUPPLEMENTAL SAVINGS TRUST FUND | TOTAL |
| Deposits (bank balance) | \$ 73,828 | \$ -- | \$ 73,828 |
| Cash equivalents | 7,852,035 | 216,631 | 8,068,666 |
| Investments | <u>33,900,199</u> | <u>781,511</u> | <u>34,681,710</u> |
| | <u>\$41,826,062</u> | <u>\$ 998,142</u> | <u>\$42,824,204</u> |

Deposits:

The System's bank deposits were entirely covered by Federal depository insurance and pledged collateral held in the name of the System.

Cash Equivalents:

Cash equivalents consist of a money market fund. The funds are held and managed by the Retirement System's custodian bank and are held in the name of the Retirement System.

REGISTRARS OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999 AND 1998

6. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Investments:

Statutes authorize the System to invest under the Prudent-Man Rule. The Prudent-Man Rule shall require each fiduciary of a retirement system and each board of trustees acting collectively on behalf of the system to act with care, skill, prudence and diligence under the circumstances prevailing that a prudent institutional investor acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. Notwithstanding the Prudent-Man Rule, the system shall not invest more than fifty-five percent of the total portfolio in common stock. However, the System's internal investment policy states that the System shall not invest more than forty-five percent of the total portfolio in common stock.

The System'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 that are insured or registered or for which the securities are held by the System or its agents 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 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 System's name.

| | 1999 MARKET VALUE | CATEGORY | 1998 MARKET VALUE | CATEGORY |
|--|-------------------------|----------|-------------------------|----------|
| RETIREMENT SYSTEM – TRUST FUNDS | | | | |
| Bonds | \$24,146,107 | 1 | \$16,480,408 | 1 |
| Marketable securities | <u>18,381,343</u> | 1 | <u>17,419,791</u> | 1 |
| | <u>\$42,527,450</u> | | <u>\$33,900,199</u> | |
| MEMBER'S SUPPLEMENTAL SAVINGS TRUST FUND | | | | |
| Bonds | \$ 804,400 | 3 | 781,511 | 3 |
| Marketable securities | <u>259,777</u> | 3 | <u>--</u> | -- |
| | <u>\$ 1,064,177</u> | | <u>\$ 781,511</u> | |

7. FURNITURE AND EQUIPMENT:

Change in furniture and equipment consist of the following:

| | |
|-------------------------------|------------------|
| Balance – July 1, 1998 | \$ 21,022 |
| Additions | 13,974 |
| Deletions | <u>--</u> |
| | 34,996 |
| Less accumulated depreciation | <u>(20,304)</u> |
| Balance – June 30, 1999 | <u>\$ 14,692</u> |

Depreciation expense for the years ended June 30, 1999 and 1998 was \$1,626 and \$812, respectively.

REGISTRARS OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999 AND 1998

8. USE OF ESTIMATES:

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

9. RESTATEMENT:

The accompanying financial statements for the year ended June 30, 1998 have been restated to reflect a \$45,041 investment advisory fee not recorded. The effect of the restatement was to increase investment expense by \$45,041, increase accounts payable by \$45,041, decrease plan net assets by \$45,041 and decrease changes in net plan assets by \$45,041.

REGISTRARS OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
 SUPPLEMENTARY INFORMATION
 STATEMENT OF CHANGES IN RESERVE BALANCES
 RETIREMENT SYSTEM TRUST FUND
 FOR THE YEAR ENDED JUNE 30, 1999

| | ANNUITY SAVINGS | ANNUITY RESERVE | DEFERRED RETIREMENT OPTION PLAN | PENSION ACCUMULATION | SURPLUS ACTUARIAL ACCRUED LIABILITY | TOTAL |
|--|---------------------|----------------------|---------------------------------|----------------------|-------------------------------------|----------------------|
| BALANCE - BEGINNING | \$ 2,931,555 | \$ 13,366,315 | \$ 865,600 | \$ 21,621,282 | \$ 3,278,586 | \$ 42,063,338 |
| REVENUES AND TRANSFERS: | | | | | | |
| Employee contributions | 346,144 | -- | -- | -- | -- | 346,144 |
| Net investment income | -- | -- | -- | 2,092,864 | -- | 2,092,864 |
| Parish tax collector | -- | -- | -- | 316,416 | -- | 316,416 |
| Pension transferred from Annuity Reserve | -- | -- | 271,267 | -- | -- | 271,267 |
| Pension transferred from DROP | -- | 141,883 | -- | -- | -- | 141,883 |
| Transfer from Annuity Savings | -- | 87,623 | -- | -- | -- | 87,623 |
| Actuarial transfer | -- | 1,795,605 | -- | 705 | -- | 1,796,310 |
| Transfers from another system | 14,811 | -- | -- | 137,311 | -- | 152,122 |
| Miscellaneous income | -- | -- | -- | 279 | -- | 279 |
| Total revenues | <u>360,955</u> | <u>2,025,111</u> | <u>271,267</u> | <u>2,547,575</u> | <u>--</u> | <u>5,204,908</u> |
| EXPENDITURES AND TRANSFERS: | | | | | | |
| Refunds to members | 18,824 | -- | -- | -- | -- | 18,824 |
| Transfer to Annuity Reserve | 87,623 | -- | 141,883 | -- | -- | 229,506 |
| Pensions paid | -- | 1,548,724 | 199,459 | -- | -- | 1,748,183 |
| Administrative expense | -- | -- | -- | 92,164 | -- | 92,164 |
| Depreciation expense | -- | -- | -- | 1,626 | -- | 1,626 |
| Pensions transferred to DROP | -- | 271,267 | -- | -- | -- | 271,267 |
| Actuarial transfer | -- | -- | -- | -- | 1,796,310 | 1,796,310 |
| Total expenditures | <u>106,447</u> | <u>1,819,991</u> | <u>341,342</u> | <u>93,790</u> | <u>1,796,310</u> | <u>4,157,880</u> |
| NET INCREASE (DECREASE) | <u>254,508</u> | <u>205,120</u> | <u>(70,075)</u> | <u>2,453,785</u> | <u>(1,796,310)</u> | <u>1,047,028</u> |
| BALANCE - ENDING | <u>\$ 3,186,063</u> | <u>\$ 13,571,435</u> | <u>\$ 795,525</u> | <u>\$ 24,075,067</u> | <u>\$ 1,482,276</u> | <u>\$ 43,110,366</u> |

REGISTRARS OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
 SUPPLEMENTARY INFORMATION
 STATEMENT OF CHANGES IN RESERVE BALANCES
 RETIREMENT SYSTEM TRUST FUND
 FOR THE YEAR ENDED JUNE 30, 1998

| | ANNUITY SAVINGS | ANNUITY RESERVE | DEFERRED RETIREMENT OPTION PLAN | PENSION ACCUMULATION | SURPLUS ACTUARIAL ACCRUED LIABILITY | TOTAL |
|--|-----------------|-----------------|---------------------------------|----------------------|-------------------------------------|---------------|
| BALANCE - BEGINNING | \$ 2,912,567 | \$ 12,586,296 | \$ 635,957 | \$ 20,419,594 | \$ 1,798,328 | \$ 38,352,742 |
| REVENUES AND TRANSFERS: | | | | | | |
| Employee contributions | 319,478 | -- | -- | -- | -- | 319,478 |
| Net investment income | -- | -- | -- | 4,697,579 | -- | 4,697,579 |
| Parish tax collector | -- | -- | -- | 324,031 | -- | 324,031 |
| Pension transferred from Annuity Reserve | -- | -- | 270,844 | -- | -- | 270,844 |
| Transfer from Annuity Savings | -- | 237,326 | -- | -- | -- | 237,326 |
| Actuarial transfer | -- | 2,274,211 | -- | -- | 1,480,258 | 3,754,469 |
| Transfers from another system | -- | -- | -- | 8,001 | -- | 8,001 |
| Miscellaneous income | -- | -- | -- | 2,149 | -- | 2,149 |
| Total revenues | 319,478 | 2,511,537 | 270,844 | 5,031,760 | 1,480,258 | 9,613,877 |
| EXPENDITURES AND TRANSFERS: | | | | | | |
| Refunds to members | 63,164 | -- | -- | -- | -- | 63,164 |
| Transfer to Annuity Reserve | 237,326 | -- | -- | -- | -- | 237,326 |
| Pensions paid | -- | 1,460,674 | 41,201 | -- | -- | 1,501,875 |
| Administrative expense | -- | -- | -- | 74,791 | -- | 74,791 |
| Depreciation expense | -- | -- | -- | 812 | -- | 812 |
| Pensions transferred to DROP | -- | 270,844 | -- | -- | -- | 270,844 |
| Actuarial transfer | -- | -- | -- | 3,754,469 | -- | 3,754,469 |
| Total expenditures | 300,490 | 1,731,518 | 41,201 | 3,830,072 | -- | 5,903,281 |
| NET INCREASE (DECREASE) | 18,988 | 780,019 | 229,643 | 1,201,688 | 1,480,258 | 3,710,596 |
| BALANCE - ENDING | \$ 2,931,555 | \$ 13,366,315 | \$ 865,600 | \$ 21,621,282 | \$ 3,278,586 | \$ 42,063,338 |

REGISTRARS OF VOTERS EMPLOYEES' RETIRMENT SYSTEM
 SUPPLEMENTARY INFORMATION
 SCHEDULES OF INVESTMENTS
 FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

| | 1999 | | |
|--|-----------------------------|------------------------------------|-----------------------------|
| | <u>PAR VALUE</u> | <u>ORIGINAL COST VALUE</u> | <u>MARKET VALUE</u> |
| BONDS | | | |
| Government: | | | |
| U.S. Treasury Notes | \$ 479,538 | \$ 488,872 | \$ 489,399 |
| U.S. Treasury Bonds | 2,245,000 | 2,077,394 | 1,993,416 |
| Federal National Mortgage Association | 10,167,515 | 10,137,188 | 10,086,527 |
| Government National Mortgage Association | 1,324,514 | 1,274,390 | 1,274,806 |
| Federal Home Loan Mortgage Corporation | 50,405 | 50,893 | 50,632 |
| Economic Development Bonds | 100,000 | 94,818 | 89,963 |
| Total Government Bonds | <u>14,366,972</u> | <u>14,123,555</u> | <u>13,984,743</u> |
| Corporate Bonds | <u>10,338,000</u> | <u>10,327,892</u> | <u>10,161,364</u> |
| TOTAL BONDS | <u>\$ 24,704,972</u> | <u>\$ 24,451,447</u> | <u>\$ 24,146,107</u> |

| | <u>COST</u> | <u>MARKET VALUE</u> |
|--------------|----------------------|-------------------------|
| STOCK | | |
| Common stock | <u>\$ 16,044,970</u> | <u>\$ 18,381,343</u> |

| | 1998 | | |
|--|-----------------------------|------------------------------------|-----------------------------|
| | <u>PAR VALUE</u> | <u>ORIGINAL COST VALUE</u> | <u>MARKET VALUE</u> |
| BONDS | | | |
| Government: | | | |
| U.S. Treasury Notes | \$ 3,775,000 | \$ 3,891,555 | \$ 3,880,298 |
| U.S. Treasury Bonds | 545,000 | 613,362 | 631,175 |
| Federal National Mortgage Association | -- | -- | -- |
| Government National Mortgage Association | 136,531 | 143,823 | 145,960 |
| Federal Home Loan Mortgage Corporation | 348,225 | 342,925 | 351,052 |
| Economic Development Bonds | 1,100,000 | 479,369 | 575,020 |
| Municipal bonds | 900,000 | 858,861 | 865,198 |
| Total Government Bonds | <u>6,804,756</u> | <u>6,329,895</u> | <u>6,448,703</u> |
| Corporate Bonds | <u>9,945,894</u> | <u>9,865,426</u> | <u>10,031,704</u> |
| TOTAL BONDS | <u>\$ 16,750,650</u> | <u>\$ 16,195,321</u> | <u>\$ 16,480,407</u> |

| | <u>COST</u> | <u>MARKET VALUE</u> |
|---------------|----------------------|-------------------------|
| STOCK: | | |
| Common stocks | <u>\$ 13,128,909</u> | <u>\$ 17,419,791</u> |

REGISTRARS OF VOTERS EMPLOYEES' RETIRMENT SYSTEM
MEMBERS' SUPPLEMENTAL SAVINGS TRUST FUND
SUPPLEMENTARY INFORMATION
SCHEDULES OF INVESTMENTS
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

| | | 1999 | | |
|---------------------|--|-------------------|------------------------------------|-------------------------|
| | | <u>PAR VALUE</u> | <u>ORIGINAL COST VALUE</u> | <u>MARKET VALUE</u> |
| BONDS | | | | |
| U.S. Treasury Notes | | \$ <u>800,000</u> | \$ <u>801,848</u> | \$ <u>804,400</u> |
| | | | <u>COST</u> | <u>MARKET VALUE</u> |
| MUTUAL FUND | | | | |
| Pooled equity fund | | | \$ <u>230,000</u> | \$ <u>259,777</u> |
| | | 1998 | | |
| | | <u>PAR VALUE</u> | <u>ORIGINAL COST VALUE</u> | <u>MARKET VALUE</u> |
| BONDS | | | | |
| U.S. Treasury Notes | | \$ <u>775,000</u> | \$ <u>765,801</u> | \$ <u>781,511</u> |

REGISTRARS OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
 SUPPLEMENTARY INFORMATION
 SCHEDULES OF ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

| | <u>1999</u> | <u>1998</u> |
|-------------------------------|-------------------------|-------------------------|
| PERSONAL SERVICES: | | |
| Staff salaries | \$ 31,833 | \$ 28,145 |
| Board member-per diem | 3,750 | 3,000 |
| | <u>35,583</u> | <u>31,145</u> |
| PROFESSIONAL SERVICES: | | |
| Accountant | 12,939 | 8,460 |
| Actuarial | 16,659 | 16,982 |
| Legal | 446 | 675 |
| | <u>30,044</u> | <u>26,117</u> |
| COMMUNICATIONS: | | |
| Telephone | 2,742 | 2,172 |
| Travel | 12,134 | 8,428 |
| | <u>14,876</u> | <u>10,600</u> |
| OTHER: | | |
| Bank charges | 762 | 566 |
| Utilities | 415 | 459 |
| Fidelity bond premium | 140 | 140 |
| Office expense | 10,344 | 5,764 |
| | <u>11,661</u> | <u>6,929</u> |
| TOTAL EXPENSES | \$ <u>92,164</u> | \$ <u>74,791</u> |

REGISTRARS OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF PER DIEM PAID TRUSTEES
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

| <u>TRUSTEE</u> | <u>1999</u> | | <u>1998</u> | |
|--------------------|---------------------------|----------------|---------------------------|----------------|
| | <u>NUMBER OF MEETINGS</u> | <u>AMOUNT</u> | <u>NUMBER OF MEETINGS</u> | <u>AMOUNT</u> |
| Deborah Waskom | 6 | \$ 450 | 7 | \$525 |
| Edwin McGehee | 9 | 675 | 7 | 525 |
| Golda Ensminger | 8 | 600 | 3 | 225 |
| Nathaniel Bankston | 9 | 675 | 7 | 525 |
| Robert Poche | 9 | 675 | 7 | 525 |
| Sue Manning | 9 | 675 | 5 | 375 |
| Sandra Thomas | 1 | --* | -- | -- |
| Joanell L. Wilson | 4 | <u>300</u> | -- | <u>--</u> |
| | | <u>\$3,750</u> | | <u>\$3,000</u> |

* Member declined per diem for the term.

REGISTRARS OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS - EMPLOYER AND OTHER SOURCES
JUNE 30, 1994 THROUGH 1999

| FISCAL YEAR | ACTUARIAL REQUIRED CONTRIBUTIONS EMPLOYER | ACTUARIAL REQUIRED CONTRIBUTIONS OTHER SOURCES | PERCENT CONTRIBUTED EMPLOYER | PERCENT CONTRIBUTED OTHER SOURCES |
|----------------|--|---|------------------------------------|---|
| 1994 | \$ -- | \$ 256,194 | -- | 104.83 |
| 1995 | -- | 531,288 | -- | 99.49 |
| 1996 | -- | 382,442 | -- | 105.25 |
| 1997 | -- | 416,253 | -- | 101.72 |
| 1998 | -- | 328,532 | -- | 98.63 |
| 1999 | -- | 307,847 | -- | 102.78 |

REGISTRARS OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
 SUPPLEMENTARY INFORMATION
 NOTES TO SCHEDULE OF CONTRIBUTIONS
JUNE 30, 1994 THROUGH 1999

The information presented in the Schedule of Contributions - Employer and Other was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

| | |
|-----------------------------------|--|
| Valuation Date | June 30, 1999 |
| Actuarial Cost Method | Aggregate Actuarial Cost Method |
| Asset Valuation Method: | Based on the market value adjusted to smooth realized and unrealized gains (losses) over a three year period by deferring one-third of such gains accrued in the prior fiscal year and two thirds of such gains accrued in the current fiscal year. |
| Actuarial Assumptions: | |
| Investment Rate of Return | 8% |
| Projected Salary Increases | 7.0% (3.25% Inflation, 3.75% Merit) |
| Cost of Living Adjustments | The present value of future retirement benefits is based on benefits currently being paid by the system and includes previously granted cost of living increases. Future cost of living increases are only granted if specific target ratios are met and excess interest earnings are available to fund the cost of the benefit increase. |
| Changes in Actuarial Assumptions: | Actuarial assumptions remain the same as for the prior year with the exception of those changes necessary to coordinate with the benefit changes outlined under the "Changes in Plan Provisions". These changes were increases in the assumed rates of DROP entry and retirement which were anticipated as a result of the increases in the fund's accrual rate. |
| Changes in Plan Provisions | Legislative changes in plan provisions established a uniform accrual rate of 3 1/3 % for the computation of retirement benefits for active members as of July 1, 1999 and for any person who becomes a member on or after July 1, 1999. |

REGISTRARS OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
YEAR 2000 ISSUE (UNAUDITED)
JUNE 30, 1999

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the System's operations.

Information necessary for the performance of actuarial valuations and the determination of contributions is maintained in the accounting and computer systems of the Registrars of Voters Employees' Retirement System of Louisiana and its trustee banks.

The System has completed a process of identifying computer systems and other electronic equipment that may be affected by the year 2000 issue that is necessary in conducting the System's operations. The systems and equipment have been tested and results reviewed to determine that converted systems operate properly. The System's management believes that computer software and hardware are year 2000 compliant.

Every effort has been made to assure that the System is year 2000 compliant. However, because of the unprecedented nature of the year 2000 issue, its effect and the success of related efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the System is or will be year 2000 ready, or that parties with whom the System does business will be year 2000 ready.

REGISTRARS OF VOTERS EMPLOYEES' RETIREMENT SYSTEM
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
FOR THE YEAR ENDED JUNE 30, 1999

September 17, 1999

Registrars of Voters Employees'
Retirement System of Louisiana
P.O. Box 57
Jennings, Louisiana 70546

We have audited the financial statements of Registrars of Voters Employees' Retirement System, as of and for the year ended June 30, 1999, and have issued our report thereon dated September 17, 1999. We conducted our audit 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

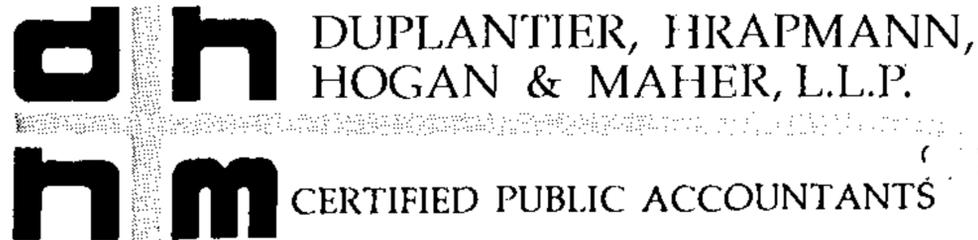
As part of obtaining reasonable assurance about whether the Registrars of Voters Employees' Retirement System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could 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 Registrars of Voters Employees' Retirement System'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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted another matter involving internal control over financial reporting that we have reported to management in a separate letter dated September 17, 1999.

This report is intended for the use of the board of trustees and management of Registrars of Voters Employees' Retirement System and the office of the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than those specified parties.

Duplantier, Hopmann, Hogen & Mabe LLP



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(1919-1990)
WILLIAM R. HOGAN, JR., C.P.A.
(1920-1996)
JAMES MAHER, JR., C.P.A.
(1921-1999)

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LA. CPAs

September 17, 1999

Legislative Auditor
Engagement Processing
Post Office Box 94397
Baton Rouge, LA 70804

SCHEDULES AND DATA COLLECTION FORM

SECTION 1: SUMMARY OF AUDITOR'S REPORTS

A. FINANCIAL STATEMENT AUDIT OPINION:

We have audited the financial statements of the Registrar of Voters Employees' Retirement System of Louisiana as of June 30, 1999 and 1998 and have issued our report thereon dated September 17, 1999. We conducted our audit 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 audit of the financial statements as of June 30, 1999 resulted in an unqualified opinion.

B. REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL STATEMENTS:

Internal Control:

Material weakness -- None noted
Reportable conditions -- None noted

Compliance:

Noncompliance material to financial statements -- None noted.

C. FEDERAL AWARDS:

N/A

SECTION 2: FINANCIAL STATEMENT FINDINGS

A. CURRENT YEAR FINDINGS:

99-01 Contract for Professional Services

The System did not obtain a written contract with a consultant for a soft dollar arrangement. The board approved the arrangement; however, there was no written contract for the services. In addition, the System did not receive statements from the consultant concerning the amount of soft dollars earned or how the amount was computed. The System should acquire a written contract for all professional services in which they engage and if necessary any reports noting the amount of soft dollars earned.

Recommendation:

We recommend that the System execute a written contract with the consultant for professional services. The contract should describe the services to be provide, the rate charged for services provided and the length of time the services will be provided. Lastly, we recommend that the System obtain a monthly report from the consultant detailing the transactions and the amount of soft dollars earned.

REGISTRARS OF VOTERS EMPLOYEES' RETIREMENT SYSTEM

LORRAINE C DEES, DIRECTOR
PO BOX 57
JENNINGS, LA 70546
TELEPHONE 1 800 510 8515

November 29, 1999

Duplantier, Hrapmann, Hogan & Maher, I.L.P.
Certified Public Accountants
1340 Poydras St., Suite 2000
New Orleans, LA 70112

RE: Contract for services performed

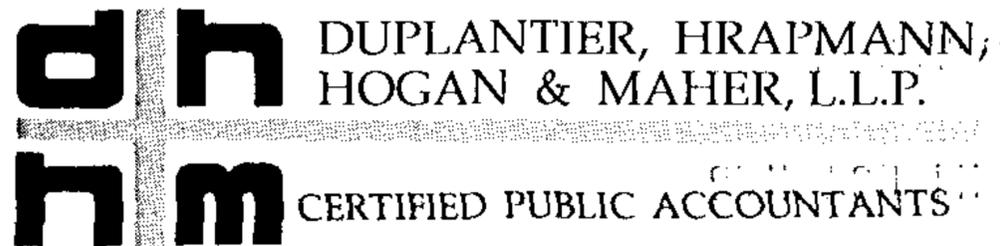
Dear Michelle:

It has come to my attention that no contract was issued and signed for a soft dollar arrangement with Paine Webber concerning liquidation of assets when the Registrar of Voters Employees' Retirement System changed Equity Money Managers. The Board did agree in a regular meeting to allow brokerage fees to be paid to Paine Webber in lieu of their quarterly Investment Consultant Fee. At the next regular Board meeting scheduled for December 14, 1999 a contract will be presented to Paine Webber for signature and a written request will be handed to the Investment Consultant for a monthly report outlining all transactions and soft dollars earned.

If you should need further information, please let me know. A copy of the contract will be forwarded to you upon completion.

Sincerely


Lorraine C Dees
Director-R.O.V.E.R.S.



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(1921-1999)

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LA. C.P.A.'S

September 17, 1999

Board of Trustees
Registrar of Voters Employees'
Retirement System
P.O. Box 57
Jennings, Louisiana 70546

In planning and performing our audit of the financial statements of Registrar of Voters Employees' Retirement System for the year ended June 30, 1999 we considered its internal control 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.

Our consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that errors or fraud 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 and its operations that we consider to be material weaknesses as defined above.

We noted one matter involving the internal control over financial reporting during the course of the audit which is not considered a material weakness; however, we felt this matter should be presented to management.

The System did not obtain a written contract with a consultant for a soft dollar arrangement. The board approved the arrangement; however, there was no written contract for the services. In addition, the System did not receive statements from the consultant concerning the amount of soft dollars earned or how the amount was computed. The System should acquire a written contract for all professional services in which they engage and if necessary any reports noting the amount of soft dollars earned.

September 17, 1999

Recommendation:

We recommend that the System execute a written contract with the consultant for professional services. The contract should describe the services to be provide, the rate charged for services provided and the length of time the services will be provided. Lastly, we recommend that the System obtain a monthly report from the consultant detailing the transactions and the amount of soft dollars earned.

This report is intended for the information of the Board of Trustees, management, and the Legislative Auditor.

Very truly yours,

DUPLANTIER, HRAPMANN, HOGAN & MAHER, LLP

William Stamm

William G. Stamm, CPA
Partner

WGS/djt