

4/35

REPORT
SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
JUNE 30, 2007 AND 2006

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 1/9/08

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA

INDEX TO REPORT

JUNE 30, 2007 AND 2006

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 - 6
FINANCIAL STATEMENTS:	
Statements of Plan Net Assets	7
Statements of Changes in Plan Net Assets.....	8
Notes to Financial Statements.....	9 - 24
SUPPLEMENTARY INFORMATION:	
Statements of Changes in Reserve Balances.....	25
Schedules of Investments.....	26
Schedules of Administrative Expenses	27
Schedules of Per Diem and Travel Expenses to Board Members.....	28
Schedule of Contributions - Employer and Other Sources... ..	29
Schedule of Funding Progress	30
Notes to Schedules of Contributions and Funding Progress.....	31
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON A FINANCIAL STATEMENT AUDIT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	32 - 33

dh DUPLANTIER, HRAPMANN,
HOGAN & MAHER, L.L.P.

hlm CERTIFIED PUBLIC ACCOUNTANTS

1340 Poydras St., Suite 2000 · New Orleans, LA 70112

(504) 586-8866

FAX (504) 525-5888

www.dhmcpa.com

MICHAEL J. O'ROURKE, C.P.A.
WILLIAM G. STAMM, C.P.A.
CLIFFORD J. GIFFIN, JR., C.P.A.
DAVID A. BURGARD, C.P.A.
LINDSAY J. CALUB, C.P.A., L.L.C.
GUY L. DUPLANTIER, C.P.A.
MICHELLE H. CUNNINGHAM, C.P.A.
DENNIS W. DILLON, C.P.A.

ANN H. HEBERT, C.P.A.
ROBINA A. STROHMEYER, C.P.A.
GRADY C. LLOYD, III, C.P.A.
HENRY L. SILVIA, C.P.A.

KENNETH J. BROOKS, C.P.A., ASSOCIATE

A.J. DUPLANTIER JR., C.P.A.
(1919-1985)
FELIX J. HRAPMANN, JR., C.P.A.
(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 C.P.A.'S

INDEPENDENT AUDITOR'S REPORT

November 28, 2007

Board of Trustees of the
Sheriffs' Pension and Relief Fund
State of Louisiana
1225 Nicholson Drive
Baton Rouge, Louisiana 70802

We have audited the statements of plan net assets of the Sheriffs' Pension and Relief Fund, State of Louisiana as of June 30, 2007 and 2006 and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the management of the Sheriffs' Pension and Relief Fund. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 Sheriffs' Pension and Relief Fund as of June 30, 2007 and 2006 and the results of its operations and changes in net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 3 through 6 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board (GASB). We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

We have audited the financial statements of the Fund for the years ending June 30, 2007 and 2006, and issued our unqualified opinions 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 29 – 31 and the supplemental schedules on pages 25 – 28 are presented for the purposes of additional analysis and are not a part of the basic financial statements. Such required statistical information for the years ending June 30, 2002 – 2007 and supplemental schedules for the years ending June 30, 2007 and 2006, 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 November 28, 2007 on our consideration of Sheriffs' Pension and Relief Fund's internal control over financial reporting and on our tests of its compliance with laws and regulations. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Duplantier, Hrapmann, Hogan & Maher, LLP

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2007

The Management's Discussion and Analysis of the Sheriffs' Pension and Relief Fund (Fund) financial performance presents a narrative overview and analysis of the Sheriffs' Pension and Relief Fund's financial activities for the year ended June 30, 2007. This document focuses on the current year's activities, resulting changes, currently known facts in comparison with the prior year's information. Please read this document in conjunction with the information contained in the Sheriffs' Pension and Relief Fund's financial statements, which begin on page 7.

Financial, Operational and Investment Highlights

- Funded ratio – The ratio of Net Actuarial Value of Assets to GASB-25 accrued liability continued to improve, increasing from 93.07% for 2006 to 93.85% for the fiscal year ended June 30, 2007.
- The Sheriffs' Pension and Relief Fund's assets exceeded its liabilities at the close of fiscal year 2007 by \$1,550,829,081, which represents an increase from last fiscal year. The net assets held in trust for pension benefits increased by \$262,728,906 or 20.39%.
- Contributions to the plan by members and employers totaled \$100,603,102, an increase of \$8,304,072 or 8.99% over the prior year.
- Funds apportioned by the Public Employees' Retirement Systems' actuarial committee from available insurance premiums tax totaled \$12,817,388, an increase of \$599,474 or 4.91% over the prior year.
- The return on assets for 2007 was 16.1% compared to 8.48% for 2006.
- Increases in the Fund's real estate core strategies, alternative investments and international equities continued during this fiscal year with the goal of enhancing performance, and providing increased diversification and risk control in the management of the investment portfolio. These changes, along with continued favorable conditions in world equity markets have resulted in improved investment returns.
- Net change in the fair value of investments reflected a net gain of \$194,254,935, resulting from realized gains of \$82,789,962 and unrealized gains totaling \$111,464,973. The current year gain exceeded the prior year gain by \$113,976,280.
- Investment income net of expense from all sources was \$210,701,090 representing an increase of \$111,779,653 or 112.99% compared to the prior year.
- Pension benefits paid to retirees and beneficiaries increased by \$8,090,918 bringing total benefit payments to \$62,067,438. Refunds of contributions paid to former members upon termination of employment decreased from \$17,604,440 to \$11,987,493.
- Administrative expenses totaled \$1,306,373, a decrease of \$65,656 or 4.78%.

Using This Financial Report

The discussion and analysis is intended to serve as an introduction to the Fund's basic financial statements, which are comprised of three components:

- Statement of plan net assets,
- Statement of changes in plan net assets, and
- Notes to the financial statements.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2007

Using This Financial Report (Continued)

This report also contains required supplemental information in addition to the basic financial statements themselves.

Because of the long-term nature of a defined benefit pension plan, financial statements alone cannot provide sufficient information to properly reflect the plan's ongoing plan perspective. This financial report consists of two financial statements and two required schedules of historical trend information. The Statements of Plan Net Assets and Statements of Changes in Plan Net Assets (on pages 7 and 8) provide information about the activities of the pension funds as a whole. Sheriffs' Pension and Relief Fund is the fiduciary of funds held in trust for sheriffs, deputies, non-commissioned employees of sheriffs' offices throughout the State of Louisiana and employees of the Louisiana Sheriffs' Association, the Sheriffs' Pension Fund office and a limited number of employees of the Attorney General's Office.

The Schedule of Funding Progress (on page 30) includes historical trend information about the actuarially funded status of the Fund from a long-term, ongoing plan perspective and the progress made in accumulating sufficient assets to pay benefits when due. The Schedule of Employer Contributions (on page 29) presents historical trend information about the annual required contributions of employers and the contributions made by employers in relation to the required contributions. These schedules provide information that contributes to understanding the changes over time in the funded status of the plan.

Financial Analysis of the Fund

Sheriffs' Pension and Relief Fund's plan net assets increased during the year ended June 30, 2007 by \$262,728,906 from \$1,288,100,175 to \$1,550,829,081. Plan net assets for the prior fiscal year had increased by \$143,348,247. The increase when compared to the prior fiscal year increase is attributable to more favorable market conditions than the prior fiscal year. This analysis focuses on plan net assets (Table 1) and changes in plan net assets (Table 2) of the Fund.

TABLE 1
PLAN NET ASSETS
(In Thousands)

	<u>2007</u>	<u>2006</u>
Cash and investments	\$ 1,658,437	\$ 1,398,428
Receivables	15,918	21,205
Capital assets	<u>2,931</u>	<u>2,958</u>
Total assets	1,677,286	1,422,591
Total liabilities	<u>126,457</u>	<u>134,491</u>
Plan net assets	<u>\$ 1,550,829</u>	<u>\$ 1,288,100</u>

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2007

Financial Analysis of the Fund (Continued)

TABLE 2
CHANGES IN PLAN NET ASSETS
(In Thousands)

	<u>2007</u>	<u>2006</u>
Additions:		
Contributions	\$ 124,864	\$ 115,305
Net investment income	210,701	98,921
Other	<u>3,742</u>	<u>3,367</u>
Total additions	<u>339,307</u>	<u>217,593</u>
Deductions:		
Benefits	62,067	53,976
Refunds and transfers	13,109	18,800
Administrative expenses and depreciation	<u>1,402</u>	<u>1,469</u>
Total deductions	<u>76,578</u>	<u>74,245</u>
Increase in plan net assets	<u>\$ 262,729</u>	<u>\$ 143,348</u>

Plan net assets increased by 20.39% (\$1,550,829,081 compared to \$1,288,100,175). All of these assets are restricted in use to provide monthly retirement allowances to members who contributed to the Fund as employees and their beneficiaries.

Additions to Plan Net Assets

Additions to Sheriffs' Pension and Relief Fund plan net assets were derived from member and employer contributions. Member contributions increased \$3,418,897 or 7.68% while employer contributions increased \$4,885,175 or 10.22%. The increase in contributions is primarily due to prior legislation enacted which had increased the contributions for plan members to 10% and employer contributions from 10.75% to 11.00% of annual covered payroll. The System experienced a net investment gain of \$210,701,091 as compared to a net investment gain of \$98,921,438 in the prior year. The increase in investment income was mainly due to a continued upturn in world equity markets.

	<u>2007</u>	<u>2006</u>	<u>Percentage Increase (Decrease)</u>
Member Contributions	\$ 47,924,843	\$ 44,505,946	7.68%
Employer Contributions	52,678,259	47,793,084	10.22%
Insurance Premium Taxes	12,817,388	12,217,914	4.91%
Ad Valorem Taxes	11,028,920	10,373,460	6.32%
State Revenue Sharing	414,201	414,310	0.00%
Net Investment Income	210,701,091	98,921,438	112.99%
Other Additions	<u>3,742,561</u>	<u>3,367,846</u>	11.13%
Total	<u>\$ 339,307,263</u>	<u>\$ 217,593,998</u>	

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2007

Deductions from Plan Net Assets

Deductions from plan net assets include mainly retirement, death, survivor benefits, refunds and transfers of contributions to other retirement plans and administrative expenses. Deductions from plan net assets totaled \$76,578,357 in fiscal year 2007. This is an increase of \$2,332,606 when compared to 2006. Retirement benefit payments increased \$8,090,918, and refunds of contributions decreased by \$5,616,947.

	<u>2007</u>	<u>2006</u>	<u>Percentage Increase (Decrease)</u>
Retirement Benefits	\$ 62,067,438	\$ 53,976,520	14.99%
Refunds of Contributions	11,987,493	17,604,440	(32.09%)
Administrative Expenses and Depreciation	1,402,401	1,468,578	(4.61%)
Transfers to other systems	<u>1,121,025</u>	<u>1,196,213</u>	(6.21%)
Total	<u>\$ 76,578,357</u>	<u>\$ 74,245,751</u>	

Investments

Sheriffs' Pension and Relief Fund is responsible for the prudent management of funds held in trust for the exclusive benefits of our members' pension benefits. Funds are invested to achieve maximum returns without exposing retirement assets to unacceptable risks. Total investments at June 30, 2007 amount to \$1,651,651,758 as compared to \$1,392,015,731 at June 30, 2006, which is an increase of \$259,636,027 or 18.65%. The most significant increase is in stocks. Sheriffs' Pension and Relief Fund's investments in various markets at the end of the 2007 and 2006 fiscal years are indicated in the following table:

	<u>2007</u>	<u>2006</u>	<u>Percentage Increase (Decrease)</u>
Cash Equivalents	\$ 63,198,864	\$ 49,070,627	28.79%
Collateral Held Under Securities Lending	84,871,181	89,250,013	(4.01)%
Bonds	377,721,663	351,264,559	7.50%
Stocks	<u>1,125,860,050</u>	<u>902,430,532</u>	24.76%
Total	<u>\$ 1,651,651,758</u>	<u>\$ 1,392,015,731</u>	

Requests for Information

Questions concerning any of the information provided or requests for additional financial information should be addressed to Osey McGee, Jr., Sheriffs' Pension and Relief Fund, 1225 Nicholson Drive, Baton Rouge, Louisiana 70802, (225) 219-0500.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
ASSETS:		
Cash	\$ <u>6,784,985</u>	\$ <u>6,411,293</u>
Receivables and prepaid expense:		
Member contributions	3,142,729	2,707,845
Employer contributions	3,426,267	2,911,682
Accrued interest and dividends	4,046,241	3,450,934
Sold investments receivable	5,217,285	11,682,012
Other receivables and prepaids	<u>85,819</u>	<u>452,828</u>
Total	15,918,341	21,205,301
Investments (at fair value): (Notes 1, 6, 7 and 8) (Page 26)		
Cash equivalents	63,198,864	49,070,627
Collateral held under Securities Lending Program	84,871,181	89,250,013
Bonds	377,721,663	351,264,559
Stocks	<u>1,125,860,050</u>	<u>902,430,532</u>
Total	1,651,651,758	1,392,015,731
Land, property, plant and equipment: (Notes 1 and 13)		
Building	2,582,132	2,582,132
Land and improvements	92,692	92,692
Furnishings, equipment and vehicles	<u>837,928</u>	<u>768,853</u>
	3,512,752	3,443,677
Less: Accumulated depreciation	<u>581,369</u>	<u>485,341</u>
Total	2,931,383	2,958,336
Total assets	<u>1,677,286,467</u>	<u>1,422,590,661</u>
LIABILITIES:		
Obligations under Securities Lending Program (Notes 6 and 7)	84,871,181	89,250,013
Investments purchased payable	38,595,731	41,176,291
Refunds payable	1,528,837	2,458,498
Other payables	10,111	17,739
Accounts payable	1,328,318	1,417,747
Pension payable	19,199	82,314
Accrued leave payable	<u>104,009</u>	<u>87,884</u>
Total liabilities	126,457,386	134,490,486
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 1,550,829,081</u>	<u>\$ 1,288,100,175</u>

(A schedule of funding progress for the plan is presented on Page 30)

See accompanying notes.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
ADDITIONS:		
Contributions:		
Members	\$ 47,924,843	\$ 44,505,946
Employers	52,678,259	47,793,084
Insurance premium tax	12,817,388	12,217,914
Ad valorem taxes	11,028,920	10,373,460
State revenue sharing	414,201	414,310
Total contributions	<u>124,863,611</u>	<u>115,304,714</u>
Investment income: (Note 1)		
Interest income	21,013,573	18,833,210
Dividend income	350,924	4,065,812
Net change in fair value of investments	194,254,935	80,278,655
Commission recapture	39,562	17,958
Miscellaneous	-	15,983
	<u>215,658,994</u>	<u>103,211,618</u>
Less investment expense:		
Investment advisory fee	4,751,701	4,108,908
Custodian fee and bank charges	206,202	181,272
	<u>4,957,903</u>	<u>4,290,180</u>
Net investment income	<u>210,701,091</u>	<u>98,921,438</u>
Other additions:		
Transfers from other retirement systems	3,742,354	3,367,621
Processing fees	207	225
Total other additions	<u>3,742,561</u>	<u>3,367,846</u>
Total additions	<u>339,307,263</u>	<u>217,593,998</u>
DEDUCTIONS:		
Benefits	62,067,438	53,976,520
Refund of contributions	11,987,493	17,604,440
Transfers to other state retirement systems	1,121,025	1,196,213
Administrative expenses (Page 27)	1,306,373	1,372,029
Depreciation (Note 13)	96,028	96,549
Total deductions	<u>76,578,357</u>	<u>74,245,751</u>
NET INCREASE	262,728,906	143,348,247
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:		
Beginning of year	<u>1,288,100,175</u>	<u>1,144,751,928</u>
END OF YEAR	<u>\$ 1,550,829,081</u>	<u>\$ 1,288,100,175</u>

See accompanying notes.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

The Sheriffs' Pension and Relief Fund (Fund) is a public corporation created in accordance with the provisions of Louisiana Revised Statute 11:2171 to provide retirement, disability and survivor benefits to employees of sheriffs' offices throughout the State of Louisiana. Employees of the Louisiana Sheriffs' Association (LSA), the Sheriffs' Pension Fund office and a limited number of employees of the Attorney General's office are also members of the Fund.

The Fund is governed by a Board of Trustees composed of 14 elected members and two ex-officio members, all of whom are voting members consisting of a president, secretary-treasurer, three active, participating sheriffs, and three full-time participating deputy sheriffs, three retired sheriffs and three retired deputy sheriffs participating in the Fund, and the chairman of the Senate Finance and House Retirement Committee serve as ex-officio members. The President may be either an active or retired sheriff, elected by the members of the LSA for a term of two years from the date of taking office. Reelection is permissible. At the annual sheriffs' conference, the general membership of the LSA elects one active sheriff and one retired sheriff to serve three-year staggered terms on the Board. Active and retired deputy sheriff members are elected from their respective ranks to three-year staggered terms. The members of the LSA elect the Secretary-Treasurer annually. Office personnel and retained professionals serve as authorized by the Board.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements are prepared in accordance with the standards established by the Governmental Accounting Standards Board (GASB) as the successor to the National Council on Governmental Accounting (NCGA). During the prior year, Governmental Accounting Standards Board 40 (GASB 40) was implemented. The statement addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. The required disclosures are included in Note 6 to the financial statements. In addition, these financial statements include the management's discussion and analysis as supplementary information, as required by of GASB Statement Number 34, *Basic Financial Statement- and Management's Discussion and Analysis- for State and Local Governments* and related standards.

Basis of Accounting:

The Fund's financial statements are prepared using the accrual basis of accounting. Employer and 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 and dividend income is recognized when earned. Ad valorem taxes and revenue sharing monies are recognized in the year appropriated by the legislature. Insurance premium tax income is recorded in the fiscal year for which it is allocated.

The Plan reports securities lent through the securities lending program as assets. Cash received as collateral on securities lending transactions made with that cash are reported as assets. Liabilities resulting from securities lending transactions are reported as well.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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.

Property, Plant and Equipment:

Property, plant and equipment 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.

2. PLAN DESCRIPTION:

The Sheriffs' Pension and Relief Fund, State of Louisiana, is the administrator of a cost-sharing multiple-employer plan. The Sheriffs' Pension and Relief Fund received a favorable determination from the IRS regarding its status as a qualified plan in August 1995. The determination applied to plan years beginning after December 31, 1988.

The Sheriffs' Pension and Relief Fund, State of Louisiana, provides retirement benefits for employees of sheriffs' offices throughout the State of Louisiana. There are sixty-five contributing sheriff offices, with employees of the Louisiana Sheriffs' Association office, Attorney General's office and the Sheriffs' Pension Fund staff also contributing. At June 30, 2007 and 2006 statewide retirement membership consists of:

	<u>2007</u>	<u>2006</u>
Current retirees and beneficiaries	2,995	2,859
Members, terminated with deferred vested benefits	340	329
Members, terminated, nonvested with contributions remaining on deposit with the fund	3,939	3,722
Fully vested, partially and nonvested active employees covered	<u>13,530</u>	<u>12,835</u>
TOTAL PARTICIPANTS AS OF THE VALUATION DATE	<u>20,804</u>	<u>19,745</u>

Laws that govern the Fund are located in the Louisiana Revised Statutes beginning with 11:2171 et seq. which deals specifically with the Sheriffs' Pension Fund, and 11:11 et seq. which governs all public retirement systems in Louisiana.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

2. PLAN DESCRIPTION: (Continued)

Eligibility Requirements:

Membership in the Fund is required for all eligible sheriffs and full time deputies. Court criers of specified courts and non-deputized employees may become members. They are eligible immediately upon employment as long as they meet statutory criteria as to age and physical condition. All salaried employees of the Sheriffs' Pension and Relief Fund, the Louisiana Sheriffs' Association and a limited number of employees of the Attorney General's office who meet certain requirements are also eligible to become members of the Fund. Members are vested after twelve years of service time.

Retirement Benefits:

Members with twelve years of creditable service may retire at age fifty-five. Members with thirty years of service may retire regardless of age. The retirement allowance is equal to three and one-third percent of the member's average final compensation multiplied by his years of creditable service, not to exceed (after reduction for optional payment form) 100% of average final compensation. Members with twenty or more years of service may retire with a reduced retirement at age fifty.

Cost of Living Increases:

When certain criteria is met relating to funding status and interest earnings, the Fund is authorized under state law to grant a cost of living increase to members who have been retired for at least one full calendar year. The increase cannot be less than 2% or more than 3% of the retiree's current benefit, subject to a minimum of \$20 per month. State law allows the Fund to grant an additional cost of living increase to all retirees and beneficiaries over age sixty-five equal to 2% of the benefit received on October 1, 1977, or the original benefit, if retirement commenced after that date. In lieu of cost of living adjustments, the board may grant increases in amounts up to \$1 per month times the sum of years of credited service accrued at retirement or death and number of years since retirement or death.

No cost of living adjustments have been made during the current and prior years. A legislative change provides for a permanent monthly cost-of-living (COLA) adjustment, not to exceed 3%, for retirees, disability recipients, and survivors retired one full year on June 30, 2007 as well as an additional COLA adjustment of 2%, for all retirees, disability recipients and survivors sixty-five and over. This change increased the normal cost accrual rate by 0.4118% or \$1,865,295.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

2. PLAN DESCRIPTION: (Continued)

Deferred Benefits:

The Fund does provide for deferred benefits for vested members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable.

Disability Benefits:

A member is eligible to receive disability benefits if he has at least ten years of creditable service when a non-service related disability is incurred; there are no service requirements for a service related disability. Disability benefits shall be the lesser of 1) a sum equal to the greatest of 45% of final average compensation or the members' accrued retirement benefit at the time of termination of employment due to disability, or 2) the retirement benefit which would be payable assuming continued service to the earliest normal retirement age. Members who become partially disabled receive 75% of the amount payable for total disability.

Survivor Benefits:

Survivor benefits for death solely as a result of injuries received in the line of duty are based on the following. For a spouse alone, a sum equal to 50% of the member's final average compensation with a minimum of \$150 per month. If a spouse is entitled to benefits and has a child or children under eighteen years of age (or over said age if physically or mentally incapacitated and dependent upon the member at the time of his death), an additional sum of 15% of the member's final average compensation is paid to each child with total benefits paid to spouse and children not to exceed 100%. If a member dies with no surviving spouse, surviving children under age eighteen will receive monthly benefits of 15% of the member's final average compensation up to a maximum of 60% of final average compensation if there are more than four children. If a member is eligible for normal retirement at the time of death, the surviving spouse receives an automatic option 2 benefit. The additional benefit payable to children shall be the same as those available for members who die in the line of duty. In lieu of receiving option 2 benefit, the surviving spouse may receive a refund of the member's accumulated contributions. All benefits payable to surviving children shall be extended through age twenty-two, if the child is a full time student in good standing enrolled at a board approved or accredited school, college, or university.

Contribution Refunds:

Upon withdrawal from service, members not entitled to a retirement allowance who have remained out of service for a period of thirty days are paid a refund of accumulated contributions upon request. Receipt of such a refund cancels all accrued benefits in the system.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

2. PLAN DESCRIPTION: (Continued)

Back Deferred Retirement Option Plan (Back-DROP)

In lieu of receiving a service retirement allowance, any member of the Fund who has more than sufficient service for a regular service retirement may elect to receive a "Back-DROP" benefit. The Back-DROP benefit is based upon the Back-DROP period selected and the final average compensation prior to the period selected. The Back-DROP period is the lesser of three years or the service accrued between the time a member first becomes eligible for retirement and his actual date of retirement. At retirement the member's maximum monthly retirement benefit is based upon his service, final average compensation and plan provisions in effect on the last day of creditable service immediately prior to the commencement of the Back-DROP period. In addition to the monthly benefit at retirement, the member receives a lump-sum payment equal to the maximum monthly benefit as calculated above multiplied by the number of months in the Back-DROP period. In addition, the member's Back-DROP account will be credited with employee contributions received by the retirement fund during the Back-DROP period. As of January 1, 2005, the board of trustees provided for the transfer of DROP and Back-DROP balances to a third party, fixed income investment manager, see Note 8. Participants have the option to opt out of this program and take a distribution, if eligible, or to rollover the assets to another qualified plan.

3. CONTRIBUTIONS AND RESERVES:

Contributions:

Contributions for all members were established by statute for the fiscal years ending June 30, 2007 and 2006 at 10% of earnable compensation and are deducted from the member's salary and remitted monthly by the participating parish.

Gross employer contributions are determined by actuarial valuation and are subject to change each year in accordance with R.S. 11:103. For fiscal 2007 and 2006, the employers contributed 11.00% and 10.75% of members' salaries, respectively. Also, the fund annually receives revenue sharing funds, .5% of the aggregate amount of the tax shown to be collected by the tax roll of each respective parish, and additional funds as indicated by valuation and apportioned by the Public Employees' Retirement Systems' Actuarial Committee from available insurance premium taxes described in RS 22:1419.

Administrative costs of the Fund are financed through employer contributions.

Reserves:

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

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

3. CONTRIBUTIONS AND RESERVES: (Continued)

Reserves: (Continued)

A) Annuity Savings:

The Annuity Savings is credited with contributions made by members of the Fund. When a member terminates his service, or upon his death before qualifying for a benefit, the refund of his contributions is made from this reserve. 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 Annuity Reserve to provide part of the benefits. The Annuity Savings as of June 30, 2007 is \$313,710,938. The Annuity Savings is fully funded.

B) Pension Accumulation Reserve:

The Pension Accumulation Reserve consists of contributions paid by employers, interest earned on investments and any other income not covered by other accounts. This reserve account 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 Reserve as of June 30, 2007 is \$693,256,736. The Pension Accumulation Reserve is 99% funded.

C) Annuity Reserve:

The Annuity Reserve consists of the reserves for all pensions, excluding cost-of-living increases, granted to retired members and is the reserve account from which such pensions and annuities are paid. Survivors of deceased beneficiaries also receive benefits from this reserve account. The Annuity Reserve as of June 30, 2007 is \$546,122,987. The Annuity Reserve is fully funded.

D) Deferred Retirement Option Account:

The Deferred Retirement Option account consists of the reserves for all members who upon retirement eligibility elect to deposit into this account an amount equal to the member's monthly benefit if he had retired. Members entering after June 30, 2002 are entitled to receive a "Back-DROP" benefit. Members participate in the program for up to three years, and upon termination receive benefits in a lump sum payment or annuity. The deferred retirement option account as of June 30, 2007 is \$7,762,013. The Deferred Retirement Option account is fully funded.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

4. ACTUARIAL COST METHOD:

The Frozen Attained Age Normal Cost Method was used to calculate the funding requirements of the Fund. Funding of pension plans under this method consists of two components. The first of these components is the Employer Normal Cost of the plan. In addition, amortization payments on the Fund's unfunded liability must be made. The actuarial present value of future normal cost is called the actuarial accrued liability. The provisions of Louisiana R.S. 11:103 require that the unfunded accrued liability be amortized over a forty-year period beginning on July 1, 1989 with payments increasing at 3.5% per year.

5. REQUIRED SUPPLEMENTARY SCHEDULE INFORMATION:

In accordance with GASB 25, information in the Required Supplementary Schedules is designed to provide information about the Fund's progress made in accumulating sufficient assets to pay benefits and is presented on pages 29-31.

6. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS:

Following are the components of the Fund's deposits, cash equivalents and investments at June 30, 2007 and 2006.

	<u>2007</u>	<u>2006</u>
Deposits (bank balance)	\$ 6,316,697	\$ 6,239,075
Cash equivalents	63,198,864	49,070,627
Investments	<u>1,588,452,894</u>	<u>1,342,945,104</u>
	<u>\$ 1,657,968,455</u>	<u>\$ 1,398,254,806</u>

Deposits:

The Fund's bank deposits were fully insured or collateralized with securities held by the entity or its agent in the entity's name.

Cash Equivalents:

For the years ending June 30, 2007 and 2006, cash equivalents in the amount of \$55,831,055 and \$41,802,398, respectively, consisted of government backed pooled funds. These funds are held by a sub-custodian, are managed by separate money managers and are in the name of the Fund's custodian's trust department. For the years ended June 30, 2007 and 2006, cash equivalents also included amounts invested in the Louisiana Asset Management Pool, see Note 8, totaling \$7,367,809 and \$7,268,229, respectively.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

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

Investments:

Statutes authorize the Fund to invest under the Prudent-Man Rule. Pursuant to Louisiana Revised Statute 11:263, the Prudent-Man rule requires each fiduciary of a retirement system and each board of trustees acting collectively on behalf of each system to act with the 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 Fund shall not invest more than fifty-five percent of the total portfolio in common stock and not more than 10% in index funds.

Concentration of Credit Risk:

The Fund's investment policy states that short-term investments may not exceed 5% of each manager's assigned portfolio allocation without Board approval and maximum single stock ownership in the common stock of any one organization shall not exceed 7% of each manager's portfolio. In addition, total exposure of all types of mortgages, as a percentage of each advisor's total fixed income portfolio, at market value, shall not be more than 10% greater than the mortgage sector's current percent of the Lehman Brothers Aggregate index. Collateralized mortgage obligations and adjustable rate mortgages shall not exceed 15%, at market value, of each investment advisor's total fixed income portfolio. There were no investments in any organization which represented 5% of total investments June 30, 2007 and 2006.

Credit Risk:

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Following are the credit ratings of the Fund's investments in long-term debt securities as of June 30, 2007 (Enron corporate bonds totaling \$30,000, collateralized mortgage obligations totaling \$92,035, U.S. Private Placement Funds totaling \$365,713 and other investments totaling \$515,437 are not rated).

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

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

Credit Risk: (Continued)

Average Quality Rating	2007									
	Corporate Bonds	Mortgage- Backed Securities	Collateralized Mortgage Obligations	U.S. Private Placement	Government	U.S. Government Mortgages	U.S. Taxable Municipal	U.S. Fixed Income Funds	Other	Total
AAA	\$ 1,616,999	\$17,953,925	\$ 48,387,980	\$ 5,952,095	\$ 65,267,479	\$ 111,460,983	\$ 476,462	\$ -	\$ 15,949,402	\$ 267,064,325
A1	1,288,294	104,404	-	2,626,969	-	-	-	694,241	-	4,713,908
A2	7,387,371	313,758	89,127	2,402,509	-	-	-	-	-	10,172,765
A3	7,645,225	-	-	430,430	-	-	-	-	342,958	8,418,613
AA1	-	1,043,900	-	-	-	-	-	-	-	1,043,900
AA2	2,944,785	-	299,825	952,028	-	-	172,172	-	-	4,368,810
AA3	4,693,375	-	-	872,510	-	-	-	-	586,853	6,152,738
B1	6,232,979	-	-	279,500	-	-	-	-	-	6,512,479
B2	1,516,812	-	-	220,650	-	-	-	-	87,657	1,825,119
B3	3,138,288	-	-	519,955	-	-	-	-	-	3,658,243
BA1	6,957,225	-	-	1,516,321	-	-	-	-	1,429,838	9,903,387
BA2	1,951,590	-	-	-	-	-	-	-	134,902	2,086,492
BA3	1,641,102	-	-	-	-	-	-	-	-	1,641,102
BAA1	12,224,966	-	-	949,396	-	-	-	-	188,096	13,342,458
BAA2	15,835,338	-	-	3,822,670	-	-	-	-	260,761	20,193,818
BAA3	9,970,294	-	-	3,222,443	-	-	275,049	-	253,795	13,446,532
CAA1	610,788	-	-	1,081,063	-	-	-	-	-	1,691,851
CAA2	481,938	-	-	-	-	-	-	-	-	481,938
Not Rated	30,000	-	92,035	365,713	-	-	-	-	515,437	1,003,185
	<u>\$86,147,372</u>	<u>\$19,415,987</u>	<u>\$48,888,967</u>	<u>\$25,214,252</u>	<u>\$65,267,479</u>	<u>\$111,460,983</u>	<u>\$923,683</u>	<u>\$-</u>	<u>\$20,422,940</u>	<u>\$377,721,663</u>

Following are the credit ratings of the Fund's investments in long-term debt securities as of June 30, 2006. (Enron corporate bonds totaling \$30,000, mortgage backed securities totaling \$1,223,306 and U.S. Fixed Income Funds totaling \$4,532,089 are not rated.)

Average Quality Rating	2006									
	Corporate Bonds	Mortgage- Backed Securities	Collateralized Mortgage Obligations	U.S. Private Placement	Government	U.S. Government Mortgages	U.S. Taxable Municipal	U.S. Fixed Income Funds	Other	Total
AAA	\$ 4,232,181	\$15,188,756	\$40,071,377	\$ 2,335,252	\$84,972,440	\$98,424,196	\$469,148	\$ 3,236,828	\$ 977,550	\$249,907,706
A1	2,347,841	103,147	-	-	-	-	-	-	397,710	2,848,698
A2	4,981,003	309,824	-	4,098,520	-	-	-	-	-	9,389,347
A3	11,732,110	-	-	1,365,199	-	-	-	-	-	13,097,309
AA1	233,217	1,051,670	-	833,724	-	-	169,801	-	-	2,288,412
AA2	158,167	-	-	809,704	-	-	-	-	-	967,871
AA3	5,231,159	128,340	-	314,959	-	-	-	-	-	5,674,468
BA1	2,950,918	-	-	132,721	-	-	-	-	-	3,083,639
BA2	2,385,525	-	-	-	-	-	-	-	-	2,385,525
BA3	4,411,083	-	-	-	-	-	-	-	-	4,411,083
BAA1	13,901,731	-	-	1,212,862	-	-	-	-	-	15,114,593
BAA2	22,492,851	-	-	2,494,312	-	-	-	-	257,938	25,245,111
BAA3	9,625,986	-	-	1,439,416	-	-	-	-	-	11,065,402
Not Rated	30,000	1,223,306	-	-	-	-	-	4,532,089	-	5,785,395
	<u>\$84,713,772</u>	<u>\$18,005,043</u>	<u>\$40,071,377</u>	<u>\$15,038,668</u>	<u>\$84,972,440</u>	<u>\$98,424,196</u>	<u>\$638,947</u>	<u>\$7,768,917</u>	<u>\$1,633,198</u>	<u>\$351,264,559</u>

Bond portfolios must have a minimum average quality rating of A. Securities must be rated Baa3/BBB- by at least two of the major rating agencies at the time of the purchase. The major rating agencies are Moody's Investor Services, Standard & Poor's or Fitch Investor Services. Any security that falls below Baa3/BBB- rating by any of the major rating agencies must be sold within 90 days of the downgrade announcement. The investment manager must contact the consultant and/or investment committee for approval should they wish to hold the security beyond 90 days.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

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

Credit Risk: (Continued)

All security types include in the benchmark (Lehman Aggregate Bond Index) are candidates for purchase and placement in the bond portfolio. This includes U.S. dollar denominated bonds registered in the U.S. by foreign governments as well as corporate bonds issued by foreign companies. Total exposure to U.S. dollar denominated foreign-issued bonds shall not exceed 5% at market value of each investment advisor's total fixed income portfolio.

Private placement securities issued under SEC Rule 144A may be held, but shall not exceed 10% at market value of each investment advisor's total fixed income portfolio.

Derivatives are limited to the use of U.S. Treasury bond futures, primarily for the purpose of adjusting fixed income duration. The use of futures shall not cause asset class policy ranges to be exceeded, or cause the total fund to be leveraged. The net notional principal amounts outstanding of all derivative investments, expressed in terms of the value of the underlying position, shall not exceed 15% of the market value of the Fund. All derivatives positions must be incorporated into the overall portfolio market values and risk measures.

Foreign government, sovereign, sovereign-guaranteed, supranational and corporate obligations, including emerging market debt exposure to Non-Dollar Securities shall not exceed 10% at market value of each investment advisor's total fixed income portfolio.

Custodial Credit Risk:

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the Fund will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Fund is not exposed to custodial credit risk at June 30, 2007 for investments in the amount of \$1,566,780,577 since the investments are in the name of the Fund. At June 30, 2007, for collateral held under securities lending in the amount of \$84,871,181 and non cash collateral received under the securities lending program in the amount of \$7,026,406, the Fund is exposed to custodial credit risk since these investments are not in the name of the Fund. The Fund has no formal investment policy regarding custodial credit risk.

Foreign Currency Risk:

Foreign currency risk is defined as the risk that changes in exchange rates will adversely affect the fair value of an investment. The Fund's exposure to foreign currency risk is limited to its investment in foreign marketable securities at June 30, 2007 as follows:

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

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

Foreign Currency Risk: Continued)

<u>Currency</u>	<u>2007 Fair Value</u>
Argentina peso	\$ 88,168
Australian dollar	51,322
Brazil real	937,806
British pound sterling	(4,044)
Canadian dollar	244,092
Columbian peso	522,055
European euro	493,745
Japanese yen	1,678,689
Mexican peso	435,624
New Zealand dollar	1
Norwegian krone	60,692
Russian rubel	96,829
Swedish krona	<u>376,630</u>
	<u>\$ 4,981,609</u>

Interest Rate Risk:

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. As of June 30, 2007, the Fund had the following investments in long-term debt securities and maturities:

<u>Investment Type</u>	<u>2007</u>				
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
Other Bonds:					
Collateralized mortgage-backed securities	\$ 18,485,884	\$ 30,000	\$ --	\$ --	\$ 18,455,884
Collateralized mortgage obligations – government	18,336,978	--	--	--	18,336,978
Collateralized mortgage obligations – corporate	30,531,987	--	--	--	30,531,987
Corporate and other credit	86,018,886	--	--	20,020,507	65,998,379
U.S. fixed income funds	--	--	--	--	--
U.S. government mortgages	176,121,309	16,199,821	--	40,508,174	119,413,314
U.S. private placement	25,214,254	--	--	1,434,827	23,779,427
U.S. taxable municipal bonds	923,683	--	--	--	923,683
Other	<u>22,088,682</u>	--	--	<u>5,187,957</u>	<u>16,900,725</u>
	<u>\$ 377,721,663</u>	<u>\$ 16,229,821</u>	<u>\$ --</u>	<u>\$ 67,151,465</u>	<u>\$ 294,340,377</u>
Collateral held under Securities Lending Program	<u>\$ 84,871,181</u>	<u>\$ 84,871,181</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

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

Interest Rate Risk: (Continued)

As of June 30, 2007, the Fund owns securities valued at \$5,751,212 with no maturity date specified.

As of June 30, 2006, the Fund had the following investments in long-term debt securities and maturities:

<u>Investment Type</u>	2006				
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
<u>Other Bonds:</u>					
Collateralized mortgage-backed securities	\$ 9,338,987	\$ --	\$ --	\$ --	\$ 9,338,987
Collateralized mortgage obligations - government	17,231,118	--	--	--	17,231,118
Collateralized mortgage obligations - corporate	21,888,629	--	--	--	21,888,629
Corporate and other credit	84,713,772	30,000	--	49,029,033	35,654,739
U.S. fixed income funds	4,532,089	4,532,089	--	--	--
U.S. government mortgages	183,396,636	--	21,352,200	42,512,664	119,531,772
U.S. private placement	15,036,669	--	--	957,977	14,078,692
U.S. taxable municipal bonds	638,947	--	--	--	638,947
Other	<u>14,487,712</u>	<u>--</u>	<u>1,840,830</u>	<u>3,874,948</u>	<u>8,771,934</u>
	<u>\$351,264,559</u>	<u>\$ 4,562,089</u>	<u>\$23,193,030</u>	<u>\$96,374,622</u>	<u>\$227,134,818</u>
<u>Collateral held under</u>					
Securities Lending Program	<u>\$ 89,250,013</u>	<u>\$ 89,250,013</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

The Fund invests in collateralized mortgage obligations. These securities are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates. The Fund has no formal investment policy regarding interest rate risk.

7. SECURITY LENDING AGREEMENT:

State statutes and board of trustee policies authorize the Fund to invest under the Prudent-Man Rule. Under the Prudent-Man Rule, the Fund is allowed to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The Fund enters into a contract with a company, which acts as their third-party securities lending agent. The lending agent has access to the Fund's lendable portfolio or available assets. The agent lends the available assets such as U.S. Treasury, government-guaranteed and corporate fixed income securities, and equities. The lending agent has discretion over the selection of borrowers and continually reviews credit worthiness of potential borrowers through adequate analysis of all material provided to them; however, the Fund may restrict

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

7. SECURITY LENDING AGREEMENT: (Continued)

borrowers. All loans are fully collateralized with cash, government securities, or irrevocable letters of credit. Initial collateralization of loans will be 102% of the market value of the loaned securities plus accrued income for U.S. and 105% in all cases and at all times of non-U.S. loans, respectively. When collateral for U.S. issuers is less than 100% of market value of the loaned securities, additional collateral is required to bring the collateralization back to 102%. As a result of the required collateralization percentages, the Fund has no credit risk. The lending agent and the Fund enter into contracts with all approved borrowers. In the case of security loans in which the collateral received by the Fund is cash, the collateral is reported as an asset with a corresponding liability. When the Fund receives collateral other than cash, it may not reinvest the collateral. When this occurs, the Fund does not record the collateral on the financial statements. In both cases, the loaned securities continue to be reported as an asset on the Statement of Plan Net Assets and in footnote number 6. In the case of any loans collateralized by cash, the lending agent will invest the cash collateral (in the name of the Fund) in approved investments outlined in the contract between the agent and the Fund such as commercial paper, selected money market mutual funds, certificates of deposit, and repurchase agreements including tri-party. Acceptable collateral from approved borrowers for repurchase agreements (including tri-party) is all direct U.S. Treasury obligations, mortgage and asset-backed securities rated AA or higher, commercial paper, and other investments stipulated in lender agent contract.

The fund has the following securities on loan:

	<u>June 30, 2007</u> Market (Carrying Value)	<u>June 30, 2006</u> Market (Carrying Value)
U. S. Government Securities	\$ 44,137,220	\$ 59,382,407
U. S. Government Agency Securities	9,791,447	3,267,507
Corporate Bonds	8,365,159	7,219,325
Marketable Securities	<u>27,607,534</u>	<u>22,632,069</u>
	<u>\$ 89,901,360</u>	<u>\$ 92,501,308</u>

The contracts with the lending agent requires the lending agent to indemnify the Fund from any and all claims, actions, demands or lawsuits of any kind whatsoever resulting from the lending agent's gross negligence or willful misconduct in its administration of the program and to replace loaned securities not returned to the Fund for any reason.

The term to maturity of the securities loaned is matched with the term to maturity of the investment of the cash collateral by investing only in repurchase agreements with maturities of one to two days.

The information was not available to compute the gross amount of interest income earned and interest expense incurred from security lending transactions. The net amount of income received from the transactions is recorded in the financial statements in investment income.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

8. LOUISIANA ASSET MANAGEMENT POOL:

Investments held at June 30, 2007 and 2006 consist of \$7,367,809 and \$7,268,229, respectively, in the Louisiana Asset Management Pool (LAMP), a local government investment pool.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investments Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regularity oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

9. EMPLOYEES DEFERRED COMPENSATION PLAN:

The Sheriffs' Pension and Relief Fund offers its employees a deferred compensation plan, created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or unforeseen emergency. Effective in the prior year, the Board of Trustees authorized matching contributions to be made to the plan by the Fund on behalf of the employees. The current and prior years contributions totaled \$30,574 and \$29,860, respectively.

All assets and income are held in a custodial trust account for the exclusive benefit of the participants and their beneficiaries.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

10. ANNUAL AND SICK LEAVE:

Employees' leave is accrued at rates of 12 to 24 days per year depending upon length of service. Upon separation employees are compensated for accumulated annual leave, up to a maximum of 60 days. Employees are not compensated for accumulated sick leave upon termination.

The liability for annual leave accrued at June 30, 2007 and 2006 is \$104,009 and \$87,884, respectively.

11. OPERATING BUDGET:

The budget is under the control of the Board of Trustees and is not an appropriated budget but is considered a budgetary execution for management purposes.

12. 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.

13. CHANGES IN PROPERTY, PLANT AND EQUIPMENT:

A summary of changes in fixed assets follows:

	Balance <u>July 1, 2006</u>	<u>Additions</u>	<u>Reclass</u>	Balance <u>June 30, 2007</u>
Land and building	\$ 2,674,824	\$ --	\$ --	\$ 2,674,824
Vehicles	31,991	--	--	31,991
Office furniture and equipment	<u>736,862</u>	<u>69,075</u>	--	<u>805,937</u>
Total	<u>\$ 3,443,677</u>	<u>\$ 69,075</u>	<u>\$ --</u>	<u>\$ 3,512,752</u>

Depreciation expense for the years ended June 30, 2007 and 2006 totaled \$96,028 and \$96,549, respectively.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

14. OTHER RECEIVABLES AND PREPAIDS:

A summary of this account follows:

<u>Description</u>	<u>2007</u>	<u>2006</u>
Pensions	\$ 75,634	\$ 87,333
Taxes	<u>35,308</u>	<u>390,618</u>
Total	110,942	477,951
Less: Provision for uncollectibility	<u>25,123</u>	<u>25,123</u>
Total	<u>\$ 85,819</u>	<u>\$ 452,828</u>

Pensions receivable represents amounts that have been determined to have been paid for benefits that were not due to the recipient. Amounts due are generally established through legal judgments. Taxes receivable represent ad valorem and revenue sharing taxes due from parishes. A provision for uncollectibility has been provided for the pensions at June 30, 2007 and 2006 totaling \$25,123.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
SUPPLEMENTARY INFORMATION
STATEMENTS OF CHANGES IN RESERVE BALANCES
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

JUNE 30, 2007

	ANNUITY RESERVE	ANNUITY SAVINGS	PENSION ACCUMULATION RESERVE	DEFERRED RETIREMENT OPTION PLAN (DROP)	UNFUNDED ACTUARIAL LIABILITY
BALANCES - BEGINNING OF YEAR	\$ 483,753,111	\$ 286,564,258	\$ 599,497,605	\$ 8,318,731	\$ (90,033,530)
REVENUES AND TRANSFERS:					
Contributions	-	47,924,843	76,938,768	-	-
Net income from investments	-	-	210,305,927	395,164	-
Processing fees	-	-	207	-	-
Annuities derived from accumulated savings	9,934,607	-	-	-	-
Contributions for purchased or transferred services	-	1,143,937	2,598,417	-	-
DROP members - selecting annuities	321,407	-	-	-	-
DROP members - decision pending	-	-	-	391,898	-
DROP pensions accumulated from Annuity Reserve	-	-	-	5,660,441	-
Actuarial transfer	113,550,825	-	-	-	80,009,937
Total revenues and transfers	<u>123,806,839</u>	<u>49,068,780</u>	<u>289,843,319</u>	<u>6,447,503</u>	<u>80,009,937</u>
EXPENSES AND TRANSFERS:					
Retirement allowances paid during the period	55,384,624	-	-	-	-
Transfer to Annuity Reserve	-	9,934,607	-	-	-
Refunds to members	-	11,987,493	-	-	-
Administrative expenses and depreciation	-	-	1,402,401	-	-
DROP members - selecting annuities	-	-	-	321,407	-
DROP members - decision pending	391,898	-	-	-	-
Funds transferred to another system	-	-	1,121,025	-	-
Pensions paid into DROP	5,660,441	-	-	-	-
Pensions paid out of DROP	-	-	-	6,682,814	-
Actuarial transfer	-	-	193,560,762	-	-
Total expenses and transfers	<u>61,436,963</u>	<u>21,922,100</u>	<u>196,084,188</u>	<u>7,004,221</u>	<u>-</u>
Net increase (decrease)	<u>62,369,876</u>	<u>27,146,680</u>	<u>93,759,131</u>	<u>(556,718)</u>	<u>80,009,937</u>
BALANCES - END OF YEAR	<u>\$ 546,122,987</u>	<u>\$ 313,710,938</u>	<u>\$ 693,256,736</u>	<u>\$ 7,762,013</u>	<u>\$ (10,023,593)</u>

JUNE 30, 2006

<u>TOTAL</u>	<u>ANNUITY RESERVE</u>	<u>ANNUITY SAVINGS</u>	<u>PENSION ACCUMULATION RESERVE</u>	<u>DEFERRED RETIREMENT OPTION PLAN (DROP)</u>	<u>UNFUNDED ACTUARIAL LIABILITY</u>	<u>TOTAL</u>
\$ 1,288,100,175	\$ 436,831,094	\$ 271,493,741	\$ 464,754,692	\$ 7,015,662	\$ (35,343,261)	\$ 1,144,751,928
124,863,611	-	44,505,946	70,798,768	-	-	115,304,714
210,701,091	-	-	98,640,643	280,795	-	98,921,438
207	-	-	225	-	-	225
9,934,607	12,736,115	-	-	-	-	12,736,115
3,742,354	-	905,126	2,462,495	-	-	3,367,621
321,407	291,064	-	-	-	-	291,064
391,898	-	-	-	1,328,737	-	1,328,737
5,660,441	-	-	-	5,372,947	-	5,372,947
<u>193,560,762</u>	<u>89,184,696</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,184,696</u>
<u>549,176,378</u>	<u>102,211,875</u>	<u>45,411,072</u>	<u>171,902,131</u>	<u>6,982,479</u>	<u>-</u>	<u>326,507,557</u>
55,384,624	48,588,174	-	-	-	-	48,588,174
9,934,607	-	12,736,115	-	-	-	12,736,115
11,987,493	-	17,604,440	-	-	-	17,604,440
1,402,401	-	-	1,468,578	-	-	1,468,578
321,407	-	-	-	291,064	-	291,064
391,898	1,328,737	-	-	-	-	1,328,737
1,121,025	-	-	1,196,213	-	-	1,196,213
5,660,441	5,372,947	-	-	-	-	5,372,947
6,682,814	-	-	-	5,388,346	-	5,388,346
<u>193,560,762</u>	<u>-</u>	<u>-</u>	<u>34,494,427</u>	<u>-</u>	<u>54,690,269</u>	<u>89,184,696</u>
<u>286,447,472</u>	<u>55,289,858</u>	<u>30,340,555</u>	<u>37,159,218</u>	<u>5,679,410</u>	<u>54,690,269</u>	<u>183,159,310</u>
<u>262,728,906</u>	<u>46,922,017</u>	<u>15,070,517</u>	<u>134,742,913</u>	<u>1,303,069</u>	<u>(54,690,269)</u>	<u>143,348,247</u>
\$ <u>1,550,829,081</u>	\$ <u>483,753,111</u>	\$ <u>286,564,258</u>	\$ <u>599,497,605</u>	\$ <u>8,318,731</u>	\$ <u>(90,033,530)</u>	\$ <u>1,288,100,175</u>

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULES OF INVESTMENTS
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	JUNE 30, 2007		JUNE 30, 2006		
	PAR VALUE	ORIGINAL COST	MARKET VALUE	ORIGINAL COST	MARKET VALUE
INVESTMENTS:					
Cash equivalents		\$ 63,198,864	\$ 63,198,864	\$ 49,070,627	\$ 49,070,627
Bonds:					
Corporate and aid bonds	\$ 209,003,254	181,849,133	175,583,235	158,586,589	150,624,193
Foreign Government bonds	1,013,585,000	4,185,405	4,461,885	-	-
U.S. Government securities and mortgage-backed securities	208,739,760	199,971,354	197,676,543	204,258,387	200,640,366
Total bonds	<u>\$ 1,431,328,014</u>	<u>386,005,892</u>	<u>377,721,663</u>	<u>362,844,976</u>	<u>351,264,559</u>
Stocks:					
Corporate stock - common		667,678,712	842,151,078	600,858,938	707,003,481
International equities		176,896,504	238,140,027	135,707,528	160,929,743
Diversified alternatives		38,990,444	45,568,945	30,992,633	34,497,308
Total stocks		<u>883,565,660</u>	<u>1,125,860,050</u>	<u>767,559,099</u>	<u>902,430,532</u>
TOTAL INVESTMENTS		<u>\$ 1,332,770,416</u>	<u>\$ 1,566,780,577</u>	<u>\$ 1,179,474,702</u>	<u>\$ 1,302,765,718</u>

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULES OF ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
Salaries and related cost	\$ 646,189	\$ 647,237
Office supplies and expense	63,788	72,355
Professional retainers and legal fees	272,966	275,022
Travel - Board & Committee meeting expenses	19,319	17,174
Travel - Trustee educational and LSA conferences	57,194	74,242
Telephone and telegraph	11,753	14,260
Payroll taxes	15,881	15,162
Group medical and bond insurance	108,570	108,787
Professional development	(197)	8,596
Leases - office equipment	11,788	12,457
Equipment rental	2,770	2,320
Equipment maintenance	26,514	22,825
Janitorial, garage, yard	24,190	21,274
Moving expenses	-	1,585
Security	5,516	3,447
Utilities:		
Current year expense	35,238	59,802
Payments - prior years	-	15,484
Temporary services	<u>4,894</u>	<u>-</u>
 Total administrative expenses	 <u>\$ 1,306,373</u>	 <u>\$ 1,372,029</u>

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
SUPPLEMENTARY INFORMATION
PER DIEM AND TRAVEL EXPENSES PAID TO BOARD OF TRUSTEES
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	2007			2006		
	Per Diem	Travel Reimbursement	Total	Per Diem	Travel Reimbursement	Total
Wayne F. McElveen	\$ 1,725	\$ 2,740	\$ 4,465	\$ 1,425	\$ 1,455	\$ 2,880
Ray Gillard	300	138	438	1,350	1,614	2,964
J.R. Oakes	375	1,132	1,507	675	1,597	2,272
Graham Hendericks	1,050	1,538	2,588	1,500	1,895	3,395
Don Rittenberry	-	1,402	1,402	-	-	-
Calvin McFerrin	-	1,025	1,025	-	-	-
Laura Endsley	1,800	3,052	4,852	1,200	2,320	3,520
William Hilton	-	1,456	1,456	-	-	-
Totals	\$ <u>5,250</u>	\$ <u>12,484</u>	\$ <u>17,734</u>	\$ <u>6,150</u>	\$ <u>8,881</u>	\$ <u>15,031</u>

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - EMPLOYER AND OTHER SOURCES
JUNE 30, 2002 THROUGH 2007

<u>Fiscal Year</u>	Actuarial Required Contributions Employer	Actuarial Required Contributions Other Sources	Percent Contributed Employer	Percent Contributed Other Sources
2002	\$ 24,762,901	\$ 19,884,152	101.17 %	89.24 %
2003	34,564,351	17,859,034	85.86	99.42
2004	37,690,472	19,741,798	100.93	99.89
2005	44,112,031	21,670,033	95.90	100.85
2006	48,902,744	22,228,685	97.73	103.50
2007	40,212,803	24,222,127	131.00	100.16

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2002 THROUGH 2007

Actuarial Valuation <u>Date</u>	Actuarial Value of <u>Assets</u>	Actuarial Accrued Liability <u>(AAL)</u>	Unfunded AAL <u>(UAAL)</u>	Funded <u>Ratio</u>	Covered <u>Payroll</u>	UAAL as a Percentage of Covered <u>Payroll</u>
June 30, 2002	\$ 868,729,107	\$ 959,788,254	\$ 91,059,147	90.51 %	\$ 360,267,884	25.28 %
June 30, 2003	907,401,749	999,746,836	92,345,087	90.76	383,388,474	24.09
June 30, 2004	981,583,851	1,075,107,796	93,523,945	91.30	406,020,215	23.03
June 30, 2005	1,085,515,384	1,180,095,189	94,579,805	91.99	432,019,757	21.89
June 30, 2006	1,282,638,484	1,378,133,705	95,495,221	93.07	436,370,158	21.88
June 30, 2007	1,468,646,528	1,564,897,616	96,251,088	93.85	481,418,484	20.00

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
SUPPLEMENTARY INFORMATION
NOTES TO SCHEDULE OF CONTRIBUTIONS AND
SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2002 THROUGH 2007

The information presented in the Schedule of Contributions - Employer and Other and the Schedule of Funding Progress 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, 2007
Actuarial Cost Method	Frozen Attained Age Normal Actuarial Cost Method
Amortization Method	In accordance with state statute, the payment amounts increase at 3.5% each year for the remaining amortization period. The amortization period is for a specific number of years. (Closed Basis)
Remaining Amortization Period	22 years
Actuarial Asset Values:	
Bonds and Equities	Market value adjusted to reflect a four-year smoothing of realized and unrealized capital gains.
Actuarial Assumptions:	
Investment Rate of Return	8%
Projected Salary Increases	6% (3.25% Inflation, 2.75 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. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.
Change in Actuarial Assumptions:	Actuarial assumptions utilized were the same as those utilized for the prior year.
Change in Plan Provisions	Legislative changes enacted allows members having thirty or more years of service to elect a Back-DROP period of up to 48 months of creditable service, and requires specific educational requirements prior to serving as a trustee of the Fund. Another change provides for the Fund to address holdings in a company having facilities or employer located in prohibited nations and applies to both direct ownership of securities and securities held in a collective fund. A legislative change provides for a permanent monthly cost-of-living (COLA) adjustment, not to exceed 3%, for retirees, disability recipients, and survivors retired one full year on June 30, 2007 as well as an additional COLA adjustment of 2%, for all retirees, disability recipients and survivors sixty-five and over. This change increased the normal cost accrual rate by 0.4118% or \$1,865,295.



DUPLANTIER, HRAPMANN,
HOGAN & MAHER, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

1340 Poydras St., Suite 2000 · New Orleans, LA 70112
(504) 586-8866

FAX (504) 525-5888
www.dhmcpa.com

MICHAEL J. O'ROURKE, C.P.A.
WILLIAM G. STAMM, C.P.A.
CLIFFORD J. GIFFIN, JR., C.P.A.
DAVID A. BURGARD, C.P.A.
LINDSAY J. CALUB, C.P.A., L.L.C.
GUY L. DUPLANTIER, C.P.A.
MICHELLE H. CUNNINGHAM, C.P.A.
DENNIS W. DILLON, C.P.A.

ANN H. HEBERT, C.P.A.
ROBIN A. STROHMEYER, C.P.A.
GRADY C. LLOYD, III, C.P.A.
HENRY L. SILVIA, C.P.A.

KENNETH J. BROOKS, C.P.A., ASSOCIATE

A.J. DUPLANTIER JR., C.P.A.
(1919-1985)
FELIX J. HRAPMANN, JR., C.P.A.
(1919-1990)
WILLIAM R. HOGAN, JR., C.P.A.
(1920-1994)
JAMES MAHER, JR., C.P.A.
(1921-1999)

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

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

November 28, 2007

Board of Trustees
Sheriffs' Pension and Relief Fund
State of Louisiana
Baton Rouge, Louisiana

We have audited the financial statements of the Sheriffs' Pension and Relief Fund, State of Louisiana, as of and for the year ended June 30, 2007, and have issued our report thereon dated November 28, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Sheriffs' Pension and Relief Fund's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Sheriffs' Pension and Relief Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sheriffs' Pension and Relief Fund's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects Sheriffs' Pension and Relief Fund's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Sheriffs' Pension and Relief Fund's financial statements that is more than inconsequential will not be prevented or detected by Sheriffs' Pension and Relief Fund's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Sheriffs' Pension and Relief Fund's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sheriffs' Pension and Relief Fund's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the use of the Board of Trustees, Office of the Legislative Auditor of the State of Louisiana, and management and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP