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R E P O R T

SHERIFFS' PENSION AND RELIEF FUND  
STATE OF LOUISIANA

JUNE 30, 1990 AND 1991

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

Volume Date: ACC 5 664

SHERIFFS' PENSION AND RELIEF FUND  
STATE OF LOUISIANA

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### INDEPENDENT AUDITOR'S REPORT

September 17, 1998

Board of Trustees of the  
Sheriffs' Pension and Relief Fund  
State of Louisiana  
Monroe, Louisiana

We have audited the statements of plan net assets of the Sheriffs' Pension and Relief Fund, State of Louisiana as of June 30, 1998 and 1997 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 audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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, 1998 and 1997 and the results of its 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 Fund for the years ending June 30, 1988 and 1987, 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 14 - 27 and the supplemental schedules on pages 28 - 18 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, 1987 - 1988 and supplemental schedules for the years ending June 30, 1988 and 1987, 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 issued a report dated September 13, 1988 on our consideration of Sheriffs' Pension and Relief Fund's internal control over financial reporting and on its compliance with laws and regulations.

*Boyle, McQuinn, Hagan & Smith, LLP*

**SECURITY'S PENSION AND RETIRE FUND**  
**STATE OF LOUISIANA**  
**STATEMENTS OF PLAN NET ASSETS**  
**JUNE 30, 2008 AND 2007**

	2008	2007
<b>ASSETS:</b>		
Cash	\$ 810,020	\$ 304,804
Receivables and prepaid expenses:		
Member contributions	1,307,571	1,120,801
Employer contributions	824,280	780,186
Accrued interest and dividends	5,351,087	4,749,818
Sold investments receivable	940,290	1,310,472
Other receivables	157,488	7,094
Prepaid expense	--	7,493
Total	<u>8,079,111</u>	<u>7,980,614</u>
Investments (At fair value): (Notes 1 and 6) (Page 20)		
Cash equivalents	38,768,942	48,006,751
Collateral held under Securities Lending Program (Notes 6 and 7)	57,976,080	--
Bonds	348,816,801	324,167,623
Stocks	284,418,085	160,114,401
Total	<u>729,979,908</u>	<u>532,288,775</u>
Property, plant and equipment: (Notes 1 and 10)		
Office building, furnishings and equipment	373,189	237,898
Less: Accumulated depreciation	(140,189)	(180,868)
	<u>233,000</u>	<u>57,030</u>
Total assets	<u>728,941,129</u>	<u>565,695,263</u>
<b>LIABILITIES:</b>		
Obligation under Securities Lending Program (Notes 6 and 7)	57,976,080	--
Investments purchased payable	12,381,407	2,147,451
Refunds payable	203,278	181,379
Payroll and pension withholding payable	382,868	129,834
Accounts payable	713,285	456,813
Pension payable	55,834	34,821
ORRF payable	10,337	--
Accrued leave payable	98,528	85,432
Total liabilities	<u>73,415,680</u>	<u>3,095,890</u>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	<b><u>\$ 655,525,449</u></b>	<b><u>\$ 562,600,373</u></b>
(A schedule of funding progress for the plan is presented on Page 20)		

See accompanying notes.

SHERIFFS' PENSION AND RELIEF FUND  
STATE OF LOUISIANA  
STATEMENTS OF CHANGES IN PLAN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

	1998	1997
<b>ADDITIONS:</b>		
Contributions:		
Members	\$ 21,679,731	\$ 19,445,828
Employers	12,658,874	12,855,287
Ad valorem taxes and state revenue sharing	6,991,886	6,402,285
Total contributions	<u>41,330,491</u>	<u>38,703,399</u>
Investment income: (Note 1)		
Interest income	26,647,486	24,129,634
Dividend income	2,186,346	2,363,479
Net appreciation in fair value of investments	63,136,894	67,679,695
Commission receipts	72,387	54,290
	<u>92,037,113</u>	<u>94,227,098</u>
Less investment expense:		
Investment advisory fee	3,999,323	3,643,222
Custodian fee and bank charges	55,884	125,885
	<u>4,055,207</u>	<u>3,769,107</u>
Net investment income	<u>87,981,906</u>	<u>90,457,991</u>
Other additions:		
Transfers from other retirement systems	3,584,853	3,152,088
Processing fees	302	393
Gain on sale of equipment	3,890	—
Total other additions	<u>3,589,045</u>	<u>3,152,481</u>
Total additions	<u>123,481,421</u>	<u>136,298,853</u>
<b>DEDUCTIONS:</b>		
Benefits:	21,208,319	21,166,862
Refund of contributions	4,886,392	4,843,886
Transfers to other state retirement systems	504,708	727,811
Administrative expenses (Page 17)	855,896	822,579
Depreciation	24,330	18,694
Loss on sale of equipment	—	287
Total deductions	<u>27,420,285</u>	<u>28,669,999</u>
NET INCREASE	96,061,136	79,628,854
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:</b>		
Beginning of year	562,653,283	483,024,419
END OF YEAR	<u>\$ 658,714,419</u>	<u>\$ 562,653,283</u>

See accompanying notes.

SHERIFFS' PENSION AND RELIEF FUND  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1998 AND 1997

The Sheriffs' Pension and Relief Fund (Fund) is a public corporation created in accordance with the provisions of Louisiana Revised Statute 13:2171 to provide retirement, disability and survivor benefits to employees of sheriffs' offices throughout the State of Louisiana. Before passage of legislation in 1995 allowing noncommissioned employees to be members of the Fund, sheriffs and deputies were the only sheriffs' office employees eligible to participate in the Fund. Employees of the Louisiana Sheriffs' Association (LSA) and the Sheriffs' Pension Fund 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. Re-election 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 Secretary-Treasurer is elected annually by the members of the LSA. 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).

**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 period received.

**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.

SHERIFFS' PENSION AND RELIEF FUND  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1996 AND 1995

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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 to 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 1996. 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 and the Sheriffs' Pension Fund staff also contributing. At June 30, 1996 and 1995 statewide retirement membership consists of:

	1996	1995
Current retirees and beneficiaries	1,747	1,686
ROP participants	211	170
Members, terminated with deferred vested benefits	188	186
Members, terminated, nonvested with contributions remaining on deposit with the fund	1,617	1,384
Fully vested, partially and nonvested active employees covered	16,932	16,286
<b>TOTAL PARTICIPANTS AS OF THE VALUATION DATE</b>	<b>19,695</b>	<b>19,712</b>

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.

Eligibility Requirements:

Membership in the fund is required for all eligible sheriffs and full time deputies. Court clerks of specified courts may become members. A recent change allows nonappointed employees to be 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 and the Louisiana Sheriffs' Association who meet certain requirements are also eligible to become members of the fund. Members are vested after twelve years of service time.



SHERIFFS' PENSION AND RELIEF FUND  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1990 AND 1991

2. PLAN DESCRIPTION: (Continued)

Retirement Benefits:

A member is eligible to retire after at least twelve years of service at age 55. The retirement allowance is equal to the appropriate retirement accrual rate multiplied by the number of years of creditable service multiplied by average monthly salary for the thirty-six highest successive months of employment. The service credit accrual rate is 2.5% for members with less than fifteen years of service, 2.75% for members with at least fifteen but less than twenty years of service, and 3% for members with twenty or more years of service. The annual accrual rate is increased by 0.25% for service rendered on or after January 1, 1980. After reduction for optional payment form (i.e. joint and survivor annuities), the benefit may not exceed 100% of average final compensation. Members with twenty or more years of service may retire with an actuarially reduced retirement at the age of fifty.

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 greater 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 based on final average compensation at the time of termination of employment due to 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 60% 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% (effective for 1990) of the member's final average compensation is paid to each child with total benefits paid to spouse and children not to exceed 100% (effective for 1990). 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

SHERIFFS' PENSION AND RELIEF FUND  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1999 AND 1997

2. PLAN DESCRIPTION: (Continued)

Survivor Benefits: (Continued)

as those available for members who die in the line of duty. In lieu of receiving option 2 benefits, 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.

DBOP Benefits

In lieu of terminating employment and accepting a service retirement allowance, any member who has twelve or more years of service and is at least age fifty-five, or who has thirty or more years of service and is at least age fifty-three, may elect to participate in the Deferred Retirement Option Plan (DBOP) 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 unless the member enters the DBOP prior to age fifty-five. 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 DBOP fund. This fund does not earn interest until after termination of DBOP participation, at which time interest is credited annually based on a rate established by the board of trustees. 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 remain in the fund, up to ten years, or receive, at his option, a lump sum from the account equal to the payments into the account, a fine annually based upon his account balance in that fund, or any other method of payment if approved by the board of trustees. The monthly benefits that were being paid into the deferred retirement option plan fund will begin to be paid to the retiree. If a participant dies during the participation in the plan, a lump sum equal to his account balance in the plan fund shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the plan fund cease and the person resumes active contributing membership in the system.

3. CONTRIBUTIONS AND RESERVE:

Contributions:

Contributions in the current year for all members are established by statute at 8.7% of earnable compensation and are deducted from the member's salary and remitted monthly by the participating parish.

**SHREVEPORT PENSION AND RELIEF FUND**  
**STATE OF LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 1998 AND 1997**

**3. CONTRIBUTIONS AND RESERVES: (Continued)**

**Contributions: (Continued)**

Gross employer contributions are determined by actuarial valuation and are subject to change each year in accordance with R.S. 11:109. For fiscal 1998, the employers contributed 5% of members' salaries. 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 RG 22:441B.

Administrative costs of the Fund are financed through employer contributions.

**Reserves:**

Use of the term "reserves" 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:

**A) Annuity Savings:**

The Annuity Savings is credited with contributions made by members of the fund. When a member terminated 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, 1998 is \$118,385,404. 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 rolled over when expenditures are not covered by other accounts. The Pension Accumulation Reserve as of June 30, 1998 is \$381,877,058. The Pension Accumulation Reserve is 98.70% funded.

SHERIFFS' PENSION AND RELIEF FUND  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1988 AND 1987

3. CONTRIBUTIONS AND RESERVES (Continued)

Reserves: (Continued)

C) Annuity Reserve:

The Annuity Reserve consists of the reserves for all pensions, excluding cost-of-living increases, granted to retired members and in 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, 1988 is \$387,884,727. 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. 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. For those entering on July 1, 1981 or thereafter, only a lump sum payment is available. The deferred retirement option account as of June 30, 1988 is \$8,213,908. The Deferred Retirement Option account is fully funded.

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. Act 81 of the 1988 Legislative session requires that the unfunded accrued liability be amortized over a forty year period beginning on July 1, 1988 with payments increasing at 3.5% per year.

5. REQUIRED SUPPLEMENTARY SCHEDULE INFORMATION:

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 19-22.

6. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS:

Following are the components of the Fund's deposits, cash equivalents and investments as of June 30, 1988 and 1987.

	1988	1987
Deposits (Bank Balance)	\$ 2,487,887	\$ 2,583,440
Cash equivalents	30,768,882	40,038,761
Investments	682,418,288	517,288,288
	<u>\$715,674,457</u>	<u>\$569,910,489</u>

SHERIFFS' PENSION AND RELIEF FUND  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1990 AND 1992

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

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:

Cash equivalents consist of government backed pooled funds. The 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.

Investments:

Statutes authorize the fund to invest under the Prudent-Man Rule. Pursuant to Louisiana Revised Statute 11:260(c), 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.

The Fund's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. That is, the risk associated with the exposure to potential loss from unauthorized transfer of a financial instrument. Category 1 includes investments that are insured or registered or for which the securities are held by the retirement system or its agents in the retirement 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 retirement 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 retirement system's name.

	1990		1992	
	Carrying Amount (Market Value)	Category	Carrying Amount (Market Value)	Category
Collateral held under Securities Lending Program	\$ 52,926,080	2	\$ --	N/A
Bonds	279,069,596	1	324,167,523	1
Stocks	204,405,255	1	283,114,481	1
Investments held by broker- dealers in which collateral may be reinvested:				
Bonds	\$6,896,275	N/A	--	N/A
Stocks	--	N/A	--	N/A

SHERIFFS' PENSION AND RELIEF FUND  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1998 AND 1997

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

Investments: (Continued)

	1998		1997	
	Carrying Amount (Market Value)	Category	Carrying Amount (Market Value)	Category
Investments held by broker-dealers in which collateral may not be retained:				
Bonds	4,857,958	I	--	N/A
Stocks	--	N/A	--	N/A
	<u>4,857,958</u>		<u>4,857,958</u>	

7. SECURITIES 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. and non-U.S. equities, corporate bonds and U.S. and non-U.S. government securities. 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 borrowers. All loans are fully collateralized with cash, government securities, or irrevocable letters of credit. Collateralization of loans will be 102% of the market value of the loaned securities plus accrued income for U.S. and 105% in the case of non-U.S. loans, respectively. 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; but the underlying securities are disclosed in footnote number 8. In both cases, the loaned securities continue to be reported as an asset on the Statement of Plan Net Assets and in footnote number 8. 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.

SHERIFFS' PENSION AND RELIEF FUND  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1998 AND 1997

7. SECURITY LENDING AGREEMENTS: (Continued)

Securities on loan at June 30, 1998 are presented as unclassified under footnote 6. The contracts with the lending agent requires the lending agent to indemnify the Fund if the borrower defaults and fails to return the securities (and if the collateral is inadequate to replace the securities loan). The Fund cannot pledge or sell collateral securities received unless the borrower defaults. At June 30, 1997, the Fund had no securities on loan.

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 on the financial statements as investment income.

8. EMPLOYEES DEFERRED COMPENSATION PLAN:

Effective November 19, 1992 the Sheriffs' Pension and Relief Fund accepted the National Association of Counties' Deferred Compensation Program and adopted an eligible deferred compensation plan, as defined in IRC Section 459, that covers all employees electing to participate. No contributions have been made to the plan by the Fund on behalf of the employees.

During the current fiscal year, the Plan was amended whereby all assets and income are held in a custodial trust account for the exclusive benefit of the participants and their beneficiaries.

9. 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. Employees are NOT compensated for accumulated sick leave upon termination.

During the current year, the Board of Trustees considered a change in policy relating to limiting accrued annual leave. However, the Board resolved that, since Fund employees were unable to take leave due to job requirements, no employee would lose annual leave.

The liability for compensatory time and annual leave accrued at June 30, 1998 and 1997 is \$68,529 and \$45,432, respectively.

10. 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.

SHERIFFS' PENSION AND RELIEF FUND  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1998 AND 1997

11. 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.

12. CHANGES IN PROPERTY, PLANT AND EQUIPMENT-

A summary of changes in fixed assets follows:

	Balance July 1, 1997	Additions	Retirements	Balance July 31, 1998
Land, and building improvements	\$ --	\$ 80,960	\$ --	\$ 80,960
Vehicles	18,871	25,157	16,871	27,157
Office furniture and equipment	280,292	47,891	200	327,983
<b>Total</b>	<b>\$289,163</b>	<b>\$153,998</b>	<b>\$17,071</b>	<b>\$426,090</b>

13. ORLEANS CRIMINAL SHERIFFS' OFFICE MERGE-

Present values utilized for funding purposes as presented in the actuarial report include the effects of 374 new members who are employees of the Orleans Criminal Sheriff's Office. The board of trustees had reached a preliminary oral agreement to merge prior service for these members into the Fund effective July 1, 1997. However, since the final agreement was not executed and assets were not transferred prior to the end of the fiscal year, the prior service for these members was not included in the present values utilized for the actuarial valuation. Present values do include members from this group to the extent that they have accrued service in the system since July 1, 1997, through the end of the fiscal year.



**SHERIFFS' PENSION AND RETIRE FUND**  
**STATE OF LOUISIANA**  
**SUPPLEMENTARY INFORMATION**  
**STATEMENTS OF CHANGES IN RESERVE BALANCES**  
**FOR THE YEARS ENDED JUNE 30, 1998 AND 1997**

JUNE 30, 1998

	ANNUITY RESERVE	SMOOTH RESERVE	PENSION ACCUMULATION RESERVE	DEFERRED ANNUITY PLAN (DAPF)	DEFERRED ANNUITY PLAN (DAPF)
<b>BALANCE - BEGINNING OF YEAR</b>	<b>\$ 115,179,446</b>	<b>\$ 385,009,855</b>	<b>\$ 288,739,446</b>	<b>\$ 3,894,738</b>	<b>\$ (82,144,500)</b>
<b>ADDITIONS AND TRANSFERS:</b>					
Contributions	--	21,679,734	19,670,000	--	--
Net income from investments	--	--	80,580,804	--	--
Processing fees	--	--	300	--	--
Amortized deficit from accumulated savings	3,311,000	--	--	--	--
Gain on sale of assets	--	--	3,600	--	--
Contributions for purchase of un transferred benefits	--	100,100	1,064,340	--	--
BBP pensions accumulated from Annuity Reserve	--	--	--	2,880,738	--
Accountal transfer	30,798,000	--	--	--	30,000,000
Total additions and transfers	34,109,000	21,780,034	80,614,744	2,880,738	30,000,000
<b>EXPENSES AND DEDUCTIONS:</b>					
Reinvestment allowances paid during the period	70,740,000	--	--	--	--
Transfer to Annuity Reserve benefits to members	--	3,117,500	--	--	--
Administrative expenses and depreciation	--	--	800,000	--	--
Loss on sale of assets	--	--	--	--	--
Funds transferred to another group	--	--	104,738	--	--
Pensions paid with BBP	2,880,000	--	--	--	--
Pensions paid with of BBP	--	--	--	880,000	--
Accountal transfer	--	--	80,470,150	--	--
Total expenses and transfers	73,620,000	3,117,500	80,574,888	880,000	--
<b>Net Increase (Decrease)</b>	<b>10,489,000</b>	<b>18,662,534</b>	<b>80,039,856</b>	<b>2,000,738</b>	<b>28,000,000</b>
<b>BALANCE - END OF YEAR</b>	<b>\$ 125,668,446</b>	<b>\$ 403,672,389</b>	<b>\$ 368,779,302</b>	<b>\$ 6,095,476</b>	<b>\$ (54,144,500)</b>

JUNE 30, 2007

TOTAL	AMOUNT ACCURD	AMOUNT PAID	PERIOD ACCOMPLISHED EXPENSE	PERIOD BY (MONTH) OPTION PLAN (2007)	AMOUNT AT (MONTH) (2007, 07)	TOTAL
\$ 542,453,283	\$ 751,583,875	\$ 35,832,438	\$ 331,813,388	\$ 3,795,131	\$ 351,838,483	\$ 488,253,438
41,703,701	--	38,445,828	35,217,333	--	--	33,763,588
85,588,855	--	--	87,444,381	--	--	87,444,381
187	--	--	187	--	--	187
3,387,585	4,403,852	--	--	--	--	4,403,852
3,388	--	--	--	--	--	--
1,344,483	--	168,743	882,319	--	--	1,152,466
2,486,754	--	--	--	1,437,863	--	1,437,863
24,474,150	28,887,718	--	--	--	25,775,488	38,888,448
389,134,577	82,478,648	14,746,147	82,582,298	1,837,262	25,775,488	274,132,411
18,343,320	19,437,334	--	--	--	--	19,437,334
3,311,381	--	4,411,131	--	--	--	4,411,337
4,884,743	--	4,843,049	--	--	--	4,843,049
889,834	--	--	441,383	--	--	441,383
--	--	--	287	--	--	287
384,738	--	--	337,846	--	--	337,833
7,987,889	1,437,863	--	--	--	--	1,437,864
824,888	--	--	--	1,713,154	--	1,713,374
14,878,328	--	--	38,895,445	--	--	38,895,445
41,745,848	21,824,327	3,257,858	38,897,634	1,713,154	--	31,708,127
95,402,128	21,438,381	4,528,528	23,884,859	138,003	25,775,488	28,438,444
\$ 488,137,441	\$ 175,178,895	\$ 185,788,855	\$ 288,738,836	\$ 1,481,858	\$ 282,147,154	\$ 387,855,181

SHERIFFS' PENSION AND RELIEF FUND  
 STATE OF LOUISIANA  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF INVESTMENTS  
 FOR THE YEARS ENDED JUNE 30, 1988 AND 1987

INVESTMENTS:	JUNE 30, 1988		MARKET VALUE
	PAR VALUE	ORIGINAL COST	
Cash equivalents	\$ 38,768,802	\$ 38,768,802	\$ 38,768,802
Bonds:			
Corporate and Bid bonds	125,985,808	128,848,058	131,675,612
U.S. Government Securities and Mortgage backed Securities	204,225,915	200,228,485	208,241,289
Total bonds	<u>330,211,723</u>	<u>329,076,543</u>	<u>340,006,901</u>
Stocks	<u>732,383,188</u>	<u>732,383,188</u>	<u>784,418,095</u>
TOTAL INVESTMENTS	<u>\$ 808,283,106</u>	<u>\$ 808,338,533</u>	<u>\$ 863,291,808</u>

	JUNE 30, 1937	
FAR VALUE	DEBIT BAL CASH	CREDIT BALANCE
\$ 40,245,286	\$ 48,035,751	\$ 48,035,751
71,158,000	71,729,475	77,259,387
<u>241,354,089</u>	<u>249,096,752</u>	<u>265,989,136</u>
<u>318,508,089</u>	<u>320,825,817</u>	<u>329,187,873</u>
<u>149,013,688</u>	<u>148,803,908</u>	<u>182,114,401</u>
\$ 508,565,863	\$ 518,629,818	\$ 557,317,875

SHERIFFS' PENSION AND RELIEF FUND  
 STATE OF LOUISIANA  
 SUPPLEMENTARY INFORMATION  
 SCHEDULES OF ADMINISTRATIVE EXPENSES  
 FOR THE YEARS ENDED JUNE 30, 1988 AND 1987

	1988	1987
Salaries and related cost	\$ 350,803	\$ 292,995
Office supplies and expense	117,534	68,439
Professional retainers and legal fees	740,387	358,484
Travel expense and per diem	94,776	51,178
Telephone and telegraph	18,241	7,285
Payroll taxes	5,800	4,063
Group medical and bond insurance	36,858	33,127
Microfilming	--	428
Professional development	8,705	8,888
Liaison/representative education	509	11,789
Leases - office equipment	8,410	--
Equipment maintenance	280	--
Janitorial, garage, yard	3,768	--
Utilities	3,736	--
	\$ 858,808	\$ 672,579

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, 1996 AND 1997

	1996			1997		
	PER DIEM	TRAVEL	TOTAL	PER DIEM	TRAVEL	TOTAL
Bolvin Bergeron	\$ 1,125	\$ 641	\$ 1,766	\$ 1,675	\$ 678	\$ 2,354
Harold Tridicle	75	25	100	1,680	738	2,418
H. H. Mitchell	1,850	1,737	3,587	1,125	1,451	2,576
Das Page	75	141	216	625	604	1,229
Ray Gillard	1,800	1,735	3,535	1,660	2,625	4,285
Will Fletcher	825	1,647	2,472	1,660	2,280	3,940
Nathan Foster	--	--	--	975	260	1,235
Laura Endley	--	280	280	--	175	175
J.R. Baker	525	1,465	1,990	--	--	--
Richard Tompson	675	385	1,061	--	--	--
Layton Godein	--	--	--	1,980	2,804	4,784
	<u>\$ 5,558</u>	<u>\$ 8,091</u>	<u>\$ 13,649</u>	<u>\$ 11,300</u>	<u>\$ 11,204</u>	<u>\$ 22,504</u>

SHERIFFS' PARDON AND RELIEF FUND  
STATE OF LOUISIANA  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS - EMPLOYER AND OTHER SOURCES  
JUNE 30, 1993 THROUGH 1998

FISCAL YEAR	ACTUARIAL REQUIRED CONTRIBUTIONS EMPLOYER	ACTUARIAL REQUIRED CONTRIBUTIONS OTHER SOURCES	PERCENT CONTRIBUTED EMPLOYER	PERCENT CONTRIBUTED OTHER SOURCES
1993	\$ 7,402,911	\$ 10,397,533	101.77 %	101.99 %
1994	7,897,786	9,492,581	98.84	100.22
1995	8,794,233	10,368,564	98.26	99.69
1996	11,742,889	9,395,702	99.09	98.61
1997	10,378,267	6,669,800	124.99	105.48
1998	11,262,965	6,811,616	112.62	103.62

SHERIFFS' PENSION AND RELIEF FUND  
STATE OF LOUISIANA  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS  
JUNE 30, 1993 THROUGH 1998

ACTUARIAL VALUATION DATE	ACTUARIAL RATIO OF RESERVE	ACTUARIAL ACCUMULATED LIABILITY (RAT)	UNFUNDED ACC (RAT)	FUNDED RATIO	COVERED RATIO	PERCENTAGE OF COVERED RATIO		
June 30, 1993	1	289,283,227	1	29,279,929	85.28	1	117,188,263	85.28
June 30, 1994		358,793,188	428,388,710	78,491,543	82.18		144,119,539	82.58
June 30, 1995		421,883,226	581,588,867	84,124,138	84.82		156,174,959	83.37
June 30, 1996		484,268,899	734,788,829	81,851,933	85.55		164,889,889	84.89
June 30, 1997		546,233,244	874,883,815	83,481,575	86.84		174,928,287	86.50
June 30, 1998		608,804,263	1,014,988,188	85,113,925	87.74		179,221,233	87.83



SHERIFFS' PENSION AND RELIEF FUND  
STATE OF LOUISIANA  
SUPPLEMENTARY INFORMATION  
NOTES TO SCHEDULE OF CONTRIBUTIONS AND  
SCHEDULE OF FUNDING PROGRESS  
JUNE 30, 1995 THROUGH 1998

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, 1998
Actuarial Cost Method	Frozen Attained Age Normal 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	31 years
Actuarial Asset Balances: Bonds and Equities	Market value adjusted to reflect a three year smoothing of realized and unrealized capital gains.
Actuarial Assumptions: Investment Rate of Return Projected Salary Increases Cost of Living Adjustments	8% 6% (3.25% inflation, 2.75 Merit) 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:	The method for calculating the actuarial value of assets was changed to increase the smoothing period on realized and unrealized capital gains on bonds and equities from two to three years. This actuarial assumption change resulted in a decrease of the actuarial value of assets in the amount of \$25,889,376.

SHERIFFS' PENSION AND RELIEF FUND  
STATE OF LOUISIANA  
SUPPLEMENTARY INFORMATION  
NOTES TO SCHEDULE OF CONTRIBUTIONS AND  
SCHEDULE OF FUNDING PROGRESS  
JUNE 30, 1993 THROUGH 1999

Change in Benefit Provisions

Legislative changes in plan provisions now allow benefits to be paid for any sheriff or deputy killed in the discharge of duties while drawing disability benefits. Another change removes the requirement that a widow(er) be married and living with their spouse at least one year prior to death. They must now be married and living together at the time of death. The final change allows for additional surviving benefits for minor children, the additional sum to be paid on behalf of each minor child was changed from ten to fifteen percent of the members' final average compensation. The total benefits paid to the surviving spouse and children may not exceed one hundred percent of the member's final average compensation. The effect of these changes could not be readily determined.

**SHERIFFS' PENSION AND RELIEF FUND**  
**STATE OF LOUISIANA**  
**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER**  
**FINANCIAL REPORTING BASED ON A FINANCIAL STATEMENT AUDIT PERFORMED**  
**IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**  
**FOR THE FISCAL YEAR (PERIOD) JUNE 30, 1998**

September 17, 1998

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

We have audited the general purpose financial statements of the Sheriffs' Pension and Relief Fund, State of Louisiana, as of and for the year ended June 30, 1998, and have issued our report thereon dated September 17, 1998. 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 Sheriffs' Pension and Relief Fund, State of Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these 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 Sheriffs' Pension and Relief Fund, State of Louisiana'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.

We noted certain matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

During the audit we noted that the applications of 47 individuals electing participation in the Deferred Retirement Option Plan (DROF) had not been processed as of June 30, 1998. As a result, the balances transferrable to the DROF Plan had to be estimated at June 30, 1998. We recommend that all participants' applications for the DROF Plan be processed in a timely manner.

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 accounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the reportable condition described above is not a material weakness.

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

*Deplambier, Hapstern, Boyan & Maher LLP*



Duplantis, Sheppard, Hogan & Miller

November 23, 1988

Page 3

The current status of the 47 applications which had not been completed when the audit was performed is:

3	completed and ERCP deposits being made monthly
16	options received and ERCP deposits to begin early December
3	options mailed
22	in other stages of completion
1	pending due to member's possible withdrawal of application

Our goal is to be up-to-date on these applications by the end of the fiscal year. Please call us if there are any questions or if you need additional information.

Sincerely,

  
Thomas E. Richardson  
Executive Director

Copy to: Evelyn Peters  
Senior Benefits Analyst