

REPORT

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA

JUNE 30, 2004 AND 2003

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.

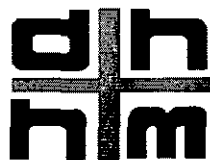
Release Date 1-26-05

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA

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INDEPENDENT AUDITOR'S REPORT

October 14, 2004

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, 2004 and 2003 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, 2004 and 2003 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, 2004 and 2003, 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 24 – 27 and the supplemental schedules on pages 20 - 23 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, 1999 – 2004 and supplemental schedules for the years ending June 30, 2004 and 2003, 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 October 14, 2004 on our consideration of Sheriffs' Pension and Relief Fund's internal control over financial reporting and on its compliance with laws and regulations. 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 AND FOR THE YEAR ENDED JUNE 30, 2004

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, 2004. 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 Highlights

- The Sheriffs' Pension and Relief Fund's assets exceeded its liabilities at the close of fiscal year 2004 by \$1,017,722,292, which represents an increase from last fiscal year. The net assets held in trust for pension benefits increased by \$123,609,472 or 14%.
- Contributions to the plan by members and employers totaled \$78,205,184, an increase of \$11,403,604 or 17% over the prior year.
- Funds apportioned by the Public Employees' Retirement Systems' actuarial committee from available insurance premiums tax totaled \$10,135,228, an increase of \$1,446,023 or 17% over the prior year.
- The return on assets for 2004 was 8.6% and compared to a 4.2% gain in the prior year.
- Net change in the fair value of investments reflected a net gain of \$50,576,731, resulting from realized gains of \$31,037,754 and unrealized gains totaling \$19,538,978. The current year gain exceeded the prior year gain by \$43,486,242.
- Investment income net of expense from all sources was \$77,013,742 representing an increase of \$41,632,963 or 118% compared to the prior year.
- Pension benefits paid to retirees and beneficiaries increased by \$4,548,133 bringing total benefit payments to \$42,977,246. Refunds of contributions paid to former members upon termination of employment increased from \$8,326,395 to \$9,926,747.
- Administrative expenses totaled \$1,393,040, an increase of \$74,643 or 5.66%.

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 AND FOR THE YEAR ENDED JUNE 30, 2004

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 and the Sheriffs' Pension Fund office.

The Schedule of Funding Progress (on page 25) 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 24) 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, 2004 by \$123,609,472 from \$894,112,820 to \$1,017,722,292. Plan net assets for the prior fiscal year had increased by \$74,007,902. 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>2004</u>	<u>2003</u>
Cash and investments	\$ 1,066,069	\$ 1,028,051
Receivables	30,366	9,644
Capital assets	<u>2,899</u>	<u>2,030</u>
Total assets	1,099,334	1,039,725
Total liabilities	<u>81,612</u>	<u>145,612</u>
Plan net assets	<u>\$ 1,017,722</u>	<u>\$ 894,113</u>

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2004

Financial Analysis of the Fund (Continued)

TABLE 2
CHANGES IN PLAN NET ASSETS
(In Thousands)

	<u>2004</u>	<u>2003</u>
Additions:		
Contributions	\$ 97,926	\$ 84,557
Investment income/(expense) (net)	77,014	35,380
Other	<u>3,469</u>	<u>2,448</u>
Total additions	<u>178,409</u>	<u>122,385</u>
Deductions:		
Benefits	42,977	38,429
Refunds and transfers	10,353	8,606
Administrative	<u>1,470</u>	<u>1,342</u>
Total deductions	<u>54,800</u>	<u>48,377</u>
Increase in plan net assets	<u>\$ 123,609</u>	<u>\$ 74,008</u>

Plan net assets increased by 13.82% (\$1,017,722 compared to \$894,113). 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. The increase in plan net assets was reduced significantly as a result of the decline in the value of investments due to unfavorable market conditions.

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 \$3,036,047 or 8% while employer contributions increased \$8,367,557 or 28%. The increase in contributions is primarily due to legislation enacted which had increased the contributions for plan members to 9.8% and employer contributions from 7.75% to 9.25% of annual covered payroll. The System experienced a net investment gain of \$77,013,742 as compared to a net investment gain of \$35,380,779 in the prior year. The increase in investment income was mainly due to the upturn in world equity markets.

	<u>2004</u>	<u>2003</u>	Increase (Decrease) <u>Percentage</u>
Member Contributions	\$ 40,160,711	\$ 37,124,664	8%
Employer Contributions	38,044,473	29,676,916	28%
Insurance Premium Taxes	10,135,228	8,689,205	16%
Ad Valorem Taxes	9,168,920	8,638,389	6%
State Revenue Sharing	417,163	427,378	(2%)
Net Investment Income	77,013,742	35,380,779	118%
Other Operating Revenues	<u>3,469,121</u>	<u>2,447,615</u>	42%
Total	<u>\$ 178,409,358</u>	<u>\$ 122,384,946</u>	

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2004

Deductions from Plan Net Assets

Deductions from plan net assets include mainly retirement, death and survivor benefits and administrative expenses. Deductions from plan net assets totaled \$54,799,886 in fiscal year 2004. This is an increase of \$6,446,100 when compared to 2003. Retirement benefit payments increased \$4,548,133, and refunds of contributions increased by \$1,600,352. The cost of administering Sheriffs' Pension and Relief Fund benefits per member during 2004 was \$76 per individual compared to \$70 per individual in 2003.

	<u>2004</u>	<u>2003</u>	<u>Increase Percentage</u>
Retirement Benefits	\$ 42,977,246	\$ 38,429,113	12%
Refunds of Contributions	9,926,747	8,326,395	19%
Administrative Expenses and Depreciation	1,469,722	1,341,655	10%
Transfers to Other Systems	<u>426,171</u>	<u>279,881</u>	<u>52%</u>
Total	<u>\$ 54,799,886</u>	<u>\$ 48,377,044</u>	<u>13%</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, 2004 amounts to \$1,065,416,921 as compared to \$1,027,475,259 at June 30, 2003, which is an increase of \$37,941,662 or 4%. The major contributing factor to this increase is the cash equivalents and stocks. Sheriffs' Pension and Relief Fund's investments in various markets at the end of the 2004 and 2003 fiscal years are indicated in the following table:

	<u>2004</u>	<u>2003</u>	<u>Increase (Decrease) Percentage</u>
Cash Equivalents	\$ 84,623,343	\$ 45,029,087	88%
Collateral Held Under Securities			
Lending	77,160,153	142,400,369	(46%)
Bonds	378,618,864	501,510,740	(25%)
Stocks	<u>525,014,561</u>	<u>338,535,063</u>	55%
Total	<u>\$ 1,065,416,921</u>	<u>\$ 1,027,475,259</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, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
ASSETS:		
Cash	\$ <u>652,264</u>	\$ <u>575,640</u>
Receivables and prepaid expense:		
Member contributions	2,600,731	2,198,477
Employer contributions	2,463,801	1,773,851
Accrued interest and dividends	4,159,555	5,248,354
Insurance receivable	10,135,094	7,053
Sold investments receivable	10,901,541	315,350
Other receivables and prepaids	105,702	101,174
Total	<u>30,366,424</u>	<u>9,644,259</u>
Investments (at fair value): (Notes 1, 6 and 7) (Page 21)		
Cash equivalents	84,623,343	45,029,087
Collateral held under Securities Lending Program	77,160,153	142,400,369
Bonds	378,618,864	501,510,740
Stocks	525,014,561	338,535,063
Total	<u>1,065,416,921</u>	<u>1,027,475,259</u>
Land, property, plant and equipment: (Notes 1 and 12)		
Building	2,580,172	-
Land and improvements	92,692	92,692
Furnishings, equipment and vehicles	545,579	430,908
Building under construction	-	1,784,054
	<u>3,218,443</u>	<u>2,307,654</u>
Less: Accumulated depreciation	319,449	277,519
Total	<u>2,898,994</u>	<u>2,030,135</u>
Total assets	<u>1,099,334,603</u>	<u>1,039,725,293</u>
LIABILITIES:		
Obligations under Securities Lending Program (Notes 6 and 7)	77,160,153	142,400,369
Investments purchased payable	956,507	540,770
Refunds payable	831,596	536,523
Payroll and pension withholding payable	288,279	258,414
Accounts payable	1,013,324	878,515
Pension payable	1,274,489	913,884
Accrued leave payable	87,963	83,998
Total liabilities	<u>81,612,311</u>	<u>145,612,473</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ <u><u>1,017,722,292</u></u>	\$ <u><u>894,112,820</u></u>

(A schedule of funding progress for the plan is presented on Page 25)

See accompanying notes.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
ADDITIONS:		
Contributions:		
Members	\$ 40,160,711	\$ 37,124,664
Employers	38,044,473	29,676,916
Insurance premium tax	10,135,228	8,689,205
Ad valorem taxes	9,168,920	8,638,389
State revenue sharing	417,163	427,378
Total contributions	<u>97,926,495</u>	<u>84,556,552</u>
Investment income: (Note 1)		
Interest income	26,488,270	27,776,316
Dividend income	2,891,640	3,270,175
Net change in fair value of investments	50,576,731	7,090,489
Commission recapture	48,479	74,414
Miscellaneous	106,126	27,366
	<u>80,111,246</u>	<u>38,238,760</u>
Less investment expense:		
Investment advisory fee	2,986,211	2,724,174
Custodian fee and bank charges	110,300	133,807
Real estate investment cost	993	-
	<u>3,097,504</u>	<u>2,857,981</u>
Net investment income	<u>77,013,742</u>	<u>35,380,779</u>
Other additions:		
Transfers from other retirement systems	3,467,497	2,447,459
Processing fees	210	156
Gain on sale of assets	1,414	-
Total other additions	<u>3,469,121</u>	<u>2,447,615</u>
Total additions	<u>178,409,358</u>	<u>122,384,946</u>
DEDUCTIONS:		
Benefits	42,977,246	38,429,113
Refund of contributions	9,926,747	8,326,395
Transfers to other state retirement systems	426,171	279,881
Administrative expenses (Page 22)	1,393,040	1,318,397
Depreciation (Note 12)	76,682	23,258
Total deductions	<u>54,799,886</u>	<u>48,377,044</u>
NET INCREASE	123,609,472	74,007,902
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:		
Beginning of year	<u>894,112,820</u>	<u>820,104,918</u>
END OF YEAR	<u>\$ 1,017,722,292</u>	<u>\$ 894,112,820</u>

See accompanying notes.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

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. 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. 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). 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 period received.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

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 and the Sheriffs' Pension Fund staff also contributing. At June 30, 2004 and 2003 statewide retirement membership consists of:

	<u>2004</u>	<u>2003</u>
Current retirees and beneficiaries	2,488	2,395
DROP participants	--	69
Members, terminated with deferred vested benefits	299	280
Members, terminated, nonvested with contributions remaining on deposit with the fund	2,977	2,793
Fully vested, partially and nonvested active employees covered	<u>13,657</u>	<u>13,526</u>
TOTAL PARTICIPANTS AS OF THE VALUATION DATE	<u>19,421</u>	<u>19,063</u>

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

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

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 nondeputized 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 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.

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 exceed the lesser of 3% of the retiree's current benefit or an increase of \$100 per month, 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.

During the current and prior years R.S. 11:2178 authorized nonrecurring lump-sum benefit supplements. The supplements were calculated at 3% and 2%, respectively, of the normal annual benefit, but not less than three hundred dollars. The lump sum payments totaled \$1,105,007 and \$781,825 and were made to eligible members in August 2004 and July 2003, respectively, and reflected as pensions payable as of June 30, 2004 and 2003.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

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, 2004 AND 2003

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 shall provide for the transfer of DROP and Back-DROP balances to a third party, fixed income investment manager. Participants shall 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, 2004 and 2003 at 9.8% and 9.8%, respectively, 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 2004 and 2003, the employers contributed 9.25% and 7.75% 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. The Fund is not a party to current litigation, however, as a result of a lawsuit, there is some uncertainty regarding the amount of insurance premium taxes to be paid to the Fund in fiscal 2005, and the effect on the employer contribution rate for fiscal 2006.

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, 2004 AND 2003

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, 2004 is \$250,710,673. 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, 2004 is \$447,868,350. The Pension Accumulation Reserve is 87% 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, 2004 is \$366,883,015. 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 and thereafter will be entitled to receive a "Back-DROP" benefit. A member participated in the program for three years, and upon termination receives his benefits in a lump sum payment or by a true annuity. The deferred retirement option account as of June 30, 2004 is \$9,645,758. The Deferred Retirement Option account is fully funded.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

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 requires 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:

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 24-27.

6. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS:

Following are the components of the Fund's deposits, cash equivalents and investments at June 30, 2004 and 2003.

	<u>2004</u>	<u>2003</u>
Deposits (bank balance)	\$ 5,771,783	\$ 1,254,214
Cash equivalents	84,623,343	45,029,087
Investments	<u>980,793,578</u>	<u>982,446,172</u>
	<u>\$ 1,071,188,704</u>	<u>\$ 1,028,729,473</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:

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.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

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(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 and not more than 10% in index funds.

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.

	<u>2004</u>		<u>2003</u>	
	<u>Carrying Amount</u> <u>(Market Value)</u>	<u>Category</u>	<u>Carrying Amount</u> <u>(Market Value)</u>	<u>Category</u>
Collateral held under				
Securities Lending Program	\$ 77,160,153	2	\$ 142,400,369	2
Bonds	290,164,125	1	358,621,913	1
Stocks	509,839,127	1	327,308,821	1
Investments held by broker-dealers in which collateral may be reinvested:				
Bonds	60,460,339	N/A	128,099,429	N/A
Stocks	15,175,434	N/A	11,226,242	N/A
Investments held by broker-dealers in which collateral may not be reinvested:				
Bonds	<u>27,994,400</u>	1	<u>14,789,398</u>	1
	<u>\$ 980,793,578</u>		<u>\$ 982,446,172</u>	

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

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. 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. 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; but the underlying securities are disclosed in footnote number 6. 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.

Securities on loan at June 30, 2004 and 2003 are presented as unclassified under footnote 6. 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.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

7. SECURITY LENDING AGREEMENT: (Continued)

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.

8. 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. No contributions have been made to the plan by the Fund on behalf of the employees.

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, 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, 2004 and 2003 is \$87,963 and \$83,998, 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.

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.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

12. CHANGES IN PROPERTY, PLANT AND EQUIPMENT:

A summary of changes in fixed assets follows:

	<u>Balance</u> <u>July 1, 2003</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2004</u>
Land and building under construction	\$ 1,876,746	\$ 796,118	\$ --	\$ 2,672,864
Vehicles	31,991	--	--	31,991
Office furniture and equipment	<u>398,917</u>	<u>150,489</u>	<u>35,818</u>	<u>513,588</u>
Total	<u>\$ 2,307,654</u>	<u>\$ 946,607</u>	<u>\$ 35,818</u>	<u>\$ 3,218,443</u>

During the current year, the Fund completed construction of an office building on the land located on Nicholson Drive in Baton Rouge, Louisiana. Depreciation expense totaling \$53,000 has been recorded for the building during the fiscal year ending June 30, 2004.

13. LEASE:

The Fund had a month-to-month operating lease for a building being used until the office building being constructed in Baton Rouge was completed in September 2003.

Total rent expense incurred during the fiscal years ended June 30, 2004 and 2003 was \$26,900 and \$79,296, respectively.

14. OTHER RECEIVABLES AND PREPAIDS:

A summary of this account follows:

<u>Description</u>	<u>2004</u>	<u>2003</u>
Pensions	\$ 102,121	\$ 87,224
Tax collections	3,581	9,950
Prepaid rent	--	<u>4,000</u>
Total	<u>\$ 105,702</u>	<u>\$ 101,174</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. Prepaid rent relates to office building leased in Baton Rouge. No provision for uncollectibility has been provided for since the receivable amounts are considered collectible.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
SUPPLEMENTARY INFORMATION
STATEMENTS OF CHANGES IN RESERVE BALANCES
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

June 30, 2004

	ANNUITY RESERVE	ANNUITY SAVINGS	PENSION ACCUMULATION RESERVE	DEFERRED RETIREMENT OPTION PLAN (DROP)	UNFUNDED ACTUARIAL LIABILITY
BALANCES - BEGINNING OF YEAR	\$ 327,108,825	\$ 227,276,022	\$ 434,983,527	\$ 10,378,462	\$ (105,634,016)
REVENUES AND TRANSFERS:					
Contributions	-	40,160,711	57,765,784	-	-
Net income (loss) from investments	-	-	77,013,742	-	-
Processing fees	-	-	210	-	-
Gain on sale of assets	-	-	1,414	-	-
Annuities derived from accumulated savings	9,008,219	-	-	-	-
Contributions for purchased or transferred services	-	2,208,906	1,258,591	-	-
DROP members selecting annuities	-	-	-	-	-
DROP pensions accumulated from Annuity Reserve	-	-	-	3,766,785	-
Actuarial transfer	73,010,513	-	-	-	48,248,512
Total revenues and transfers	<u>82,018,732</u>	<u>42,369,617</u>	<u>136,039,741</u>	<u>3,766,785</u>	<u>48,248,512</u>
EXPENSES AND TRANSFERS:					
Retirement allowances paid during the period	38,477,757	-	-	-	-
Transfer to Annuity Reserve	-	9,008,219	-	-	-
Refunds to members	-	9,926,747	-	-	-
Administrative expenses and depreciation	-	-	1,469,722	-	-
DROP members selecting annuities	-	-	-	-	-
Funds transferred to another system	-	-	426,171	-	-
Pensions paid into DROP	3,766,785	-	-	-	-
Pensions paid out of DROP	-	-	-	4,499,489	-
Actuarial transfer	-	-	121,259,025	-	-
Total expenses and transfers	<u>42,244,542</u>	<u>18,934,966</u>	<u>123,154,918</u>	<u>4,499,489</u>	<u>-</u>
Net increase (decrease)	<u>39,774,190</u>	<u>23,434,651</u>	<u>12,884,823</u>	<u>(732,704)</u>	<u>48,248,512</u>
BALANCES - END OF YEAR	<u>\$ 366,883,015</u>	<u>\$ 250,710,673</u>	<u>\$ 447,868,350</u>	<u>\$ 9,645,758</u>	<u>\$ (57,385,504)</u>

June 30, 2003

<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>
\$ 894,112,820	\$ 294,743,944	\$ 202,602,177	\$ 450,643,080	\$ 11,799,053	\$ (139,683,336)	\$ 820,104,918
97,926,495	-	37,124,664	47,431,888	-	-	84,556,552
77,013,742	-	-	35,380,779	-	-	35,380,779
210	-	-	156	-	-	156
1,414	-	-	-	-	-	-
9,008,219	5,230,109	-	-	-	-	5,230,109
3,467,497	-	1,105,685	1,341,774	-	-	2,447,459
-	1,662,363	-	-	-	-	1,662,363
3,766,785	-	-	-	3,633,346	-	3,633,346
121,259,025	64,143,294	-	-	-	34,049,320	98,192,614
<u>312,443,387</u>	<u>71,035,766</u>	<u>38,230,349</u>	<u>84,154,597</u>	<u>3,633,346</u>	<u>34,049,320</u>	<u>231,103,378</u>
38,477,757	35,037,539	-	-	-	-	35,037,539
9,008,219	-	5,230,109	-	-	-	5,230,109
9,926,747	-	8,326,395	-	-	-	8,326,395
1,469,722	-	-	1,341,655	-	-	1,341,655
-	-	-	-	1,662,363	-	1,662,363
426,171	-	-	279,881	-	-	279,881
3,766,785	3,633,346	-	-	-	-	3,633,346
4,499,489	-	-	-	3,391,574	-	3,391,574
121,259,025	-	-	98,192,614	-	-	98,192,614
<u>188,833,915</u>	<u>38,670,885</u>	<u>13,556,504</u>	<u>99,814,150</u>	<u>5,053,937</u>	<u>-</u>	<u>157,095,476</u>
123,609,472	32,364,881	24,673,845	(15,659,553)	(1,420,591)	34,049,320	74,007,902
<u>\$ 1,017,722,292</u>	<u>\$ 327,108,825</u>	<u>\$ 227,276,022</u>	<u>\$ 434,983,527</u>	<u>\$ 10,378,462</u>	<u>\$ (105,634,016)</u>	<u>\$ 894,112,820</u>

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULES OF INVESTMENTS
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

<u>INVESTMENTS:</u>	JUNE 30, 2004		
	<u>PAR VALUE</u>	<u>ORIGINAL COST</u>	<u>MARKET VALUE</u>
Cash equivalents	\$ 84,623,343	\$ 84,623,343	\$ 84,623,343
Bonds:			
Corporate and aid bonds	172,883,549	212,007,561	207,433,736
U.S. Government securities and mortgage-backed securities	<u>169,508,049</u>	<u>172,119,356</u>	<u>171,185,128</u>
Total bonds	<u>342,391,598</u>	<u>384,126,917</u>	<u>378,618,864</u>
Stocks:			
Corporate stock - common	440,145,606	440,145,606	479,380,559
Corporate stock - preferred	588,988	588,988	624,720
International equities	19,325,156	19,325,156	19,825,563
Diversified alternatives	<u>24,994,383</u>	<u>24,994,383</u>	<u>25,183,719</u>
Total stocks	<u>485,054,133</u>	<u>485,054,133</u>	<u>525,014,561</u>
TOTAL INVESTMENTS	<u>\$ 912,069,074</u>	<u>\$ 953,804,393</u>	<u>\$ 988,256,768</u>

JUNE 30, 2003		
<u>PAR VALUE</u>	<u>ORIGINAL COST</u>	<u>MARKET VALUE</u>
\$ 45,029,087	\$ 45,029,087	\$ 45,029,087
210,403,082	216,610,709	227,360,118
<u>262,339,375</u>	<u>269,934,350</u>	<u>274,150,622</u>
<u>472,742,457</u>	<u>486,545,059</u>	<u>501,510,740</u>
338,587,346	338,587,346	338,535,063
-	-	-
-	-	-
-	-	-
<u>338,587,346</u>	<u>338,587,346</u>	<u>338,535,063</u>
<u>\$ 856,358,890</u>	<u>\$ 870,161,492</u>	<u>\$ 885,074,890</u>

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULES OF ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Salaries and related cost	\$ 612,310	\$ 555,251
Office supplies and expense	126,411	63,141
Professional retainers and legal fees	353,205	439,691
Travel expense and per diem	45,651	56,381
Telephone and telegraph	15,804	10,450
Payroll taxes	13,443	11,639
Group medical and bond insurance	84,173	72,645
Microfilming	15,355	-
Professional development	5,133	6,439
Leases - office equipment	8,614	7,996
Office rental	26,900	79,297
Equipment maintenance	2,406	6,012
Janitorial, garage, yard	10,911	1,455
Moving expenses	10,527	8,000
Security	4,346	-
Utilities	54,731	-
Temporary services	<u>3,120</u>	<u>-</u>
Total administrative expenses	<u>\$ 1,393,040</u>	<u>\$ 1,318,397</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, 2004 AND 2003

	2004			2003		
	<u>Per Diem</u>	<u>Travel Reimbursement</u>	<u>Total</u>	<u>Per Diem</u>	<u>Travel Reimbursement</u>	<u>Total</u>
Wayne F. McElveen	\$ 1,275	\$ 1,161	\$ 2,436	\$ 2,175	\$ 1,457	\$ 3,632
Ray Gillard	1,800	1,513	3,313	2,025	1,882	3,907
Frank Howard	-	-	-	900	1,544	2,444
J.R. Oakes	675	969	1,644	975	1,844	2,819
Graham Hendericks	825	852	1,677	450	807	1,257
William Hilton	-	-	-	-	817	817
Don Rittenberry	-	-	-	-	296	296
Larry Deen	-	-	-	-	421	421
Marshall F. Kelly	450	840	1,290	600	1,287	1,887
Charles Foti	-	-	-	-	156	156
Calvin K. McFerrin	-	865	865	-	-	-
Laura Endsley	<u>150</u>	<u>326</u>	<u>476</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 5,175</u>	<u>\$ 6,526</u>	<u>\$ 11,701</u>	<u>\$ 7,125</u>	<u>\$ 10,511</u>	<u>\$ 17,636</u>

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - EMPLOYER AND OTHER SOURCES
JUNE 30, 1999 THROUGH 2004

<u>Fiscal Year</u>	<u>Actuarial Required Contributions Employer</u>	<u>Actuarial Required Contributions Other Sources</u>	<u>Percent Contributed Employer</u>	<u>Percent Contributed Other Sources</u>
1999	\$ 13,878,797	\$ 7,489,284	103.18 %	96.02 %
2000	15,625,927	9,625,400	100.54	98.81
2001	19,956,857	11,118,674	100.04	102.25
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

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
JUNE 30, 1999 THROUGH 2004

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 1999	\$ 710,868,457	\$ 797,565,970	\$ 86,697,513	89.13 %	\$ 293,919,047	29.50 %
June 30, 2000	784,304,316	872,527,063	88,222,747	89.89	311,639,821	28.31
June 30, 2001	831,080,974	920,761,605	89,680,631	90.26	337,229,788	26.59
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

SHERIFFS' PENSION AND RELIEF FUND
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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, 2004
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	26 years
Actuarial Asset Values:	
Bonds and Equities	Market value adjusted to reflect a three-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.

SHERIFFS' PENSION AND RELIEF FUND
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Change in Plan Provisions:

Legislative changes in plan provisions granted a nonrecurring lump sum benefit of 3% with a minimum benefit of \$300, amended the statutes governing the educational requirements for the board of trustees, requires the submission of the Fund's operating budget to the Joint Legislative Committee on the Budget for review, requires consultants and money managers to provide full disclosure of conflicts of interest, amended the statute governing the seizure of benefits for child support, authorized the payment of benefits to re-employed part-time sheriff's personnel, established a minimum and maximum employee contribution rate, required the transfer of outstanding DROP and back-DROP balances to a third party, fixed income investment manager, amended the prudent-man rule on investments, allows for the one-time election to rescind participation in the former Defined Retirement Option Plan (DROP).



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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

October 14, 2004

Board of Trustees
Sheriffs' Pension and Relief Fund
State of Louisiana
Baton Rouge, 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, 2004, and have issued our report thereon dated October 14, 2004. 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.

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 those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Sheriffs' Pension and Relief Fund's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weakness. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

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

Duplantier, Krapmann, Hogan & Maher, LLP