

ANNUAL FINANCIAL REPORT  
SHERIFFS' PENSION AND RELIEF FUND  
JUNE 30, 2021 AND 2020

SHERIFFS' PENSION AND RELIEF FUND

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## INDEPENDENT AUDITOR'S REPORT

January 3, 2022

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Sheriffs' Pension and Relief Fund (the Fund) as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Sheriffs' Pension and Relief Fund's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Sheriffs' Pension and Relief Fund as of June 30, 2021 and 2020, and the respective changes in the fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As disclosed in Note 4 to the financial statements, the total pension liability for the Sheriffs' Pension and Relief Fund was \$4,770,649,122 and \$4,532,186,041 as of June 30, 2021 and 2020, respectively. The actuarial valuations were based on various assumptions made by the Fund's actuary. Because actual experience may differ from the assumptions used in the actuarial valuation, there is a risk that the total pension liability at June 30, 2021 and 2020 could be under or overstated. Our opinion is not modified with respect to this matter.

The Fund's financial statements include investments valued at \$4,228,101 and \$5,915,427 as of June 30, 2021 and 2020, respectively, whose fair value was estimated by management of the investment fund in the absence of readily ascertainable fair market values. The estimate of fair value was based primarily on the net asset values and other financial information provided by management of each underlying private investment fund. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other

knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Sheriff's Pension and Relief Fund's basic financial statements. The other supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2022 on our consideration of the Sheriffs' Pension and Relief Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Sheriffs' Pension and Relief Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriffs' Pension and Relief Fund's internal control over financial reporting and compliance.

*Duplantier, Sharpner, Hogan and Drake, LLP*

New Orleans, Louisiana

SHERIFFS' PENSION AND RELIEF FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2021 AND 2020

The Management's Discussion and Analysis of the Sheriffs' Pension and Relief Fund (Fund or LSPRF) financial performance presents a narrative overview and analysis of the Sheriffs' Pension and Relief Fund's financial activities for the year ended June 30, 2021. This document focuses on the current year's activities, resulting changes, and 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 15.

**FINANCIAL HIGHLIGHTS:**

**Economy and the Global Investment Markets for Fiscal Year 2020-2021**

A history of strong performance and a long market bull run since the last severe financial crisis of 2008-2009, along with the planned annual long-term positive impact of our major benefits reform legislation effective in 2012 continued to produce a positive trend in the growth in assets of the LSPRF and another all-time high in assets for the fiscal year ended June 30, 2021. Considering the global events of the year, we experienced an exceptional year of investment performance.

The global pandemic continued to severely impact the global economy. Fortunately, ongoing fiscal and monetary stimulus and positive developments on treatments/vaccines provided support for the global economy and markets. We have experienced a quicker than expected recovery to date due to this support. That has allowed the Federal Reserve to begin reducing accommodative policies. Even with improving market conditions, serious health problems and the following other concerns persisted during most of the FY:

- Inflation concerns
- Supply chain disruptions
- Trade conflicts
- Middle East turmoil

With the planning of our Board, Investment Committee, staff and consultants, our portfolio and asset allocation were well positioned to take advantage of the market opportunities offered during the fiscal year while maintaining conservative positioning of our portfolio.

Considering the catastrophic potential for global markets during the year described above, LSPRF'S investments accomplished an excellent return of 26.7% net of fees for the FY ended 6/30/21. This exceeded the Fund's valuation interest rate or target rate of return of 7% resulting in a very favorable impact on the funding of the LSPRF and a reduction in the Plan's Actuary's required employer contribution rate which is a positive development for our Plan sponsors, the Louisiana Sheriffs' Offices and their budgets. The longer-term effect on the Plan's actuarially recommended employer contribution rate for the FY beginning 7/1/22 is explained later in the analysis.

SHERIFFS' PENSION AND RELIEF FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2021 AND 2020

**FINANCIAL HIGHLIGHTS:** (Continued)

**Subsequent Event Note**

For the current 2022 fiscal year, overall performance has been slightly positive. Ongoing fiscal and monetary stimulus as well as progress against COVID-19 continue to be the main economic/market drivers. This has led to new all-time highs for the Fund and an estimated FYTD return of 2.8%. Given the pace of the recovery, the Fed has announced plans to increase asset tapering and projects to increase interest rates starting next year. While economic concerns remain high, there is some optimism and market forecasters are predicting further gains in 2022. As always, a high level of uncertainty and risk remain for the balance of the fiscal year, and there can be no guarantees of results at FYE June 30, 2022. Market value of assets of the Fund as of December 27, 2021 was estimated at \$4,941,866,507, or up approximately \$145.4 million over June 2021 FY close.

**Results of the Years' Experience on Fund Net Position and Historical Review**

As independently verified with reasonable assurance by our auditors, the Fund closed this year with the Fiduciary Net Position of \$4,820,204,144, representing an increase over last year of \$980,133,409 from the 2020 level of \$3,840,070,735 and an all-time record high for the Fund in the Fiduciary Net Position at year end close. This represents the Fund's market value of assets using fiscal year end 2021 results, as compared to the actuarial value of assets covered later in the analysis.

For comparison to other recent years, this year's closing Fiduciary Net Position represents an increase of \$1,028,491,633 over the 2019 level of \$3,791,712,511 and an increase of \$1,204,836,240 over the 2018 net position of \$3,615,367,904.

From a longer-term historical perspective, the Fund's growth in the net position or market value of assets has increased by \$3.513 billion or about 268.8% during the recovery from the 2009 recession and the continuing favorable capital markets through June 30, 2021.

**Employer Contribution Update and Discussion**

This history of volatile but very positive performance and benefit reform over a period of years has made a substantial impact in reducing and assisting in controlling the required employer contribution rate that increased to a high of 14.50% as a result of the recession. The impact of the global pandemic and related issues in FYE June 30, 2020 resulted in a recommended rate of 11.50% for the current fiscal year 2022, while the exceptional investment performance of the recently ended FYE June 30, 2021 results in an actuarially recommended rate of 9.75% for the upcoming 2023 FY beginning July 1, 2022. The decrease in the expected rate to be collected for 2023 results in a favorable longer-term budget development for our employer plan sponsors and very favorably impacts the Fund's actuarial rate of return and potential to maintain reserves in the Funding Deposit Account to further strengthen the Fund. This will be further explained later in this analysis.

SHERIFFS' PENSION AND RELIEF FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2021 AND 2020

**FINANCIAL HIGHLIGHTS:** (Continued)

**Discussion of 2021 Actuarial Valuation Results**

Due to the perpetual nature of the Fund, it is important to recognize that the Fund is necessarily a long-term investor and is subject to periods of favorable and unfavorable volatile global market conditions over time. To manage and measure funding progress and prepare to meet liabilities that will become due well out into the future, the Fund uses actuarial funding methods to help ensure sufficient funding is accumulated over the working lifetime of members to meet member's benefits that will be due upon retirement. This is the Fund's most important mission and obligation.

As recommended by our actuaries, the Fund uses an actuarial smoothing method to help mitigate the impact of market volatility and assist in providing more stable funding requirements in keeping with capital market conditions.

The Fund's investment gains or losses are smoothed over a 5-year period to stabilize funding requirements and to set the required employer contribution rates necessary to meet each year's funding needs. The actuarial methods used by the Fund's actuaries provided an actuarial rate of return of 10.10% for the 2021 valuation year ended June 30, 2021. This actuarial rate of return is compared to the Fund's valuation interest rate or assumed rate of return and was greater than the assumed rate of 7.00% as a factor in determining the recommended employer contribution rate for the 2023 fiscal year. This 10.10% actuarial rate of return is a very favorable increase over the 5.4% rate of the prior year.

This smoothing period is also a factor in determining the Actuarial Value of Assets as compared to each year's Market Value of Assets that are subject to market volatility, and to help in measuring the longer-term funding progress of the Fund.

The 2021 actuarial valuation reflects an Actuarial Value of Assets of \$4,372,701,405 for an increase of \$366,112,091 over the prior year level of \$4,006,589,314. This favorable increase is a result of a number of years of very solid gains since the last recession, using the Fund's five-year actuarial smoothing method.

**Permanent Benefit Increase (COLA) And Funding Deposit Account Update**

The Board of Trustees approved paying a PBI/(COLA) in FY 2021, effective January 1, 2021 to retirees and survivors over 65 years of age. This PBI/(COLA) was fully prepaid from reserves accumulated in the Funding Deposit Account (FDA). The amount of the withdrawal from Funding Deposit Account to fully prepay the PBI/(COLA) was \$20,377,853. Payments for this purpose avoids adding future liabilities to the Fund and assists in controlling employer contributions for the long-term, as explained in previous years.

The Board of Trustees has approved a policy stating the intention to fund all future PBIs/(COLAs) from funds set aside in the Fund's Funding Deposit Account to assist in managing future liabilities.



SHERIFFS' PENSION AND RELIEF FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2021 AND 2020

**FINANCIAL HIGHLIGHTS:** (Continued)

**Employer Contribution Rates and Funding Deposit Account Discussion** (Continued)

The additions to the FDA for FY 2021 of \$11,660,951 combined with accumulated reserves in the FDA result in a total balance in the FDA as of June 30, 2021 of \$91,674,532, or a reduction of \$8,716,902.

An explanation of the FDA is included in later sections of this analysis and report. For the current fiscal year ending June 30, 2022, the Fund's actuarially recommended employer contribution rate is set at 11.50%. The Board approved leaving the current actual rate being collected at 12.25% for 2022, or .75% above the recommended rate for fiscal year 2022. Please note that the actuarially recommended rate for each year and the actual rate necessary to meet the Plan's requirements will differ based on the Fund's investment performance and other Plan experience and will not be known until fiscal year end upon completion of the new actuarial valuation of the Fund. The difference between the 12.25% being collected for the year and the actual rate necessary to meet funding needs for the year will again be deposited in the Funding Deposit Account to maintain reserves for future use if there is a positive difference. Our Subsequent Event Note raises issues that create doubts for this fiscal year.

For fiscal year ending June 30, 2023 (beginning July 1, 2022), the actuarial valuation has set the minimum recommended employer contribution rate at 9.75%, a decrease of 1.75% from the 2022 fiscal year recommended rate as a result of the Fund substantially exceeding the assumed rate of return of 7.0% for fiscal year 2021 due to record setting returns in very favorable capital market conditions. The Board has discussed and is expected to consider a recommendation to reduce the actual contribution rate at the currently collected level to provide a positive development for our Plan sponsors, the Louisiana Sheriffs' Offices and their budgets.

One of the measures of the health of a plan is the recommended annual employer contribution rate. The LSPRF is fortunate to annually have among the lowest recommended rates of the Louisiana public pension systems.

An additional measure taken by the LSPRF Board and plan sponsors in 2014 was to voluntarily increase the employee contribution rate from 10.00% to 10.25% to provide additional funding into the Fund to strengthen the Fund for the future. We plan to maintain this increase for the foreseeable future. This is a reflection of the support the LSPRF receives from the plan sponsors and membership to assist in continuing to strengthen our Fund.

**Funding Deposit Account (FDA) Provisions**

The FDA was established by law effective June 30, 2009 to provide a reserve fund into which excess employer contributions collected above the required amount, as described above, are credited. Funds accumulated in the FDA may be used, at the discretion of the Board, for the following purposes only:

- To reduce the Unfunded Accrued Liability (UAL)
- Reduce future normal costs

SHERIFFS' PENSION AND RELIEF FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2021 AND 2020

**FINANCIAL HIGHLIGHTS:** (Continued)

**Funding Deposit Account (FDA) Provisions** (Continued)

- As an offset to the recommended direct employer contributions
- To pre-fund a cost-of-living increase for retirees

Prior to passage of this Act excess contributions could be used by the Board to reduce the Frozen UAL. In 2008 the Board used excess contributions to substantially reduce the Frozen UAL by \$22,548,024. Based on this payment, LSPRF is 6 years ahead of the amortization and will be fully paid by June 30, 2023 rather than the original amortization schedule of 2029. Annual payments continue to reduce the UAL. This will benefit the Fund through substantial interest savings.

As a result of the severe recession of 2009, FDA excess contributions have been used to partially offset or reduce the rising employer contributions resulting from the impact of the recession to assist our plan sponsors (sheriffs' offices) to reduce the impact on their required contributions and their local budgets.

**Pension Fund Reform and Valuation Interest Rate Discussion**

In the 2011 legislative session, the Fund's Board was a leader in voluntarily sponsoring major pension reform in the benefits structure and retirement eligibility. The legislation was effective beginning January 1, 2012, and the Fund began to benefit from costs savings from new hires in the first year of implementation. The Fund has continued to accrue costs savings annually, and will continue to do so well out into the long-term future. This action by the Fund's Board and other cost savings measures going back to 2007 were an important accomplishment in the Fund's management of long-term liabilities.

Also in 2012, the Board of Trustees approved a plan to reduce the valuation interest rate or assumed rate of return of 8.00% used to fund the LSPRF plan by decreasing the rate by .10 bps per year over a 5-year period to a rate of 7.5%. This was based on the downward trend in capital market assumptions and expected rates of return on investments for the long-term outlook. Capital market assumptions are projected by consultants and various financial institutions and are published annually. Since that time, the Board has approved further lowering of the assumed rate of return over time to 7.00% upon reaching the original rate of 7.50%. The result of lowering the rate has a negative impact on the Employer's Normal Cost Accrual Rate that flows into an increase in the recommended employer contribution rate. While this is a negative impact initially, it is important to use a realistic assumed rate of return. The rate for fiscal year ending June 30, 2022 is set at 6.90%. The Board has kept their original pledge to remain within the actuary's reasonable range for the valuation interest rate.

Based on current capital market assumptions and the Fund's Asset/Liability study, the Board voted at the December 2020 meeting to continue to reduce the valuation interest rate by 5 basis points annually to incrementally decrease the rate to 6.50% over the 10-year life of the study. Given the significant positive investment returns generated in fiscal 2021, the Board approved opportunistically reducing the valuation interest rate incorporating two years of planned reductions in fiscal 2021, in setting the rate

SHERIFFS' PENSION AND RELIEF FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2021 AND 2020

**FINANCIAL HIGHLIGHTS:** (Continued)

**Pension Fund Reform and Valuation Interest Rate Discussion** (Continued)

at 6.90%. This was a responsible move by the Board to help ensure a more accurate measure of Fund liabilities and better protect the long-term future of the Fund.

Depending on investment experience, this reduction in the assumption can be a favorable impact on actuarial experience when investment experience exceeds the lower assumed rate of return, and also has the effect of lessening the actuarial impact when investment returns end the fiscal year below the lowered assumed rate of return. Over time, this change is expected to be positive for the Fund.

**Non-Investment Revenue Discussion**

The Fund has dedications of special revenues for funding of the LSPRF plan. As independently verified by our auditors and actuaries, for the 2021 fiscal year revenues received for the Fund's statutorily dedicated portion from insurance premium tax collections totaled \$22,347,331, an increase of \$550,116 over the prior year. The Fund's receipts of dedicated ad valorem taxes were \$23,423,409, an increase of \$915,399 over the prior year, and receipts of \$420,909 from State Revenue Sharing for an increase of \$54 from fiscal year 2020.

Contributions to the Fund by employers and members, including transfers in from other retirement systems, totaled \$173,218,949 for a decrease of \$2,948,373 from 2020. Employer contributions were collected at 12.25%, and employee contributions collected at 10.25%.

The annual actuarial valuation of the Fund reflects contributions and other non-investment income of \$219,410,934, a decrease of \$1,482,873 from fiscal year 2020. For fiscal 2021 the Fund had a negative net non-investment cash flow of \$36,143,173. In future years it will be possible to see negative and positive cash flow years based primarily on payroll growth and retirement patterns.

**Benefits Payments Discussion**

Pension and disability benefits paid to retirees and beneficiaries, as independently verified with reasonable assurance by the Fund's auditors totaled \$230,279,041, an increase of \$21,109,225 over the prior year. Refunds of contributions paid to members upon termination, and transfers to other systems on behalf of members totaled \$22,981,463, for an increase of \$4,044,740 from the prior year.

**Funded Ratio and Progress of Payment of Frozen UAL**

Using the GASB 25 method of measuring progress in payment of the Fund's frozen UAL, the Fund's funded ratio for fiscal 2021 is 99.68% an increase over the prior year's ratio of 99.43%. The GASB 25 ratio measure has been replaced and is no longer stated in the actuarial valuation, but the frozen UAL is stated annually, and we continue to monitor the progress in eliminating the liability.

SHERIFFS' PENSION AND RELIEF FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2021 AND 2020

**FINANCIAL HIGHLIGHTS:** (Continued)

**Funded Ratio and Progress of Payment of Frozen UAL:** (Continued)

The new funded ratio as stated in the Actuarial Valuation of the Fund for 2021 is 91.66% for an increase in the ratio over the prior year's ratio of 88.40%. This ratio represents the Actual Value of Assets to the Actuarial Accrued Liability, and is the method used by our actuaries in the actuarial funding of the LSPRF plan. This ratio replaces the former GASB 25 ratio due to changes in reporting methods.

**Summary and Other Relevant Information**

As explained in this analysis, the Fund has made substantial progress in recovering from the last severe recession and has continued to grow the Fund's assets far beyond recession and pre-recession levels. The Board has had the foresight to implement major pension reform to help manage the Fund's liabilities for the long-term future. As noted earlier in the report, the Fund's employer contribution rates are among the lowest of Louisiana retirement systems providing the Board with options to accrue reserves that will be of assistance during unfavorable market and economic conditions in the future.

The Board maintains professional investment consultants and investment managers to advise the Fund, and strives to maintain a conservative and diversified asset allocation to take advantage of favorable investment markets, and to protect assets to a sound extent in unfavorable economic times.

The Fund also employs legal counsel that is highly competent in pension fund matters to advise the Board and staff, and to assist in due diligence and protection in entering into contracts with investment managers.

The Board and staff management have continued to improve the professionalism and educational requirements of the staff over time, and have enhanced technology and operational methods to better serve our members. The Fund has a strong succession plan in place for senior management and has developed future leaders.

In closing, the Board of Trustees has provided substantial growth and progress over time, and has been a leader in pension reform to control liabilities for future benefits and assist in protecting the soundness and perpetual nature of the Fund.

**OVERVIEW OF THE FINANCIAL STATEMENTS:**

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

- Statement of fiduciary net position,
- Statement of changes in fiduciary net position, and
- Notes to financial statements.

SHERIFFS' PENSION AND RELIEF FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2021 AND 2020

**OVERVIEW OF THE FINANCIAL STATEMENTS:** (Continued)

The 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 Fund's ongoing plan perspective. This financial report consists of two financial statements and five required schedules of historical trend information. The statements of fiduciary net position and statements of changes in fiduciary net position 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 required supplementary information consists of five schedules and related notes disclosing the changes in net pension liability (asset), employers' net pension liability (asset), employer contributions, money-weighted rate of investment returns, and changes in the Fund's total other postemployment benefits (OPEB) liability and related ratios.

The supplementary information includes the schedule of changes in reserve balances, schedule of administrative expenses, schedule of per diem and travel expenses paid to board members, and the schedule of compensation, benefits and other payments to agency head.

**FINANCIAL ANALYSIS OF THE FUND:**

This analysis focuses on fiduciary net position and changes in fiduciary net position of the Fund.

CONDENSED COMPARATIVE STATEMENTS OF  
FIDUCIARY NET POSITION  
(In Thousands)

	<u>2021</u>		<u>2020</u>		<u>2019</u>
Cash and investments	\$ 4,890,659	\$	3,995,472	\$	4,012,359
Receivables and prepaid	77,003		113,237		289,096
Collateral held under securities lending	26,376		14,648		10,559
Capital assets, net	1,915		2,004		2,018
Total assets	<u>4,995,953</u>		<u>4,125,361</u>		<u>4,314,032</u>
Deferred outflows of resources	<u>920</u>		<u>985</u>		<u>1,050</u>
Total liabilities	<u>176,409</u>		<u>285,999</u>		<u>523,078</u>
Deferred inflows of resources	<u>260</u>		<u>276</u>		<u>291</u>
Net position restricted for pension benefits	<u>\$ 4,820,204</u>	\$	<u>3,840,071</u>	\$	<u>3,791,713</u>

SHERIFFS' PENSION AND RELIEF FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2021 AND 2020

**FINANCIAL ANALYSIS OF THE FUND:** (Continued)

CONDENSED COMPARATIVE STATEMENTS OF  
CHANGES IN FIDUCIARY NET POSITION  
(In Thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Additions:			
Contributions	\$ 210,391	\$ 211,078	\$ 199,804
Net investment income	1,016,277	57,769	181,006
Other	9,020	9,815	10,360
Total additions	<u>1,235,688</u>	<u>278,662</u>	<u>391,170</u>
Deductions:			
Benefits	230,280	209,170	193,696
Refunds and transfers	22,981	18,936	19,052
Administrative expenses and depreciation	1,941	1,990	1,878
OPEB expense	353	208	199
Total deductions	<u>255,555</u>	<u>230,304</u>	<u>214,825</u>
Change in net position restricted for pension benefits	980,133	48,358	176,345
Net position at beginning of year	<u>3,840,071</u>	<u>3,791,713</u>	<u>3,615,368</u>
Net position at end of year	<u>\$ 4,820,204</u>	<u>\$ 3,840,071</u>	<u>\$ 3,791,713</u>

Fiduciary net position increased by \$980,133,409 or 25.5% during the year ended June 30, 2021 from \$3,840,070,735. The current year increase in fiduciary net position was primarily attributable to contributions, non-investment income and record high positive investment performance exceeding benefit payments in the current fiscal year. This net position is restricted for use to provide monthly retirement allowances to members who contributed to the Fund as employees and their beneficiaries.

**Additions to Fiduciary Net Position**

Additions to Sheriffs' Pension and Relief Fund fiduciary net position were primarily derived from member and employer contributions and net investment income. Member contributions decreased \$(996,753) or 1.3% while employer contributions decreased \$(1,156,086) or 1.3%.

The decrease in employer contributions of \$(1,156,086) was primarily due to a decrease in covered payroll of active members during the current year. The decrease in employee contributions of \$(996,753) was primarily due to a decrease in covered employee payroll in the current year. The Fund experienced net investment income of \$1,016,276,582 as compared to net investment income of \$57,768,689 in the prior year.

SHERIFFS' PENSION AND RELIEF FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2021 AND 2020

**FINANCIAL ANALYSIS OF THE FUND:** (Continued)

**Additions to Fiduciary Net Position** (Continued)

The increase in net investment income was primarily due to favorable market performance in during the current year.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Member Contributions	\$ 74,767,454	\$ 75,764,207	\$ 71,306,407
Employer Contributions	89,432,304	90,588,390	86,137,323
Insurance Premium Taxes	22,347,331	21,797,215	20,587,174
Ad Valorem Taxes	23,423,409	22,508,010	21,352,529
State Revenue Sharing	420,909	420,855	420,757
Net Investment Income	1,016,276,582	57,768,689	181,005,669
Other Additions	9,019,527	9,815,130	10,360,209
Total additions	<u>\$ 1,235,687,516</u>	<u>\$ 278,662,496</u>	<u>\$ 391,170,068</u>

**Deductions from Fiduciary Net Position**

Deductions from fiduciary net position include retirement, death, survivor benefits, refunds and transfers of contributions to other retirement plans, other postemployment benefits expense and administrative expenses. Deductions from fiduciary net position totaled \$255,554,107 in fiscal year 2021. This is an increase of \$25,249,835 when compared to fiscal year 2020. Retirement benefit payments increased by \$21,109,225 and refunds of contributions increased by \$3,733,488 in fiscal 2021. Increase in retirement benefit payments was primarily due to an increase in the number of retirees in the current year while the refunds increase was attributable to an increase in the number of members requesting refunds of contributions. In our assessment this increase in both areas is related in part to conditions created by the pandemic and the difficulty some sheriffs have experienced in hiring replacements with new personnel that would be contributing members of the Fund. In our opinion, this situation will improve over time as conditions created by the pandemic continue to moderate.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Retirement Benefits	\$ 230,279,041	\$ 209,169,816	\$ 193,696,425
Refunds of Contributions	20,212,930	16,479,442	17,141,123
Administrative Expenses and Depreciation	1,940,684	1,990,172	1,878,074
OPEB Expense	352,919	207,561	199,232
Transfers to Other Systems	2,768,533	2,457,281	1,910,607
Total deductions	<u>\$ 255,554,107</u>	<u>\$ 230,304,272</u>	<u>\$ 214,825,461</u>

SHERIFFS' PENSION AND RELIEF FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2021 AND 2020

**FINANCIAL ANALYSIS OF THE FUND:** (Continued)

**Investments**

The Fund is responsible for the prudent management of funds held in trust for the exclusive benefits of the members' pension benefits. Funds are invested to achieve maximum returns without exposing retirement assets to unacceptable risks. Total investments at June 30, 2021 amounted to \$4,872,471,295 as compared to \$3,976,507,577 at June 30, 2020, which is an increase of \$895,963,718 or 22.53%.

The increase in investments was primarily due to highly positive capital market results in recovering from the problems of the prior year created by the shock and conditions of the pandemic. This created growth and broad opportunities for other markets during 2021. This was marginally offset by an increase in benefit payments to members and other expenses above the Fund's non-investment income. The increase in retirement benefit payments was primarily due to an increase in the number of retirees in the current year. Please see the explanation on the increase in retirees and refunded members in the previous titled section "**Deductions from Fiduciary Net Position**".

Sheriffs' Pension and Relief Fund's investments in various markets at the end of the 2021 and 2020 fiscal years are indicated in the following table:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Cash Equivalents	\$ 191,274,057	\$ 185,177,661	\$ 150,104,807
Fixed Income	1,222,391,617	1,205,480,529	1,187,232,005
Equities	2,875,017,411	2,060,715,065	2,135,281,862
Alternative Investments	<u>583,788,210</u>	<u>525,134,322</u>	<u>524,479,552</u>
Total	<u>\$ 4,872,471,295</u>	<u>\$ 3,976,507,577</u>	<u>\$ 3,997,098,226</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  
STATEMENTS OF FIDUCIARY NET POSITION  
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS:</b>		
Cash	\$ 18,188,254	\$ 18,963,110
Receivables and prepaid expense:		
Member contributions	5,069,796	5,225,428
Employer contributions	6,059,383	6,260,374
Accrued interest and dividends	6,118,371	6,426,305
Receivable for investments sold	57,288,639	91,356,357
Other receivables and prepaids	2,466,778	3,968,916
Total receivables and prepaid expense	<u>77,002,967</u>	<u>113,237,380</u>
Investments (at fair value):		
Cash equivalents	191,274,057	185,177,661
Fixed income	1,222,391,617	1,205,480,529
Equities	2,875,017,411	2,060,715,065
Alternative investments	583,788,210	525,134,322
Total investments	<u>4,872,471,295</u>	<u>3,976,507,577</u>
Other assets:		
Collateral held under securities lending program	26,375,673	14,647,975
Total other assets	<u>26,375,673</u>	<u>14,647,975</u>
Capital assets:		
Building	2,767,271	2,745,809
Land and improvements	92,692	92,692
Furnishings, equipment, and vehicles	1,060,929	1,054,975
	<u>3,920,892</u>	<u>3,893,476</u>
Less: Accumulated depreciation	2,006,128	1,889,101
Capital assets, net	<u>1,914,764</u>	<u>2,004,375</u>
Total assets	<u>4,995,952,953</u>	<u>4,125,360,417</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Deferred outflows of resources related to OPEB	<u>920,291</u>	<u>985,129</u>
<b>LIABILITIES:</b>		
Obligations under securities lending program	26,268,800	14,631,528
Payable for investment securities purchased	108,460,964	230,657,420
Refunds payable	1,116,233	998,736
Other payables	32,685,193	33,560,519
OPEB liability	2,834,492	2,562,282
Accounts payable	4,434,557	3,334,793
Pension payable	497,351	138,769
Accrued leave payable	111,685	115,171
Total liabilities	<u>176,409,275</u>	<u>285,999,218</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Deferred inflows of resources related to OPEB	<u>259,825</u>	<u>275,593</u>
<b>NET POSITION - RESTRICTED FOR PENSION BENEFITS</b>	<u>\$ 4,820,204,144</u>	<u>\$ 3,840,070,735</u>

See accompanying notes.

SHERIFFS' PENSION AND RELIEF FUND  
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<b>ADDITIONS:</b>		
Contributions:		
Members	\$ 74,767,454	\$ 75,764,207
Employers	89,432,304	90,588,390
Insurance premium tax	22,347,331	21,797,215
Ad valorem taxes	23,423,409	22,508,010
State revenue sharing	420,909	420,855
Total contributions	<u>210,391,407</u>	<u>211,078,677</u>
Investment income:		
Interest income	17,392,300	21,883,976
Dividend income	19,459,471	20,083,083
Net change in fair value of investments	995,284,690	29,648,339
Securities lending income	161,170	184,309
Commission recapture	4,433	3,022
	<u>1,032,302,064</u>	<u>71,802,729</u>
Less investment expense:		
Investment advisory fees	15,308,569	13,175,945
Custodian fee and bank charges	716,913	858,095
	<u>16,025,482</u>	<u>14,034,040</u>
Net investment income	<u>1,016,276,582</u>	<u>57,768,689</u>
Other additions:		
Transfers from other retirement systems	9,019,191	9,814,725
Miscellaneous income	336	405
Total other additions	<u>9,019,527</u>	<u>9,815,130</u>
Total additions	<u>1,235,687,516</u>	<u>278,662,496</u>
<b>DEDUCTIONS:</b>		
Benefits	230,279,041	209,169,816
Refund of contributions	20,212,930	16,479,442
Transfers to other retirement systems	2,768,533	2,457,281
Administrative expenses	1,823,657	1,868,095
Depreciation	117,027	122,077
OPEB expense	352,919	207,561
Total deductions	<u>255,554,107</u>	<u>230,304,272</u>
NET CHANGE IN FIDUCIARY NET POSITION	980,133,409	48,358,224
<b>NET POSITION RESTRICTED FOR PENSION BENEFITS:</b>		
Beginning of year	<u>3,840,070,735</u>	<u>3,791,712,511</u>
End of Year	<u>\$ 4,820,204,144</u>	<u>\$ 3,840,070,735</u>

See accompanying notes.

SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

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

The Fund is governed by a Board of Trustees composed of 14 elected members and two legislators who serve as ex-officio members, all of whom are voting members. The Board of Trustees consists of a president, vice president, 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 three 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 vice president every three years. All candidates for service on the Board of Trustees must complete legislatively required hours of training prior to becoming a candidate. 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).

In addition, these financial statements include the management's discussion and analysis as supplementary information, as required by GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and related standards.

The Fund's basic financial statements were prepared in conformity with the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans*. GASB Statement No. 67 established new standards of financial reporting for defined benefit pension plans. Significant changes included an actuarial calculation of total and net pension liability (asset), increased footnote disclosures regarding the pension liabilities and other related information, and provided for additional required supplementary information schedules.

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 state revenue sharing monies are recognized in the year appropriated by the legislature. Insurance premium tax income is recorded in the fiscal year for which it is allocated.

SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Method Used to Value Investments:

As required by GASB Statement No. 72, *Fair Value Measurement and Application*, investments are reported at fair value. This statement requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. This statement establishes a hierarchy of inputs and valuation techniques used to measure fair value based on three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices, included within Level 1 that are observable for the asset or liability, whether directly or indirectly. Lastly, Level 3 inputs are unobservable inputs, such as management's assumptions or investment manager assumptions that are unobservable. This statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques used. These disclosures are organized by type of asset or liability. GASB Statement No. 72 also requires additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent).

Fair value of short-term investments approximates cost. Fair value of securities traded on a national or international exchange is calculated using the last reported sales price at current exchange rates. Fair value of equity funds, fixed income funds and other mutual funds not traded on a national or international exchange are calculated using the net asset value reported by the funds. Fair value of investments in partnerships is calculated as the Fund's percentage of ownership of the partner's capital reported by the partnership.

Capital Assets:

Capital assets are accounted for and capitalized in the Fund. Depreciation of these assets is recorded as an expense in the Fund. The assets are valued on the basis of historical cost and depreciated using the straight-line method of depreciation as follows:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings	40 years
Vehicles	5 years
Office furniture and equipment	3-10 years

SHERIFFS' PENSION AND RELIEF FUND  
 NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Deferred Outflows and Inflows of Resources:

In addition to assets, the statements of fiduciary net position report a separate section for deferred outflows of resources that represents a consumption of net position that applies to future period(s) and will not be recognized as an outflow of resources (expense) until then. The Fund has one item that qualifies for reporting in this category, which are amounts related to other postemployment benefits.

In addition to liabilities, the statements of fiduciary net position report a separate section for deferred inflows of resources that represents an acquisition of net position that applies to future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The Fund has one item that meets the criterion for this category, which are amounts related to other postemployment benefits.

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.

2. PLAN DESCRIPTION:

The Sheriffs' Pension and Relief Fund, State of Louisiana, is the administrator of a cost-sharing multiple-employer defined benefit pension 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-four contributing sheriff offices, with employees of the Louisiana Sheriffs' Association office and the Fund's staff also contributing. At June 30, 2021 and 2020 statewide retirement membership consisted of:

	<u>2021</u>	<u>2020</u>
Inactive members or beneficiaries currently receiving benefits	6,481	6,164
Inactive members entitled to but not yet receiving benefits	7,954	7,564
Active members	<u>14,149</u>	<u>14,647</u>
Total participants as of the valuation date	<u>28,584</u>	<u>28,375</u>

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

SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

2. PLAN DESCRIPTION: (Continued)

Eligibility Requirements:

Membership in the Fund is required for all eligible sheriffs and deputies. Court criers of specified courts and non-deputized employees may become members. They are eligible immediately upon employment as long as they meet statutory criteria as to age and physical condition. All salaried employees of the Sheriffs' Pension and Relief Fund 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:

For members who become eligible for membership on or before December 31, 2011: Members with twelve years of creditable service may retire at age fifty-five, and 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. Active, contributing members with at least ten years of creditable service may retire at age sixty. The accrued normal retirement benefit is reduced actuarially for each month or fraction thereof that retirement begins prior to the member's earliest normal retirement date assuming continuous service.

For members whose first employment making them eligible for membership in the system began on or after January 1, 2012: Members with twelve years of creditable service may retire at age sixty-two, members with twenty years of service may retire at age sixty, and members with thirty years of creditable service may retire at age fifty-five. The benefit accrual rate for such members with less than thirty years of service is three percent; for members with thirty or more years of service, the accrual rate is three and one-third percent. The retirement allowance is equal to the benefit accrual rate times 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.

For a member whose first employment making him eligible for membership in the system began on or before June 30, 2006, final average compensation is based on the average monthly earnings during the highest thirty-six consecutive months or joined months if service was interrupted. The earnings to be considered for each twelve-month period within the thirty-six month period shall not exceed 125% of the preceding twelve-month period.

For a member whose first employment making him eligible for membership in the system began after June 30, 2006 and before July 1, 2013, final average compensation is based on the average monthly earnings during the highest sixty consecutive months or joined months if service was interrupted. The earnings to be considered for each twelve-month period within the sixty-month period shall not exceed 125% of the preceding twelve-month period.

SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

2. PLAN DESCRIPTION: (Continued)

Retirement Benefits: (Continued)

For a member whose first employment making him eligible for membership in the system began on or after July 1, 2013, final average compensation is based on the average monthly earnings during the highest sixty consecutive months or joined months if service was interrupted. The earnings to be considered for each twelve-month period within the sixty-month period shall not exceed 115% of the preceding twelve-month period.

Cost-of-Living Increases:

The Board of Trustees is authorized to grant retired members and survivors of members who have retired an annual cost-of-living increase of 2.5% of their current benefit. When such a cost-of-living increase is granted in any fiscal year, no such cost-of-living increase may be granted in the immediately following fiscal year. Members are eligible to receive this cost-of-living adjustment when they have attained the sixty years of age and they have been retired for at least one year. In order for the Board to grant a cost-of-living adjustment, the Fund must meet certain criteria in the statutes related to funding status and excess investment earnings. The funding criteria for granting cost-of-living adjustments are as follows:

- Funding Criteria 1 - if the funded ratio is equal to or in excess of 90%, the Fund is eligible to grant a cost-of-living adjustment every other year.
- Funding Criteria 2 - if the funded ratio is equal to or in excess of 80%, the Fund is eligible to grant a cost-of-living adjustment every three years.
- Funding Criteria 3 - if the funded ratio is equal to or in excess of 70%, the Fund is eligible to grant a cost-of-living adjustment every four years.

If the funded ratio is less than 70%, the Fund is not eligible to grant a cost-of-living adjustment in any year.

Deferred Benefits:

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

SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

2. PLAN DESCRIPTION: (Continued)

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-three, 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 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 Fund.

Deferred Retirement Option Plan (DROP) / Back Deferred Retirement Option Plan (Back-DROP):

For members retiring before July 1, 2001 in lieu of terminating employment and accepting a service retirement, members can elect to participate in the Deferred Retirement Option Plan (DROP). Upon entering the DROP, employee and employer contributions cease. The monthly retirement benefit that would have been paid if the member ceased employment is deposited into the DROP account for up to three years. Funds held in the DROP account earn interest and can be disbursed to the member upon request. Effective July 1, 2001, the Back-DROP program replaced



SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

2. PLAN DESCRIPTION: (Continued)

Deferred Retirement Option Plan (DROP) / Back Deferred Retirement Option Plan (Back-DROP):  
(Continued)

the DROP program. 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 make a one-time irrevocable election to receive a "Back-DROP" benefit. A member elects Back-DROP at the time of separation from employment (retirement). The Back-DROP benefit is based on 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 time accrued between when a member first becomes eligible for retirement and his actual date of retirement. For those individuals with thirty or more years, the Back-DROP period is the lesser of four years or service time accrued between when a member becomes eligible for retirement and his actual date of retirement. A member's Back-DROP benefit is the maximum monthly retirement benefit 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 Fund during the Back-DROP period. The member's DROP and Back-DROP balances left on deposit are managed by a third party, fixed income investment manager. Participants have the option to opt out of this program and take a distribution, if eligible, or to rollover the assets to another qualified plan.

3. CONTRIBUTIONS AND RESERVES:

Contributions:

Member contributions are established by state law and range between 9.80% and 10.25% of earnable compensation. The Board of Trustees sets the rate each year. For the years ended June 30, 2021 and 2020, the employee contribution rate was 10.25% of payroll. Contributions are deducted from the member's salary and remitted monthly by the participating parish.

Employer contributions are determined by an actuarial valuation and are subject to change each year in accordance with R.S. 11:103. For the years ended June 30, 2021 and 2020, the actuarially determined contribution rate was 11.41% and 10.45%, respectively, of member's compensation. For the years ended June 30, 2021 and 2020, the employers contributed 12.25% of members' salaries with an additional 0% allocated from the Funding Deposit Account. Also, the Fund annually receives revenue sharing funds, 0.50% of the aggregate amount of the ad valorem 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 Retirement Systems' Actuarial Committee from available insurance premium taxes described in RS 22:1476A(3).

Administrative costs of the Fund are financed through employer contributions.

SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

3. CONTRIBUTIONS AND RESERVES: (Continued)

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:

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 eligible for a benefit, the member's accumulated contributions are transferred from the Annuity Savings to the Annuity Reserve. When a member retires, his accumulated contributions are transferred to Annuity Reserve to provide part of the benefits. The Annuity Savings balance as of June 30, 2021 and 2020 was \$677,644,584 and \$667,187,439, respectively.

B) Pension Accumulation Reserve:

The Pension Accumulation Reserve consists of contributions paid by employers, interest earned on investments and any other income not included in 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 at June 30, 2021 and 2020 was \$1,846,684,013 and \$1,064,078,117, respectively.

C) Funding Deposit Account:

The Funding Deposit Account consists of excess contributions collected by the Fund. The excess funds earn interest at the board approved actuarial valuation rate and are credited to the Fund at least once a year. These funds are available due to the Fund setting the employer rate at a higher rate than minimum recommended rate. The excess funds can be used for the following purposes: (1) reduce the unfunded accrued liability, (2) reduce the present value of future normal costs, and/or (3) pay all or a portion of any future net direct employer contributions. In accordance with the motion authorized by the Board of Trustees at the March 10, 2021 board meeting, funds were withdrawn from the Funding Deposit Account in order to fund a 2.0% cost-of-living adjustment (COLA) to retirees who have been retired for at least one full year, and who are at least 65 years old as of the date of the COLA effective January 1, 2021. The Funding Deposit Account as of June 30, 2021 and 2020 was \$91,674,532 and \$100,391,434, respectively.

SHERIFFS' PENSION AND RELIEF FUND  
 NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

3. CONTRIBUTIONS AND RESERVES: (Continued)

Reserves (Continued)

D) Annuity Reserve:

The Annuity Reserve is the reserve for all pensions, excluding cost-of-living increases, granted to retired members and is the reserve 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, 2021 and 2020 was \$2,184,276,685 and \$1,989,987,393, respectively.

E) Deferred Retirement Option Plan / Back Deferred Retirement Option Plan:

The Deferred Retirement Option Plan / Back Deferred Retirement Option Plan (DROP) 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 participate in the program for up to three or four years, and upon termination receive benefits in a lump sum payment or annuity. The DROP reserve as of June 30, 2021 and 2020 was \$19,924,330 and \$18,426,352, respectively.

4. NET PENSION LIABILITY (ASSET) OF EMPLOYERS:

The components of the liability of the Fund's employers to plan members for benefits provided through the pension plan was as follows as of June 30, 2021 and 2020:

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Employers' Net Pension Liability (Asset)</u>	<u>Plan Fiduciary Net Position as a % of the Total Pension Liability</u>
2021	\$ 4,770,649,122	\$ 4,820,204,144	\$ (49,555,022)	101.04%
2020	4,532,186,041	3,840,070,735	692,115,306	84.73

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts regarding the net pension liability (asset) are subject to continual revision as actual results are compared to past expectations, and new estimates are made about the future. The actuarial assumptions used in the June 30, 2021 and 2020 valuations were based on the results of an experience study for the period from July 1, 2014 - June 30, 2019. The required Schedules of Employers' Net Pension Liability (Asset) located in the required supplementary information presents multi-year trend information regarding whether the plan fiduciary net position is increasing or decreasing over time relative to the total pension liability.

SHERIFFS' PENSION AND RELIEF FUND  
 NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

4. NET PENSION LIABILITY (ASSET) OF EMPLOYERS: (Continued)

Additional information on the actuarial methods and assumptions used in the latest actuarial valuation was as follows:

Valuation Date	June 30, 2021 and 2020
Actuarial Cost Method	Entry Age Normal Method
Actuarial Asset Values	Invested assets are valued at market value adjusted to defer four-fifths of all earnings above or below the valuation interest rate in the valuation year, three-fifths of all earnings above or below the valuation interest rate in the prior year, two-fifths of all earnings above or below the valuation interest rate from two years prior, and one-fifth of all earnings above or below the valuation interest rate from three years prior. The resulting smoothed values are subject to a corridor of 85% to 115% of the market value of assets. If the smoothed value falls outside the corridor, the actuarial value is set equal to the average of the corridor limit and the smoothed value.
Actuarial Assumptions:	
Investment Rate of Return (Discount Rate)	2021 – 6.90%, net of investment expense 2020 – 7.00%, net of investment expense
Projected Salary Increases	5.00% (2.50% Inflation, 2.50% Merit)
Estimated Remaining Service Lives (ERSL)	2021 – 5 Years 2020 – 6 Years
Mortality	For active retirees, annuitants, beneficiaries and disabled retirees, Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 120% for males and 115% for females, each with full generational projection using the MP2019 scale.
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the Fund 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.

SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

4. NET PENSION LIABILITY (ASSET) OF EMPLOYERS: (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Estimates of arithmetic real rates of return for each major asset class based on the Fund's target asset allocation as of June 30, 2021 were as follows:

	Long term Expected Rate of Return		
<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Real Return Arithmetic Basis</u>	<u>Long-term Expected Portfolio Real Rate of Return</u>
Equity Securities	62%	7.08%	4.39%
Fixed Income	25	1.44	0.36
Alternative Investments	13	4.38	0.57
Totals	<u>100%</u>		5.32%
Inflation			<u>2.55</u>
Expected Arithmetic Nominal Return			<u>7.87%</u>

Estimates of arithmetic real rates of return for each major asset class based on the Fund's target asset allocation as of June 30, 2020 were as follows:

	Long term Expected Rate of Return		
<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Real Return Arithmetic Basis</u>	<u>Long-term Expected Portfolio Real Rate of Return</u>
Equity Securities	62%	6.80%	4.20%
Fixed Income	23	2.40	0.60
Alternative Investments	15	4.70	0.70
Totals	<u>100%</u>		5.50%
Inflation			<u>2.40</u>
Expected Arithmetic Nominal Return			<u>7.90%</u>

SHERIFFS' PENSION AND RELIEF FUND  
 NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

4. NET PENSION LIABILITY (ASSET) OF EMPLOYERS: (Continued)

The discount rate used to measure the total pension liability was 6.90% and 7.00% for the years ending June 30, 2021 and 2020, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the Fund's actuary. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In accordance with GASB 67, regarding the disclosure of the sensitivity of the net pension liability (asset) to changes in the discount rate, the following presents the net pension liability (asset) of the participating employers calculated using the discount rate, as well as what the employers' net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate as of June 30, 2021 and 2020:

2021			
<u>Changes in Discount Rate</u>			
	1%	Current	1%
	Decrease	Discount	Increase
	<u>5.90%</u>	<u>6.90%</u>	<u>7.90%</u>
Net Pension Liability (Asset)	\$ <u>544,108,956</u>	\$ <u>(49,555,022)</u>	\$ <u>(544,481,447)</u>

2020			
<u>Changes in Discount Rate</u>			
	1%	Current	1%
	Decrease	Discount	Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Net Pension Liability	\$ <u>1,257,121,780</u>	\$ <u>692,115,306</u>	\$ <u>220,927,548</u>

5. INVESTMENT FAIR VALUE:

The Fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The plan has the following recurring fair value measurements as of June 30, 2021 and 2020, respectively:

SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

5. INVESTMENT FAIR VALUE: (Continued)

	June 30, 2021	Fair Value Measurements Using		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level:</b>				
Cash equivalents	\$ 191,274,057	\$ 145,802,586	\$ 1,473,980	\$ 43,997,491
<b>Fixed income securities:</b>				
U.S. Treasury and Government Obligations	640,202,763	480,551,922	159,650,841	-
Asset backed securities	23,493,967	338,108	23,155,859	-
Commingled Bond Funds & other short-term	151,827,556	-	151,827,556	-
Corporate bonds - domestic	227,078,767	-	227,078,767	-
Corporate bonds - foreign	50,895,257	41,910	50,853,347	-
Emerging Market Debt	78,794,850	78,794,850	-	-
International fixed income	12,542,260	-	12,542,260	-
Mortgage Backed Securities	23,042,467	-	23,042,467	-
<b>Total fixed income securities</b>	<b>1,207,877,887</b>	<b>559,726,790</b>	<b>648,151,097</b>	<b>-</b>
<b>Equity Securities:</b>				
Domestic equities	846,346,999	846,346,999	-	-
Equity funds - domestic	1,001,634,353	456,739,113	544,895,240	-
Foreign equities	184,778,220	184,778,220	-	-
Equity funds - foreign	592,087,878	204,194,382	387,893,496	-
<b>Total equity securities</b>	<b>2,624,847,450</b>	<b>1,692,058,714</b>	<b>932,788,736</b>	<b>-</b>
<b>Total Investments at Fair Value Level</b>	<b>4,023,999,394</b>	<b>\$ 2,397,588,090</b>	<b>\$ 1,582,413,813</b>	<b>\$ 43,997,491</b>
<b>Investments measured at the net asset value (NAV):</b>				
Commingled bond funds	\$ 14,513,730			
Equity funds - foreign	250,169,961			
<b>Alternative investments:</b>				
Commingled funds	187,554,519			
Hedge funds	56,721,064			
Real estate funds	338,046,250			
<b>Total Investments at NAV</b>	<b>847,005,524</b>			
<b>Investment derivatives</b>				
Futures	1,466,377	1,466,377	-	-
<b>Total Investment Derivatives</b>	<b>1,466,377</b>	<b>1,466,377</b>	<b>-</b>	<b>-</b>
<b>Total Investments at Fair value</b>	<b>\$ 4,872,471,295</b>			

SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

5. INVESTMENT FAIR VALUE: (Continued)

	June 30, 2020	Fair Value Measurements Using		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level:</b>				
Cash equivalents	\$ 185,177,661	\$ 152,977,624	\$ 18,907,309	\$ 13,292,728
<b>Fixed income securities:</b>				
U.S. Treasury and Government Obligations	637,091,748	438,887,902	198,203,846	-
Asset backed securities	28,612,955	352,525	28,260,430	-
Commingled Bond Funds & other short-term	137,583,666	-	137,583,666	-
Corporate bonds - domestic	240,991,563	-	240,991,563	-
Corporate bonds - foreign	47,073,530	124,097	46,949,433	-
Emerging Market Debt	70,038,555	70,038,555	-	-
International fixed income	9,817,466	-	9,817,466	-
Mortgage Backed Securities	19,517,288	-	19,517,288	-
Total fixed income securities	<u>1,190,726,771</u>	<u>509,403,079</u>	<u>681,323,692</u>	<u>-</u>
<b>Equity Securities:</b>				
Domestic equities	622,576,323	622,576,323	-	-
Equity funds - domestic	688,705,050	320,520,774	368,184,276	-
Foreign equities	137,318,245	137,318,245	-	-
Equity funds - foreign	431,616,734	153,775,175	277,841,559	-
Total equity securities	<u>1,880,216,352</u>	<u>1,234,190,517</u>	<u>646,025,835</u>	<u>-</u>
Total Investments at Fair Value Level	<u>3,256,120,784</u>	<u>\$ 1,896,571,220</u>	<u>\$ 1,346,256,836</u>	<u>\$ 13,292,728</u>
<b>Investments measured at the net asset value (NAV):</b>				
Commingled bond funds	\$ 14,753,758			
Equity funds - foreign	180,498,713			
<b>Alternative investments:</b>				
Commingled funds	163,125,907			
Hedge funds	50,773,507			
Real estate funds	<u>309,513,262</u>			
Total Investments at NAV	<u>718,665,147</u>			
<b>Investment derivatives</b>				
Futures	1,721,646	1,721,646	-	-
Total Investment Derivatives	<u>1,721,646</u>	<u>1,721,646</u>	<u>-</u>	<u>-</u>
Total Investments at Fair value	<u>\$ 3,976,507,577</u>			



SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

5. INVESTMENT FAIR VALUE: (Continued)

Cash equivalents, debt securities and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Cash equivalents and debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Derivative instruments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those derivatives. Cash equivalents classified in Level 3 of the fair value hierarchy are valued using unobservable inputs and are not directly corroborated with market data.

The unfunded commitments and redemption terms for investments measured at the net asset value (NAV) per share or its equivalent as of June 30, 2021 is presented on the following table:

	Net Asset Value June 30, 2021	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled Bond Funds	\$ 14,513,730	\$ -	Daily	Daily
Equity funds - foreign	250,169,961	-	Daily	Daily
Commingled Funds	187,554,519	-	Biannually, Annually	1 - 120 days
Hedge Funds	56,721,064	-	6-12 Months	95 days
Real Estate Funds	338,046,250	-	Daily, Quarterly	1 - 110 days
Total Investments at NAV	<u>\$ 847,005,524</u>	<u>\$ -</u>		

The unfunded commitments and redemption terms for investments measured at the net asset value (NAV) per share or its equivalent as of June 30, 2020 is presented on the following table:

	Net Asset Value June 30, 2020	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled Bond Funds	\$ 14,753,758	\$ -	Daily	Daily
Equity funds - foreign	180,498,713	-	Daily	Daily
Commingled Funds	163,125,907	-	Biannually, Annually	1 - 120 days
Hedge Funds	50,773,507	-	6-12 Months	95 days
Real Estate Funds	309,513,262	-	Daily, Quarterly	1 - 110 days
Total Investments at NAV	<u>\$ 718,665,147</u>	<u>\$ -</u>		

SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

5. INVESTMENT FAIR VALUE: (Continued)

Commingled Bond Funds:

This investment type includes investments in commingled bond funds. The investment objective is to seek maximum total return consistent with preservation of capital and prudent investment management through investments in fixed income securities, which includes bonds, asset backed securities, short-term investments and other debt securities issues by various U.S. and non-U.S public or private sector entities. The fair value of the investments in these funds has been determined using the NAV per share or equivalent of the investments. Units are valued monthly and redemption of units consists of approximately one day advance notice.

Foreign Equity Fund:

The foreign equity fund focuses on participation in financial markets outside of the United States. The fund invests in international financial markets, primarily those of developed economies in Europe and the Pacific Basin. The Fund invests primarily in equity securities issued by foreign corporations, but may invest in other securities perceived as offering attractive investment return opportunities. The Fund seeks to provide appreciation of capital as well as diversification when used in conjunction with a portfolio of U.S. securities, recognizing the lack of perfect correlation in the movement of security prices in international markets relative to those in the United States, and to invest in companies successfully competing in the international arena. The fair value of the investments in these funds has been determined using the NAV per share (or equivalent) of the investments. Unit valuation ranges from daily to monthly and redemption of units require advanced notice of one day. Any amount redeemed will be paid within one trading day after the beginning of the following month.

Commingled Funds:

This investment type includes investments in commingled investment funds which seek to achieve their objective through direct and indirect investments that pursue a variety of investment strategies. The fair value of the investments in these funds has been determined using the NAV per share or equivalent of the investments. Units are valued monthly and redemption of units varies from one to one hundred-twenty days advance notice.

Hedge Funds:

A hedge fund is an asset class consisting of equity securities and debt in operating companies that are not publicly traded on a stock exchange. Hedge funds employ a combination of strategies to earn superior risk-adjusted returns. The fair values of the investments in this asset class have been determined using the NAV per share or equivalent of the hedge funds capital. The redemption notice period is 95 days with bi-annual and annual redemptions available.

SHERIFFS' PENSION AND RELIEF FUND  
 NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

5. INVESTMENT FAIR VALUE: (Continued)

Real Estate Funds:

The Fund invests in real estate funds which invest in a variety of real estate vehicles which provides broad exposure to all areas of the real estate market including commercial mortgage debt, office, residential, retail, apartment and industrial holdings and creates further diversification benefits through international exposure and real estate domiciled in the United States. The investment objectives seek to provide consistent current income, attractive risk-adjusted returns and preservation of principal over such market cycle to facilitate the targeted distribution. The funds aim to provide favorable total returns through current income and long-term capital growth. The fair values of the investments in this type have been determined using the NAV per share of the Fund's ownership interest in partners' capital.

6. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS:

The following are the components of the Fund's deposits, cash equivalents and investments at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Deposits (bank balance)	\$ 18,754,253	\$ 19,136,224
Cash equivalents	191,274,057	185,177,661
Investments	<u>4,681,197,238</u>	<u>3,791,329,916</u>
	<u>\$ 4,891,225,548</u>	<u>\$ 3,995,643,801</u>

Deposits:

At June 30, 2021 and 2020, the Fund's bank deposits were fully insured or collateralized with securities held by the Federal Reserve Bank in joint custody.

Cash Equivalents:

At June 30, 2021 and 2020 cash equivalents in the amount of \$129,177,039 and \$155,137,848, respectively, consisted of asset backed securities, collateralized mortgage obligations and U.S. treasury bills. These funds are held by a sub-custodian, are managed by separate money managers and are in the name of the custodial bank with the Fund as the beneficial owner. For the years ended June 30, 2021 and 2020, cash equivalents in the amount of \$43,997,491 and 13,312,928, respectively, consisted of pooled investments held in the name of the investment manager with the Fund as the beneficial owner.

At June 30, 2021 and 2020, cash equivalents also included amounts invested in the Louisiana Asset Management Pool (LAMP), a local government investment pool, totaling \$18,099,527 and \$16,726,885, respectively.

SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

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

Cash Equivalents: (Continued)

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955.

LAMP is a 2a7-like investment pool that to the extent possible, invest in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

*Credit risk:* LAMP is rated AAAM by Standard and Poor's.

*Custodial credit risk:* LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

*Concentration of credit risk:* Pooled investments are excluded from the 5 percent disclosure requirement.

*Interest rate risk:* The weighted average maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

*Foreign currency risk:* Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

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

SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

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

Investments:

Statutes authorize the Fund to invest under the Prudent-Man Rule. Pursuant to Louisiana Revised Statute 11:263, the Prudent-Man rule requires each fiduciary of a retirement system and each board of trustees acting collectively on behalf of each system to act with the care, skill, prudence and diligence under the circumstances prevailing that a prudent institutional investor acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. Notwithstanding the Prudent-Man Rule, the Fund shall not invest more than sixty-five percent of the total portfolio in equity investments.

Concentration of Credit Risk:

Concentration of credit risk is the risk of loss attributed to a lack of diversification. The Fund's investment policy establishes concentration limits for certain types of investments as a means of managing risk. Following is a summary of certain limits included in the Fund's policy:

- a) Short-term investments may not exceed 5% of each manager's assigned portfolio allocation without approval by the staff.
- b) Maximum single stock ownership shall not exceed 7%, for each of the years ended June 30, 2021 and 2020, of each manager's portfolio allocation at market value for domestic, international, and emerging market equities.
- c) Maximum single bond ownership shall not exceed 5% of each manager's portfolio market value, excluding securities issued or guaranteed by the U. S. Government, its Agencies, or Government Sponsored Enterprises or securities or loans collateralized by such investments.
- d) Mortgages, as a percentage of each advisor's fixed income portfolio at market value, shall not be more than 10% greater than the mortgage sector's current percent of the Barclay's Aggregate index. Collateralized mortgage obligations shall not exceed 15% of each advisor's fixed income portfolio at market value.

At June 30, 2021 and 2020, there were no investments in any one organization, other than those issued or guaranteed by the U.S. Government or mutual funds, which represented 5% of fiduciary net position or plan investments.

Credit Risk:

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Following are the credit ratings of the Fund's investments in long-term debt securities as of June 30, 2021 and 2020:

SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

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

Credit Risk: (Continued)

2021

	Corporate Bonds - Domestic	Corporate Bonds - Foreign	Mortgage- Backed & Collateralized Mortgage Obligations	U.S. Treasury and Government Agency Obligations	Other	Total
AAA	\$ 7,681,601	\$ 1,095,941	\$ 17,556,778	\$ 313,885,640	\$ -	\$ 340,219,960
AA	13,883,064	3,455,594	5,407,181	-	586,630	23,332,469
A	57,989,535	10,354,994	2,172,636	-	3,477,134	73,994,299
BAA	117,283,218	25,008,352	773,539	-	6,381,602	149,446,711
BA	22,154,618	8,802,453	14,442	-	941,887	31,913,400
B	964,502	-	165,816	-	-	1,130,318
CAA	-	-	11,887	-	-	11,887
CA	-	-	157,429	-	136,431	293,860
Not Rated	7,122,229	2,177,923	20,276,726	326,317,123	231,640,982	587,534,983
	<u>\$ 227,078,767</u>	<u>\$ 50,895,257</u>	<u>\$ 46,536,434</u>	<u>\$ 640,202,763</u>	<u>\$ 243,164,666</u>	<u>\$ 1,207,877,887</u>

2020

	Corporate Bonds - Domestic	Corporate Bonds - Foreign	Mortgage- Backed & Collateralized Mortgage Obligations	U.S. Treasury and Government Agency Obligations	Other	Total
AAA	\$ 622,197	\$ -	\$ 29,925,429	\$ 347,575,134	\$ -	\$ 378,122,760
AA	16,627,897	2,869,329	1,726,723	-	562,979	21,786,928
A	72,365,422	8,580,953	542,175	-	3,391,280	84,879,830
BAA	127,267,476	24,256,964	763,100	431,997	3,500,839	156,220,376
BA	19,096,490	8,226,420	255,698	-	487,148	28,065,756
B	775,296	-	577,587	-	-	1,352,883
CAA	-	-	35,660	-	-	35,660
CA	-	-	182,794	-	169,281	352,075
Not Rated	4,236,785	3,139,864	14,121,077	289,084,617	209,328,160	519,910,503
	<u>\$ 240,991,563</u>	<u>\$ 47,073,530</u>	<u>\$ 48,130,243</u>	<u>\$ 637,091,748</u>	<u>\$ 217,439,687</u>	<u>\$ 1,190,726,771</u>

The Fund invests in a high yield fund. As of June 30, 2021 and 2020, the market value of the fund was \$6,825,436 and \$7,465,483, respectively. The rating of approximately 80% of the underlying asset of the fund ranged from B to BBB as of June 30, 2021 and 2020, respectively.

The Fund invests in an asset-backed securities fund. As of June 30, 2021 and 2020, the market value of the fund was \$7,688,294 and \$7,288,274, respectively. The credit rating of the fund was A- and A+ as of June 30, 2021 and 2020, respectively.

SHERIFFS' PENSION AND RELIEF FUND  
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6. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Credit Risk: (Continued)

All security types included in the benchmark (Barclays Aggregate Bond Index) are candidates for purchase and placement in the bond portfolio. Bond portfolios must have a minimum average quality rating of A. Securities must be rated Baa3/BBB- by at least two of the major rating agencies at the time of the purchase. Any security that falls below Baa3/BBB- rating by any of the major rating agencies must be sold within 90 days of the downgrade announcement. The investment manager must contact the consultant and/or investment committee for approval should they wish to hold the security beyond 90 days.

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

Custodial Credit Risk:

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the Fund will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Fund is not exposed to custodial credit risk at June 30, 2021 and 2020 for investments and cash equivalents in the amount of \$4,872,471,295 and \$3,976,507,577, respectively, since the investments and cash equivalents are held in the name of the Fund. At June 30, 2021 and 2020, collateral held under securities lending in the amount of \$26,375,673 and \$14,647,975, respectively, and non-cash collateral received under the securities lending program in the amount of \$92,581,053 and \$60,320,746, respectively, was exposed to custodial credit risk since these investments are not held in the name of the Fund. These securities are held in the name of a counterparty or counterparty's trust department or agent.

Foreign Currency Risk:

Foreign currency risk is defined as the risk that changes in exchange rates will adversely affect the fair value of an investment. The Fund's exposure to foreign currency risk is limited to its investment in foreign marketable securities at June 30, 2021 and 2020 as follows:

SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
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6. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Foreign Currency Risk: (Continued)

Fair Value at June 30, 2021:

<u>Currency</u>	<u>Foreign Equities</u>	<u>Fixed Income</u>	<u>Cash and Other</u>	<u>Total</u>
Australian dollar	\$ 6,452,138	\$ -	\$ 5,882,867	\$ 12,335,005
Brazil real	-	-	696,825	696,825
Canadian dollar	3,784,300	-	(3,039,567)	744,733
Danish krone	2,513,283	-	(7,387,971)	(4,874,688)
Euro	34,230,281	1,030,199	17,129,351	52,389,831
Hong Kong dollar	4,203,168	-	(16,839,194)	(12,636,026)
Israeli shekel	2,212,231	-	(4,128,980)	(1,916,749)
Japanese yen	42,162,509	-	(7,912,341)	34,250,168
Mexican peso	-	276,797	201,767	478,564
New Zealand dollar	89,053	-	(2,503,852)	(2,414,799)
Norwegian krone	1,561,123	-	4,039,094	5,600,217
Peruvian sol	-	1,080,542	(1,103,443)	(22,901)
Pound sterling	11,401,942	1,079,005	18,945,200	31,426,147
Russian ruble	-	380,579	723,226	1,103,805
Singapore dollar	1,644,575	-	(19,597,798)	(17,953,223)
South African rand	-	-	59	59
Swedish krona	4,426,404	-	2,838,470	7,264,874
Swiss franc	15,047,741	-	(1,425,634)	13,622,107
Total	<u>\$ 129,728,748</u>	<u>\$ 3,847,122</u>	<u>\$ (13,481,921)</u>	<u>\$ 120,093,949</u>



SHERIFFS' PENSION AND RELIEF FUND  
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JUNE 30, 2021 AND 2020

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

Foreign Currency Risk: (Continued)

Fair Value at June 30, 2020:

<u>Currency</u>	<u>Foreign Equities</u>	<u>Fixed Income</u>	<u>Cash and Other</u>	<u>Total</u>
Australian dollar	\$ 10,194,432	\$ -	\$ (917,137)	\$ 9,277,295
Brazil real	-	-	445,942	445,942
Canadian dollar	640,548	-	(6,209,405)	(5,568,857)
Danish krone	1,895,494	-	(2,970,470)	(1,074,976)
Euro	24,256,407	1,036,238	175,254	25,467,899
Hong Kong dollar	751,848	-	(6,403,884)	(5,652,036)
Israeli shekel	478,465	-	(2,306,948)	(1,828,483)
Japanese yen	26,274,389	-	6,046,798	32,321,187
Mexican peso	-	253,633	451,066	704,699
New Zealand dollar	600,164	-	3,064,131	3,664,295
Norwegian krone	1,235,061	-	(883,928)	351,133
Peruvian sol	-	1,256,601	(1,191,845)	64,756
Pound sterling	15,618,098	1,012,844	(8,225,634)	8,405,308
Russian ruble	-	376,397	(331,901)	44,496
Singapore dollar	1,278,356	-	(1,199,444)	78,912
South African rand	-	-	48	48
Swedish krona	2,542,335	-	2,656,888	5,199,223
Swiss franc	8,393,434	-	4,842,510	13,235,944
Total	<u>\$ 94,159,031</u>	<u>\$ 3,935,713</u>	<u>\$ (12,957,959)</u>	<u>\$ 85,136,785</u>

The Fund also invests in various additional foreign securities which are denominated in U.S. Dollars.

Interest Rate Risk:

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. At June 30, 2021 and 2020, the Fund had the following investments in long-term debt securities and maturities:

SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

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

Interest Rate Risk: (Continued)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1</u>	<u>2021</u>		
			<u>1 - 5</u>	<u>6 - 10</u>	<u>Greater Than 10</u>
U.S. Treasury and					
Government agency obligations	\$ 640,202,763	\$ 277,088,112	\$ 73,395,005	\$ 78,826,593	\$ 210,893,053
Other Bonds:					
Corporate Bonds - Domestic	227,078,767	8,237,878	79,827,273	75,108,736	63,904,880
Corporate Bonds - Foreign	50,895,257	2,047,359	22,934,714	13,708,128	12,205,056
Mortgage-backed Securities and					
Collateralized mortgage obligations	46,536,434	-	1,642,115	7,909,348	36,984,971
Other	243,164,666	231,693,827	2,890,000	3,852,366	4,728,473
	<u>\$ 1,207,877,887</u>	<u>\$ 519,067,176</u>	<u>\$ 180,689,107</u>	<u>\$ 179,405,171</u>	<u>\$ 328,716,433</u>
Collateral held under					
Securities Lending Program	\$ 26,375,673	\$ 26,375,673	\$ -	\$ -	\$ -

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1</u>	<u>2020</u>		
			<u>1 - 5</u>	<u>6 - 10</u>	<u>Greater Than 10</u>
U.S. Treasury and					
Government agency obligations	\$ 637,091,748	\$ 220,193,446	\$ 62,757,208	\$ 101,183,592	\$ 252,957,502
Other Bonds:					
Corporate Bonds - Domestic	240,991,563	11,576,354	75,000,558	86,840,736	67,573,915
Corporate Bonds - Foreign	47,073,530	2,241,343	22,162,008	12,436,931	10,233,248
Mortgage-backed Securities and					
Collateralized mortgage obligations	48,130,243	808,918	1,593,160	8,194,617	37,533,548
Other	217,439,687	211,069,132	6,288,862	(1,916,479)	1,998,172
	<u>\$ 1,190,726,771</u>	<u>\$ 445,889,193</u>	<u>\$ 167,801,796</u>	<u>\$ 206,739,397</u>	<u>\$ 370,296,385</u>
Collateral held under					
Securities Lending Program	\$ 14,647,975	\$ 14,647,975	\$ -	\$ -	\$ -

The Fund invests in collateralized mortgage obligations. These securities are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates.

The high yield fund with a market value of \$6,825,436 and \$7,465,483 as of June 30, 2021 and 2020, respectively, had an average duration ranging between 3.12 and 4.24 years over the last five years ended June 30, 2021.

The asset-backed securities fund with a market value of \$7,688,294 and \$7,288,274 as of June 30, 2021 and 2020, respectively, had a duration of 0.90 years and 0.84 for the years ended June 30, 2021 and 2020, respectively.

SHERIFFS' PENSION AND RELIEF FUND  
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JUNE 30, 2021 AND 2020

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

Money-Weighted Rate of Return:

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense for the year ended June 30, 2021 and 2020 was 26.73% and 1.51%, respectively. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

7. SECURITIES LENDING PROGRAM:

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 available assets such as U.S. Treasury, government-guaranteed and corporate fixed income securities, and equities. The lending agent has discretion over the selection of borrowers and continually reviews credit worthiness of potential borrowers through adequate analysis of all material provided to them; however, the Fund may restrict borrowers. All loans are fully collateralized with cash, government securities, or irrevocable letters of credit. Collateralization of loans is required to be 102% of the market value of the loaned securities plus accrued income. As a result of the required collateralization percentage, the Fund has no credit risk.

All security loans can be terminated on demand by either the Fund or the borrower, although the average term of securities on loan as of June 30, 2021 is 100 days and as of June 30, 2020, is 58 days. 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 value of the amount invested is reported as an asset with a corresponding liability for the value of the collateral. When the Fund receives collateral other than cash, it may not reinvest the collateral. When this occurs, the Fund does not record the collateral on the financial statements. In both cases, the loaned securities continue to be reported as an asset on the statement of fiduciary net position and in Note 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. Acceptable collateral from approved borrowers for repurchase agreements is all direct U.S. Treasury obligations, mortgage and asset-backed securities rated AA or higher, commercial paper, and other investments stipulated in lender agent contract. The Fund has the following securities on loan:

Security Type	Fair Value of Securities on Loan June 30, 2021	Fair Value of Securities on Loan June 30, 2020
U.S. Government & agency securities	\$ 57,394,285	\$ 23,416,694
Corporate bonds	6,984,663	3,332,861
Equities	51,567,786	45,741,895
Total	<u>\$ 115,946,734</u>	<u>\$ 72,491,450</u>

SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

7. SECURITIES LENDING PROGRAM: (Continued)

Securities on loan at June 30, 2021 and 2020 are collateralized by cash collateral in the amount of \$26,375,673 and \$14,647,975, and noncash collateral in the amount of \$92,581,053 and \$60,320,746, for total amount of collateral held in the amount of \$118,956,726 and \$74,968,720, respectively.

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

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

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

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. The Board of Trustees has authorized matching contributions to be made to the plan by the Fund on behalf of the employees. The contributions for the years ended June 30, 2021 and 2020 totaled \$51,008 and \$47,040, respectively.

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 20 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, 2021 and 2020 was \$111,685 and \$115,171, respectively.

SHERIFFS' PENSION AND RELIEF FUND  
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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. CAPITAL ASSETS:

A summary of changes in capital assets follows:

	Balance <u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2021</u>
Land	\$ 92,692	\$ -	\$ -	\$ 92,692
Building	2,745,809	21,462	-	2,767,271
Vehicles	26,730	-	-	26,730
Office furniture and equipment	<u>1,028,245</u>	<u>5,954</u>	-	<u>1,034,199</u>
	3,893,476	27,416	-	3,920,892
Accumulated depreciation	<u>(1,889,101)</u>	<u>(117,027)</u>	-	<u>(2,006,128)</u>
Total	<u>\$ 2,004,375</u>	<u>\$ (89,611)</u>	<u>\$ -</u>	<u>\$ 1,914,764</u>

Depreciation expense for the years ended June 30, 2021 and 2020 totaled \$117,027 and \$122,077, respectively.

12. OTHER RECEIVABLES AND PREPAIDS:

The following is a schedule of other receivables and prepaid expenses at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Other receivables:		
Pension	\$ 482,163	\$ 139,372
Taxes	13,946	909
Other investment receivables	<u>1,961,471</u>	<u>3,826,135</u>
Total other receivables	2,457,580	3,966,416
Prepaid expenses	<u>9,198</u>	<u>2,500</u>
Total Receivables and Prepaids	<u>\$ 2,466,778</u>	<u>\$ 3,968,916</u>

Pension receivable represents amounts that were 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. The Fund considered all receivables to be collectable, therefore, no allowance for bad debt was recorded.

SHERIFFS' PENSION AND RELIEF FUND  
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13. POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS:

*Plan Description:*

Substantially all of the Fund's employees become eligible for postemployment health care, life insurance and dental benefits if they reach normal retirement age while working for the Fund. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid jointly by the employee and the Fund.

The Plan is required to comply with House Bill 253, Act 314 of 1999 which provides that the premium costs of group hospital, surgical, medical expenses, and dental insurance and the first \$10,000 of life insurance contracted under the provisions of the bill shall be paid in full from the Sheriffs' general fund for all sheriffs and deputy sheriffs retired with a minimum of fifteen years of service and fifty-five years of age. The insurance advisory committee of the Louisiana Sheriffs' Association is the plan administrator. No assets are accumulated in a trust that meets all of the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

*Benefits Provided:*

The Other Postemployment Benefit Plan (OPEB plan) provides benefits such as death benefits, life insurance, disability, and long-term care that are paid in the period after employment and that are provided separately from pension plan, as well as healthcare benefits paid in the period after employment. The OPEB plan does not provide termination benefits or termination payments for sick leave.

*Employees Covered by Benefit Terms:*

As of June 30, 2021 and 2020, the following employees were covered by benefits terms:

	<u>2021</u>	<u>2020</u>
Active	13	12
Retired	<u>4</u>	<u>5</u>
Total	<u>17</u>	<u>17</u>

*Contributions:*

The OPEB Plan is currently financed on a pay as you go basis. During the years ended June 30, 2021 and 2020, the Fund contributed \$449 per month for retiree-only coverage with Medicare or \$659 per month for retiree-only coverage without Medicare. During the fiscal years ended June 30, 2021 and 2020, the Fund paid \$31,639 and \$33,855, respectively, for insurance premiums.

SHERIFFS' PENSION AND RELIEF FUND  
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13. POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS: (Continued)

*Actuarial Methods and Assumptions:*

The Fund's total OPEB liability of \$2,834,492 and \$2,562,282 as of June 30, 2021 and 2020, respectively, was measured and was determined by an actuarial valuation as of that date.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

Since the Sheriffs' Pension and Relief Fund has fewer than 100 plan members, it qualified to use the Alternative Measurement Method (AMM), which is the calculation of the actuarial accrued liability and annual contribution without a traditional actuarial valuation. The AMM calculation process is similar to an actuarial valuation, but with simplifications of several assumptions permitted under GASB guidelines.

The following key assumptions were used in the AMM valuations dated June 30, 2021 and 2020:

<u>Description</u>	<u>Assumption Used</u>
Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll
Amortization Period	20 years
Bond Yield:	2021 - 2.18%
	2020 - 2.66%
Discount Rate	2021 - 2.18%
	2020 - 2.66%
Measurement Date:	June 30, 2021 and 2020
Projected Salary Increases	2021 - 5.00%; 2020 - 5.50%
Average Retirement Age	62
Percentage Participation:	100%

SHERIFFS' PENSION AND RELIEF FUND  
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13. POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS: (Continued)

*Actuarial Methods and Assumptions: (Continued)*

NOL and ADC:	Calculated using the Alternative Measurement Method in accordance with GASB methodology.	
Mortality	Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years, for 2021.	
	RP2000 Mortality table for Males and Females projected 18 years; this assumption does not include a margin for future improvements in longevity, for 2020.	
Turnover Assumption	Derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement System.	
Health Care Cost Trends:	<u>2021</u>	<u>2020</u>
Health	4.9%	4.6%
Pharmacy	5.9%	7.6%
Dental	3.5%	4.0%
Vision	3.0%	3.0%

Discount Rate:

The discount rate used to measure the total OPEB liability at June 30, 2021 and 2020 was 2.18% and 2.66%, respectively, for this plan. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at contractually required rates. Based on this assumption and as the OPEB plan is unfunded, the OPEB plan's fiduciary net position was not projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was determined using a discount rate that reflects the 20-year tax-exempt municipal bond yield or index rate.

The discount rate used to measure the total OPEB liability was decreased to 2.18% in the June 30, 2021 valuation from 2.66% as of July 1, 2020.

The discount rate used to measure the total OPEB liability was decreased to 2.66% in the June 30, 2020 valuation from 2.79% as of July 1, 2019.



SHERIFFS' PENSION AND RELIEF FUND  
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13. POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS: (Continued)

Changes in the total OPEB liability:

The following table presents the changes in the Fund's total OPEB liability, for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Balance as of July 1,	\$ <u>2,562,282</u>	\$ <u>2,437,646</u>
Changes for the year:		
Service cost	80,808	72,460
Interest on total OPEB obligation	69,888	69,563
Effect of economic/demographic		
Gains or losses	(104,210)	(44,300)
Changes in assumptions	257,363	60,768
Benefits payments	<u>(31,639)</u>	<u>(33,855)</u>
Net changes	<u>272,210</u>	<u>124,636</u>
Ending Balance as of June 30,	\$ <u>2,834,492</u>	\$ <u>2,562,282</u>

*Sensitivity of the total OPEB liability to changes in the discount rate:*

The following presents the total OPEB liability of the Fund, as well as what the Fund's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate as of June 30, 2021 and 2020:

		<u>June 30, 2021</u>		
		1% Decrease (1.18%)	Current Discount Rate (2.18%)	1% Increase (3.18%)
		<u>          </u>	<u>          </u>	<u>          </u>
Total OPEB Liability	\$	3,509,485	\$ 2,834,492	\$ 2,331,039
		<u>          </u>		
		<u>June 30, 2020</u>		
		1% Decrease (1.66%)	Current Discount Rate (2.66%)	1% Increase (3.66%)
		<u>          </u>	<u>          </u>	<u>          </u>
Total OPEB Liability	\$	3,117,064	\$ 2,562,282	\$ 2,143,304
		<u>          </u>		

SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
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13. POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS: (Continued)

Changes in the total OPEB liability: (Continued)

*Sensitivity of the total OPEB liability to changes in the Healthcare cost trend rates:*

The following presents the total OPEB liability of the Fund, as well as what the Fund's total OPEB liability would be if it were calculated using health care cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates as of June 30, 2021 and 2020:

		<u>June 30, 2021</u>		
		<u>1%</u>	<u>Current</u>	<u>1%</u>
		<u>Decrease</u>	<u>Trend Rates</u>	<u>Increase</u>
Total OPEB Liability	\$	<u>2,491,647</u>	\$ <u>2,834,492</u>	\$ <u>3,295,598</u>
		<u>June 30, 2020</u>		
		<u>1%</u>	<u>Current</u>	<u>1%</u>
		<u>Decrease</u>	<u>Trend Rates</u>	<u>Increase</u>
Total OPEB Liability	\$	<u>2,219,008</u>	\$ <u>2,562,282</u>	\$ <u>3,020,339</u>

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the years ended June 30, 2021 and 2020, the Fund recognized OPEB expense of \$352,919 and \$207,561, respectively. At June 30, 2021 and 2020, the Fund reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		<u>2021</u>	
		<u>Deferred</u>	<u>Deferred</u>
		<u>Outflows</u>	<u>Inflows</u>
		<u>of Resources</u>	<u>of Resources</u>
Difference between expected and actual experience	\$	-	\$ 259,825
Changes of assumptions		920,291	-
Total	\$	<u>920,291</u>	\$ <u>259,825</u>
		<u>2020</u>	
		<u>Deferred</u>	<u>Deferred</u>
		<u>Outflows</u>	<u>Inflows</u>
		<u>of Resources</u>	<u>of Resources</u>
Difference between expected and actual experience	\$	-	\$ 275,593
Changes of assumptions		985,129	-
Total	\$	<u>985,129</u>	\$ <u>275,593</u>

SHERIFFS' PENSION AND RELIEF FUND  
 NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

13. POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS: (Continued)

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: (Continued)

Amounts reported as deferred outflows of resources and deferred inflows or resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:		
2022	\$	49,070
2023		49,070
2024		49,070
2025		49,070
2026		49,070
Thereafter		<u>415,116</u>
Total	\$	<u><u>660,466</u></u>

Payables to the OPEB Plan:

For each of the years ended June 30, 2021 and 2020, the Fund reported \$-0- for the outstanding amount of contributions payable to the OPEB plan.

14. DERIVATIVES:

The Fund reports derivatives in accordance with Governmental Accounting Standards Board (GASB) Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. GASB 53 requires investment derivatives to be recorded at fair value and requires certain disclosures.

The Fund invests in futures contracts for the purpose of maintaining market exposure for excess cash. Futures contracts are standardized, exchange-traded contracts to purchase or sell a specific financial instrument at a predetermined price. Gains and losses on futures contracts are settled daily based on a notional (underlying) principal value and do not involve an actual transfer of the specific instrument. The exchange assumes the risk that the counterparty will not pay and generally requires margin payments to minimize such risk. Futures are used primarily as a tool to increase or decrease market exposure to various asset classes. At June 30, 2021 and 2020, the Plan has the following derivative instruments categorized as investment derivative instruments:

SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

14. DERIVATIVES: (Continued)

June 30, 2021

	<u>Notional Amount</u>	<u>Fair Market Value</u>	<u>Unrealized Gain / (Loss)</u>
Fixed Income			
Futures	\$ (78,783,712)	\$ (509,538)	\$ (405,128)
Cash & Cash Equivalents			
Futures	-	-	(1,333)
Cash & Cash Equivalents			
Futures - EUR	(3,638,663)	(36,663)	(93,588)
Equity			
Futures	118,068,223	2,012,577	246,527

June 30, 2020

	<u>Notional Amount</u>	<u>Fair Market Value</u>	<u>Unrealized Gain / (Loss)</u>
Fixed Income			
Futures	\$ (43,883,166)	\$ (102,662)	\$ 395,432
Cash & Cash Equivalents			
Futures	(3,335,267)	1,333	31,419
Cash & Cash Equivalents			
Futures - EUR	(4,804,400)	56,925	(92,600)
Equity			
Futures	81,669,350	1,766,050	461,180
Written			
Options	-	-	(3,066)

Credit Risk:

The Fund's futures contracts are settled daily by the exchange via margin accounts; therefore, the exchange is the counterparty for all transactions. This ensures that no participant takes on excessive credit. The counterparties execute the trades on the Fund's behalf which results in the Fund not being exposed directly to credit risk.

SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

14. DERIVATIVES: (Continued)

Foreign Currency Risk:

The Fund is exposed to foreign currency risk on its fixed income futures contracts which are denominated in Euros. At June 30, 2021 and 2020, the fair value of the fixed income futures contracts is \$(36,663) and \$56,925, respectively.

Interest Rate Risk:

The Fund is exposed to interest rate risk on fixed income futures. The values of the futures are directly linked to interest rate indices which increase and decrease as interest rates change.

15. UNCERTAINTIES:

Certain impacts to public health conditions and the global economy related to the coronavirus (COVID-19) pandemic that has occurred, and has continued subsequent to year-end, may have a significant negative impact on the market values of the Fund's investments. The extent of the impact to the financial performance of the Fund will depend on future developments, including (i) the duration and spread of new variants, (ii) the restrictions and advisories, (iii) the effects on the financial markets, and (iv) the effects on the economy overall, and of which are highly uncertain and cannot be predicted.

16. RECLASSIFICATIONS:

Certain reclassifications have been made to the 2020 comparative information to conform to the 2021 presentation. Such reclassification had no effect on the change in net position.

SHERIFFS' PENSION AND RELIEF FUND  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF CHANGES IN NET PENSION LIABILITY (ASSET)  
FOR THE EIGHT YEARS ENDED JUNE 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total Pension Liability				
Service Cost	\$ 125,252,527	\$ 128,753,897	\$ 122,194,560	\$ 120,192,459
Interest	317,616,846	304,321,269	291,566,280	280,213,884
Changes of Benefit Terms	20,377,853	-	-	28,193,391
Difference Between Expected and Actual Experience	(16,723,741)	(19,583,200)	(17,197,440)	(63,618,781)
Changes of Assumptions	36,180,573	72,250,082	71,727,193	65,732,028
Retirement Benefits	(230,279,041)	(209,169,816)	(193,696,425)	(180,414,500)
Refunds and Transfers of Member Contributions	(13,961,936)	(9,121,593)	(8,691,521)	(12,860,147)
Net Change in Total Pension Liability	<u>238,463,081</u>	<u>267,450,639</u>	<u>265,902,647</u>	<u>237,438,334</u>
Total Pension Liability - Beginning	<u>4,532,186,041</u>	<u>4,264,735,402</u>	<u>3,998,832,755</u>	<u>3,761,394,421</u>
Total Pension Liability - Ending (a)	<u>\$ 4,770,649,122</u>	<u>\$ 4,532,186,041</u>	<u>\$ 4,264,735,402</u>	<u>\$ 3,998,832,755</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 89,432,304	\$ 90,588,390	\$ 86,137,323	\$ 87,830,131
Contributions - Member	74,767,454	75,764,207	71,306,407	70,631,946
Contributions - Nonemployer Contributing Entities	46,191,649	44,726,080	42,360,460	40,825,293
Net Investment Income	1,016,276,582	57,768,689	181,005,669	284,279,433
Retirement Benefits	(230,279,041)	(209,169,816)	(193,696,425)	(180,414,500)
Refunds and Transfers of Member Contributions	(13,961,936)	(9,121,593)	(8,691,521)	(12,860,147)
Administrative Expenses and OPEB Expense	(1,940,684)	(2,075,656)	(1,964,267)	(1,906,682)
Depreciation Expense	(352,919)	(122,077)	(113,039)	(114,350)
Net Change in Plan Fiduciary Net Position	<u>980,133,409</u>	<u>48,358,224</u>	<u>176,344,607</u>	<u>288,271,124</u>
Plan Fiduciary Net Position - Beginning	3,840,070,735	3,791,712,511	3,615,367,904	3,328,367,058
Change in Accounting Principle	-	-	-	(1,270,278)
Plan Fiduciary Net Position - Ending (b)	<u>4,820,204,144</u>	<u>3,840,070,735</u>	<u>3,791,712,511</u>	<u>3,615,367,904</u>
Net Pension Liability (Asset) - Ending (a) - (b)	<u>\$ (49,555,022)</u>	<u>\$ 692,115,306</u>	<u>\$ 473,022,891</u>	<u>\$ 383,464,851</u>
Plan Fiduciary Net Position as a % of Total Pension Liability	101.04%	84.73%	88.91%	90.41%
Covered Payroll	\$ 730,059,624	\$ 738,071,698	\$ 701,783,004	\$ 688,863,773
Net Pension Liability as a % of Covered Payroll	N/A	93.77%	67.40%	55.67%

(Continued)

SHERIFFS' PENSION AND RELIEF FUND  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF CHANGES IN NET PENSION LIABILITY (ASSET)  
FOR THE EIGHT YEARS ENDED JUNE 30, 2021

	2017	2016	2015	2014
Total Pension Liability				
Service Cost	\$ 116,587,142	\$ 113,145,678	\$ 110,234,168	\$ 107,079,257
Interest	267,976,249	255,538,471	243,675,277	232,540,719
Changes of Benefit Terms	-	-	20,857,099	-
Difference Between Expected and Actual Experience	(29,559,195)	(30,213,211)	(24,230,357)	(49,042,594)
Changes of Assumptions	41,953,740	39,348,710	786,746	35,200,402
Retirement Benefits	(167,386,535)	(149,210,559)	(139,219,191)	(127,604,168)
Refunds and Transfers of Member Contributions	(13,332,432)	(11,578,943)	(13,111,071)	(11,498,541)
Net Change in Total Pension Liability	<u>216,238,969</u>	<u>217,030,146</u>	<u>198,992,671</u>	<u>186,675,075</u>
Total Pension Liability - Beginning	<u>3,545,155,452</u>	<u>3,328,125,306</u>	<u>3,129,132,635</u>	<u>2,942,457,560</u>
Total Pension Liability - Ending (a)	<u>\$ 3,761,394,421</u>	<u>\$ 3,545,155,452</u>	<u>\$ 3,328,125,306</u>	<u>\$ 3,129,132,635</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 91,758,224	\$ 93,996,292	\$ 94,496,664	\$ 89,359,583
Contributions - Member	70,997,859	70,094,659	68,009,895	65,974,932
Contributions - Nonemployer Contributing Entities	39,695,198	38,845,486	37,442,873	35,621,011
Net Investment Income (loss)	397,949,672	(12,277,606)	103,374,920	410,664,372
Retirement Benefits	(167,386,535)	(149,210,559)	(139,219,191)	(127,604,168)
Refunds and Transfers of Member Contributions	(13,332,432)	(11,578,943)	(13,111,071)	(11,498,541)
Administrative Expenses and OPEB Expense	(1,670,725)	(1,658,172)	(1,640,879)	(1,491,074)
Depreciation Expense	(110,159)	(118,771)	(111,758)	(157,122)
Net Change in Plan Fiduciary Net Position	<u>417,901,102</u>	<u>28,092,386</u>	<u>149,241,453</u>	<u>460,868,993</u>
Plan Fiduciary Net Position - Beginning	2,910,465,956	2,882,373,570	2,733,132,117	2,272,263,124
Change in Accounting Principle	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	<u>3,328,367,058</u>	<u>2,910,465,956</u>	<u>2,882,373,570</u>	<u>2,733,132,117</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 433,027,363</u>	<u>\$ 634,689,496</u>	<u>\$ 445,751,736</u>	<u>\$ 396,000,518</u>
Plan Fiduciary Net Position as a % of Total Pension Liability	88.49%	82.10%	86.61%	87.34%
Covered Payroll	\$ 692,514,898	\$ 683,609,396	\$ 663,134,484	\$ 643,337,531
Net Pension Liability as a % of Covered Payroll	62.53%	92.84%	67.22%	61.55%

Schedule is intended to show information for 10 years. Additional years will be presented as they become available

SHERIFFS' PENSION AND RELIEF FUND  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULES OF EMPLOYERS' NET PENSION LIABILITY (ASSET)  
FOR THE EIGHT YEARS ENDED JUNE 30, 2021

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Employers' Net Pension Liability (Asset)</u>	Plan Fiduciary Net Position as a % of Total Pension Liability	Covered Payroll	Employers' Net Pension Liability as a % of Covered Payroll
2021	\$ 4,770,649,122	\$ 4,820,204,144	\$ (49,555,022)	101.04 %	\$ 730,059,624	N/A %
2020	4,532,186,041	3,840,070,735	692,115,306	84.73	738,071,698	93.77
2019	4,264,735,402	3,791,712,511	473,022,891	88.91	701,783,004	67.40
2018	3,998,832,755	3,615,367,904	383,464,851	90.41	688,863,773	55.67
2017	3,761,394,421	3,328,367,058	433,027,363	88.49	692,514,898	62.53
2016	3,545,155,452	2,910,465,956	634,689,496	82.10	683,609,396	92.84
2015	3,328,125,306	2,882,373,570	445,751,736	86.61	663,134,484	67.22
2014	3,129,132,635	2,733,132,117	396,000,518	87.34	643,337,531	61.55

Schedule is intended to show information for 10 years. Additional years will be presented as they become available



SHERIFFS' PENSION AND RELIEF FUND  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULES OF CONTRIBUTIONS  
 EMPLOYER AND NON-EMPLOYER CONTRIBUTING ENTITIES  
FOR THE EIGHT YEARS ENDED JUNE 30, 2021

	<u>Actuarially Determined Contribution</u>	<u>Contributions in Relation to the Actuarially Determined Liability</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2021	\$ 122,879,347	\$ 135,623,953	\$ (12,744,606)	\$ 730,059,624	18.58 %
2020	112,428,708	135,139,863	(22,711,155)	738,071,698	18.31
2019	108,811,242	128,328,878	(19,517,636)	701,783,004	18.29
2018	109,719,673	128,655,424	(18,935,751)	688,863,773	18.68
2017	105,465,110	131,453,422	(25,988,312)	692,514,898	18.98
2016	119,551,166	132,841,778	(13,290,612)	683,609,396	19.43
2015	132,152,310	131,939,537	212,773	663,134,484	19.90
2014	125,191,048	124,980,594	210,454	643,337,531	19.43

Schedule is intended to show information for 10 years. Additional years will be presented as they become available

SHERIFFS' PENSION AND RELIEF FUND  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF INVESTMENT RETURNS  
FOR THE EIGHT YEARS ENDED JUNE 30, 2021

	<u>Annual Money-Weighted Rate of Return*</u>
2021	26.73 %
2020	1.51
2019	5.04
2018	8.59
2017	13.75
2016	(0.45)
2015	3.82
2014	18.04

\*Annual money-weighted rates of return are presented net of investment expense.

Schedule is intended to show information for 10 years. Additional years will be presented as they become available

SHERIFFS' PENSION AND RELIEF FUND  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CHANGES IN THE FUND'S  
 TOTAL OPEB LIABILITY AND RELATED RATIOS  
FOR THE FOUR YEARS ENDED JUNE 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability				
Service cost	\$ 80,808	\$ 72,460	\$ 74,024	\$ 49,743
Interest	69,888	69,563	76,138	51,690
Effect of economic/demographic gain or losses	(104,210)	(44,300)	(260,573)	(49,292)
Change of assumptions or other inputs	257,363	60,768	83,806	1,091,645
Benefit payments	<u>(31,639)</u>	<u>(33,855)</u>	<u>(33,158)</u>	<u>(25,349)</u>
Net change in total OPEB liability	272,210	124,636	(59,763)	1,118,437
 Total OPEB liability - beginning	 <u>2,562,282</u>	 <u>2,437,646</u>	 <u>2,497,409</u>	 <u>1,378,972</u>
 Total OPEB liability - ending	 <u>\$ 2,834,492</u>	 <u>\$ 2,562,282</u>	 <u>\$ 2,437,646</u>	 <u>\$ 2,497,409</u>
 Covered payroll	 \$ 829,815	 \$ 826,985	 \$ 799,750	 \$ 872,677
 Total OPEB liability as a % of covered payroll	 342%	 310%	 305%	 286%

This schedule is intended to show information for 10 years. Additional years will be presented as they become available.

SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2021 AND 2020

1. SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET):

The total pension liability contained in this schedule was provided by the Fund's actuary, G.S. Curran and Company, Ltd. The net pension liability (asset) is measured as the total pension liability less the amount of the fiduciary net position of the Fund.

2. SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY (ASSET):

The schedule of employers' net pension liability (asset) shows the percentage of the Fund's employers' net pension liability (asset) as a percentage of covered payroll. The employers' net pension liability (asset) is the liability (asset) of contributing employers to members for benefits provided through the Fund. Covered payroll is the payroll on which contributions to the Fund are based.

3. SCHEDULE OF PENSION CONTRIBUTIONS – EMPLOYER AND NON-EMPLOYER CONTRIBUTING ENTITIES:

The difference between the actuarially determined contributions from employer and non-employer contributing entities and the contributions reported from employer and non-employer contributing entities, and the percentage of employer contributions received to covered payroll is presented in this schedule. Insurance premium tax, ad valorem and state revenue sharing funds received are considered support from non-employer contributing entities.

4. SCHEDULE OF INVESTMENT RETURNS:

The annual money-weighted rate of return is shown in this schedule. The money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. This expresses investment performance adjusted for the changing amounts actually invested throughout the year, measured using monthly inputs with expenses measured on an accrual basis.

5. ACTUARIAL ASSUMPTIONS – NET PENSION LIABILITY (ASSET):

The information presented in the required supplementary schedules was used in the actuarial valuation for purposes of determining the actuarially determined contribution rate. The assumptions and methods used for the actuarial valuation were recommended by the actuary and adopted by the Board. Additional information on the assumptions and methods used as of the latest actuarial valuation are noted in Note 4, Net Pension Liability (Asset) of Employers.

SHERIFFS' PENSION AND RELIEF FUND  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
JUNE 30, 2021 AND 2020

6. CHANGES OF BENEFIT TERMS:

*Pension Plan:*

During the year ended June 30, 2015, the Fund granted a 2.5% Cost of Living Adjustment (COLA) to retired members and beneficiaries. The actuarial cost of the COLA was included as a change of benefit terms in the Schedule of Changes in Net Pension Liability for the year ended June 30, 2015.

During the year ended June 30, 2018, the Fund granted a 2.5% Cost of Living Adjustment (COLA) to retired members and beneficiaries, effective January 1, 2018. The actuarial cost of the COLA was included as a change of benefit terms in the Schedule of Changes in Net Pension Liability for the year ended June 30, 2018.

During the year ended June 30, 2021, the Fund granted a 2.0% Cost of Living Adjustment (COLA) to retired members and beneficiaries, effective January 1, 2021. The actuarial cost of the COLA was included as a change of benefit terms in the Schedule of Changes in Net Pension Liability for the year ended June 30, 2021.

*OPEB Plan:*

There were no changes of benefit terms for the OPEB Plan during any of the years presented.

7. CHANGES OF ASSUMPTIONS:

*Pension Plan:*

Valuation Date	Discount Rate	Inflation Rate	Salary Increases	Mortality Rate
June 30, 2021	6.90% per annum	2.50% per annum	07/01/2014 - 06/30/2019 experience study, 5.00%	Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 120% for males and 115% for females, each with full generational projection using the MP2019 scale.
June 30, 2020	7.00% per annum	2.50% per annum	07/01/2014 - 06/30/2019 experience study, 5.00%	Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 120% for males and 115% for females, each with full generational projection using the MP2019 scale.
June 30, 2019	7.10% per annum	2.50% per annum	07/01/2009 - 06/30/2014 experience study, 5.50%	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables RP-2000 Disabled Lives Mortality Table
June 30, 2018	7.25% per annum	2.60% per annum	07/01/2009 - 06/30/2014 experience study, 5.50%	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables RP-2000 Disabled Lives Mortality Table

SHERIFFS' PENSION AND RELIEF FUND  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2021 AND 2020

7. CHANGES OF ASSUMPTIONS: (Continued)

*Pension Plan: (continued)*

Valuation Date	Discount Rate	Inflation Rate	Salary Increases	Mortality Rate
June 30, 2017	7.40% per annum	2.775% per annum	07/01/2009 - 06/30/2014 experience study, 5.50%	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables RP-2000 Disabled Lives Mortality Table
June 30, 2016	7.50% per annum	2.875% per annum	07/01/2009 - 06/30/2014 experience study, 5.50%	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables RP-2000 Disabled Lives Mortality Table
June 30, 2015	7.60% per annum	2.875% per annum	07/01/2009 - 06/30/2014 experience study, 5.50%	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables RP-2000 Disabled Lives Mortality Table
June 30, 2014	7.70% per annum	3.00% per annum	07/01/2006 - 06/30/2010 experience study, 6.00%	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables RP-2000 Disabled Lives Mortality Table

*OPEB Plan:*

During the year ended June 30, 2021, the discount rate decreased to 2.18% from 2.66% as of July 1, 2020.

During the year ended June 30, 2020, the discount rate decreased to 2.66% from 2.79% as of July 1, 2019.

During the year ended June 30, 2019, the discount rate decreased to 2.79% from 2.98% as of July 1, 2018.

During the year ended June 30, 2018, the discount rate decreased to 2.98% from 3.70% as of July 1, 2017.

8. SCHEDULE OF CHANGES IN THE FUND'S TOTAL OPEB LIABILITY AND RELATED RATIOS:

This schedule reflects the participation of the Fund's employees in the post-employment benefits plan and its total other post-employment liability, and the total other post-employment benefits liability as a percentage of its covered payroll. The employers' total other post-employment benefit liability is the liability of the Fund's employees for benefits provided through the post-employment benefits plan. Covered payroll is the payroll of all employees that are provided with benefits through the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board (GASB) Statement No. 75 to pay related benefits.

SHERIFFS' PENSION AND RELIEF FUND  
 SUPPLEMENTARY INFORMATION  
 STATEMENTS OF CHANGES IN RESERVE BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2021

	ANNUITY RESERVE	ANNUITY SAVINGS	PENSION ACCUMULATION	DROP / BACK-DROP	FUNDING DEPOSIT ACCOUNT	TOTAL
BALANCES - BEGINNING OF YEAR \$	1,989,987.393	\$ 667,187,439	\$ 1,064,078,117	\$ 18,426,352	\$ 100,391,434	\$ 3,840,070,735
REVENUES AND TRANSFERS:						
Contributions	-	74,767,454	130,990,402	-	4,633,551	210,391,407
Net income from investments	-	-	1,009,230,669	18,513	7,027,400	1,016,276,582
Miscellaneous income	-	-	336	-	-	336
Annuities derived from accumulated savings and DROP	53,400,046	-	-	-	-	53,400,046
Contributions for purchased or transferred services	-	2,604,926	6,414,265	-	-	9,019,191
Transfer of post-DROP contributions	-	-	-	3,948,234	-	3,948,234
DROP pensions accumulated from Annuity Reserve	-	-	-	30,533,556	-	30,533,556
Actuarial transfer	379,345,493	-	-	-	-	379,345,493
Total revenues investment income and transfers	432,745,539	77,372,380	1,146,635,672	34,500,303	11,660,951	1,702,914,845
EXPENSES AND TRANSFERS:						
Retirement allowances paid during the period	207,922,691	-	-	-	-	207,922,691
Transfer to Annuity Reserve	-	42,754,071	-	10,645,975	-	53,400,046
Transfer of post-DROP contributions	-	3,948,234	-	-	-	3,948,234
Refunds to members	-	20,212,930	-	-	-	20,212,930
Administrative expenses, OPEB and depreciation	-	-	2,293,603	-	-	2,293,603
Funds transferred to other systems	-	-	2,768,533	-	-	2,768,533
Pensions paid into DROP	30,533,556	-	-	-	-	30,533,556
Pensions paid out of DROP	-	-	-	22,356,350	-	22,356,350
Actuarial transfer	-	-	358,967,640	-	20,377,853	379,345,493
Total expenses and transfers	238,456,247	66,915,235	364,029,776	33,002,325	20,377,853	722,781,436
Net change	194,289,292	10,457,145	782,605,896	1,497,978	(8,716,902)	980,133,409
BALANCES - END OF YEAR	\$ 2,184,276,685	\$ 677,644,584	\$ 1,846,684,013	\$ 19,924,330	\$ 91,674,532	\$ 4,820,204,144

SHERIFFS' PENSION AND RELIEF FUND  
 SUPPLEMENTARY INFORMATION  
 STATEMENTS OF CHANGES IN RESERVE BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2020

	ANNUITY RESERVE	ANNUITY SAVINGS	PENSION ACCUMULATION	DROP / BACK-DROP	FUNDING DEPOSIT ACCOUNT	TOTAL
BALANCES - BEGINNING OF YEAR \$	1,847,719.132	\$ 639,310,037	\$ 1,207,492,006	\$ 18,670,789	\$ 78,520,547	\$ 3,791,712,511
REVENUES AND TRANSFERS:						
Contributions	-	75,764.207	118,843.935	-	16,295,928	210,904.070
Net income from investments	-	-	51,919,319	274,411	5,574,959	57,768,689
Miscellaneous income	-	-	405	-	-	405
Annuities derived from accumulated savings and DROP	38,971.001	-	-	-	-	38,971.001
Contributions for purchased or transferred services	-	2,590.522	7,224.203	-	-	9,814.725
Transfer of post-DROP contributions	-	-	-	3,069,285	-	3,069,285
DROP pensions accumulated from Annuity Reserve	-	-	-	23,563,528	-	23,563,528
Actuarial transfer	316,921.344	-	-	-	-	316,921.344
Total revenues investment income and transfers	355,892.345	78,354.729	177,987,862	26,907,224	21,870.887	661,013.047
EXPENSES AND TRANSFERS:						
Retirement allowances paid during the period	190,060.556	-	-	-	-	190,060.556
Transfer to Annuity Reserve	-	30,928.600	-	8,042,401	-	38,971.001
Transfer of post-DROP contributions	-	3,069.285	-	-	-	3,069.285
Refunds to members	-	16,479.442	-	-	-	16,479.442
Administrative expenses, OPEB and depreciation	-	-	2,023,126	-	-	2,023,126
Funds transferred to other systems	-	-	2,457,281	-	-	2,457,281
Pensions paid into DROP	23,563,528	-	-	-	-	23,563,528
Pensions paid out of DROP	-	-	-	19,109,260	-	19,109,260
Actuarial transfer	-	-	316,921,344	-	-	316,921,344
Total expenses and transfers	213,624.084	50,477.327	321,401,751	27,151,661	-	612,654.823
Net change	142,268,261	27,877,402	(143,413,889)	(244,437)	21,870,887	48,358,224
BALANCES - END OF YEAR	\$ 1,989,987.393	\$ 667,187,439	\$ 1,064,078,117	\$ 18,426,352	\$ 100,391,434	\$ 3,840,070,735



SHERIFFS' PENSION AND RELIEF FUND  
SUPPLEMENTARY INFORMATION  
SCHEDULES OF ADMINISTRATIVE EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Building maintenance	\$ 11,438	\$ 14,193
Computer services	36,813	31,062
Equipment maintenance	23,072	27,686
Equipment rental	5,722	5,532
Group medical and bond insurance	155,254	149,015
Janitorial, garage, yard	24,693	21,035
Leases - office equipment	5,541	5,557
Medical fees - members	4,878	3,200
Members education	94	1,172
Office supplies and expense	124,010	89,416
Payroll taxes	16,483	16,459
Professional development	3,290	2,673
Professional retainers and legal fees	263,479	348,224
Salaries and related cost	897,055	904,652
Retirement contributions	175,876	174,607
Security	6,045	7,974
Telephone	24,648	14,687
Travel - Board and Committee meeting expenses	1,463	6,646
Travel - LSA conferences	-	1,276
Board educational expense	-	2,363
Utilities	43,803	40,666
	<u>          </u>	<u>          </u>
Total administrative expenses	\$ <u>1,823,657</u>	\$ <u>1,868,095</u>
Professional retainers and legal fees:		
Legal	\$ 82,652	\$ 173,048
GASB 67 and GASB 68 expenses	15,329	13,788
Professional services	47,058	48,588
Retainer - actuary	118,440	112,800
	<u>          </u>	<u>          </u>
Total professional retainers and legal fees	\$ <u>263,479</u>	\$ <u>348,224</u>

SHERIFFS' PENSION AND RELIEF FUND  
 SUPPLEMENTARY INFORMATION  
 PER DIEM AND TRAVEL EXPENSES PAID TO BOARD OF TRUSTEES  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	* 2021			2020		
	Travel			Travel		
	<u>Per Diem</u>	<u>Reimbursement</u>	<u>Total</u>	<u>Per Diem</u>	<u>Reimbursement</u>	<u>Total</u>
Wayne Melancon	\$ -	\$ -	\$ -	\$ 375	\$ 261	\$ 636
Donal L. Rittenberry	-	-	-	450	1,693	2,143
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 825</u>	<u>\$ 1,954</u>	<u>\$ 2,779</u>

\* Due to the continued threat of the COVID-19 pandemic during the fiscal year ended June 30, 2021, all meetings were held virtually during the fiscal year, therefore no per diem or expense reimbursements were requested.

SHERIFFS' PENSION AND RELIEF FUND  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS  
 TO AGENCY HEAD  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Agency head: Sheriff William Hilton, Chairman of the Board \*\*

<u>Purpose</u>	*	<u>2021</u>	<u>2020</u>
<sup>1</sup> Klausner conference expenses	\$	-	\$ -
<sup>2</sup> LSA conference expenses - registration		-	-
<sup>2</sup> LSA conference expenses - lodging		-	-
<sup>3</sup> Board educational conference expenses - lodging		-	-
Total	\$	<u>-</u>	<u>\$ -</u>

\* Due to the continued threat of the COVID-19 pandemic during the fiscal year ended June 30, 2021, all meetings were held virtually during the fiscal year, therefore no per diem or expense reimbursements were requested.

\*\* Sheriff Hilton was an active sheriff until he retired on May 2020, therefore there were no travel expenses reimbursed or per diem income requested or paid for the fiscal year arising from the board or investment committee meeting he attended at the Sherriffs' Pension Fund

<sup>1</sup> The Board is represented at the annual Klausner Client Conference for training in legal compliance, actuarial science, and investment training. While Board representation is limited to save costs, the Board and staff benefit from the educational sessions presented.

<sup>2</sup> Due to a longstanding agreement with the Louisiana Sheriffs' Association, our plan sponsors, our Board of Trustees and limited staff attend the annual LSA conference where re-elections are held for active and retired Sheriffs for the Pension Fund Board of Trustees, as provided by law. In addition, the Fund also provides financial reporting and education seminars for the membership.

<sup>3</sup> To meet the annual education requirement provided by law for the Board of Trustees.



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

January 3, 2022

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

We have audited, in accordance with the 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, the statements of fiduciary net position and the related statements of changes in fiduciary net position of the Sheriffs' Pension and Relief Fund, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Sheriffs' Pension and Relief Fund's basic financial statements, and have issued our report thereon dated January 3, 2022.

### Internal Control Over Financial Reporting

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

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A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Sheriffs' Pension and Relief Fund's financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Duplantier, Sharpness, Hogan and Gruber, LLP*

New Orleans, Louisiana

SHERIFFS' PENSION AND RELIEF FUND  
SUMMARY SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

SUMMARY OF AUDITOR'S RESULTS:

1. The opinions issued on the financial statements of the Sheriffs' Pension and Relief Fund for the years ended June 30, 2021 and 2020, were unmodified.

2. Internal Control:

Material weaknesses: None noted  
Significant deficiencies: None noted

3. Compliance and Other Matters:

Noncompliance material to financial statements: None noted

FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED  
GOVERNMENTAL AUDITING STANDARDS:

None

SUMMARY OF PRIOR YEAR FINDINGS:

None