

ANNUAL FINANCIAL REPORT  
SHERIFFS' PENSION AND RELIEF FUND  
JUNE 30, 2020 AND 2019

SHERIFFS' PENSION AND RELIEF FUND

TABLE OF CONTENTS

JUNE 30, 2020 AND 2019

	PAGE
INDEPENDENT AUDITOR'S REPORT .....	1 – 3
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	4 – 14
BASIC FINANCIAL STATEMENTS:	
Statements of Fiduciary Net Position.....	15
Statements of Changes in Fiduciary Net Position .....	16
Notes to Financial Statements.....	17 – 51
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedules of Changes in Net Pension Liability.....	52 – 53
Schedules of Employers' Net Pension Liability.....	54
Schedules of Contributions – Employer and Non-Employer Contributing Entities.....	55
Schedules of Investment Returns .....	56
Schedule of Changes in the Fund's Total OPEB Liability and Related Ratios .....	57
Notes to Required Supplementary Information.....	58 – 60
OTHER SUPPLEMENTARY INFORMATION:	
Statements of Changes in Reserve Balances .....	61 – 62
Schedules of Administrative Expenses .....	63
Schedules of Per Diem and Travel Expenses Paid to Board of Trustees .....	64
Schedule of Compensation, Benefits, and Other Payments to Agency Head.....	65
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 <i>GOVERNMENT AUDITING STANDARDS</i> .....	66 – 67
SUMMARY SCHEDULE OF FINDINGS.....	68



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## INDEPENDENT AUDITOR'S REPORT

January 29, 2021

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

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, 2020 and 2019, 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, 2020 and 2019, 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 \$4,532,186,041 and \$4,264,735,402 as of June 30, 2020 and 2019, 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, 2020 and 2019 could be under or overstated. Our opinion is not modified with respect to this matter.

The Fund's financial statements include investments valued at \$5,915,427 and \$6,226,978 as of June 30, 2020 and 2019, 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 29, 2021 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 Oakes, LLP*

New Orleans, Louisiana

SHERIFFS' PENSION AND RELIEF FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2020 AND 2019

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, 2020. 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 2019-2020**

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, 2020. Considering the global events of the year, we experienced a difficult but respectable year of investment performance in which the 1<sup>st</sup> half of the year ended Dec. 31<sup>st</sup> with a 6.00% return NOF, then entered bear market territory during the 1<sup>st</sup> quarter of 2020. Our portfolio was well positioned and rebounded quickly and we achieved a positive return at June 30, 2020, despite global panic from the following developments.

The global pandemic severely impacted the global economy and market conditions. Nationwide lockdowns as well as other restrictions across the world led to recessions and massive market selloffs. Fortunately, ongoing fiscal and monetary stimulus and positive developments on treatments/vaccines provided support for the global economy and markets. The subsequent market rebound in the last quarter of the fiscal year led to overall positive performance for the fiscal year. Even with improving market conditions, serious health problems and the following other concerns persisted during most of the fiscal year:

- Election outcomes
- Trade conflicts
- European political uncertainty
- Middle East turmoil

With the planning of our Board, staff and consultants, our portfolio and asset allocation were well positioned to protect the portfolio during the downturn and take advantage of the limited market opportunities offered during the fiscal year and was positioned to rebound from the severe effects of the market cycle created by the pandemic.

Considering the catastrophic potential for global markets during the year described above, LSPRF'S investments accomplished a respectable rebound to a return of 1.50% net of fees for the fiscal year ended June 30, 2020. This did not meet the Fund's valuation interest rate or target rate of return of 7.10% resulting in a modestly less favorable impact on funding than the prior year, but avoided an actual loss. The effect on the Fund's actuarially recommended employer contribution rate for the fiscal

SHERIFFS' PENSION AND RELIEF FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2020 AND 2019

**FINANCIAL HIGHLIGHTS:** (Continued)

**Economy and the Global Investment Markets for Fiscal Year 2019-2020** (Continued)

year beginning July 1, 2021 is explained later in the analysis. As explained in this discussion this is a reflection of the level of instability and unpredictability in global market conditions that are capable of producing favorable as well as unfavorable market cycles over the years. As shown in the Fund's annual actuarial valuation, this fiscal year is not a major impact on the strongly funded position of the Fund or the historically solid growth of LSPRF. As noted, the Fund continues to set new record highs in growth of net assets for this fiscal year.

**Subsequent Event Note**

For the fiscal year ended June 30, 2021, the overall performance has been strong. Ongoing fiscal and monetary stimulus continues to be the main economic/market driver. This has led to new all-time highs for the Fund and an estimated fiscal year to date return of 15.90%. While economic concerns remain high, there is some optimism and market forecasters are predicting further gains in 2021. 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 June 30, 2021. Market value of assets of the Fund at the close of December 31, 2020 was estimated at \$4,355,056,415, or up approximately, \$514,985 million over June 2020 fiscal year 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 \$3,840,070,735, representing an increase over last year of \$48,358,224 from the 2019 level of \$3,791,712,511 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 2020 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 \$224,702,831 over the 2018 level of \$3,615,367,904 and an increase of \$511,703,677 over the 2017 net position of \$3,328,367,058.

From a longer-term historical perspective, the Fund's growth in the net position or market value of assets has increased by \$2.533 billion or about 193.80% during the recovery from the 2009 recession and the continuing favorable capital markets through June 30, 2020.

This history of very positive performance and benefit reform over a period of years has made a substantial impact in reducing the required employer contribution rate that increased to a high of 14.50% as a result of the recession to a recommended rate of 10.50% for fiscal 2021 and a recommended rate of 11.50% for fiscal 2022. The increase in the actuarially recommended rate for 2022 remains a favorable longer term budget development for our employer plan sponsors, as it is lower than the rate expected to be collected, helping to continue to accumulate reserves for a period of

SHERIFFS' PENSION AND RELIEF FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2020 AND 2019

**FINANCIAL HIGHLIGHTS:** (Continued)

**Discussion of 2020 Actuarial Valuation Results**

time, explained later in the analysis in the section on “Employer Contribution rates and Funding Deposit Account Discussion”. 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 5.40% for the 2020 valuation year ended June 30, 2020. This actuarial rate of return is compared to the Funds valuation interest rate, or assumed rate of return and was less than the assumed rate of 7.10% as a factor in determining the recommended employer contribution rate for the 2022 fiscal 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 2020 actuarial valuation reflects an Actuarial Value of Assets of \$4,006,589,314 for an increase of \$197,854,865 over the prior year level of \$3,808,734,449. 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.

**Employer Contribution Rates and Funding Deposit Account Discussion**

As noted previously, the Fund’s actuarially recommended rate for fiscal year 2020 was 9.25%. The Board of trustees approved collecting an actual rate of 12.25%, or 3% above the minimum recommended employer contribution rate in order to continue to replenish and build reserves in the LSPRF’s Funding Deposit Account (FDA).

This collection of the additional funds resulted in placing an additional \$21,870,887 in Funding Deposit Account reserves, providing options for the future. When combined with the accumulated reserves in the FDA at the end of Fiscal 2020, the total in the FDA as of June 30, 2020 is \$100,391,434



SHERIFFS' PENSION AND RELIEF FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2020 AND 2019

**FINANCIAL HIGHLIGHTS:** (Continued)

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

as reported in the annual Actuarial Valuation Report performed by the Fund's Actuary. An explanation of the FDA is included in later sections of this analysis and report. For the fiscal year ending June 30, 2021, the Fund's actuarially recommended employer contribution rate is set at 10.50%. The Board approved leaving the actual rate being collected at 12.25% for 2021, or 1.75% above the recommended rate for fiscal year 2021. Please note that the recommended rate for the year and the actual required rate for the year will differ based on the Fund's performance and experience and will not be known until fiscal year end. 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 further increase reserves for future use if there is a positive difference.

For fiscal year ending June 30, 2022 (beginning July 1, 2021), the actuarial valuation has set the minimum recommended employer contribution rate at 11.50%, an increase of 1.00% over the 2021 fiscal year recommended rate due to the Fund not meeting the assumed rate of return of 7.10% for fiscal year 2020 because of unfavorable capital market conditions. The Board will consider a recommendation to again maintain the actual contribution rate at the current collected rate of 12.25%, and continue to collect a rate above the minimum recommended rate of 11.50% to further strengthen our FDA reserves to meet future potentially negative economic and market conditions.

One of the measures of the health of a plan is the recommended annual contribution rate. The LSPRF is fortunate to annually have among the lowest recommended rates of the Louisiana public pension systems. This position gives the Fund the option to take the measures of collecting rates above recommended rates to provide reserves as described in this section of the analysis.

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

SHERIFFS' PENSION AND RELIEF FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2020 AND 2019

**FINANCIAL HIGHLIGHTS:** (Continued)

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

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, 2021 is set at 7.00%. Beginning July 1, 2020, the Board has kept their original pledge to reduce the valuation interest rate to 7.00%.

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. 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

SHERIFFS' PENSION AND RELIEF FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2020 AND 2019

**FINANCIAL HIGHLIGHTS:** (Continued)

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

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 2020 fiscal year revenues received for the Fund's statutorily dedicated portion from insurance premium tax collections totaled \$21,797,215, an increase of \$1,210,041 over the prior year. The Fund's receipts of dedicated ad valorem taxes were \$22,508,010, an increase of \$1,155,481 over the prior year, and receipts of \$420,855 from State Revenue Sharing for an increase of \$98 from fiscal year 2019.

Contributions to the Fund by employers and members totaled \$175,992,715 for an increase of \$8,358,139 from 2019. 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 \$220,719,200, an increase of \$10,723,706 from fiscal year 2019. For fiscal 2020 the Fund had a negative net non-investment cash flow of \$9,410,465. 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 by the Fund's auditors totaled \$209,169,816, an increase of \$15,473,391 over the prior year. Refunds of contributions paid to members upon termination, and transfers to other systems on behalf of members totaled \$18,936,723, for a decrease of \$115,007 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 2020 is 99.43%, an increase over the prior year's ratio of 99.20%. 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.

The new funded ratio as stated in the Actuarial Valuation of the Fund for 2020 is 88.40%, for a decrease in the ratio over the prior year's ratio of 89.31%. 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 LSRPF plan. This ratio replaces the former GASB 25 ratio due to changes in reporting methods.

SHERIFFS' PENSION AND RELIEF FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2020 AND 2019

**FINANCIAL HIGHLIGHTS:** (Continued)

**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, 2020 AND 2019

**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, employers' net pension liability, 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>2020</u>	<u>2019</u>
Cash and investments	\$ 3,995,472	\$ 4,012,359
Receivables and prepaid	113,237	289,096
Collateral held under securities lending	14,648	10,559
Capital assets, net	2,004	2,018
Total assets	<u>4,125,361</u>	<u>4,314,032</u>
Deferred outflows of resources	<u>985</u>	<u>1,050</u>
Total liabilities	<u>285,999</u>	<u>523,078</u>
Deferred inflows of resources	<u>276</u>	<u>291</u>
Net position restricted for pension benefits	<u>\$ 3,840,071</u>	<u>\$ 3,791,713</u>

SHERIFFS' PENSION AND RELIEF FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2020 AND 2019

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

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

	<u>2020</u>	<u>2019</u>
Additions:		
Contributions	\$ 210,904	\$ 199,635
Net investment income	57,769	181,006
Other	9,815	10,360
Total additions	278,488	391,001
Deductions:		
Benefits	209,170	193,696
Refunds and transfers	18,936	19,052
Administrative expenses and depreciation	1,816	1,709
OPEB expense	208	199
Total deductions	230,130	214,656
Change in net position restricted for pension benefits	48,358	176,345
Net position at beginning of year	3,791,713	3,615,368
Net position at end of year	\$ 3,840,071	\$ 3,791,713

Fiduciary net position increased by \$48,358,224 or 1.28% during the year ended June 30, 2020 from \$3,791,712,511. The current year increase in fiduciary net position was primarily attributable to contributions, non-investment income and 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 increased \$4,457,800 or 6.25% while employer contributions increased \$4,445,365 or 5.17%.

The increase in employer contributions of \$4,445,365 was primarily due to an increase in covered payroll of active members during the current year. The increase in employee contributions of \$4,457,800 was primarily due to an increase in covered employee payroll in the current year. The Fund experienced net investment income of \$57,768,689 as compared to net investment income of \$181,005,669 in the prior year.

SHERIFFS' PENSION AND RELIEF FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2020 AND 2019

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

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

The decrease in net investment income was primarily due to a change in market conditions during the current year.

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>
Member Contributions	\$ 75,764,207	\$ 71,306,407	\$ 4,457,800
Employer Contributions	90,413,783	85,968,418	4,445,365
Insurance Premium Taxes	21,797,215	20,587,174	1,210,041
Ad Valorem Taxes	22,508,010	21,352,529	1,155,481
State Revenue Sharing	420,855	420,757	98
Net Investment Income	57,768,689	181,005,669	(123,236,980)
Other Additions	<u>9,815,130</u>	<u>10,360,209</u>	<u>(545,079)</u>
Total Additions	<u>\$ 278,487,889</u>	<u>\$ 391,001,163</u>	<u>\$ (112,513,274)</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 \$230,129,665 in fiscal year 2020. This is an increase of \$15,473,109 when compared to fiscal year 2019. Retirement benefit payments increased by \$15,473,391 and refunds of contributions decreased by \$661,681 in fiscal 2020. Increase in retirement benefit payments was primarily due to an increase in the number of retirees in the current year while the refunds decrease was attributable to a decrease in the number of members requesting refunds of contributions.

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>
Retirement Benefits	\$ 209,169,816	\$ 193,696,425	\$ 15,473,391
Refunds of Contributions	16,479,442	17,141,123	(661,681)
Administrative Expenses and Depreciation	1,815,565	1,709,169	106,396
OPEB Expense	207,561	199,232	8,329
Transfers to Other Systems	<u>2,457,281</u>	<u>1,910,607</u>	<u>546,674</u>
Total deductions	<u>\$ 230,129,665</u>	<u>\$ 214,656,556</u>	<u>\$ 15,473,109</u>

**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, 2020 amounted to \$3,976,507,557 as compared to \$3,997,098,226 at June 30, 2019, which is a decrease of \$20,590,649 or 0.52%.

SHERIFFS' PENSION AND RELIEF FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2020 AND 2019

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

**Investments** (Continued)

The decrease in investments was primarily due to due to less favorable capital market results and an increase in benefits payments to members and other expenses above the Fund's non-investment income. The increase in retirement benefits payments was primarily due to an increase in the number of retirees in the current year.

Sheriffs' Pension and Relief Fund's investments in various markets at the end of the 2020 and 2019 fiscal years are indicated in the following table:

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>
Cash Equivalents	\$ 185,177,661	\$ 150,104,807	\$ 35,072,854
Fixed Income	1,205,480,529	1,187,232,005	18,248,524
Equities	2,060,715,065	2,135,281,862	(74,566,797)
Alternative Investments	<u>525,134,322</u>	<u>524,479,552</u>	<u>654,770</u>
Total	<u>\$ 3,976,507,577</u>	<u>\$ 3,997,098,226</u>	<u>\$ (20,590,649)</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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS:		
Cash	\$ 18,963,110	\$ 15,260,761
Receivables and prepaid expense:		
Member contributions	5,225,428	5,620,061
Employer contributions	6,260,374	6,899,930
Accrued interest and dividends	6,426,305	6,575,279
Receivable for investments sold	91,356,357	262,668,456
Other receivables and prepaids	3,968,916	7,332,848
Total receivables and prepaid expense	<u>113,237,380</u>	<u>289,096,574</u>
Investments (at fair value):		
Cash equivalents	185,177,661	150,104,807
Fixed income	1,205,480,529	1,187,232,005
Equities	2,060,715,065	2,135,281,862
Alternative investments	525,134,322	524,479,552
Total investments	<u>3,976,507,577</u>	<u>3,997,098,226</u>
Other assets:		
Collateral held under securities lending program	14,647,975	10,558,656
Total other assets	<u>14,647,975</u>	<u>10,558,656</u>
Capital assets:		
Building	2,745,809	2,745,809
Land and improvements	92,692	92,692
Furnishings, equipment, and vehicles	1,054,975	1,073,732
	<u>3,893,476</u>	<u>3,912,233</u>
Less: Accumulated depreciation	1,889,101	1,894,156
Capital assets, net	<u>2,004,375</u>	<u>2,018,077</u>
Total assets	<u>4,125,360,417</u>	<u>4,314,032,294</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows of resources related to OPEB	985,129	1,049,966
LIABILITIES:		
Obligations under securities lending program	14,631,528	10,758,863
Payable for investment securities purchased	230,657,420	484,185,745
Refunds payable	998,736	880,466
Other payables	33,560,519	21,176,428
OPEB liability	2,562,282	2,437,646
Accounts payable	3,334,793	3,480,520
Pension payable	138,769	58,270
Accrued leave payable	115,171	100,451
Total liabilities	<u>285,999,218</u>	<u>523,078,389</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows of resources related to OPEB	275,593	291,360
NET POSITION - RESTRICTED FOR PENSION BENEFITS	<u>\$ 3,840,070,735</u>	<u>\$ 3,791,712,511</u>

See accompanying notes.

SHERIFFS' PENSION AND RELIEF FUND  
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b>ADDITIONS:</b>		
Contributions:		
Members	\$ 75,764,207	\$ 71,306,407
Employers	90,413,783	85,968,418
Insurance premium tax	21,797,215	20,587,174
Ad valorem taxes	22,508,010	21,352,529
State revenue sharing	420,855	420,757
Total contributions	<u>210,904,070</u>	<u>199,635,285</u>
Investment income:		
Interest income	21,883,976	24,104,334
Dividend income	20,083,083	23,000,875
Net change in fair value of investments	29,648,339	147,083,586
Securities lending income	184,309	220,240
Commission recapture	3,022	2,707
	<u>71,802,729</u>	<u>194,411,742</u>
Less investment expense:		
Investment advisory fees	13,175,945	12,706,680
Custodian fee and bank charges	858,095	699,393
	<u>14,034,040</u>	<u>13,406,073</u>
Net investment income	<u>57,768,689</u>	<u>181,005,669</u>
Other additions:		
Transfers from other retirement systems	9,814,725	10,359,751
Miscellaneous income	405	458
Total other additions	<u>9,815,130</u>	<u>10,360,209</u>
Total additions	<u>278,487,889</u>	<u>391,001,163</u>
<b>DEDUCTIONS:</b>		
Benefits	209,169,816	193,696,425
Refund of contributions	16,479,442	17,141,123
Transfers to other retirement systems	2,457,281	1,910,607
Administrative expenses	1,693,488	1,596,130
Depreciation	122,077	113,039
OPEB expense	207,561	199,232
Total deductions	<u>230,129,665</u>	<u>214,656,556</u>
<b>NET CHANGE IN FIDUCIARY NET POSITION</b>	48,358,224	176,344,607
<b>NET POSITION RESTRICTED FOR PENSION BENEFITS:</b>		
Beginning of year	<u>3,791,712,511</u>	<u>3,615,367,904</u>
End of Year	<u>\$ 3,840,070,735</u>	<u>\$ 3,791,712,511</u>

See accompanying notes.

SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

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 consisting 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, 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, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Method Used to Value Investments:

As required by GASB Statement No. 72, 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 mutual funds not traded on a national or international exchange is calculated using the net asset value reported by the mutual 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, 2020 AND 2019

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.

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, 2020 and 2019 statewide retirement membership consisted of:

	<u>2020</u>	<u>2019</u>
Inactive members or beneficiaries currently receiving benefits	6,164	5,898
Inactive members entitled to but not yet receiving benefits	7,564	7,039
Active members	<u>14,647</u>	<u>14,540</u>
Total participants as of the valuation date	<u>28,375</u>	<u>27,477</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, 2020 AND 2019

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, 2020 AND 2019

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, 2020 AND 2019

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 system.

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 could 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, 2020 AND 2019

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 elect to receive a "Back-DROP" benefit. A member elects to "take" Back-DROP at the time of separation from employment to retire. The Back-DROP benefit is based upon the Back-DROP period selected and the final average compensation prior to the period selected. The Back-DROP period is the lesser of three years or the service accrued between the time a member first becomes eligible for retirement and his actual date of retirement. For those individuals with thirty or more years, the Back-DROP period is the lesser of four years or service accrued between the time a member first 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. See Note 8 for additional information. 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 year ended June 30, 2020 and 2019 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 actuarial valuation and are subject to change each year in accordance with R.S. 11:103. For the years ended June 30, 2020 and 2019 the actuarially determined contribution rate was 10.45% and 9.33%, respectively, of member's compensation. For the years ended June 30, 2020 and 2019, 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 Employees' 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.

Reserves:

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

SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

3. CONTRIBUTIONS AND RESERVES: (Continued)

Reserves (Continued)

A) Annuity Savings:

The Annuity Savings is credited with contributions made by members of the Fund. When a member terminates his service or upon his death before qualifying for a benefit, the refund of his contributions is made from this reserve. If a member dies and there is a survivor 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, 2020 and 2019 was \$667,187,439 and \$639,310,037, 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, 2020 and 2019 was \$1,064,078,117 and \$1,207,492,006, 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. The Funding Deposit Account as of June 30, 2020 and 2019 was \$100,391,434 and \$78,520,547, respectively.

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, 2020 and 2019 was \$1,989,987,393 and \$1,847,719,132, respectively.

SHERIFFS' PENSION AND RELIEF FUND  
 NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

3. CONTRIBUTIONS AND RESERVES: (Continued)

Reserves (Continued)

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, 2020 and 2019 was \$18,426,352 and \$18,670,789, respectively.

4. NET PENSION LIABILITY 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, 2020 and 2019:

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Employers' Net Pension Liability</u>	<u>Plan Fiduciary Net Position as a % of the Total Pension Liability</u>
2020	\$ 4,532,186,041	\$ 3,840,070,735	\$ 692,115,306	84.73%
2019	4,264,735,402	3,791,712,511	473,022,891	88.91

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 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, 2020 and 2019 valuations were based on the results of an experience study for the period from July 1, 2014 and June 30, 2019. The required Schedules of Employers' Net Pension Liability 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.

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

Valuation Date	June 30, 2020 and 2019
Actuarial Cost Method	Entry Age Normal Method



SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

4. NET PENSION LIABILITY 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, 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	<u>15</u>	4.70	<u>0.70</u>
Totals	<u>100%</u>		5.50%
Inflation			<u>2.40</u>
Expected Arithmetic Nominal Return			<u>7.90%</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, 2019 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%	7.10%	4.40%
Fixed Income	23	3.00	0.70
Alternative Investments	<u>15</u>	4.60	<u>0.60</u>
Totals	<u>100%</u>		5.70%
Inflation			<u>2.40</u>
Expected Arithmetic Nominal Return			<u>8.10%</u>

SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

4. NET PENSION LIABILITY OF EMPLOYERS: (Continued)

The discount rate used to measure the total pension liability was 7.00% and 7.10% for the years ending June 30, 2020 and 2019, 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 to changes in the discount rate, the following presents the net pension liability of the participating employers calculated using the discount rate, as well as what the employers' net pension liability 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, 2020 and 2019:

	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>

  

	2019		
	<u>Changes in Discount Rate</u>		
	1%	Current	1%
	Decrease	Discount	Increase
	<u>6.10%</u>	<u>7.10%</u>	<u>8.10%</u>
Net Pension Liability	\$ <u>989,163,202</u>	\$ <u>473,022,891</u>	\$ <u>38,643,774</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, 2020 and 2019, respectively:

SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

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)
Investments by Fair Value Level:				
Cash equivalents	\$ 185,177,661	\$ 152,977,624	\$ 18,907,309	\$ 13,292,728
Fixed income securities:				
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>
Equity Securities:				
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>
Investments measured at the net asset value (NAV):				
Commingled bond funds	\$ 14,753,758			
Equity funds - foreign	180,498,713			
Alternative investments:				
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>			
Investment derivatives				
Futures	<u>1,721,646</u>	<u>1,721,646</u>	<u>-</u>	<u>-</u>
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, 2020 AND 2019

5. INVESTMENT FAIR VALUE: (Continued)

	June 30, 2019	Fair Value Measurements Using		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
Cash equivalents	\$ 150,104,807	\$ 110,529,474	\$ 26,867,504	\$ 12,707,829
Fixed income securities:				
U.S. Treasury and Government Obligations	639,331,022	343,978,389	295,352,633	-
Asset backed securities	50,805,706	346,261	50,459,445	-
Commingled Bond Funds & other short-term	130,842,979	-	130,842,979	-
Corporate bonds - domestic	205,326,363	-	205,326,363	-
Corporate bonds - foreign	42,631,605	-	42,631,605	-
Emerging Market Debt	78,595,307	78,595,307	-	-
International fixed income	8,507,237	-	8,507,237	-
Mortgage Backed Securities	24,766,621	312,712	24,453,909	-
Total fixed income securities	<u>1,180,806,840</u>	<u>423,232,669</u>	<u>757,574,171</u>	<u>-</u>
Equity Securities:				
Domestic equities	617,649,870	617,649,870	-	-
Equity funds - domestic	725,693,092	325,687,367	400,005,725	-
Foreign equities	143,078,439	143,078,439	-	-
Equity funds - foreign	452,626,148	161,509,433	291,116,715	-
Total equity securities	<u>1,939,047,549</u>	<u>1,247,925,109</u>	<u>691,122,440</u>	<u>-</u>
Total Investments at Fair Value Level	<u>3,269,959,196</u>	<u>\$ 1,781,687,252</u>	<u>\$ 1,475,564,115</u>	<u>\$ 12,707,829</u>
Investments measured at the net asset value (NAV):				
Commingled bond funds	\$ 6,425,165			
Equity funds - foreign	196,234,313			
Alternative investments:				
Commingled funds	181,638,564			
Hedge Funds	61,550,203			
Real estate funds	280,303,815			
Total Investments at NAV	<u>726,152,060</u>			
Investment derivatives				
Futures	986,970	986,970	-	-
Total Investment Derivatives	<u>986,970</u>	<u>986,970</u>	<u>-</u>	<u>-</u>
Total Investments at Fair value	<u>\$ 3,997,098,226</u>			



SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

5. INVESTMENT FAIR VALUE: (Continued)

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. 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 2 of the fair value hierarchy are valued using a market approach that considers benchmark interest rates and foreign exchange rates. Investments 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, 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>		

The unfunded commitments and redemption terms for investments measured at the net asset value (NAV) per share or its equivalent as of June 30, 2019 is presented on the following table:

	Net Asset Value June 30, 2019	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled Bond Funds	\$ 6,425,165	\$ -	Daily	Daily
Equity funds - foreign	196,234,313	-	Daily	Daily
Commingled Funds	181,638,564	-	Daily, Quarterly, Biannually,	1 - 120 days
Hedge Funds	61,550,203	-	6-12 Months	95 days
Real Estate Funds	280,303,815	-	Daily, Quarterly	1 - 110 days
Total Investments at NAV	<u>\$ 726,152,060</u>	<u>\$ -</u>		

SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

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 requirements for redemption of units range from 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.

SHERIFFS' PENSION AND RELIEF FUND  
 NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

5. INVESTMENT FAIR VALUE: (Continued)

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.

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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Deposits (bank balance)	\$ 19,136,224	\$ 16,000,678
Cash equivalents	185,177,661	150,104,807
Investments	<u>3,791,329,916</u>	<u>3,846,993,419</u>
	<u>\$ 3,995,643,801</u>	<u>\$ 4,013,098,904</u>

Deposits:

At June 30, 2020 and 2019, the Fund's bank deposits were fully insured or collateralized with securities held by the Federal Reserve Bank in joint custody.

SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

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

Cash Equivalents:

At June 30, 2020 and 2019 cash equivalents in the amount of \$168,450,776 and \$133,119,860, 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 Fund. At June 30, 2020 and 2019, cash equivalents also included amounts invested in the Louisiana Asset Management Pool totaling \$16,726,885 and \$16,984,947, respectively. (See Note 8)

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, 2020 and 2019, 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.

SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

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

Concentration of Credit Risk: (Continued)

At June 30, 2020 and 2019, 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, 2020 and 2019:

2020

	Corporate Bonds - <u>Domestic</u>	Corporate Bonds - <u>Foreign</u>	Mortgage- Backed & Collateralized Mortgage <u>Obligations</u>	U.S. Government and Agency <u>Obligations</u>	<u>Other</u>	<u>Total</u>
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	224,081,918	534,664,261
	<u>\$ 240,991,563</u>	<u>\$ 47,073,530</u>	<u>\$ 48,130,243</u>	<u>\$ 637,091,748</u>	<u>\$ 232,193,445</u>	<u>\$ 1,205,480,529</u>

2019

	Corporate Bonds - <u>Domestic</u>	Corporate Bonds - <u>Foreign</u>	Mortgage- Backed & Collateralized Mortgage <u>Obligations</u>	U.S. Government and Agency <u>Obligations</u>	<u>Other</u>	<u>Total</u>
AAA	\$ 1,886,354	\$ -	\$ 53,223,906	\$ 348,597,334	\$ -	\$ 403,707,594
AA	14,386,507	2,690,492	2,994,955	3,045,795	549,724	23,667,473
A	55,990,365	9,276,359	1,773,772	695,516	2,912,108	70,648,120
BAA	112,237,370	22,327,818	1,596,253	1,174,184	2,670,321	140,005,946
BA	13,400,792	6,760,436	318,169	-	193,424	20,672,821
B	106,412	-	351,106	-	344,794	802,312
CAA	-	-	72,924	-	-	72,924
CA	-	-	247,444	-	-	247,444
Not Rated	7,318,563	1,576,500	14,993,798	285,818,193	217,700,317	527,407,371
	<u>\$ 205,326,363</u>	<u>\$ 42,631,605</u>	<u>\$ 75,572,327</u>	<u>\$ 639,331,022</u>	<u>\$ 224,370,688</u>	<u>\$ 1,187,232,005</u>

SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

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, 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, 2020 and 2019 for investments and cash equivalents in the amount of \$3,976,507,577 and \$3,997,098,226, respectively, since the investments and cash equivalents are held in the name of the Fund. At June 30, 2020 and 2019, collateral held under securities lending in the amount of \$14,647,975 and \$10,558,656, respectively, and non-cash collateral received under the securities lending program in the amount of \$60,320,746 and \$71,907,706, 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, 2020 and 2019 as follows:

SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

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>

SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

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

Foreign Currency Risk: (Continued)

Fair Value at June 30, 2019:

Currency	Foreign Equities	Fixed Income	Cash and Other	Total
Australian dollar	\$ 5,467,620	\$ -	\$ (1,413,705)	\$ 4,053,915
Brazil real	-	-	638,392	638,392
Canadian dollar	1,208,832	-	1,891,635	3,100,467
Colombian peso	-	-	153,719	153,719
Danish krone	1,668,060	-	1,356,067	3,024,127
Euro	37,076,910	1,417,505	(8,728,839)	29,765,576
Hong Kong dollar	2,956,130	-	(1,755,418)	1,200,712
Indian rupee	-	-	172,141	172,141
Indonesian rupiah	-	-	176,057	176,057
Israeli shekel	183,048	-	1,118,674	1,301,722
Japanese yen	23,262,737	(368,704)	(3,316,176)	19,577,857
Mexican peso	-	276,746	162,220	438,966
New Zealand dollar	512,004	-	1,955,477	2,467,481
Norwegian krone	1,310,266	-	1,529,149	2,839,415
Peruvian sol	-	310,400	-	310,400
Pound sterling	16,551,390	1,168,076	1,753,966	19,473,432
Russian ruble	-	272,783	640,433	913,216
Singapore dollar	700,443	-	4,080,909	4,781,352
South African rand	-	-	59	59
Swedish krona	1,896,520	-	(674,930)	1,221,590
Swiss franc	9,710,393	-	(843,867)	8,866,526
Total	<u>\$ 102,504,353</u>	<u>\$ 3,076,806</u>	<u>\$ (1,104,037)</u>	<u>\$ 104,477,122</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, 2020 and 2019, the Fund had the following investments in long-term debt securities and maturities:



SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

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

Interest Rate Risk: (Continued)

<u>Investment Type</u>	<u>2020</u>				
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>Greater Than 10</u>
U.S. Government 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	232,193,445	225,822,890	6,288,862	(1,916,479)	1,998,172
	<u>\$ 1,205,480,529</u>	<u>\$ 460,642,951</u>	<u>\$ 167,801,796</u>	<u>\$ 206,739,397</u>	<u>\$ 370,296,385</u>
Collateral held under					
Securities Lending Program	<u>\$ 14,647,975</u>	<u>\$ 14,647,975</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Investment Type</u>	<u>2019</u>				
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>Greater Than 10</u>
U.S. Government and					
Government agency obligations	\$ 639,331,022	\$ 117,145,752	\$ 27,045,455	\$ 134,720,356	\$ 360,419,459
Other Bonds:					
Corporate Bonds - Domestic	205,326,363	9,806,878	71,481,171	80,713,857	43,324,457
Corporate Bonds - Foreign	42,631,605	2,679,331	21,261,087	12,575,119	6,116,068
Mortgage-backed Securities and					
Collateralized mortgage obligations	75,572,327	275,000	10,800,126	11,649,748	52,847,453
Other	224,370,688	221,202,362	4,161,617	(4,718,641)	3,725,350
	<u>\$ 1,187,232,005</u>	<u>\$ 351,109,323</u>	<u>\$ 134,749,456</u>	<u>\$ 234,940,439</u>	<u>\$ 466,432,787</u>
Collateral held under					
Securities Lending Program	<u>\$ 10,558,656</u>	<u>\$ 10,558,656</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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, 2020 and 2019 was 1.51% and 5.04%, respectively. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

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, 2020 is 58 days and as of June 30, 2019, is 56 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, 2020	Fair Value of Securities on Loan June 30, 2019
U.S. Government & agency securities	\$ 23,416,694	\$ 19,666,614
Corporate bonds	3,332,861	3,056,368
Equities	45,741,895	57,770,750
Total	<u>\$ 72,491,450</u>	<u>\$ 80,493,732</u>

Securities on loan at June 30, 2020 and 2019 are collateralized by cash collateral in the amount of \$14,647,975 and \$10,558,656, and noncash collateral in the amount of \$60,320,746 and \$71,907,706, for total amount of collateral held in the amount of \$74,968,720 and \$82,466,362, respectively.

SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

7. SECURITIES LENDING PROGRAM: (Continued)

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. LOUISIANA ASSET MANAGEMENT POOL:

Investments held at June 30, 2020 and 2019 include \$16,726,885 and \$16,984,947, respectively, in the Louisiana Asset Management Pool (LAMP), a local government investment pool.

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

SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

8. LOUISIANA ASSET MANAGEMENT POOL: (Continued)

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 net asset value based on quoted market rates. The net asset 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.

9. EMPLOYEES' DEFERRED COMPENSATION PLAN:

The Sheriffs' Pension and Relief Fund offers its employees a deferred compensation plan, created in accordance with Internal Revenue Code Section 457. The Plan, available to all employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or unforeseen emergency. 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, 2020 and 2019 totaled \$47,040 and \$43,756, respectively.

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

10. 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, 2020 and 2019 was \$115,171 and \$100,451, respectively.

11. OPERATING BUDGET:

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

SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

12. USE OF ESTIMATES:

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

13. CAPITAL ASSETS:

A summary of changes in capital assets follows:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2020</u>
Land	\$ 92,692	\$ -	\$ -	\$ 92,692
Building	2,745,809	-	-	2,745,809
Vehicles	26,730	-	-	26,730
Office furniture and equipment	<u>1,047,002</u>	<u>121,300</u>	<u>(140,057)</u>	<u>1,028,245</u>
	3,912,233	121,300	(140,057)	3,893,476
Accumulated depreciation	<u>(1,894,156)</u>	<u>(122,077)</u>	<u>127,132</u>	<u>(1,889,101)</u>
Total	<u>\$ 2,018,077</u>	<u>\$ (777)</u>	<u>\$ (12,925)</u>	<u>\$ 2,004,375</u>

Depreciation expense for the years ended June 30, 2020 and 2019 totaled \$122,077 and \$113,039, respectively.

14. OTHER RECEIVABLES AND PREPAIDS:

The following is a schedule of other receivables and prepaid expenses at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Other receivables:		
Pension	\$ 139,372	\$ 151,089
Taxes	909	-
Other investment receivables	<u>3,826,135</u>	<u>7,175,893</u>
Total other receivables	3,966,416	7,326,982
Prepaid expenses	<u>2,500</u>	<u>5,866</u>
Total Receivables and Prepaids	<u>\$ 3,968,916</u>	<u>\$ 7,332,848</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  
 NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

15. 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 OPEB plan provided 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, 2020 and 2019, the following employees were covered by benefits terms:

	<u>2020</u>	<u>2019</u>
Active	12	11
Retired	<u>5</u>	<u>5</u>
Total	<u>17</u>	<u>16</u>

*Contributions:*

The OPEB Plan is currently financed on a pay as you go basis. During the years ended June 30, 2020 and 2019, the Fund contributed \$449 and \$436, respectively, per month for retiree-only coverage with Medicare or \$659 and \$640, respectively, per month for retiree-only coverage without Medicare. During the fiscal years ended June 30, 2020 and 2019, the Fund paid \$33,855 and \$33,158, respectively, for insurance premiums.

SHERIFFS' PENSION AND RELIEF FUND  
 NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

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

*Actuarial Methods and Assumptions:*

The Fund's total OPEB liability of \$2,562,282 and \$2,437,646 as of June 30, 2020 and 2019, 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, 2020 and 2019:

<u>Description</u>	<u>Assumption Used</u>
Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll
Amortization Period	20 years
Bond Yield:	2020 - 2.66%
	2019 - 2.79%
Discount Rate	2020 - 2.66%
	2019 - 2.79%
Measurement Date:	June 30, 2020 and 2019
Projected Salary Increases	5.50%
Average Retirement Age	62
Percentage Participation:	100%

SHERIFFS' PENSION AND RELIEF FUND  
 NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

15. 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	RP2000 Mortality Table for Males and Females projected 18 years; this assumption does not include a margin for future improvements in longevity.
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:	
Health	4.6%
Pharmacy	7.6%
Dental	4.0%
Vision	3.0%

Discount Rate:

The discount rate used to measure the total OPEB liability at June 30, 2020 and 2019 was 2.66% and 2.79%, 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 2.66% in the June 30, 2020 valuation from 2.79% as of July 1, 2019. The discount rate in the current valuation 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 2.79% in the June 30, 2019 valuation from 2.98% as of July 1, 2018.



SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

15. 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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Balance as of July 1,	\$ <u>2,437,646</u>	\$ <u>2,497,409</u>
Changes for the year:		
Service cost	72,460	74,024
Interest on total OPEB obligation	69,563	76,138
Effect of economic/demographic		
Gains or losses	(44,300)	(260,573)
Changes in assumptions	60,768	83,806
Benefits payments	<u>(33,855)</u>	<u>(33,158)</u>
Net changes	<u>124,636</u>	<u>(59,763)</u>
Ending Balance as of June 30,	\$ <u>2,562,282</u>	\$ <u>2,437,646</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, 2020 and 2019:

		<u>June 30, 2020</u>		
		1% Decrease (1.66%)	Current Discount Rate (2.66%)	1% Increase (3.66%)
Total OPEB Liability	\$	3,117,064	\$ 2,562,282	\$ 2,143,304
		<u>June 30, 2019</u>		
		1% Decrease (1.79%)	Current Discount Rate (2.79%)	1% Increase (3.79%)
Total OPEB Liability	\$	2,966,194	\$ 2,437,646	\$ 2,039,334

SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

15. 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, 2020 and 2019:

		<u>June 30, 2020</u>		
		<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Trend Rates</u>	<u>1%</u> <u>Increase</u>
Total OPEB Liability	\$	<u>2,219,008</u>	\$ <u>2,562,282</u>	\$ <u>3,020,339</u>
		<u>June 30, 2019</u>		
		<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Trend Rates</u>	<u>1%</u> <u>Increase</u>
Total OPEB Liability	\$	<u>2,111,854</u>	\$ <u>2,437,646</u>	\$ <u>2,873,822</u>

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

For the years ended June 30, 2020 and 2019, the Fund recognized OPEB expense of \$207,561 and \$199,232, respectively. At June 30, 2020 and 2019, the Fund reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		<u>2020</u>	
		<u>Deferred</u> <u>Outflows</u> <u>of Resources</u>	<u>Deferred</u> <u>Inflows</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>
		<u>2019</u>	
		<u>Deferred</u> <u>Outflows</u> <u>of Resources</u>	<u>Deferred</u> <u>Inflows</u> <u>of Resources</u>
Difference between expected and actual experience	\$	-	\$ 291,360
Changes of assumptions		1,049,966	-
Total	\$	<u>1,049,966</u>	<u>291,360</u>

SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

15. 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 (benefit) as follows:

Year ending June 30:	
2021	\$ 49,070
2022	49,070
2023	49,070
2024	49,070
2025	49,070
Thereafter	<u>464,186</u>
Total	<u>\$ 709,536</u>

Payables to the OPEB Plan:

For each of the years ended June 30, 2020 and 2019, the Fund reported a payable of \$-0- for the outstanding amount of contributions to the OPEB plan.

16. 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, 2020 and 2019, the Plan has the following derivative instruments categorized as investment derivative instruments:

SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

16. DERIVATIVES: (Continued)

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)

June 30, 2019

	<u>Notional Amount</u>	<u>Fair Market Value</u>	<u>Unrealized Gain / (Loss)</u>
Fixed Income			
Futures	\$ (26,263,518)	\$ (536,263)	\$ (427,497)
Cash & Cash Equivalents			
Futures	(14,671,674)	(30,086)	(43,629)
Cash & Cash Equivalents			
Futures - EUR	13,116,813	153,125	156,913
Equity			
Futures	78,302,988	1,337,623	2,592,340
Written			
Options	-	62,571	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, 2020 AND 2019

16. 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, 2020 and 2019, the fair value of the fixed income futures contracts is \$56,925 and \$153,125, 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.

17. RECLASSIFICATIONS:

Certain reclassifications have been made to the 2019 comparative information to conform to the 2020 presentation. Such reclassification had no effect on the change in net position.

18. UNCERTAINTIES:

As a result of the spread of COVID-19, economic uncertainties have arisen which may continue to impact the results of our operations and financial position. The extent of the impact to the operations and financial position of the Fund will depend on future developments, including (i) the duration and spread of the outbreak, (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. The financial impact cannot be reasonably estimated at this time.

SHERIFFS' PENSION AND RELIEF FUND  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF CHANGES IN NET PENSION LIABILITY  
FOR THE SEVEN YEARS ENDED JUNE 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Pension Liability				
Service Cost	\$ 128,753,897	\$ 122,194,560	\$ 120,192,459	\$ 116,587,142
Interest	304,321,269	291,566,280	280,213,884	267,976,249
Changes of Benefit Terms	-	-	28,193,391	-
Difference Between Expected and Actual Experience	(19,583,200)	(17,197,440)	(63,618,781)	(29,559,195)
Changes of Assumptions	72,250,082	71,727,193	65,732,028	41,953,740
Retirement Benefits	(209,169,816)	(193,696,425)	(180,414,500)	(167,386,535)
Refunds and Transfers of Member Contributions	(9,121,593)	(8,691,521)	(12,860,147)	(13,332,432)
Net Change in Total Pension Liability	<u>267,450,639</u>	<u>265,902,647</u>	<u>237,438,334</u>	<u>216,238,969</u>
Total Pension Liability - Beginning	<u>4,264,735,402</u>	<u>3,998,832,755</u>	<u>3,761,394,421</u>	<u>3,545,155,452</u>
Total Pension Liability - Ending (a)	<u>\$ 4,532,186,041</u>	<u>\$ 4,264,735,402</u>	<u>\$ 3,998,832,755</u>	<u>\$ 3,761,394,421</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 90,413,783	\$ 85,968,418	\$ 87,830,131	\$ 91,758,224
Contributions - Member	75,764,207	71,306,407	70,631,946	70,997,859
Contributions - Nonemployer Contributing Entities	44,726,080	42,360,460	40,825,293	39,695,198
Net Investment Income	57,768,689	181,005,669	284,279,433	397,949,672
Retirement Benefits	(209,169,816)	(193,696,425)	(180,414,500)	(167,386,535)
Refunds and Transfers of Member Contributions	(9,121,593)	(8,691,521)	(12,860,147)	(13,332,432)
Administrative Expenses and OPEB Expense	(1,901,049)	(1,795,362)	(1,906,682)	(1,670,725)
Depreciation Expense	(122,077)	(113,039)	(114,350)	(110,159)
Net Change in Plan Fiduciary Net Position	<u>48,358,224</u>	<u>176,344,607</u>	<u>288,271,124</u>	<u>417,901,102</u>
Plan Fiduciary Net Position - Beginning	3,791,712,511	3,615,367,904	3,328,367,058	2,910,465,956
Change in Accounting Principle	-	-	(1,270,278)	-
Plan Fiduciary Net Position - Ending (b)	<u>3,840,070,735</u>	<u>3,791,712,511</u>	<u>3,615,367,904</u>	<u>3,328,367,058</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 692,115,306</u>	<u>\$ 473,022,891</u>	<u>\$ 383,464,851</u>	<u>\$ 433,027,363</u>
Plan Fiduciary Net Position as a % of Total Pension Liability	84.73%	88.91%	90.41%	88.49%
Covered Payroll	\$ 738,071,698	\$ 701,783,004	\$ 688,863,773	\$ 692,514,898
Net Pension Liability as a % of Covered Payroll	93.77%	67.40%	55.67%	62.53%

(Continued)

SHERIFFS' PENSION AND RELIEF FUND  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF CHANGES IN NET PENSION LIABILITY  
FOR THE SEVEN YEARS ENDED JUNE 30, 2020

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability			
Service Cost	\$ 113,145,678	\$ 110,234,168	\$ 107,079,257
Interest	255,538,471	243,675,277	232,540,719
Changes of Benefit Terms	-	20,857,099	-
Difference Between Expected and Actual Experience	(30,213,211)	(24,230,357)	(49,042,594)
Changes of Assumptions	39,348,710	786,746	35,200,402
Retirement Benefits	(149,210,559)	(139,219,191)	(127,604,168)
Refunds and Transfers of Member Contributions	<u>(11,578,943)</u>	<u>(13,111,071)</u>	<u>(11,498,541)</u>
Net Change in Total Pension Liability	217,030,146	198,992,671	186,675,075
Total Pension Liability - Beginning	<u>3,328,125,306</u>	<u>3,129,132,635</u>	<u>2,942,457,560</u>
Total Pension Liability - Ending (a)	<u>\$ 3,545,155,452</u>	<u>\$ 3,328,125,306</u>	<u>\$ 3,129,132,635</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 93,996,292	\$ 94,496,664	\$ 89,359,583
Contributions - Member	70,094,659	68,009,895	65,974,932
Contributions - Nonemployer Contributing Entities	38,845,486	37,442,873	35,621,011
Net Investment Income	(12,277,606)	103,374,920	410,664,372
Retirement Benefits	(149,210,559)	(139,219,191)	(127,604,168)
Refunds and Transfers of Member Contributions	(11,578,943)	(13,111,071)	(11,498,541)
Administrative Expenses and OPEB Expense	(1,658,172)	(1,640,879)	(1,491,074)
Depreciation Expense	<u>(118,771)</u>	<u>(111,758)</u>	<u>(157,122)</u>
Net Change in Plan Fiduciary Net Position	28,092,386	149,241,453	460,868,993
Plan Fiduciary Net Position - Beginning	2,882,373,570	2,733,132,117	2,272,263,124
Change in Accounting Principle	<u>-</u>	<u>-</u>	<u>-</u>
Plan Fiduciary Net Position - Ending (b)	<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>\$ 634,689,496</u>	<u>\$ 445,751,736</u>	<u>\$ 396,000,518</u>
Plan Fiduciary Net Position as a % of Total Pension Liability	82.10%	86.61%	87.34%
Covered Payroll	\$ 683,609,396	\$ 663,134,484	\$ 643,337,531
Net Pension Liability as a % of Covered Payroll	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  
FOR THE SEVEN YEARS ENDED JUNE 30, 2020

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Postion</u>	<u>Employers' Net Pension Liability</u>	Plan Fiduciary Net Position as a % of Total Pension Liability	<u>Covered Payroll</u>	Employers' Net Pension Liability as a % of Covered Payroll
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 SEVEN YEARS ENDED JUNE 30, 2020

	<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>
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 SEVEN YEARS ENDED JUNE 30, 2020

	Annual Money-Weighted <u>Rate of Return*</u>
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 THREE YEARS ENDED JUNE 30, 2020

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

1. SCHEDULE OF CHANGES IN NET PENSION LIABILITY:

The total pension liability contained in this schedule was provided by the Fund's actuary, G.S. Curran and Company. The net pension liability 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:

The schedule of employers' net pension liability shows the percentage of the Fund's employers' net pension liability as a percentage of covered payroll. The employers' net pension liability is the liability 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 – EMPLOYERS AND NON-EMPLOYER CONTRIBUTING ENTITIES:

The difference between the actuarially determined contributions from employer and non-employer contributing entities and the contributions reported from employers 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:

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 of Employers.

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

SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
JUNE 30, 2020 AND 2019

6. CHANGES OF BENEFIT TERMS: (Continued)

*Pension Plan:* (Continued)

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.

*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, 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
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

SHERIFFS' PENSION AND RELIEF FUND  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2020 AND 2019

7. CHANGES OF ASSUMPTIONS: (Continued)

*OPEB Plan:*

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, 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 INVESTMENTS INCOME 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	<u>355,892,345</u>	<u>78,354,729</u>	<u>177,987,862</u>	<u>26,907,224</u>	<u>21,870,887</u>	<u>661,013,047</u>
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	<u>213,624,084</u>	<u>50,477,327</u>	<u>321,401,751</u>	<u>27,151,661</u>	<u>-</u>	<u>612,654,823</u>
Net change	<u>142,268,261</u>	<u>27,877,402</u>	<u>(143,413,889)</u>	<u>(244,437)</u>	<u>21,870,887</u>	<u>48,358,224</u>
BALANCES - END OF YEAR	<u>\$ 1,989,987,393</u>	<u>\$ 667,187,439</u>	<u>\$ 1,064,078,117</u>	<u>\$ 18,426,352</u>	<u>\$ 100,391,434</u>	<u>\$ 3,840,070,735</u>

SHERIFFS' PENSION AND RELIEF FUND  
SUPPLEMENTARY INFORMATION  
STATEMENTS OF CHANGES IN RESERVE BALANCES  
FOR THE YEAR ENDED JUNE 30, 2019

	ANNUITY <u>RESERVE</u>	ANNUITY <u>SAVINGS</u>	PENSION <u>ACCUMULATION</u>	DROP / <u>BACK-DROP</u>	FUNDING DEPOSIT <u>ACCOUNT</u>	<u>TOTAL</u>
BALANCES - BEGINNING OF YEAR	\$ 1,694,642,588	\$ 617,228,899	\$ 1,237,723,396	\$ 13,089,785	\$ 52,683,236	\$ 3,615,367,904
REVENUES INVESTMENTS INCOME AND TRANSFERS:						
Contributions	-	71,306,407	106,311,102	-	22,017,776	199,635,285
Net income from investments	-	-	176,824,244	361,890	3,819,535	181,005,669
Miscellaneous income	-	-	458	-	-	458
Annuities derived from accumulated savings and DROP	39,860,228	-	-	-	-	39,860,228
Contributions for purchased or transferred services	-	2,168,514	8,191,237	-	-	10,359,751
Transfer of post-DROP contributions	-	-	-	3,234,868	-	3,234,868
DROP pensions accumulated from Annuity Reserve	-	-	-	27,303,112	-	27,303,112
Actuarial transfer	317,739,423	-	-	-	-	317,739,423
Total revenues investment income and transfers	<u>357,599,651</u>	<u>73,474,921</u>	<u>291,327,041</u>	<u>30,899,870</u>	<u>25,837,311</u>	<u>779,138,794</u>
EXPENSES AND TRANSFERS:						
Retirement allowances paid during the period	177,219,995	-	-	-	-	177,219,995
Transfer to Annuity Reserve	-	31,017,792	-	8,842,436	-	39,860,228
Transfer of post-DROP contributions	-	3,234,868	-	-	-	3,234,868
Refunds to members	-	17,141,123	-	-	-	17,141,123
Administrative expenses, OPEB and depreciation	-	-	1,908,401	-	-	1,908,401
Funds transferred to other systems	-	-	1,910,607	-	-	1,910,607
Pensions paid into DROP	27,303,112	-	-	-	-	27,303,112
Pensions paid out of DROP	-	-	-	16,476,430	-	16,476,430
Actuarial transfer	-	-	317,739,423	-	-	317,739,423
Total expenses and transfers	<u>204,523,107</u>	<u>51,393,783</u>	<u>321,558,431</u>	<u>25,318,866</u>	<u>-</u>	<u>602,794,187</u>
Net change	<u>153,076,544</u>	<u>22,081,138</u>	<u>(30,231,390)</u>	<u>5,581,004</u>	<u>25,837,311</u>	<u>176,344,607</u>
BALANCES - END OF YEAR	<u>\$ 1,847,719,132</u>	<u>\$ 639,310,037</u>	<u>\$ 1,207,492,006</u>	<u>\$ 18,670,789</u>	<u>\$ 78,520,547</u>	<u>\$ 3,791,712,511</u>



SHERIFFS' PENSION AND RELIEF FUND  
 SUPPLEMENTARY INFORMATION  
 SCHEDULES OF ADMINISTRATIVE EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Building maintenance	\$ 14,193	\$ 8,814
Computer services	31,062	22,097
Equipment maintenance	27,686	30,101
Equipment rental	5,532	5,520
Group medical and bond insurance	149,015	119,519
Janitorial, garage, yard	21,035	20,511
Leases - office equipment	5,557	5,706
Medical fees - members	3,200	4,500
Members education	1,172	483
Office supplies and expense	89,416	82,627
Payroll taxes	16,459	15,930
Professional development	2,673	4,010
Professional retainers and legal fees	348,224	308,918
Salaries and related cost	904,652	862,946
Security	7,974	6,786
Telephone	14,687	13,410
Travel - Board and Committee meeting expenses	6,646	11,645
Travel - LSA conferences	1,276	19,231
Board educational expense	2,363	18,758
Utilities	40,666	34,618
	<u>          </u>	<u>          </u>
Total administrative expenses	\$ <u>1,693,488</u>	\$ <u>1,596,130</u>
Professional retainers and legal fees:		
Legal	\$ 173,048	\$ 133,133
GASB 67 and GASB 68 expenses	13,788	12,972
Professional services	48,588	50,013
Retainer - actuary	112,800	112,800
	<u>          </u>	<u>          </u>
Total professional retainers and legal fees	\$ <u>348,224</u>	\$ <u>308,918</u>

SHERIFFS' PENSION AND RELIEF FUND  
 SUPPLEMENTARY INFORMATION  
 PER DIEM AND TRAVEL EXPENSES PAID TO BOARD OF TRUSTEES  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>			<u>2019</u>		
	<u>Per Diem</u>	<u>Travel</u>		<u>Per Diem</u>	<u>Travel</u>	
		<u>Reimbursement</u>	<u>Total</u>		<u>Reimbursement</u>	<u>Total</u>
Wayne F. McElveen	\$ -	\$ -	\$ -	\$ 975	\$ 2,103	\$ 3,078
Kenneth Goss	-	-	-	525	577	1,102
Wayne Melancon	375	261	636	450	344	794
Donal L. Rittenberry	450	1,693	2,143	900	3,304	4,204
Totals	<u>\$ 825</u>	<u>\$ 1,954</u>	<u>\$ 2,779</u>	<u>\$ 2,850</u>	<u>\$ 6,328</u>	<u>\$ 9,178</u>

SHERIFFS' PENSION AND RELIEF FUND  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS  
 TO AGENCY HEAD  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

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

<u>Purpose</u>	*	<u>2020</u>	<u>2019</u>
<sup>1</sup> Klausner conference expenses	\$	-	\$ 1,774
<sup>2</sup> LSA conference expenses - registration		-	335
<sup>2</sup> LSA conference expenses - lodging		-	1,632
<sup>3</sup> Board educational conference expenses - lodging		-	327
Total	\$	-	\$ 4,068

\* The LSA Conference scheduled for July of 2019 was cancelled.

\*\* 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 29, 2021

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, 2020, 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 29, 2021.

### 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) to determine the 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 and therefore, material weakness or significant deficiencies may exist that were not identified. 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### 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, Sharpner, Hogan and Parker, LLP*

New Orleans, Louisiana

SHERIFFS' PENSION AND RELIEF FUND  
SUMMARY SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2020 and 2019

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of the Sheriffs' Pension and Relief Fund for the years ended June 30, 2020 and 2019, was 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