

ANNUAL FINANCIAL REPORT
SHERIFFS' PENSION AND RELIEF FUND
JUNE 30, 2023 AND 2022

SHERIFFS' PENSION AND RELIEF FUND
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JUNE 30, 2023 AND 2022

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INDEPENDENT AUDITOR'S REPORT

January 3, 2024

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

Report on the Audit of the Financial Statements

Opinions

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, 2023 and 2022, 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 index to annual financial report.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the fiduciary activities of the Sheriffs' Pension and Relief Fund as of June 30, 2023 and 2022, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matter

As disclosed in Note 4 to the financial statements, the total pension liability for the Sheriffs' Pension and Relief Fund was \$5,470,935,030 and \$5,047,524,657 as of June 30, 2023 and 2022, 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, 2023 and 2022 could be understated or overstated. Our opinion is not modified with respect to this matter.

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 index to annual financial report, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sheriffs' Pension and Relief Fund's basic financial statements. The accompanying other supplementary information, as listed in the index to annual financial report, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2024 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 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 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 internal control over financial reporting and compliance of the Sheriffs' Pension and Relief Fund.

Duplantier, Sharpness, Hogan and Graker, LLP

New Orleans, LA

SHERIFFS' PENSION AND RELIEF FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2023 AND 2022

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, 2023. 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 12.

FINANCIAL HIGHLIGHTS:

Investment Summary

A history of strong performance and a long bull market 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 produced a positive trend in the growth in assets of the LSPRF. Global events increasingly weighed on markets which led to a negative return for the fiscal year ended June 30, 2022. However, the Fund incurred positive net investment returns during the fiscal year ended June 30, 2023 despite the continued Russia/Ukraine war and instability in the middle east.

LSPRF'S investments posted a positive return of 9.64% net of fees for the FY ended 6/30/23. This exceeded the Fund's valuation interest rate or target rate of return of 6.85%. Overall, longer term investment performance along with pension reform has resulted in a very favorable impact on the funding of the LSPRF and a reduction in the Plan's Actuary's required employer contribution rate which is a positive development for our Plan sponsors, the Louisiana Sheriffs' Offices and their budgets.

Subsequent Event Note

For the current 2024 fiscal year, overall performance has been positive. Signs of inflation easing and optimism over the Federal Reserve slowing rate hikes has led the positive start. While economic concerns remain high, there is some optimism and market forecasters are predicting gains in 2024 given current valuations. As always, a high level of uncertainty and risk remain for the balance of the fiscal year, and there can be no guarantees of results at FYE June 30, 2024. The market value of assets of the Fund as of June 30, 2023, was reported at \$4,592,157,753 or up approximately \$357 million over the June 30, 2022 FY close.

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

As independently verified with reasonable assurance by our auditors, the Fund closed this year with the Fiduciary Net Position of \$4,592,157,753, representing an increase over last year of \$357,419,364 from the 2022 level of \$4,234,738,389. This increase is primarily due to the positive investment results experienced during FY 2022-2023.

For comparison to other recent years, this year's closing Fiduciary Net Position represents a decrease of \$228,046,391 over the 2021 level of \$4,820,204,144 and an increase of \$752,087,018 over the 2020 net position of \$3,840,070,735.

SHERIFFS' PENSION AND RELIEF FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2023 AND 2022

FINANCIAL HIGHLIGHTS: (Continued)

Results of the Years' Experience on Fund Net Position and Historical Review (Continued)

From a longer-term historical perspective, the Fund's growth in the net position or market value of assets has increased by \$3.285 billion or about 251.3% during the recovery from the 2009 recession and the continuing favorable capital markets through June 30, 2023.

Permanent Benefit Increase (COLA) And Funding Deposit Account Update

The Board of Trustees last approved paying a PBI/(COLA) in FY 2023, effective January 1, 2023 to retirees and survivors over 61 years of age, if they were retired for at least one year, or if they were retired for at least three years and had not yet attained age 61. This PBI/(COLA) was fully prepaid from reserves accumulated in the Funding Deposit Account (FDA). The amount of the transfer with interest from the Funding Deposit Account to fully prepay the PBI/(COLA) was \$46,710,748. Payments for this purpose avoids adding future liabilities to the Fund and assists in controlling employer contributions for the long-term, as explained in previous years.

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

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 2023 fiscal year revenues received for the Fund's statutorily dedicated portion from insurance premium tax collections totaled \$23,063,214, an increase of \$818,032 over the prior year. The Fund's receipts of dedicated ad valorem taxes were \$24,653,840, an increase of \$1,082,795 over the prior year, and receipts of \$421,485 from State Revenue Sharing for an increase of \$414 from fiscal year 2022.

Contributions to the Fund by employers and members, including transfers in from other retirement systems, totaled \$184,419,594 for an increase of \$5,856,182 from 2022. Employer contributions were collected at 11.50%, and employee contributions collected at 10.25%.

The annual actuarial valuation of the Fund reflects contributions and other non-investment income of \$232,558,133 an increase of \$7,755,423 from fiscal year 2022. For fiscal 2023 the Fund had a negative net non-investment cash flow of \$46,771,972. In future years it will be possible to see negative and positive cash flow years based primarily on payroll growth and retirement patterns.

Benefits Payments Discussion

Pension and disability benefits paid to retirees and beneficiaries, as independently verified with reasonable assurance by the Fund's auditors totaled \$254,395,127, an increase of \$13,173,363 over the prior year. Refunds of contributions paid to members upon termination, and transfers to other systems on behalf of members totaled \$22,257,370, for a decrease of \$973,187 from the prior year.

SHERIFFS' PENSION AND RELIEF FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2023 AND 2022

FINANCIAL HIGHLIGHTS: (Continued)

Funded Ratio:

The current funded ratio as stated in the Actuarial Valuation of the Fund for 2023 is 87.15%, a decrease in the ratio over the prior year's ratio from 90.87%. This ratio represents the Actual Value of Assets to the Actuarial Accrued Liability, and is the method used by our actuaries in the actuarial funding of the LSPRF plan. This ratio replaces the former GASB 25 ratio due to changes in reporting methods.

Summary and Other Relevant Information

As explained in this analysis, the Fund has made substantial progress in recovering from the last severe recession and has continued to grow the Fund's assets far beyond recession and pre-recession levels. The Board has had the foresight to implement major pension reform to help manage the Fund's liabilities for the long-term future. As noted earlier in the report, the Fund's employer contribution rates are consistently among the lowest of Louisiana retirement systems.

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, 2023 AND 2022

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>2023</u>		<u>2022</u>		<u>2021</u>
Cash and investments	\$ 4,674,449	\$	4,346,165	\$	4,890,659
Receivables and prepaid	122,324		127,873		77,003
Collateral held under securities lending	13,311		15,489		26,376
Capital assets, net	1,848		1,920		1,915
Total assets	<u>4,811,932</u>		<u>4,491,447</u>		<u>4,995,953</u>
Deferred outflows of resources	<u>791</u>		<u>855</u>		<u>920</u>
Total liabilities	<u>220,337</u>		<u>257,320</u>		<u>176,409</u>
Deferred inflows of resources	<u>228</u>		<u>244</u>		<u>260</u>
Net position restricted for pension benefits	<u>\$ 4,592,158</u>	\$	<u>4,234,738</u>	\$	<u>4,820,204</u>

SHERIFFS' PENSION AND RELIEF FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2023 AND 2022

FINANCIAL ANALYSIS OF THE FUND: (Continued)

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Additions:			
Contributions	\$ 222,908	\$ 213,330	\$ 210,391
Net investment income (loss)	404,191	(544,399)	1,016,277
Other	9,650	12,192	9,020
Total additions	<u>636,749</u>	<u>(318,877)</u>	<u>1,235,688</u>
Deductions:			
Benefits	254,395	241,222	230,280
Refunds and transfers	22,256	23,231	22,981
Administrative expenses and depreciation	2,264	2,136	1,941
OPEB expense	414	-	353
Total deductions	<u>279,329</u>	<u>266,589</u>	<u>255,555</u>
Change in net position restricted for pension benefits	357,420	(585,466)	980,133
Net position at beginning of year	<u>4,234,738</u>	<u>4,820,204</u>	<u>3,840,071</u>
Net position at end of year	<u>\$ 4,592,158</u>	<u>\$ 4,234,738</u>	<u>\$ 4,820,204</u>

Fiduciary net position increased by \$357,419,364 or 8.44% during the year ended June 30, 2023 from \$4,234,738,389. The current year increase in fiduciary net position was primarily attributable to favorable investment market performance during 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 \$6,364,404 or 8.4% while employer contributions increased \$1,312,758 or 1.4%.

The increase in employee contributions of \$6,364,404 was primarily due to an increase in covered payroll of active members during the current year. The increase in employer contributions of \$1,312,758 was primarily due to an increase in covered payroll in the current year offset with a reduction in the employer contribution rate from 12.25% to 11.50%. The Fund experienced a net investment gain of \$404,191,336 as compared to net investment loss of \$(544,399,207) in the prior year.

SHERIFFS' PENSION AND RELIEF FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2023 AND 2022

FINANCIAL ANALYSIS OF THE FUND: (Continued)

Additions to Fiduciary Net Position (Continued)

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Member Contributions	\$ 82,357,712	\$ 75,993,308	\$ 74,767,454
Employer Contributions	92,411,681	91,098,923	89,432,304
Insurance Premium Taxes	23,063,214	22,245,182	22,347,331
Ad Valorem Taxes	24,653,840	23,571,045	23,423,409
State Revenue Sharing	421,485	421,071	420,909
Net Investment Income (loss)	404,191,336	(544,399,207)	1,016,276,582
Other Additions	9,650,201	12,192,441	9,019,527
Total additions	<u>\$ 636,749,469</u>	<u>\$ (318,877,237)</u>	<u>\$ 1,235,687,516</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 \$279,330,105 in fiscal year 2023. This is an increase of \$12,741,587 when compared to fiscal year 2022. Retirement benefit payments increased by \$13,173,363 and refunds of contributions decreased by \$2,095,737 in fiscal 2023. Increase in retirement benefit payments was primarily due to a growth in the aggregate number of retirees and the corresponding increase in pension benefits paid in the current year, while the refund of contributions decrease was attributable to an decrease in the number of members requesting refunds of contributions.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Retirement Benefits	\$ 254,395,127	\$ 241,221,764	\$ 230,279,041
Refunds of Contributions	18,760,681	20,856,418	20,212,930
Administrative Expenses and Depreciation	2,263,568	2,136,197	1,940,684
OPEB Expense	414,040	-	352,919
Transfers to Other Systems	3,496,689	2,374,139	2,768,533
Total deductions	<u>\$ 279,330,105</u>	<u>\$ 266,588,518</u>	<u>\$ 255,554,107</u>

SHERIFFS' PENSION AND RELIEF FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2023 AND 2022

FINANCIAL ANALYSIS OF THE FUND: (Continued)

Investments

The Fund is responsible for the prudent management of funds held in trust for the exclusive benefits of the members' pension benefits. Funds are invested to achieve maximum returns without exposing retirement assets to unacceptable risks. Total investments at June 30, 2023 amounted to \$4,653,459,708 as compared to \$4,328,872,995 at June 30, 2022, which is an increase of \$324,586,713, or 7.50%.

The increase in investments for FYE 2023 was primarily due to the net investment gain incurred in the current year.

Sheriffs' Pension and Relief Fund's investments in various markets at the end of the 2023, 2022, and 2021 fiscal years are indicated in the following table:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Short-term	\$ 142,406,031	\$ 251,304,857	\$ 191,274,057
Fixed Income	1,168,011,635	1,074,325,290	1,222,391,617
Equities	2,737,021,003	2,368,721,917	2,875,017,411
Alternative Investments	<u>606,021,039</u>	<u>634,520,931</u>	<u>583,788,210</u>
Total	<u>\$ 4,653,459,708</u>	<u>\$ 4,328,872,995</u>	<u>\$ 4,872,471,295</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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS:		
Cash	\$ 20,989,828	\$ 17,292,068
Receivables and prepaid expense:		
Member contributions	7,084,011	4,706,226
Employer contributions	7,945,339	5,640,927
Accrued interest and dividends	7,545,575	5,953,859
Receivable for investments sold	97,592,022	96,351,203
Other receivables and prepaids	2,157,393	15,220,476
Total receivables and prepaid expense	<u>122,324,340</u>	<u>127,872,691</u>
Investments (at fair value):		
Short-term	142,406,031	251,304,857
Fixed income	1,168,011,635	1,074,325,290
Equities	2,737,021,003	2,368,721,917
Alternative investments	606,021,039	634,520,931
Total investments	<u>4,653,459,708</u>	<u>4,328,872,995</u>
Other assets:		
Collateral held under securities lending program	13,310,999	15,489,138
Total other assets	<u>13,310,999</u>	<u>15,489,138</u>
Capital assets:		
Building	2,871,922	2,864,851
Land and improvements	92,692	92,692
Furnishings, equipment, and vehicles	1,066,832	1,066,409
	<u>4,031,446</u>	<u>4,023,952</u>
Less: Accumulated depreciation	2,183,884	2,103,591
Capital assets, net	<u>1,847,562</u>	<u>1,920,361</u>
Total assets	<u>4,811,932,437</u>	<u>4,491,447,253</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows of resources related to OPEB	790,617	855,454
LIABILITIES:		
Obligations under securities lending program	13,960,485	15,374,603
Payable for investment securities purchased	143,971,523	189,381,412
Refunds payable	697,480	1,152,992
Other payables	54,780,616	45,139,260
OPEB liability	2,362,512	2,038,579
Accounts payable	4,186,679	3,886,449
Pension payable	271,252	231,350
Accrued leave payable	106,463	115,615
Total liabilities	<u>220,337,010</u>	<u>257,320,260</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows of resources related to OPEB	228,291	244,058
NET POSITION - RESTRICTED FOR PENSION BENEFITS	<u>\$ 4,592,157,753</u>	<u>\$ 4,234,738,389</u>

See accompanying notes.

SHERIFFS' PENSION AND RELIEF FUND
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ADDITIONS:		
Contributions:		
Members	\$ 82,357,712	\$ 75,993,308
Employers	92,411,681	91,098,923
Insurance premium tax	23,063,214	22,245,182
Ad valorem taxes	24,653,840	23,571,045
State revenue sharing	421,485	421,071
Total contributions	<u>222,907,932</u>	<u>213,329,529</u>
Investment income (loss):		
Interest income	24,700,753	15,795,097
Dividend income	27,728,888	23,879,726
Net appreciation (depreciation) in fair value of investments	366,724,325	(567,551,055)
Securities lending income	121,797	170,980
Commission recapture	3,584	4,821
	<u>419,279,347</u>	<u>(527,700,431)</u>
Less investment expense:		
Investment advisory fees	14,345,469	15,972,422
Custodian fee and bank charges	742,542	726,354
	<u>15,088,011</u>	<u>16,698,776</u>
Net investment income (loss)	<u>404,191,336</u>	<u>(544,399,207)</u>
Other additions:		
Transfers from other retirement systems	9,648,895	11,472,062
OPEB benefit	-	719,260
Miscellaneous income	1,306	1,119
Total other additions	<u>9,650,201</u>	<u>12,192,441</u>
Total additions	<u>636,749,469</u>	<u>(318,877,237)</u>
DEDUCTIONS:		
Benefits	254,395,127	241,221,764
Refund of contributions	18,760,681	20,856,418
Transfers to other retirement systems	3,496,689	2,374,139
Administrative expenses	2,156,368	2,009,541
Depreciation	107,200	126,656
OPEB expense	414,040	-
Total deductions	<u>279,330,105</u>	<u>266,588,518</u>
NET CHANGE IN FIDUCIARY NET POSITION	357,419,364	(585,465,755)
NET POSITION RESTRICTED FOR PENSION BENEFITS:		
Beginning of year	<u>4,234,738,389</u>	<u>4,820,204,144</u>
End of Year	<u>\$ 4,592,157,753</u>	<u>\$ 4,234,738,389</u>

See accompanying notes.

SHERIFFS' PENSION AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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

The Fund is governed by a Board of Trustees composed of 14 elected members and two legislators who serve as ex-officio members, all of whom are voting members. The Board of Trustees consists of a president, vice president, three active participating sheriffs, and three full-time participating deputy sheriffs, three retired sheriffs and three retired deputy sheriffs participating in the Fund, and the chairman of the Senate Finance and House Retirement Committee serve as ex-officio members. The President may be either an active or retired sheriff, elected by the members of the LSA for a term of three years from the date of taking office. Reelection is permissible. At the annual sheriffs' conference, the general membership of the LSA elects one active sheriff and one retired sheriff to serve three-year staggered terms on the Board. Active and retired deputy sheriff members are elected from their respective ranks to three-year staggered terms. The members of the LSA elect the vice president every three years. All candidates for service on the Board of Trustees must complete legislatively required hours of training prior to becoming a candidate. Office personnel and retained professionals serve as authorized by the Board.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements are prepared in accordance with the standards established by the Governmental Accounting Standards Board (GASB).

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

The Fund's basic financial statements were prepared in conformity with the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans*. GASB Statement No. 67 established new standards of financial reporting for defined benefit pension plans. Significant changes included an actuarial calculation of total and net pension liability, 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, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Method Used to Value Investments:

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

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

Capital Assets:

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

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

Use of Estimates:

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

SHERIFFS' PENSION AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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.

New Accounting Standard:

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. A SBITA is a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (with underlying IT assets), as specified in the contract for a period of time in an exchange or exchange like transaction. The statement established uniform accounting and financial reporting requirements for SBITAs; improved the comparability of government's financial statements; and enhance the understandability, reliability, relevance, and consistence of information about SBITAs. The Fund analyzed the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, and has concluded that there are no material contracts which qualify for adjustment or disclosure under the new statement. Therefore, no restatement of prior periods or cumulative effect adjustment recorded in the year of adoption, was considered necessary.

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.

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, 2023 AND 2022

2. PLAN DESCRIPTION: (Continued)

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, 2023 and 2022 statewide retirement membership consisted of:

	<u>2023</u>	<u>2022</u>
Inactive members or beneficiaries currently receiving benefits	6,944	6,738
Inactive members entitled to but not yet receiving benefits	8,898	8,491
Active members	<u>14,089</u>	<u>13,736</u>
Total participants as of the valuation date	<u>29,931</u>	<u>28,965</u>

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 wage requirements. All salaried employees of the Sheriffs' Pension and Relief Fund and the Louisiana Sheriffs' Association who meet certain requirements are also eligible to become members of the Fund. Members are vested after twelve years of service time.

Retirement Benefits:

Members who become eligible for membership on or before December 31, 2011 may retire at age fifty-five with twelve years of creditable service, or may retire at any ages with thirty years of service. 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.

Members whose first employment began on or after January 1, 2012 may retire at age sixty-two with twelve years of creditable service, or may retire at age sixty with twenty years of creditable service, or may retire at fifty-five with thirty years of creditable service. 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.

SHERIFFS' PENSION AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

2. PLAN DESCRIPTION: (Continued)

Retirement Benefits: (Continued)

A member whose first employment 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.

A member whose first employment 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.

A member whose first employment 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.

SHERIFFS' PENSION AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

2. PLAN DESCRIPTION: (Continued)

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.

Disability Benefits:

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

Survivor Benefits:

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

Contribution Refunds:

Upon withdrawal from service, members who have remained out of service for a period of thirty days, are paid a refund of accumulated contributions upon request. Receipt of such a refund cancels all accrued benefits in the Fund.

SHERIFFS' PENSION AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

2. PLAN DESCRIPTION: (Continued)

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

For members retiring before July 1, 2001 in lieu of terminating employment and accepting a service retirement, members can elect to participate in the Deferred Retirement Option Plan (DROP). Upon entering the DROP, employee and employer contributions cease. The monthly retirement benefit that would have been paid if the member ceased employment is deposited into the DROP account for up to three years. Funds held in the DROP account earn interest and can be disbursed to the member upon request. Effective July 1, 2001, the Back-DROP program replaced the DROP program. In lieu of receiving a service retirement allowance, any member of the Fund who has more than sufficient service for a regular service retirement may make a one-time irrevocable election to receive a "Back-DROP" benefit. A member elects Back-DROP at the time of separation from employment (retirement). The Back-DROP benefit is based on the Back-DROP period selected and the final average compensation prior to the period selected. The Back-DROP period is the lesser of three years or the service time accrued between when a member first becomes eligible for retirement and his actual date of retirement. For those individuals with thirty or more years, the Back-DROP period is the lesser of four years or service time accrued between when a member becomes eligible for retirement and his actual date of retirement. A member's Back-DROP benefit is the maximum monthly retirement benefit multiplied by the number of months in the Back-DROP period. In addition, the member's Back-DROP account will be credited with employee contributions received by the Fund during the Back-DROP period. The member's DROP and Back-DROP balances left on deposit are managed by a third party, fixed income investment manager. Participants have the option to opt out of this program and take a lump sum distribution, if eligible, annuitize all or a portion of the Back-DROP balance, or to rollover the assets to another qualified plan.

3. CONTRIBUTIONS AND RESERVES:

Contributions:

Member contributions are established by state law and range between 9.80% and 10.25% of earnable compensation. The Board of Trustees sets the rate each year. For the years ended June 30, 2023 and 2022, the employee contribution rate was 10.25% of member's compensation. Contributions are deducted from the member's salary and remitted monthly by the participating employer.

Employer contributions are determined by an actuarial valuation and are subject to change each year in accordance with R.S. 11:103. For the years ended June 30, 2023 and 2022, the actuarially determined contribution rate was 10.24% and 9.78%, respectively, of member's compensation. For the years ended June 30, 2023 and 2022, the employers contributed 11.50% and 12.25% of members' salaries, respectively. Also, the Fund annually receives revenue sharing funds, which consist of 0.50% of the aggregate amount of the ad valorem tax shown to be collected by the tax roll of each respective parish, and additional funds as indicated by valuation and apportioned by the Public Retirement Systems' Actuarial Committee from available insurance premium taxes described in RS 22:1476A(3).

SHERIFFS' PENSION AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

3. CONTRIBUTIONS AND RESERVES: (Continued)

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:

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, 2023 and 2022 was \$726,241,749 and \$695,570,958, 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, 2023 and 2022 was \$1,277,471,618 and \$1,086,028,767, 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, (4) to provide for permanent benefit increases as provided for in R.S. 11:2178. In accordance with the motion authorized by the Board of Trustees at the April 18, 2023 board meeting, funds were transferred with interest from the Funding Deposit Account in order to fund a 2.5% Cost of Living Adjustment (COLA), effective January 1, 2023. The Funding Deposit Account as of June 30, 2023 and 2022 was \$95,805,090 and \$118,421,894, respectively.

SHERIFFS' PENSION AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

3. CONTRIBUTIONS AND RESERVES: (Continued)

Reserves (Continued)

D) Annuity Reserve:

The Annuity Reserve is the reserve for all pensions, excluding cost-of-living increases, granted to retired members and is the reserve from which such pensions and annuities are paid. Survivors of deceased beneficiaries also receive benefits from this reserve account. The Annuity Reserve as of June 30, 2023 and 2022 was \$2,473,000,803 and \$2,315,708,195, respectively.

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

The Deferred Retirement Option Plan / Back Deferred Retirement Option Plan (DROP) consists of the reserves for all members who upon retirement eligibility elect to deposit into this account an amount equal to the member's monthly benefit if he had retired. Members participate in the program for up to three or four years, and upon termination receive benefits in a lump sum payment or annuity. The DROP reserve as of June 30, 2023 and 2022 was \$19,638,493 and \$19,008,575, 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, 2023 and 2022:

	<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>
2023	\$ 5,470,935,030	\$ 4,592,157,753	\$ 878,777,277	83.94%
2022	5,047,524,657	4,234,738,389	812,786,268	83.90

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, 2023 and 2022 valuations were based on the results of an experience study for the period from July 1, 2014 - June 30, 2019. The required Schedules of Employers' Net Pension Liability located in the required supplementary information presents multi-year trend information regarding whether the plan fiduciary net position is increasing or decreasing over time relative to the total pension liability.

SHERIFFS' PENSION AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

4. NET PENSION LIABILITY OF EMPLOYERS: (Continued)

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

Information on the actuarial valuation and assumptions is as follows:

Valuation date	June 30, 2023	June 30, 2022
Actuarial cost method	Entry Age Normal Cost	Entry Age Normal Cost
Investment rate of return	6.85%, net of pension plan investment expense, including inflation	6.85%, net of pension plan investment expense, including inflation
Expected remaining service lives	5 years	5 years
Inflation rate	2.50%	2.50%
Mortality	For active retirees, annuitants, beneficiaries and disabled retirees, Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 120% for males and 115% for females, each with full generational projection using the MP2019 scale.	For active retirees, annuitants, beneficiaries and disabled retirees, Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 120% for males and 115% for females, each with full generational projection using the MP2019 scale.
Salary increases	5.00% (2.50% Inflation, 2.50% Merit)	5.00% (2.50% Inflation, 2.50% Merit)
Cost-of-Living adjustments	The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.	The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

SHERIFFS' PENSION AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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, 2023 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%	6.69%	4.15%
Fixed Income	25	4.92	1.23
Alternative Investments	13	5.77	0.75
Totals	<u>100%</u>		6.13%
Inflation			<u>2.49</u>
Expected Arithmetic Nominal Return			<u>8.62%</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, 2022 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%	6.61%	4.10%
Fixed Income	25	4.92	1.23
Alternative Investments	13	6.54	0.85
Totals	<u>100%</u>		6.18%
Inflation			<u>2.25</u>
Expected Arithmetic Nominal Return			<u>8.43%</u>

SHERIFFS' PENSION AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

4. NET PENSION LIABILITY OF EMPLOYERS: (Continued)

The discount rate used to measure the total pension liability was 6.85% for each of the years ending June 30, 2023 and 2022. 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, 2023 and 2022:

	2023		
	<u>Changes in Discount Rate</u>		
	1%	Current	1%
	Decrease	Discount	Increase
	<u>5.85%</u>	<u>6.85%</u>	<u>7.85%</u>
Net Pension Liability	\$ <u>1,557,207,939</u>	\$ <u>878,777,277</u>	\$ <u>312,977,761</u>

	2022		
	<u>Changes in Discount Rate</u>		
	1%	Current	1%
	Decrease	Discount	Increase
	<u>5.85%</u>	<u>6.85%</u>	<u>7.85%</u>
Net Pension Liability	\$ <u>1,439,264,738</u>	\$ <u>812,786,268</u>	\$ <u>290,412,781</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, 2023 and 2022, respectively:

SHERIFFS' PENSION AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

5. INVESTMENT FAIR VALUE: (Continued)

	June 30, 2023	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:				
Short-term	\$ 142,406,031	\$ 69,841,006	\$ 9,581,538	\$ 62,983,487
Fixed income securities:				
U.S. treasury and government obligations	657,101,692	401,091,850	256,009,842	-
Asset backed securities	9,392,834	299,808	9,093,026	-
Commingled bond funds & other short-term	137,954,295	-	137,954,295	-
Corporate bonds - domestic	226,130,261	-	226,130,261	-
Corporate bonds - foreign	61,493,493	-	61,493,493	-
Emerging market debt	57,408,361	57,408,361	-	-
International fixed income	9,784,035	-	9,784,035	-
Mortgage backed securities	6,023,276	-	6,023,276	-
Total fixed income securities	<u>1,165,288,247</u>	<u>458,800,019</u>	<u>706,488,228</u>	<u>-</u>
Equity Securities:				
Domestic equities	741,870,831	741,870,831	-	-
Equity funds - domestic	1,012,483,768	455,100,548	557,383,220	-
Foreign equities	190,894,055	190,894,055	-	-
Equity funds - foreign	545,120,082	201,202,655	343,917,427	-
Total equity securities	<u>2,490,368,736</u>	<u>1,589,068,089</u>	<u>901,300,647</u>	<u>-</u>
Total Investments at Fair Value Level	<u>3,798,063,014</u>	<u>\$ 2,117,709,114</u>	<u>\$ 1,617,370,413</u>	<u>\$ 62,983,487</u>
Investments measured at the net asset value (NAV):				
Commingled bond funds	\$ 2,723,388			
Equity funds - foreign	246,652,267			
Alternative investments:				
Commingled funds	182,091,808			
Hedge funds	60,708,473			
Real estate funds	<u>357,828,862</u>			
Total Investments at NAV	<u>850,004,798</u>			
Investment derivatives				
Futures	5,391,896	5,391,896	-	-
Total Investment Derivatives	<u>5,391,896</u>	<u>5,391,896</u>	<u>-</u>	<u>-</u>
Total Investments at Fair value	<u>\$ 4,653,459,708</u>			

SHERIFFS' PENSION AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

5. INVESTMENT FAIR VALUE: (Continued)

	June 30, 2022	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:				
Short-term	\$ 251,304,857	\$ 168,239,960	\$ 4,635,785	\$ 78,429,112
Fixed income securities:				
U.S. treasury and government obligations	565,576,676	362,812,316	202,764,360	-
Asset backed securities	6,825,355	310,852	6,514,503	-
Commingled bond funds & other short-term	131,269,160	-	131,269,160	-
Corporate bonds - domestic	224,379,709	-	224,379,709	-
Corporate bonds - foreign	61,932,713	-	61,932,713	-
Emerging market debt	54,861,634	54,861,634	-	-
International fixed income	9,492,400	159,222	9,333,178	-
Mortgage backed securities	7,738,550	-	7,738,550	-
Total fixed income securities	<u>1,062,076,197</u>	<u>418,144,024</u>	<u>643,932,173</u>	<u>-</u>
Equity Securities:				
Domestic equities	646,609,263	646,609,263	-	-
Equity funds - domestic	877,515,911	393,196,140	484,319,771	-
Foreign equities	154,647,880	154,647,880	-	-
Equity funds - foreign	478,309,466	168,637,686	309,671,780	-
Total equity securities	<u>2,157,082,520</u>	<u>1,363,090,969</u>	<u>793,991,551</u>	<u>-</u>
Total Investments at Fair Value Level	<u>3,470,463,574</u>	<u>\$ 1,949,474,953</u>	<u>\$ 1,442,559,509</u>	<u>\$ 78,429,112</u>
Investments measured at the net asset value (NAV):				
Commingled bond funds	\$ 12,249,093			
Equity funds - foreign	211,639,397			
Alternative investments:				
Commingled funds	181,462,061			
Hedge funds	57,844,985			
Real estate funds	<u>398,179,660</u>			
Total Investments at NAV	<u>861,375,196</u>			
Investment derivatives				
Futures	<u>(2,965,775)</u>	<u>(2,965,775)</u>	<u>-</u>	<u>-</u>
Total Investment Derivatives	<u>(2,965,775)</u>	<u>(2,965,775)</u>	<u>-</u>	<u>-</u>
Total Investments at Fair value	<u>\$ 4,328,872,995</u>			

SHERIFFS' PENSION AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

5. INVESTMENT FAIR VALUE: (Continued)

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

Derivative instruments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those derivatives. Short-term 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, 2023 is presented on the following table:

	Net Asset Value June 30, 2023	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled Bond Funds	\$ 2,723,388	\$ -	Daily	Daily
Equity funds - foreign	246,652,267	-	Daily	Daily
Commingled Funds	182,091,808	-	Daily, Quarterly, Biannually, Annually	1 - 120 days
Hedge Funds	60,708,473	-	6-12 Months	95 days
Real Estate Funds	357,828,862	-	Daily, Quarterly	1 - 110 days
Total Investments at NAV	<u>\$ 850,004,798</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, 2022 is presented on the following table:

	Net Asset Value June 30, 2022	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled Bond Funds	\$ 12,249,093	\$ -	Daily	Daily
Equity funds - foreign	211,639,397	-	Daily	Daily
Commingled Funds	181,462,061	-	Daily, Quarterly, Biannually, Annually	1 - 120 days
Hedge Funds	57,844,985	-	6-12 Months	95 days
Real Estate Funds	398,179,660	-	Daily, Quarterly	1 - 110 days
Total Investments at NAV	<u>\$ 861,375,196</u>	<u>\$ -</u>		

SHERIFFS' PENSION AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

5. INVESTMENT FAIR VALUE: (Continued)

Commingled Bond Funds:

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

Foreign Equity Fund:

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

Commingled Funds:

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

Hedge Funds:

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

SHERIFFS' PENSION AND RELIEF FUND
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

5. INVESTMENT FAIR VALUE: (Continued)

Real Estate Funds:

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

6. DEPOSITS AND INVESTMENTS:

The following are the components of the Fund's deposits and investments at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Deposits (bank balance)	\$ 23,780,664	\$ 17,985,436
Investments	<u>4,653,459,708</u>	<u>4,328,872,995</u>
	<u>\$ 4,677,240,372</u>	<u>\$ 4,346,858,431</u>

Deposits:

At June 30, 2023 and 2022, the Fund's bank deposits were fully insured or collateralized with securities held by the Federal Reserve Bank in joint custody.

Investments:

At June 30, 2023 and 2022 short-term investments in the amount of \$62,228,255 and \$154,523,619, respectively, consisted of asset backed securities, collateralized mortgage obligations and U.S. treasury bills. These funds are held by a sub-custodian, are managed by separate money managers and are in the name of the custodial bank with the Fund as the beneficial owner. For the years ended June 30, 2023 and 2022, short-term investments in the amount of \$62,983,487 and \$78,429,111, respectively, consisted of pooled investments held in the name of the investment manager with the Fund as the beneficial owner.

At June 30, 2023 and 2022, short-term investments also included amounts invested in the Louisiana Asset Management Pool (LAMP), a local government investment pool, totaling \$17,194,289 and \$18,352,127, respectively.

SHERIFFS' PENSION AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

6. DEPOSITS AND INVESTMENTS: (Continued)

Investments: (Continued)

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

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

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

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

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

Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. 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 or 762 days for U.S. Government floating / variable rate investments. The weighted average maturity for LAMP's total investments is 164 days as of June 30, 2023.

Foreign currency risk: Not applicable.

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

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

SHERIFFS' PENSION AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

6. DEPOSITS AND INVESTMENTS: (Continued)

Investments: (Continued)

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, 2023 and 2022, of each manager's portfolio allocation at market value for domestic, international, and emerging market equities.
- c) Maximum single bond ownership shall not exceed 5% of each manager's portfolio market value, excluding securities issued or guaranteed by the U. S. Government, its Agencies, or Government Sponsored Enterprises or securities or loans collateralized by such investments.
- d) Mortgages, as a percentage of each advisor's fixed income portfolio at market value, shall not be more than 10% greater than the mortgage sector's current percent of the Barclay's Aggregate index. Collateralized mortgage obligations shall not exceed 15% of each advisor's fixed income portfolio at market value.

At June 30, 2023 and 2022, 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, 2023 and 2022:

SHERIFFS' PENSION AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

6. DEPOSITS AND INVESTMENTS: (Continued)

Credit Risk: (Continued)

2023

	Corporate Bonds - Domestic	Corporate Bonds - Foreign	Mortgage- Backed & Collateralized Mortgage Obligations	U.S. Treasury and Government Agency Obligations	Other	Total
AAA	\$ 18,532,708	\$ 12,715,832	\$ 6,009,404	\$ 321,935,945	\$ -	\$ 359,193,889
AA	9,447,681	2,640,752	3,907,662	-	-	15,996,095
A	68,668,089	13,555,534	478,629	-	1,566,164	84,268,416
BAA	98,941,877	17,337,165	184,525	-	5,191,219	121,654,786
BA	11,306,373	1,323,414	-	-	1,068,870	13,698,657
B	2,026,380	4,088,705	300,194	-	-	6,415,279
CAA	-	-	-	-	-	-
CA	-	-	76,179	-	60,315	136,494
Not Rated	<u>17,207,153</u>	<u>9,832,091</u>	<u>4,459,517</u>	<u>335,165,747</u>	<u>197,260,123</u>	<u>563,924,631</u>
	<u>\$ 226,130,261</u>	<u>\$ 61,493,493</u>	<u>\$ 15,416,110</u>	<u>\$ 657,101,692</u>	<u>\$ 205,146,691</u>	<u>\$ 1,165,288,247</u>

2022

	Corporate Bonds - Domestic	Corporate Bonds - Foreign	Mortgage- Backed & Collateralized Mortgage Obligations	U.S. Treasury and Government Agency Obligations	Other	Total
AAA	\$ 16,194,115	\$ 14,585,286	\$ 4,039,909	\$ 209,436,334	\$ 148,230	\$ 244,403,874
AA	9,457,401	2,462,338	4,542,648	-	-	16,462,387
A	57,203,757	9,637,395	375,967	-	1,335,228	68,552,347
BAA	103,402,856	19,083,256	462,059	-	6,184,737	129,132,908
BA	15,677,319	6,512,660	7,725	-	716,281	22,913,985
B	2,132,346	-	123,642	-	-	2,255,988
CAA	-	-	3,058	-	-	3,058
CA	-	-	111,361	-	38,508	149,869
Not Rated	<u>20,311,915</u>	<u>9,651,778</u>	<u>4,897,536</u>	<u>356,140,342</u>	<u>187,200,210</u>	<u>578,201,781</u>
	<u>\$ 224,379,709</u>	<u>\$ 61,932,713</u>	<u>\$ 14,563,905</u>	<u>\$ 565,576,676</u>	<u>\$ 195,623,194</u>	<u>\$ 1,062,076,197</u>

The Fund invests in a high yield fund. As of June 30, 2023 and 2022, the market value of the fund was \$2,723,388 and \$4,820,793, respectively. The rating of approximately 84% as of June 30, 2023 and 78% as of June 30, 2022 of the underlying asset of the fund ranged from B to BBB.

SHERIFFS' PENSION AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

6. DEPOSITS AND INVESTMENTS: (Continued)

Credit Risk: (Continued)

The Fund invests in an asset-backed securities fund. As of June 30, 2023 and 2022, the market value of the fund was \$-0- and \$7,428,300, respectively. The credit rating of the fund was A as of June 30, 2022.

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

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

Custodial Credit Risk:

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the Fund will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Fund is not exposed to custodial credit risk at June 30, 2023 and 2022 for investments in the amount of \$4,653,459,708 and \$4,328,872,995, respectively, since the investments are held in the name of the Fund. At June 30, 2023 and 2022, collateral held under securities lending in the amount of \$13,310,999 and \$15,489,138, respectively, and non-cash collateral received under the securities lending program in the amount of \$22,790,120 and \$27,489,097, 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. The Fund has no formal policy regarding custodial credit risk.

Foreign Currency Risk:

Foreign currency risk is defined as the risk that changes in exchange rates will adversely affect the fair value of an investment. The Fund's exposure to foreign currency risk is limited to its investment in foreign marketable securities at June 30, 2023 and 2022 as follows:

SHERIFFS' PENSION AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

6. DEPOSITS AND INVESTMENTS: (Continued)

Foreign Currency Risk: (Continued)

Fair Value at June 30, 2023:

Currency	Foreign Equities	Fixed Income	Cash and Other	Total
Australian dollar	\$ 7,336,077	\$ -	\$ 6,579	\$ 7,342,656
Canadian dollar	1,315,718	-	39,035	1,354,753
Danish krone	2,940,569	-	95,436	3,036,005
European euro	56,021,530	1,174,434	560,814	57,756,778
Hong Kong dollar	3,046,491	-	37,054	3,083,545
Hungarian Forint	-	-	3	3
Israeli shekel	2,117,516	-	63	2,117,579
Japanese yen	43,577,092	-	659,469	44,236,561
Mexican peso	-	279,026	266,070	545,096
New Zealand dollar	-	-	47,718	47,718
Norwegian krone	2,843,168	-	57,946	2,901,114
Peruvian sol	-	252,370	-	252,370
Pound sterling	9,623,904	251,693	15,548	9,891,145
Russian ruble	-	47,504	-	47,504
Singapore dollar	318,237	-	52,296	370,533
South African rand	-	-	45	45
Swedish krona	3,230,351	-	73,751	3,304,102
Swiss franc	9,447,387	-	380,943	9,828,330
Total	<u>\$ 141,818,040</u>	<u>\$ 2,005,027</u>	<u>\$ 2,292,770</u>	<u>\$ 146,115,837</u>

SHERIFFS' PENSION AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

6. DEPOSITS AND INVESTMENTS: (Continued)

Foreign Currency Risk: (Continued)

Fair Value at June 30, 2022:

<u>Currency</u>	<u>Foreign Equities</u>	<u>Fixed Income</u>	<u>Cash and Other</u>	<u>Total</u>
Australian dollar	\$ 4,727,976	\$ -	\$ 40,876	\$ 4,768,852
Brazil real	-	-	-	-
Danish krone	1,128,631	-	169,531	1,298,162
European euro	39,229,525	715,576	759,440	40,704,541
Hong Kong dollar	1,942,259	-	15,507	1,957,766
Israeli shekel	1,971,157	-	499,415	2,470,572
Japanese yen	37,901,539	-	593,425	38,494,964
Mexican peso	-	-	455,095	455,095
New Zealand dollar	-	-	64,275	64,275
Norwegian krone	2,061,692	-	28,227	2,089,919
Peruvian sol	-	-	875,710	875,710
Pound sterling	7,243,090	302,148	158,779	7,704,017
Russian ruble	-	61,982	958	62,940
Singapore dollar	315,783	-	50,855	366,638
South African rand	-	-	51	51
Swedish krona	5,704,881	-	94,793	5,799,674
Swiss franc	6,863,386	-	374,902	7,238,288
Total	<u>\$ 111,147,906</u>	<u>\$ 1,079,706</u>	<u>\$ 4,237,174</u>	<u>\$ 116,464,786</u>

The Fund also invests in various additional foreign securities which are denominated in U.S. Dollars. The Fund's policy regarding foreign currency risk states that the portfolio's investment manager may use currency-hedging strategies to protect against adverse currency movements as allowed in each manager's investment manager agreement. Portfolios can be hedged back to the base currency (the U.S. dollar). Additionally, maximum exposure to non-dollar securities at current market value shall not exceed 10% of each investment manager's total fixed income portfolio.

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. The Fund's investment policy dictates that for each fixed income manager's portfolio, the effective duration is permitted to range +/- 0.5 years relative to the duration of the benchmark at all times. At June 30, 2023 and 2022, the Fund had the following investments in long-term debt securities and maturities:

SHERIFFS' PENSION AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

6. DEPOSITS AND INVESTMENTS: (Continued)

Interest Rate Risk: (Continued)

<u>Investment Type</u>	<u>2023</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. Treasury and					
Government agency obligations	\$ 657,101,692	\$ 315,659,909	\$ 2,077,675	\$ 55,772,246	\$ 283,591,862
Other bonds:					
Corporate Bonds - domestic	226,130,261	9,647,244	92,307,146	54,656,367	69,519,504
Corporate Bonds - foreign	61,493,493	1,230,447	20,820,334	16,726,652	22,716,060
Mortgage-backed securities and					
Collateralized mortgage obligations	15,416,110	384,008	4,093,210	300,857	10,638,035
Other	205,146,691	196,561,084	2,246,631	1,724,363	4,614,613
	<u>\$ 1,165,288,247</u>	<u>\$ 523,482,692</u>	<u>\$ 121,544,996</u>	<u>\$ 129,180,485</u>	<u>\$ 391,080,074</u>
Collateral held under					
Securities Lending Program	<u>\$ 13,310,999</u>	<u>\$ 13,310,999</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Investment Type</u>	<u>2022</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. Treasury and					
Government agency obligations	\$ 565,576,676	\$ 263,111,283	\$ 4,264,567	\$ 61,936,780	\$ 236,264,046
Other Bonds:					
Corporate Bonds - domestic	224,379,709	10,010,831	75,959,347	62,111,860	76,297,671
Corporate Bonds - foreign	61,932,713	2,840,166	17,101,749	17,197,906	24,792,892
Mortgage-backed securities and					
Collateralized mortgage obligations	14,563,905	162,966	711,421	977,399	12,712,119
Other	195,623,194	186,500,378	1,298,674	4,092,554	3,731,588
	<u>\$ 1,062,076,197</u>	<u>\$ 462,625,624</u>	<u>\$ 99,335,758</u>	<u>\$ 146,316,499</u>	<u>\$ 353,798,316</u>
Collateral held under					
Securities Lending Program	<u>\$ 15,489,138</u>	<u>\$ 15,489,138</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

The high yield fund with a market value of \$2,723,388 and \$4,820,793 as of June 30, 2023 and 2022, respectively, had an average duration ranging between 3.10 and 4.50 years over the last five years ended June 30, 2023.

The asset-backed securities fund with a market value of \$-0- and \$7,428,300 as of June 30, 2023 and 2022, respectively, had a duration of 2.11 years for the year ended June 30, 2022.

SHERIFFS' PENSION AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

6. DEPOSITS AND INVESTMENTS: (Continued)

Money-Weighted Rate of Return:

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense for the year ended June 30, 2023 and 2022 was 9.64% and (11.33%) respectively. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

7. SECURITIES LENDING PROGRAM:

State statutes and board of trustee policies authorize the Fund to invest under the Prudent-Man Rule. Under the Prudent-Man Rule, the Fund is allowed to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The Fund enters into a contract with a company, which acts as their third-party securities lending agent. The lending agent has access to the Fund's lendable portfolio or available assets. The agent lends available assets such as U.S. Treasury, government-guaranteed and corporate fixed income securities, and equities. The lending agent has discretion over the selection of borrowers and continually reviews credit worthiness of potential borrowers through adequate analysis of all material provided to them; however, the Fund may restrict borrowers. All loans are fully collateralized with cash, government securities, or irrevocable letters of credit. Collateralization of loans is required to be 102% of the market value of the loaned securities plus accrued income. As a result of the required collateralization percentage, the Fund has no credit risk.

All security loans can be terminated on demand by either the Fund or the borrower, although the average term of securities on loan as of June 30, 2023 is 132 days and as of June 30, 2022, is 148 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:

<u>Security Type</u>	<u>Fair Value of Securities on Loan June 30, 2023</u>	<u>Fair Value of Securities on Loan June 30, 2022</u>
U.S. Government & agency securities	\$ 6,493,784	\$ 5,667,053
Corporate bonds	8,981,029	5,185,194
Equities	19,249,028	30,339,287
Total	<u>\$ 34,723,841</u>	<u>\$ 41,191,534</u>

SHERIFFS' PENSION AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

7. SECURITIES LENDING PROGRAM: (Continued)

Securities on loan at June 30, 2023 and 2022 are collateralized by cash collateral in the amount of \$13,310,999 and \$15,489,138, and noncash collateral in the amount of \$22,790,120 and \$27,489,097, for total amount of collateral held in the amount of \$36,101,119 and \$42,978,235, respectively.

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

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

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

8. EMPLOYEES' DEFERRED COMPENSATION PLAN:

The Sheriffs' Pension and Relief Fund offers its employees a deferred compensation plan, created in accordance with Internal Revenue Code Section 457. The Plan, available to all employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or unforeseen emergency. The Board of Trustees has authorized matching contributions to be made to the plan by the Fund on behalf of the employees. The contributions for the years ended June 30, 2023 and 2022 totaled \$40,651 and \$50,246, respectively.

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

9. ANNUAL AND SICK LEAVE:

Employees' leave is accrued at rates of 12 to 20 days per year depending upon length of service. Upon separation, employees are compensated for accumulated annual leave, up to a maximum of 60 days. Employees are not compensated for accumulated sick leave upon termination. The liability for annual leave accrued at June 30, 2023 and 2022 was \$106,463 and \$115,615, respectively.

SHERIFFS' PENSION AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

10. OPERATING BUDGET:

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

11. CAPITAL ASSETS:

A summary of changes in capital assets follows:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2023</u>
Land	\$ 92,692	\$ -	\$ -	\$ 92,692
Building	2,864,851	7,071	-	2,871,922
Vehicles	26,730	-	-	26,730
Office furniture and equipment	<u>1,039,679</u>	<u>27,330</u>	<u>(26,907)</u>	<u>1,040,102</u>
	4,023,952	34,401	(26,907)	4,031,446
Accumulated depreciation	<u>(2,103,591)</u>	<u>(107,200)</u>	<u>26,907</u>	<u>(2,183,884)</u>
Total	<u>\$ 1,920,361</u>	<u>\$ (72,799)</u>	<u>\$ -----</u>	<u>\$ 1,847,562</u>

Depreciation expense for the years ended June 30, 2023 and 2022 totaled \$107,200 and \$126,656, respectively.

12. OTHER RECEIVABLES AND PREPAIDS:

The following is a schedule of other receivables and prepaid expenses at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Other receivables:		
Pension	\$ 235,670	\$ 275,235
Taxes	36,960	38,168
Other investment receivables	<u>1,819,432</u>	<u>14,875,597</u>
Total other receivables	2,092,062	15,189,000
Prepaid expenses	<u>65,331</u>	<u>31,476</u>
Total Receivables and Prepaids	<u>\$ 2,157,393</u>	<u>\$ 15,220,476</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, 2023 AND 2022

13. POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS:

Plan Description:

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

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

Benefits Provided:

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

Employees Covered by Benefit Terms:

As of June 30, 2023 and 2022, the following employees were covered by benefits terms:

	<u>2023</u>	<u>2022</u>
Active	13	12
Retired	<u>6</u>	<u>4</u>
Total	<u>19</u>	<u>16</u>

Contributions:

The OPEB Plan is currently financed on a pay as you go basis. During the years ended June 30, 2023 and 2022, the Fund contributed \$496 and \$478 per month, respectively, for retiree-only coverage with Medicare or \$714 and \$687 per month, respectively, for retiree-only coverage without Medicare. During the fiscal years ended June 30, 2023 and 2022, the Fund paid \$41,037 and \$27,583 respectively, for insurance premiums.

SHERIFFS' PENSION AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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

Actuarial Methods and Assumptions:

The Fund's total OPEB liability of \$2,362,512 and \$2,038,579 as of June 30, 2023 and 2022, 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, 2023 and 2022:

<u>Description</u>	<u>Assumption Used</u>
Measurement Date:	June 30, 2023 and 2022
Actuarial Cost Method:	Entry Age
Amortization Method:	Level Percentage of Payroll
Amortization Period:	20 years
Bond Yield:	2023 – 4.13% 2022 – 4.09%
Discount Rate:	2023 – 4.13% 2022 – 4.09%
Projected Salary Increases:	2023 – 5.00% 2022 – 5.00%
Average Retirement Age:	62
Percentage Participation:	100%

SHERIFFS' PENSION AND RELIEF FUND
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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

Actuarial Methods and Assumptions: (Continued)

NOL and ADC:	Calculated using the Alternative Measurement Method in accordance with GASB methodology.	
Mortality:	Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years, for 2023 and 2022.	
Turnover Assumption:	Derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement System.	
Health Care Cost Trends:	<u>2023</u>	<u>2022</u>
Health	4.20% - 4.70%	4.20% - 4.70%
Pharmacy	4.20% - 5.20%	4.20% - 5.20%
Dental	3.00% - 3.50%	3.00% - 3.50%
Vision	3.00%	3.00%

Discount Rate:

The discount rate used to measure the total OPEB liability at June 30, 2023 and 2022 was 4.13% and 4.09%, 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 increased to 4.13% in the June 30, 2023 valuation from 4.09% as of July 1, 2022.

The discount rate used to measure the total OPEB liability was increased to 4.09% in the June 30, 2022 valuation from 2.18% as of July 1, 2021.

SHERIFFS' PENSION AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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

Changes in the total OPEB liability:

The following table presents the changes in the Fund's total OPEB liability, for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Balance as of July 1,	\$ <u>2,038,579</u>	\$ <u>2,834,492</u>
Changes for the year:		
Service cost	50,473	100,461
Interest on total OPEB obligation	84,611	63,683
Effect of economic/demographic		
Gains or losses	245,188	(17,540)
Changes in assumptions	(15,302)	(914,934)
Benefits payments	<u>(41,037)</u>	<u>(27,583)</u>
Net changes	<u>323,933</u>	<u>(795,913)</u>
Ending Balance as of June 30,	\$ <u>2,362,512</u>	\$ <u>2,038,579</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, 2023 and 2022:

	<u>June 30, 2023</u>		
	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
Total OPEB Liability	\$ <u>2,802,258</u>	\$ <u>2,362,512</u>	\$ <u>2,023,370</u>
	<u>June 30, 2022</u>		
	1% Decrease (3.09%)	Current Discount Rate (4.09%)	1% Increase (5.09%)
Total OPEB Liability	\$ <u>2,458,750</u>	\$ <u>2,038,579</u>	\$ <u>1,717,880</u>

SHERIFFS' PENSION AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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

Changes in the total OPEB liability: (Continued)

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

The following presents the total OPEB liability of the Fund, as well as what the Fund's total OPEB liability would be if it were calculated using health care cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates as of June 30, 2023 and 2022:

		<u>June 30, 2023</u>		
		<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Trend Rates</u>	<u>1%</u> <u>Increase</u>
Total OPEB Liability	\$	<u>2,122,479</u>	\$	<u>2,362,512</u>
			\$	<u>2,674,453</u>
		<u>June 30, 2022</u>		
		<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Trend Rates</u>	<u>1%</u> <u>Increase</u>
Total OPEB Liability	\$	<u>1,808,609</u>	\$	<u>2,038,579</u>
			\$	<u>2,342,671</u>

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

For the years ended June 30, 2023 and 2022, the Fund recognized an OPEB expense of \$414,040 and OPEB benefit of \$(719,260), respectively. At June 30, 2023 and 2022, the Fund reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		<u>2023</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	\$	<u>-</u>	\$
Changes of assumptions		<u>790,617</u>	<u>-</u>
Total	\$	<u>790,617</u>	<u>228,291</u>
		<u>2022</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	\$	<u>-</u>	\$
Changes of assumptions		<u>855,454</u>	<u>-</u>
Total	\$	<u>855,454</u>	<u>244,058</u>

SHERIFFS' PENSION AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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

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

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

Year ending June 30:	
2024	\$ 49,070
2025	49,070
2026	49,070
2027	49,070
2028	49,070
Thereafter	316,976
Total	<u>\$ 562,326</u>

Payables to the OPEB Plan:

For each of the years ended June 30, 2023 and 2022, the Fund reported \$-0- for the outstanding amount of contributions payable to the OPEB plan.

14. DERIVATIVES:

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

The Fund invests in futures contracts for the purpose of maintaining market exposure for excess cash. Futures contracts are standardized, exchange-traded contracts to purchase or sell a specific financial instrument at a predetermined price. Gains and losses on futures contracts are settled daily based on a notional (underlying) principal value and do not involve an actual transfer of the specific instrument. The exchange assumes the risk that the counterparty will not pay and generally requires margin payments to minimize such risk. Futures are used primarily as a tool to increase or decrease market exposure to various asset classes. At June 30, 2023 and 2022, the Plan has the following derivative instruments categorized as investment derivative instruments:

SHERIFFS' PENSION AND RELIEF FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

14. DERIVATIVES: (Continued)

June 30, 2023

	<u>Notional Amount</u>	<u>Fair Market Value</u>	<u>Unrealized Gain / (Loss)</u>
Fixed Income			
Futures	\$ (71,009,338)	\$ 855,491	\$ 292,874
Cash & Cash Equivalents			
Futures - SOFR	2,377,025	262,499	131,411
Cash & Cash Equivalents			
Futures - EUR	-	-	517,798
Equity			
Futures	123,651,288	4,273,906	7,300,988

June 30, 2022

	<u>Notional Amount</u>	<u>Fair Market Value</u>	<u>Unrealized Gain / (Loss)</u>
Fixed Income			
Futures	\$ (63,288,980)	\$ 568,843	\$ 1,051,995
Cash & Cash Equivalents			
Futures - SOFR	462,863	10,262	10,262
Cash & Cash Equivalents			
Futures - EUR	38,351,136	(517,798)	(447,692)
Equity			
Futures	106,669,908	(3,027,082)	(5,039,660)

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, 2023 AND 2022

14. DERIVATIVES: (Continued)

Foreign Currency Risk:

The Fund is exposed to foreign currency risk on its fixed income futures contracts which are denominated in Euros. At June 30, 2023 and 2022, the fair value of the futures contracts denominated in Euros was \$-0- and \$(517,798), 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.

SHERIFFS' PENSION AND RELIEF FUND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF CHANGES IN NET PENSION LIABILITY (ASSET)
FOR THE TEN YEARS ENDED JUNE 30, 2023

	2023	2022	2021	2020	2019
Total Pension Liability					
Service Cost	\$ 129,286,068	\$ 125,475,394	\$ 125,252,527	\$ 128,753,897	\$ 122,194,560
Interest	345,618,167	329,250,385	317,616,846	304,321,269	291,566,280
Changes of Benefit Terms	46,710,748 ¹	-	20,377,853	-	-
Difference Between Expected and Actual Experience	168,797,686	46,736,342	(16,723,741)	(19,583,200)	(17,197,440)
Changes of Assumptions	-	28,392,554	36,180,573	72,250,082	71,727,193
Retirement Benefits	(254,395,127)	(241,221,764)	(230,279,041)	(209,169,816)	(193,696,425)
Refunds and Transfers of Member Contributions	(12,607,169)	(11,757,376)	(13,961,936)	(9,121,593)	(8,691,521)
Net Change in Total Pension Liability	423,410,373	276,875,535	238,463,081	267,450,639	265,902,647
Total Pension Liability - Beginning	5,047,524,657	4,770,649,122	4,532,186,041	4,264,735,402	3,998,832,755
Total Pension Liability - Ending (a)	\$ 5,470,935,030	\$ 5,047,524,657	\$ 4,770,649,122	\$ 4,532,186,041	\$ 4,264,735,402
Plan Fiduciary Net Position					
Contributions - Employer	\$ 92,411,681	\$ 91,098,923	\$ 89,432,304	\$ 90,588,390	\$ 86,137,323
Contributions - Member	82,357,712	75,993,308	74,767,454	75,764,207	71,306,407
Contributions - Nonemployer Contributing Entities	48,138,539	46,237,298	46,191,649	44,726,080	42,360,460
Net Investment Income (loss)	404,191,336	(544,399,207)	1,016,276,582	57,768,689	181,005,669
Retirement Benefits	(254,395,127)	(241,221,764)	(230,279,041)	(209,169,816)	(193,696,425)
Refunds and Transfers of Member Contributions	(12,607,169)	(11,757,376)	(13,961,936)	(9,121,593)	(8,691,521)
OPEB Benefit (Expense)	(414,040)	719,260	(352,919)	(207,561)	(199,232)
Administrative Expenses	(2,156,368)	(2,009,541)	(1,823,657)	(1,868,095)	(1,765,035)
Depreciation Expense	(107,200)	(126,656)	(117,027)	(122,077)	(113,039)
Net Change in Plan Fiduciary Net Position	357,419,364	(585,465,755)	980,133,409	48,358,224	176,344,607
Plan Fiduciary Net Position - Beginning	4,234,738,389	4,820,204,144	3,840,070,735	3,791,712,511	3,615,367,904
Change in Accounting Principle	-	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	4,592,157,753	4,234,738,389	4,820,204,144	3,840,070,735	3,791,712,511
Net Pension Liability (Asset) - Ending (a) - (b)	\$ 878,777,277	\$ 812,786,268	\$ (49,555,022)	\$ 692,115,306	\$ 473,022,891
Plan Fiduciary Net Position as a % of Total Pension Liability	83.94%	83.90%	101.04%	84.73%	88.91%
Covered Payroll	\$ 803,579,835	\$ 743,664,678	\$ 730,059,624	\$ 738,071,698	\$ 701,783,004
Net Pension Liability as a % of Covered Payroll	109.36%	109.29%	N/A	93.77%	67.40%

¹ The COLA approved during the year ended June 30, 2023 was granted only to those retirees over the age of 61, if they were retired for at least one year, or if they were retired for at least three years and had not yet attained age 61. The COLA was prefunded from funds accumulated and reserved in the funding deposit account. Therefore, the benefit increase did not result in an increase to the Funds' future liability to retirees and beneficiaries.

(Continued)

SHERIFFS' PENSION AND RELIEF FUND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF CHANGES IN NET PENSION LIABILITY (ASSET)
FOR THE TEN YEARS ENDED JUNE 30, 2023

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability					
Service Cost	\$ 120,192,459	\$ 116,587,142	\$ 113,145,678	\$ 110,234,168	\$ 107,079,257
Interest	280,213,884	267,976,249	255,538,471	243,675,277	232,540,719
Changes of Benefit Terms	28,193,391	-	-	20,857,099	-
Difference Between Expected and Actual Experience	(63,618,781)	(29,559,195)	(30,213,211)	(24,230,357)	(49,042,594)
Changes of Assumptions	65,732,028	41,953,740	39,348,710	786,746	35,200,402
Retirement Benefits	(180,414,500)	(167,386,535)	(149,210,559)	(139,219,191)	(127,604,168)
Refunds and Transfers of Member Contributions	<u>(12,860,147)</u>	<u>(13,332,432)</u>	<u>(11,578,943)</u>	<u>(13,111,071)</u>	<u>(11,498,541)</u>
Net Change in Total Pension Liability	237,438,334	216,238,969	217,030,146	198,992,671	186,675,075
Total Pension Liability - Beginning	<u>3,761,394,421</u>	<u>3,545,155,452</u>	<u>3,328,125,306</u>	<u>3,129,132,635</u>	<u>2,942,457,560</u>
Total Pension Liability - Ending (a)	<u>\$ 3,998,832,755</u>	<u>\$ 3,761,394,421</u>	<u>\$ 3,545,155,452</u>	<u>\$ 3,328,125,306</u>	<u>\$ 3,129,132,635</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 87,830,131	\$ 91,758,224	\$ 93,996,292	\$ 94,496,664	\$ 89,359,583
Contributions - Member	70,631,946	70,997,859	70,094,659	68,009,895	65,974,932
Contributions - Nonemployer Contributing Entities	40,825,293	39,695,198	38,845,486	37,442,873	35,621,011
Net Investment Income (loss)	284,279,433	397,949,672	(12,277,606)	103,374,920	410,664,372
Retirement Benefits	(180,414,500)	(167,386,535)	(149,210,559)	(139,219,191)	(127,604,168)
Refunds and Transfers of Member Contributions	(12,860,147)	(13,332,432)	(11,578,943)	(13,111,071)	(11,498,541)
OPEB Benefit (Expense)	(159,342)	-	-	-	-
Administrative Expenses	(1,747,340)	(1,670,725)	(1,658,172)	(1,640,879)	(1,491,074)
Depreciation Expense	<u>(114,350)</u>	<u>(110,159)</u>	<u>(118,771)</u>	<u>(111,758)</u>	<u>(157,122)</u>
Net Change in Plan Fiduciary Net Position	288,271,124	417,901,102	28,092,386	149,241,453	460,868,993
Plan Fiduciary Net Position - Beginning	3,328,367,058	2,910,465,956	2,882,373,570	2,733,132,117	2,272,263,124
Change in Accounting Principle	<u>(1,270,278)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan Fiduciary Net Position - Ending (b)	<u>3,615,367,904</u>	<u>3,328,367,058</u>	<u>2,910,465,956</u>	<u>2,882,373,570</u>	<u>2,733,132,117</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 383,464,851</u>	<u>\$ 433,027,363</u>	<u>\$ 634,689,496</u>	<u>\$ 445,751,736</u>	<u>\$ 396,000,518</u>
Plan Fiduciary Net Position as a % of Total Pension Liability	90.41%	88.49%	82.10%	86.61%	87.34%
Covered Payroll	\$ 688,863,773	\$ 692,514,898	\$ 683,609,396	\$ 663,134,484	\$ 643,337,531
Net Pension Liability as a % of Covered Payroll	55.67%	62.53%	92.84%	67.22%	61.55%

SHERIFFS' PENSION AND RELIEF FUND
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF EMPLOYERS' NET PENSION LIABILITY (ASSET)
FOR THE TEN YEARS ENDED JUNE 30, 2023

Fiscal Year <u>End</u>	Total Pension <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Employers' Net Pension <u>Liability (Asset)</u>	Plan Fiduciary Net Position as a % of Total Pension <u>Liability</u>	%	Covered <u>Payroll</u>	Employers' Net Pension Liability as a % of Covered <u>Payroll</u>
2023	\$ 5,470,935,030	\$ 4,592,157,753	\$ 878,777,277	83.94	%	\$ 803,579,835	109.36
2022	5,047,524,657	4,234,738,389	812,786,268	83.90		743,664,678	109.29
2021	4,770,649,122	4,820,204,144	(49,555,022)	101.04		730,059,624	N/A
2020	4,532,186,041	3,840,070,735	692,115,306	84.73		738,071,698	93.77
2019	4,264,735,402	3,791,712,511	473,022,891	88.91		701,783,004	67.40
2018	3,998,832,755	3,615,367,904	383,464,851	90.41		688,863,773	55.67
2017	3,761,394,421	3,328,367,058	433,027,363	88.49		692,514,898	62.53
2016	3,545,155,452	2,910,465,956	634,689,496	82.10		683,609,396	92.84
2015	3,328,125,306	2,882,373,570	445,751,736	86.61		663,134,484	67.22
2014	3,129,132,635	2,733,132,117	396,000,518	87.34		643,337,531	61.55

SHERIFFS' PENSION AND RELIEF FUND
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF CONTRIBUTIONS
 EMPLOYER AND NON-EMPLOYER CONTRIBUTING ENTITIES
FOR THE TEN YEARS ENDED JUNE 30, 2023

Fiscal Year <u>End</u>	Actuarially Determined <u>Contribution</u>	Contributions in Relation to the Actuarially Determined <u>Liability</u>	Contribution Deficiency <u>(Excess)</u>	Covered <u>Payroll</u>	Contributions as a Percentage of Covered <u>Payroll</u>
2023	\$ 126,867,066	\$ 140,550,220	\$ (13,683,154)	\$ 803,579,835	17.49 %
2022	132,644,924	137,336,221	(4,691,297)	743,664,678	18.47
2021	122,879,347	135,623,953	(12,744,606)	730,059,624	18.58
2020	112,428,708	135,139,863	(22,711,155)	738,071,698	18.31
2019	108,811,242	128,328,878	(19,517,636)	701,783,004	18.29
2018	109,719,673	128,655,424	(18,935,751)	688,863,773	18.68
2017	105,465,110	131,453,422	(25,988,312)	692,514,898	18.98
2016	119,551,166	132,841,778	(13,290,612)	683,609,396	19.43
2015	132,152,310	131,939,537	212,773	663,134,484	19.90
2014	125,191,048	124,980,594	210,454	643,337,531	19.43

SHERIFFS' PENSION AND RELIEF FUND
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF INVESTMENT RETURNS
FOR THE TEN YEARS ENDED JUNE 30, 2023

Fiscal Year <u>End</u>	Annual Money-Weighted <u>Rate of Return*</u>
2023	9.64 %
2022	(11.33)
2021	26.73
2020	1.51
2019	5.04
2018	8.59
2017	13.75
2016	(0.45)
2015	3.82
2014	18.04

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

SHERIFFS' PENSION AND RELIEF FUND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE FUND'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE SIX YEARS ENDED JUNE 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability						
Service cost	\$ 50,473	\$ 100,461	\$ 80,808	\$ 72,460	\$ 74,024	\$ 49,743
Interest	84,611	63,683	69,888	69,563	76,138	51,690
Effect of economic/demographic gain or losses	245,188	(17,540)	(104,210)	(44,300)	(260,573)	(49,292)
Change of assumptions or other inputs	(15,302)	(914,934)	257,363	60,768	83,806	1,091,645
Benefit payments	<u>(41,037)</u>	<u>(27,583)</u>	<u>(31,639)</u>	<u>(33,855)</u>	<u>(33,158)</u>	<u>(25,349)</u>
Net change in total OPEB liability	323,933	(795,913)	272,210	124,636	(59,763)	1,118,437
 Total OPEB liability - beginning	 <u>2,038,579</u>	 <u>2,834,492</u>	 <u>2,562,282</u>	 <u>2,437,646</u>	 <u>2,497,409</u>	 <u>1,378,972</u>
 Total OPEB liability - ending	 <u>\$ 2,362,512</u>	 <u>\$ 2,038,579</u>	 <u>\$ 2,834,492</u>	 <u>\$ 2,562,282</u>	 <u>\$ 2,437,646</u>	 <u>\$ 2,497,409</u>
 Covered payroll	 \$ 947,873	 \$ 895,261	 \$ 829,815	 \$ 826,985	 \$ 799,750	 \$ 872,677
 Total OPEB liability as a % of covered payroll	 249%	 228%	 342%	 310%	 305%	 286%

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

SHERIFFS' PENSION AND RELIEF FUND
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023 AND 2022

1. SCHEDULE OF CHANGES IN NET PENSION LIABILITY:

The total pension liability contained in this schedule was provided by the Fund's actuary, Curran Actuarial Consulting, Ltd. 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 – EMPLOYER AND NON-EMPLOYER CONTRIBUTING ENTITIES:

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

4. SCHEDULE OF INVESTMENT RETURNS:

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

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

The information presented in the required supplementary schedules was used in the actuarial valuation for purposes of determining the actuarially determined contribution rate. The assumptions and methods used for the actuarial valuation were recommended by the actuary and adopted by the Board. Additional information on the assumptions and methods used as of the latest actuarial valuation are noted in Note 4, Net Pension Liability 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, 2023 AND 2022

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.

During the year ended June 30, 2021, the Fund granted a 2.0% Cost of Living Adjustment (COLA) to retired members and beneficiaries, effective January 1, 2021. The actuarial cost of the COLA was included as a change of benefit terms in the Schedule of Changes in Net Pension Liability for the year ended June 30, 2021. The COLA approved during the year ended June 30, 2021 was granted only to those retirees over the age of 65, and was prefunded from funds accumulated and reserved in the funding deposit account. Therefore, the benefit increase did not result in an increase to the employer contribution rate.

During the year ended June 30, 2023, the Fund granted a 2.5% Cost of Living Adjustment (COLA) to retired members and beneficiaries, effective January 1, 2023.

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, 2023	6.85% 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, 2022	6.85% 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, 2021	6.90% per annum	2.50% per annum	07/01/2014 - 06/30/2019 experience study, 5.00%	Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 120% for males and 115% for females, each with full generational projection using the MP2019 scale.

SHERIFFS' PENSION AND RELIEF FUND
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
JUNE 30, 2023 AND 2022

7. CHANGES OF ASSUMPTIONS: (Continued)

Pension Plan: (continued)

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

OPEB Plan:

During the year ended June 30, 2023, the discount rate increased to 4.13% from 4.09% as of July 1, 2022

During the year ended June 30, 2022, the discount rate increased to 4.09% from 2.18% as of July 1, 2021.

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

SHERIFFS' PENSION AND RELIEF FUND
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
JUNE 30, 2023 AND 2022

7. CHANGES OF ASSUMPTIONS: (Continued)

OPEB Plan: (Continued)

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, 2023

	ANNUITY RESERVE	ANNUITY SAVINGS	PENSION ACCUMULATION	DROP / BACK-DROP	FUNDING DEPOSIT ACCOUNT	TOTAL
BALANCES - BEGINNING OF YEAR \$	2,315,708,195	\$ 695,570,958	\$ 1,086,028,767	\$ 19,008,575	\$ 118,421,894	\$ 4,234,738,389
REVENUES AND TRANSFERS:						
Contributions	-	82,357,712	124,568,176	-	15,982,044	222,907,932
Net income from investments	-	-	395,405,246	674,190	8,111,900	404,191,336
Miscellaneous income	-	-	1,306	-	-	1,306
Annuities derived from accumulated savings and DROP	41,290,503	-	-	-	-	41,290,503
Contributions for purchased or transferred services	-	2,922,965	6,725,930	-	-	9,648,895
Transfer of post-DROP contributions	-	-	-	2,994,989	-	2,994,989
DROP pensions accumulated from Annuity Reserve	-	-	-	24,031,122	-	24,031,122
OPEB Benefit	-	-	-	-	-	-
Actuarial transfer	375,794,258	-	-	-	-	375,794,258
Total revenues, investment income and transfers	417,084,761	85,280,677	526,700,658	27,700,301	24,093,944	1,080,860,341
EXPENSES AND TRANSFERS:						
Retirement allowances paid during the period	235,761,031	-	-	-	-	235,761,031
Transfer to Annuity Reserve	-	32,854,216	-	8,436,287	-	41,290,503
Transfer of post-DROP contributions	-	2,994,989	-	-	-	2,994,989
Refunds to members	-	18,760,681	-	-	-	18,760,681
Administrative expenses, OPEB expense and depreciation expense	-	-	2,677,608	-	-	2,677,608
Funds transferred to other systems	-	-	3,496,689	-	-	3,496,689
Pensions paid into DROP	24,031,122	-	-	-	-	24,031,122
Pensions paid out of DROP	-	-	-	18,634,096	-	18,634,096
Actuarial transfer	-	-	329,083,510	-	46,710,748	375,794,258
Total expenses and transfers	259,792,153	54,609,886	335,257,807	27,070,383	46,710,748	723,440,977
Net change	157,292,608	30,670,791	191,442,851	629,918	(22,616,804)	357,419,364
BALANCES - END OF YEAR	\$ 2,473,000,803	\$ 726,241,749	\$ 1,277,471,618	\$ 19,638,493	\$ 95,805,090	\$ 4,592,157,753

SHERIFFS' PENSION AND RELIEF FUND
SUPPLEMENTARY INFORMATION
STATEMENTS OF CHANGES IN RESERVE BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

	ANNUITY RESERVE	ANNUITY SAVINGS	PENSION ACCUMULATION	DROP / BACK-DROP	FUNDING DEPOSIT ACCOUNT	TOTAL
BALANCES - BEGINNING OF YEAR	\$ 2,184,276,685	\$ 677,644,584	\$ 1,846,684,013	\$ 19,924,330	\$ 91,674,532	\$ 4,820,204,144
REVENUES AND TRANSFERS:						
Contributions	-	75,993,308	116,914,402	-	20,421,819	213,329,529
Net income (loss) from investments	-	-	(550,765,430)	40,680	6,325,543	(544,399,207)
Miscellaneous income	-	-	1,119	-	-	1,119
Annuities derived from accumulated savings and DROP	43,825,827	-	-	-	-	43,825,827
Contributions for purchased or transferred services	-	2,950,094	8,521,968	-	-	11,472,062
Transfer of post-DROP contributions	-	-	-	2,985,046	-	2,985,046
DROP pensions accumulated from Annuity Reserve	-	-	-	23,392,306	-	23,392,306
OPEB Benefit	-	-	719,260	-	-	719,260
Actuarial transfer	331,536,229	-	-	-	-	331,536,229
Total revenues, investment income and transfers	375,362,056	78,943,402	(424,608,681)	26,418,032	26,747,362	82,862,171
EXPENSES AND TRANSFERS:						
Retirement allowances paid during the period	220,538,240	-	-	-	-	220,538,240
Transfer to Annuity Reserve	-	37,175,564	-	6,650,263	-	43,825,827
Transfer of post-DROP contributions	-	2,985,046	-	-	-	2,985,046
Refunds to members	-	20,856,418	-	-	-	20,856,418
Administrative expenses, OPEB and depreciation	-	-	2,136,197	-	-	2,136,197
Funds transferred to other systems	-	-	2,374,139	-	-	2,374,139
Pensions paid into DROP	23,392,306	-	-	-	-	23,392,306
Pensions paid out of DROP	-	-	-	20,683,524	-	20,683,524
Actuarial transfer	-	-	331,536,229	-	-	331,536,229
Total expenses and transfers	243,930,546	61,017,028	336,046,565	27,333,787	-	668,327,926
Net change	131,431,510	17,926,374	(760,655,246)	(915,755)	26,747,362	(585,465,755)
BALANCES - END OF YEAR	\$ 2,315,708,195	\$ 695,570,958	\$ 1,086,028,767	\$ 19,008,575	\$ 118,421,894	\$ 4,234,738,389

SHERIFFS' PENSION AND RELIEF FUND
SUPPLEMENTARY INFORMATION
SCHEDULES OF ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Building maintenance	\$ 19,877	\$ 14,080
Computer services	44,640	35,780
Equipment maintenance	39,299	29,747
Equipment rental	6,016	5,844
Group medical and bond insurance	183,131	208,347
Janitorial, garage, yard	23,318	22,399
Leases - office equipment	5,515	5,528
Medical fees - members	5,265	12,509
Members education	746	-
Office supplies and expense	96,463	86,081
Payroll taxes	17,723	17,160
Professional development	3,030	1,933
Professional retainers and legal fees	365,290	299,787
Salaries and related cost	998,977	966,044
Retirement contributions	183,406	187,904
Security	7,655	14,357
Telephone	19,158	20,279
Travel - Board and Committee meeting expenses	4,955	10,386
Travel - LSA conferences	23,218	21,873
Board educational expense	17,946	-
Utilities	90,740	49,503
	<u>2,156,368</u>	<u>2,009,541</u>
Total administrative expenses	<u>\$ 2,156,368</u>	<u>\$ 2,009,541</u>
Professional retainers and legal fees:		
Legal	\$ 170,696	\$ 112,780
GASB 67 and GASB 68 expenses	16,406	15,209
Professional services	56,268	53,358
Retainer - actuary	121,920	118,440
	<u>365,290</u>	<u>299,787</u>
Total professional retainers and legal fees	<u>\$ 365,290</u>	<u>\$ 299,787</u>

SHERIFFS' PENSION AND RELIEF FUND
 SUPPLEMENTARY INFORMATION
 PER DIEM AND TRAVEL EXPENSES PAID TO BOARD OF TRUSTEES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>			<u>2022</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 Melancon	\$ 300	\$ 205	\$ 505	\$ 225	\$ 267	\$ 492
Willy Martin	-	-	-	-	-	-
William Hilton	-	-	-	300	614	914
Debbie McBeth	300	308	608	225	415	640
Joe Seymour	675	1,360	2,035	225	715	940
Victor Jones Jr.	300	219	519	150	189	339
Ronnie Morse	75	56	131	-	-	-
Jeffrey Wiley	150	411	561	-	-	-
Donal L. Rittenberry	<u>750</u>	<u>2,200</u>	<u>2,950</u>	<u>675</u>	<u>1,962</u>	<u>2,637</u>
Totals	<u>\$ 2,550</u>	<u>\$ 4,759</u>	<u>\$ 7,309</u>	<u>\$ 1,800</u>	<u>\$ 4,162</u>	<u>\$ 5,962</u>

SHERIFFS' PENSION AND RELIEF FUND
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
 TO AGENCY HEAD
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

<u>Purpose</u>	<u>Agency Head:</u>	
	William Hilton Chairman of the Board <u>July 2021 - July 2022</u>	Willy Martin, Chairman of the Board <u>Aug 2022 - June 2023</u>
Per Diem	\$ 300	\$ -
Expense reimbursement	614	-
* LSA Conference expense-room	-	2,211
** Board Educational conference - room	-	429
	<u>\$ 914</u>	<u>\$ 2,640</u>

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

**To meet the annual education requirement provided by law for the Board of Trustees.



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

January 3, 2024

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, 2023, and the related notes to the financial statements, which collectively comprise the Sheriffs' Pension and Relief Fund's basic financial statements, and have issued our report thereon dated January 3, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Duplantier, Sharpner, Hogan and Graker, LLP

New Orleans, Louisiana

SHERIFFS' PENSION AND RELIEF FUND
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

SUMMARY OF AUDITOR'S RESULTS:

1. The opinions issued on the financial statements of the Sheriffs' Pension and Relief Fund for the years ended June 30, 2023 and 2022, were unmodified.

2. Internal control over financial reporting:

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

MANAGEMENT LETTER COMMENTS:

None

SUMMARY OF PRIOR YEAR FINDINGS:

None

SHERIFFS' PENSION AND RELIEF FUND
INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
JULY 01, 2022 THROUGH JUNE 30, 2023



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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
FOR THE FISCAL YEAR
JULY 01, 2022 THROUGH JUNE 30, 2023

Heather M. Jovanovich, CPA
Terri L. Kitto, CPA
Robynn P. Beck, CPA
John P. Butler, CPA
Jason C. Montegut, CPA
Wesley D. Wade, CPA
Gregory J. Binder, IT Director
Colleen A. Casey, CPA

December 21, 2023

To the Board of Trustees of the
Sheriffs' Pension and Relief Fund
and the Louisiana Legislative Auditor
Baton Rouge, LA

Michael J. O' Rourke, CPA
William G. Stamm, CPA

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year July 01, 2022 through June 30, 2023. Sheriffs' Pension and Relief Fund's management is responsible for those C/C areas identified in the SAUPs.

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Sheriffs' Pension and Relief Fund has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the year July 01, 2022 through June 30, 2023. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

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1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - iii. ***Disbursements***, including processing, reviewing, and approving.
 - iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
 - vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
 - ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
 - x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
 - xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely

application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

- xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: No findings noted as a result of applying the above agreed-upon procedures.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: No findings noted as a result of applying the above agreed-upon procedures.

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: No findings noted as a result of applying the above agreed-upon procedures.

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Results: No findings noted as a result of applying the above agreed-upon procedures.

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
- i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

Results: No findings noted as a result of applying the above agreed-upon procedures.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

Results: No findings noted as a result of applying the above agreed-upon procedures.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - v. Trace the actual deposit per the bank statement to the general ledger.

Results: During the testing of collections, we noted one deposit that was not deposited within one business day of the receipt.

Management's Response: We have amended our policy and procedures to ensure all checks are deposited within one business day of receipt by our office, whenever practicable, as provided by Louisiana Revised Statute 39:1212. This new procedure took effect on December 13, 2023, immediately after the finding was disclosed to us.

5) *Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)*

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Results: No findings noted as a result of applying the above agreed-upon procedures.

- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

Results: No findings noted as a result of applying the above agreed-upon procedures.

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

Results: No findings noted as a result of applying the above agreed-upon procedures.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the

practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Results: No findings noted as a result of applying the above agreed-upon procedures.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Results: No findings noted as a result of applying the above agreed-upon procedures.

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.

Results: No findings noted as a result of applying the above agreed-upon procedures.

- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: No findings noted as a result of applying the above agreed-upon procedures.

7) *Travel and Travel-Related Expense Reimbursements (excluding card transactions)*

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No findings noted as a result of applying the above agreed-upon procedures.

8) *Contracts*

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
 - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
 - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: No findings noted as a result of applying the above agreed-upon procedures.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results: No findings noted as a result of applying the above agreed-upon procedures.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

Results: No findings noted as a result of applying the above agreed-upon procedures.

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

Results: No findings noted as a result of applying the above agreed-upon procedures.

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results: No findings noted as a result of applying the above agreed-upon procedures.

10) *Ethics*

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Results: No findings noted as a result of applying the above agreed-upon procedures.

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Results: No findings noted as a result of applying the above agreed-upon procedures.

11) *Debt Service*

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

Results: The Fund does not have or issue debt, therefore, the debt service agreed upon procedures are not applicable.

- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: The Fund does not have or issue debt, therefore, the debt service agreed upon procedures are not applicable.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

Results: No findings noted as a result of applying the above agreed-upon procedures.

- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: No findings noted as a result of applying the above agreed-upon procedures.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Results: The above agreed-upon procedure were performed and discussed the results with management of the Sheriffs' Pension and Relief Fund.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Results: The above agreed-upon procedure were performed and discussed the results with management of the Sheriffs' Pension and Relief Fund.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

Results: No findings noted as a result of applying the above agreed-upon procedures.

- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Results: No findings noted as a result of applying the above agreed-upon procedures.

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

- i. Number and percentage of public servants in the agency who have completed the training requirements;
- ii. Number of sexual harassment complaints received by the agency;
- iii. Number of complaints which resulted in a finding that sexual harassment occurred;
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- v. Amount of time it took to resolve each complaint.

Results: No findings noted as a result of applying the above agreed-upon procedures.

To the Board of Trustees of the
Sheriffs' Pension and Relief Fund
and the Louisiana Legislative Auditor

December 21, 2023

We were engaged by the Sheriffs' Pension and Relief Fund to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to, and did not, conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Sheriffs' Pension and Relief Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the results of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Duplantier, Sharpness, Hogan and Gruber, LLP

New Orleans, Louisiana