Broussard & Company
Certified Public Accountants

Memo to File

To: Louisiana Legislative Auditor

From: Michael DeFalco, CPA

The original audited financial statements were issued on June 28, 2024. Empower provided detailed loan reports showing the total balance which included the principal and interest owed as of December 31, 2022 and 2023. See work paper 3701 and 3702 for Empower's reports.

In reviewing these reports, it was discovered that a significant number of loans were in default status. Per inquiries of Empower (Lisa Reed), the participants with loans in a default status had already been issued Form 1099s as taxable distributions. Since the loans were based on the participant's vested balance in the Plan, there was no risk to the Plan's assets.

However, the loan amounts were overstated and Note 2 was incorrect in that it states that the loans are exclusive of defaults. A decision was made by the Engagement Partner to prepare restated audited financial statements and present this finding to the board at its August 20, 2024 meeting for their approval.

The impact of the statement is to reduce the December 31, 2022 loan balance by $3,140,568 and by $2,967,279 as of December 31, 2023. The difference of the reductions in the amount of $173,289 will be adjusted through current year interest and dividends. This reduction is disclosed in the financial statements on Note 13.

The following are the proposed restated amounts:

Statement of Changes in Fiduciary Net Position (Page 6)			
	As Originally Filed	**As Restated**	**Difference**
Interest and dividends	15,279,893	15,453,182	173,289
Total additions	383,649,298	383,822,587	173,289
Increase (Decrease) in Fiduciary Net Position	219,235,544	219,408,833	173,289
Beginning net position available for benefits	2,001,657,648	1,998,517,080	3,140,568
Fiduciary Net Position Available for Benefits, End of Year	2,220,893,192	2,217,925,913	2,967,279
Statement of Fiduciary Net Position (Page 5)			
Participant loans	20,258,637	17,291,358	2,967,279
Total assets	2,225,595,914	2,222,628,635	2,967,279
Fiduciary Net Position Available for Benefits	2,220,893,192	2,217,925,913	2,967,279

At the August 20, 2024, board meeting, the above restatement issues were discussed. The Board Chair proposed a motion to approve the restatement of the audited December 31, 2023 financial statements due to the reduction of participant loans. She noted that the restatement adjustment was immaterial to what was originally reported but supported the motion. The Board of Commissioners approved the above restatement at its August 20, 2024 board meeting.

STATE OF LOUISIANA
LOUISIANA PUBLIC EMPLOYEES DEFERRED COMPENSATION PLAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2023

State of Louisiana
Louisiana Public Employees Deferred Compensation Plan
Annual Financial Report
December 31, 2023

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Broussard & Company
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Louisiana Deferred Compensation Commission
Louisiana Public Employees Deferred Compensation Plan
Baton Rouge, Louisiana

Opinion

We have audited the accompanying financial statement of fiduciary net position of the Louisiana Public Employees Deferred Compensation Plan (Plan) as of December 31, 2023, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of December 31, 2023, and the respective changes in fiduciary net position, where applicable, cash flows thereof for the year 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 Plan, 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 opinion.

Responsibilities of Management for the Financial Statements

Plan 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, plan management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan'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 opinion. 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.

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In performing an audit in accordance with generally accepted 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 Plan'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 Plan'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 – Restatement

Note 13 to the financial statements describes that the financial statements that were originally reported on June 28, 2024 have been amended. The matter gives rise to the amendment of the financial statements and our opinion is not modified in respect of this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of plan 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 and *Government Auditing Standards*, which consisted of inquiries of plan management about the methods of preparing the information and comparing the information for consistency with plan 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2024, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

Broussard and Company

Lake Charles, Louisiana
June 28, 2024, except as to Note 13 which is at August 20, 2024

LOUISIANA PUBLIC EMPLOYEES DEFERRED COMPENSATION PLAN
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2023

The Management's Discussion and Analysis of the Louisiana Public Employees Deferred Compensation Plan's (Plan) financial performance provides an overview of the Plan's financial activities for the year ended December 31, 2023. Please read this document in conjunction with the Plan's financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The statement of fiduciary net position and the statement of changes in fiduciary net position provide information about the activities of the Plan. These statements include assets and liabilities using the accrual basis of accounting. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

CONDENSED FINANCIAL INFORMATION

	As of and for the year ended December 31, 2023	As of and for the year ended December 31, 2022
Total assets, as restated	$ 2,222,628,635	$ 1,999,944,779
Total liabilities	(4,702,722)	(1,427,699)
Total net position, as restated	$ 2,217,925,913	$ 1,998,517,080
Additions:		
Contributions	$ 112,870,010	$ 111,851,838
Net appreciation in fair value of investments	255,499,395	-
Net investment income, as restated	15,453,182	12,713,454
Total plan additions, as restated	383,822,587	124,565,292
Deductions:		
Administrative expenses	4,140,347	3,920,278
Net depreciation in fair value of investments	-	284,793,175
Benefit payments	160,273,407	136,385,760
Total plan deductions	164,413,754	425,099,213
Change in plan net position, as restated	$ 219,408,833	$ (300,533,921)

See Note 13 of the financial statements for further information regarding the above restatement amounts.

LOUISIANA PUBLIC EMPLOYEES DEFERRED COMPENSATION PLAN
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2023

ANALYSIS OF BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

Plan fiduciary net position increased by $219,408,833 due mainly to the net appreciation in the fair value of investments. Net investment income increased by $2,739,728. Participant contributions to the Plan increased by $1,018,172. Benefit payments and rollovers increased by $23,887,647. Administrative expenses increased by $220,069.

DESCRIPTION OF CURRENTLY KNOWN FACTS

The Louisiana Deferred Compensation Commission, in fulfilling its fiduciary responsibilities, continued to monitor the performance of the Plan's core fixed and variable investment options. With assistance from the Plan consultant, Wilshire Associates, the Commission closely monitored the fee structure of the Plan along with the investment companies that manage the Plan's investment options.

Respectfully submitted,

Louisiana Deferred Compensation Commission

LOUISIANA PUBLIC EMPLOYEES DEFERRED COMPENSATION PLAN
STATE OF LOUISIANA
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2023

ASSETS:		
Cash	$	1,799,960
Contributions receivable		364,422
Receivable for securities sold		1,369,456
Investments:		
Mutual funds, at fair value		1,302,211,129
Self-directed brokerage accounts, at fair value		48,949,748
Collective investment trusts, at net asset value		272,812,516
Guaranteed investment contract, at contract value		577,830,046
Total investments		2,201,803,439
Participant loans, as restated		17,291,358
Total assets, as restated		2,222,628,635
LIABILITIES:		
Accounts payable		1,799,960
Due to Great West Retirement		313,271
Payable for securities purchased		2,589,491
Total liabilities		4,702,722
FIDCUIARY NET POSITION AVAILABLE FOR BENEFITS, as restated	$	2,217,925,913

The accompanying notes are an integral part of this statement.

LOUISIANA PUBLIC EMPLOYEES DEFERRED COMPENSATION PLAN
STATE OF LOUISIANA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023

ADDITIONS:		
Contributions	$	112,870,010
Investments income:		
Net appreciation in fair value of investments		255,499,395
Interest and dividends, as restated		15,453,182
Total investment income		270,952,577
Total additions, as restated		383,822,587
DEDUCTIONS:		
Administrative fees		4,140,347
Benefit payments		160,273,407
Total deductions		164,413,754
INCREASE (DECREASE) IN FIDUCIARY NET POSITION, as restated		219,408,833
Beginning net position available for benefits, as restated		1,998,517,080
FIDUCIARY NET POSITION AVAILABLE FOR BENEFITS, END OF YEAR, as restated	$	2,217,925,913

The accompanying notes are an integral part of this statement.

NATURE OF OPERATIONS

As required by Louisiana Revised Statutes (R.S.) 42:1301-1308, the Louisiana Public Employees Deferred Compensation Plan (the Plan) is supervised by the Louisiana Deferred Compensation Commission (the Commission), a political subdivision of the State of Louisiana within the executive branch of government. The Commission is composed of nine members who serve without compensation. The Plan was established in accordance with Section 457 of the Internal Revenue Code for the purpose of allowing officers, employees, and independent contractors of the state or any of its political subdivisions to voluntarily elect to contribute a portion of their compensation into the Plan for the purposes of deferring the payment of federal and state income taxes on the contributions until such time as they are withdrawn by the participants. Additionally, effective January 1, 2015, the plan added the option to also allow for designated Roth 457(b) after-tax contributions. Qualified Roth 457(b) distributions are tax-free at the time of participant withdrawal. At December 31, 2023, there were 36,476 participants in the Plan. The Commission has no employees. On January 1, 1987, the Commission selected Empower as the plan administrator. Empower is currently contracted through December 31, 2025.

1. PLAN DESCRIPTION:

The Plan is authorized under Section 457 of the Internal Revenue Code. Amounts contributed by participants were limited to $22,500 annually for 2023. Participants who were age 50 or older by the end of the calendar year were eligible to make additional catch-up contributions of up to $7,500 during the year. Additionally, participants who are within three years of their normal retirement age are able to contribute up to $45,000 per year if certain criteria are met. Participants can elect that income taxes on contributions either be deferred until withdrawn from the Plan or pay the income taxes up front and pay no income taxes at withdrawal (Roth election). As of December 31, 2023, there were 629 separate entities participating in the Plan.

Participants of the Plan may withdraw funds from the Plan upon retirement as determined in accordance with retirement laws of that state, separation of service with the employer, or financial hardship as approved by the Plan's hardship committee. In addition, beneficiaries of the participant may withdraw funds upon the death of the participant. Upon retirement, participants may select various benefit options, including lump sum payments and periodic payments for a designated term that is not in excess of the life expectancy of the participant or the life expectancy of the beneficiary. Participants may also withdraw funds, or be required to do so by the Commission, if contributions have not been made in the past 24 months and if the balance of the participant's account is less than $1,000.

Participants may borrow from their accounts up to the lesser of a) 50% of their vested account value or b) $50,000. All loans must be repaid on a periodic basis over a period not to exceed five years, with the exception of loans used to purchase or build a principal residence. Such loans shall provide for repayment over a period not to exceed fifteen years. Loans that are not repaid in accordance with the terms of the loan will be deemed to be a Plan distribution and will be subject to income tax. Interest rates on outstanding loans ranged from 5.25% to 10.50% as of December 31, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF PRESENTATION:

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and reporting principles.

REPORTING ENTITY:

The State of Louisiana and any of its political subdivisions offer employees a deferred compensation plan created in accordance with Section 457 of the Internal Revenue Code of 1986. The assets of the plan are held in trust as described in IRC Section 457(g) for the exclusive benefit of the participants and their beneficiaries. The custodian thereof holds the custodial account for the beneficiaries of this plan, and the assets may not be diverted for any other use. The administrators are agents of the Commission for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account and all other matters. In accordance with the provisions of GASB Statement No. 32, plan balances and activities are not reflected in the financial statements of the State of Louisiana.

BASIS OF ACCOUNTING:

Basis of accounting refers to the timing of recognition of revenues and expenses in the accounts and reporting in the financial statements, regardless of the measurement focus applied. The transactions of the Plan are accounted for using the accrual basis of accounting and on a flow of economic resources measurement focus where the aim is to report all inflows, outflows, and balances affecting or reflecting an entity's net position. Accordingly, revenue is recognized when earned and expenses are recognized when incurred. The Plan uses the following practices in recognizing revenues and expenses:

Contributions
Contributions are recognized in the period when the compensation is used to calculate the contributions reported on Internal Revenue Service Form W-2.

Investment Income

Investment income is accrued as earned, net of applicable investment management fees.

Plan Expense

Investment management fees are netted daily from investment income. All administrative expenses are paid from the Plan's net position.

2. <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (Continued):

<u>Benefits Paid to Participants</u>

Benefits are recorded at the time withdrawals are made from participant accounts.

<u>Investments</u>

Investments are reported at fair value. Fair value of mutual funds and collective investment trusts not traded on national or international exchanges is calculated using the net asset value reported by the mutual fund. Self-directed brokerage accounts are reported at fair value based on published market prices when available. The investment in the Stable Asset Fund is reported at contract value as this is the value realizable by participants. Purchases and sales of fixed and variable earnings investments are recorded on the trade date.

<u>Loans to Participants</u>

Loans to participants are carried at amortized cost, excluding defaulted loans.

<u>Use of Estimates</u>

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net position during the reporting period. Actual results could differ from those estimates.

3. <u>CASH:</u>

Cash includes demand deposits. Under state law, the Plan may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana or the laws of the United States.

<u>Custodial credit risk</u>

Custodial credit risk is defined as the risk that in the event of a failure of the counterparty, the Plan will not be able to recover the value of its assets that is in possession of an outside party. The deposits are held in accounts that are in the name of the administrator/trustee at large corporate banks. As of December 31, 2023, the Plan had cash in demand deposits (book balances) totaling $1,799,960. Deposit balances (bank balances) totaled $6,275,966 as of December 31, 2023. The bank balances are made up of individual participant accounts with each account insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. As of December 31, 2023, there were four participant accounts over the FDIC limit with an uninsured balance of $1,056,315. The uninsured balances ranged from $24,906 to $589,061.

LOUISIANA PUBLIC EMPLOYEES DEFERRED COMPENSATION PLAN
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

4. INVESTMENTS:

The following itemizes the various investment options and the fair value or contract value of the investments as of December 31, 2023:

Investment Options		
Guaranteed investment contract, at contract value:		
Stable Asset Fund	*	$ 577,830,046
Self-directed brokerage accounts, at fair value		48,949,748
Collective investment trusts, at net asset value		
LifePath Index 2025 Fund		33,468,935
LifePath Index 2030 Fund		37,377,743
LifePath Index 2035 Fund		38,013,757
LifePath Index 2040 Fund		31,587,228
LifePath Index 2045 Fund		25,178,084
LifePath Index 2050 Fund		25,804,057
LifePath Index 2055 Fund		22,066,244
LifePath Index 2060 Fund		6,411,778
LifePath Index 2065 Fund		2,596,718
LifePath Index Retirement Fund		50,307,972
		272,812,516
Mutual funds, at fair value		
Capital Group Europacific Growth Fund		104,929,774
iShares MSCI Total International Index		103,601,192
iShares Total U.S. Stock Market Index	*	386,988,587
iShares U.S. Aggregate Bond Index		99,945,635
MFS Core Equity	*	422,832,569
Principal Diversified Real Asset		52,695,038
PGIM Core Plus Bond Fund		42,430,187
Vanguard Intermediate-Term Treasury		88,788,123
Other		24
		1,302,211,129
		$ 2,201,803,439

* Investments that represent 5% or more of the total assets as of December 31, 2023.

4. INVESTMENTS (Continued):

The Plan's investment policy is to provide a broad array of diverse investment options, which will enable plan participants to have the flexibility and the vehicles to develop their individual investment portfolio.

Investments in mutual funds and self-directed brokerage funds are reported at fair value, while the investment in the Stable Asset Fund is reported at contract value. Investments valued at $2,200,108,386 and $1,695,053, are owned by plan participants and the Unallocated Plan Assets, respectively. The Unallocated Plan Assets invests in the Stable Asset Fund. Plan participants invest in various types of investment options.

Stable Asset Fund

The Stable Asset Fund (the Fund) is an investment option of the Plan in which bond securities are held as underlying investments in a segregated trust for participants. Empower is the manager of the Fund. All monies invested in the Fund are maintained and held separate and apart from the Company's general account and any other investment accounts that Empower may have. In addition, Empower has assumed sole responsibility of providing wrap coverage in order to guarantee return of the participants' principal and accrued interest.

This investment seeks to preserve principal value and provide a relatively stable rate of interest income. The objective of the Fund is to achieve returns which over time exceed the returns on bank savings accounts and money market funds. The Fund invests in securities issued by the U.S. Government or one of its agencies, as well as high-grade corporate bonds, and mortgage and asset-backed securities.

Quarterly interest rates are declared by Empower prior to each calendar quarter for participant accounts based upon factors such as the current yield of the investments held by the Fund and Fund expenses. Once declared, the effective interest rates are guaranteed for the calendar quarter. The quarterly effective interest rate declared each calendar quarter applies to all assets in the Fund regardless of the date of deposit. Interest is credited to the participants' accounts in the Fund daily, at a rate which compounds to the effective rate for the quarter.

As of December 31, 2023, participant account balances plus the Unallocated Plan Assets in the Fund total $577,830,046. The fair value of the net assets of the Stable Asset Fund as of December 31, 2023, is $537,710,889. The difference between the participant account balances and the net assets of the Fund is attributable to unrealized gains or losses on investments and differences between the crediting rate and actual interest earned.

4. INVESTMENTS (Continued):

Custodial credit risk

Investments managed directly by Empower and self-directed brokerage account investments are held in separate accounts and therefore are not subject to custodial credit risk. Investments held in separate accounts represent 100% of total Plan investments. The Plan has no policy regarding custodial credit risk.

Concentration of credit risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of an investment in a single user. The concentrations are determined by the participants' elections to invest in the investment options that are available within the Plan. The investment policy for the Plan seeks to offer investment options that will allow participants to choose from a wide array of investment options to diversify their individual portfolios as they see fit. Investments that represent more than five percent of the portfolio are identified in the table on Page 10.

The investment policy for the Stable Asset Fund dictates that the amounts in the fund must be invested in accordance with the following concentration limits:

- A maximum of 100% of the account assets may be invested in U.S. Treasury or agency securities.
- A maximum of 50% of the account assets may be invested in corporate bonds.
- A maximum of 50% of the account assets may be invested in asset-backed securities and mortgage-backed securities.

The following represents the fair value of the underlying investments in the Stable Asset Fund by fixed income sector as of December 31, 2023:

Mortgage backed securities	$ 224,746,919
U.S. Treasury bonds and notes	28,404,242
Asset-backed securities	54,045,226
Corporate bonds	225,351,612
U.S. Government Agency Bonds and Notes	1,799,220
Government money market mutual funds	965,878
	$ 535,313,097

4. INVESTMENTS (Continued):

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 Plan is exposed to interest rate risk through its investment in the Stable Asset Fund. The Plan evaluates interest rate risk on the Stable Asset Fund by its duration. Duration is a measure of a debt instrument's exposure to fair value changes arising from changing interest rates. The investment policy of the Stable Asset Fund limits the average duration to less than six years.

Credit risk

The debt instruments in the Stable Asset Fund are subject to credit risk. Credit risk is defined as the risk that an insurer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Moody's Investor Services (Moody’s) or Standard & Poors (S&P). The Plan manages the overall credit risk of its fixed income investments by requiring the Stable Asset Fund's manager, Empower, to invest in accordance with the Plan's investment policy (the Policy).

The Policy states its objectives for the Stable Value Fund are to preserve principal, provide necessary liquidity, and provide a stable, competitive rate of return. Empower is permitted to invest Stable Asset Fund assets in investment grade fixed income instruments, including those of the U.S. Government and its agencies, corporate bonds, and mortgage- and asset-backed securities. According to Empower's contract with the Plan, Empower must maintain or exceed an overall minimum average credit quality rating of the Fund of Aa3/AA- by Moody's, S&P, or other nationally recognized statistical rating agency. As of December 31, 2023, the minimum average S&P credit rating of the underlying investments within the Stable Asset Fund was Aa3.

Investment income

Empower credited interest income to participant accounts for investments in the Stable Asset Fund at the following quarterly rates during the year:

January - March	2.30%
April - June	2.50%
July - September	2.50%
October - December	2.30%

Investment income earned on the Plan's variable earnings options are not expressed as a percentage because earnings result from gains or losses arising from investment transactions and fluctuations in fair value of the applicable investments.

4. INVESTMENTS (Continued):

Fair value measurements

The Plan categorizes fair value measurements within the hierarchy established by GASB Statement No. 72, *Fair Value Measurements and Application*. The valuation technique uses a three level hierarchy of inputs to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3), These qualifications are summarized as follows:

Level 1 Inputs: Quoted prices (unadjusted) for identical assets or liabilities in active markets that a reporting entity can access at the measurement date.

Level 2 Inputs: Inputs other than quoted prices included within Level I that are observable for an asset or liability, either directly or indirectly.

Level 3 Inputs: Unobservable inputs for an asset or liability.

In the event that inputs used to measure the fair value of an asset or liability fall into different levels in the fair value hierarchy, the overall level of the fair value hierarchy in its entirety is determined based on the lowest level input that is significant to the entire valuation. These levels are not necessarily an indication of risk, but are based upon the pricing transparency of the investment. In determining the appropriate levels, the Plan performed a detailed analysis of the assets and liabilities that are subject to GASB Statement No. 72.

Investments by Fair Value Level	Level 1	Level 2	Level 3	Total
Mutual funds	$ 1,302,211,129	$ -	$ -	$ 1,302,211,129
Self-directed brokerage accounts	48,949,748	-	-	48,949,748
	$ 1,351,160,877	$ -	$ -	1,351,160,877
Investments not classified:				
Collective investment trusts				272,812,516
Guaranteed investment contract				577,830,046
				$ 2,201,803,439

Valuation Techniques

Mutual funds and self-directed brokerage accounts classified in Level 1 of the fair value hierarchy are valued using share prices/net asset values generally obtained from the National Securities Clearing Corporation, or directly from the fund itself or a secondary pricing source, such as Interactive Data Corporation (IDC). Collective investment trust accounts are measured at NAV per share (or its equivalent) practical expedient, therefore it is not classified. The guaranteed investment contract is carried at contract value, therefore it is not classified.

5. UNALLOCATED PLAN ASSETS:

The Louisiana Public Employees Deferred Compensation Commission maintains an account referred to as the Unallocated Plan Assets (UPA) that is Included within the trust fund. These funds are the property of the Plan and are used to pay for the expenses of the Plan. The UPA has a balance of $1,695,053 at December 31, 2023, which is included in the investment balance reported in the financial statements. The UPA is funded by fees deducted quarterly from Plan participant's accounts by Empower. Each year the Commission determines the fees necessary to fund the UPA. The Commission has set the annual fee as follows: the annual fee is 0.20% of the first $50,000 in a Plan participant's account, with a minimum fee of $10 per year and a maximum of $100. These fees are deducted quarterly from Plan participant accounts.

For year ended December 31, 2023, the UPA received interest in the amount of $39,191 and collected fees from participants in the amount of $1,764,223. Interest earned on UPA balances have been used to reduce the fees that otherwise would be deducted from participant accounts. Administrative fees paid from the UPA for the year ended December 31, 2023, including fees paid to Empower, totaled $1,439,119.

6. ALLOCATED LIFE INSURANCE CONTRACTS:

The Plan allows itself to be a conduit for the payment of life insurance premiums by participants to certain life insurance providers. These policies are not available for direct investment and have been excluded from the Plan's assets.

The receipt of the participants' funds and subsequent payment of the life insurance premiums is not reflected in the Plan's Statement of Changes in Net Position Available for Benefits as the Plan's only function as regards to these funds is to act as a conduit to the insurer.

Participants, upon retirement or termination of employment, have the option of transferring ownership of the policy and may continue to make life insurance payments directly to Reliance, or may receive the cash surrender value of the policy.

7. ADMINISTRATIVE FEES:

Administrative fees from Empower are set at $33 per participant per annum and are designed to accurately reflect the actual cost incurred for each participant. The fees are calculated and deducted quarterly based on the number of participants at the end of each quarter.

8. TAX STATUS:

The Plan received a favorable determination from the Internal Revenue Service (IRS), stating the plan constitutes an eligible deferred compensation plan as defined in Section 457(b) of the Internal Revenue Code (IRC), and, as such, is exempt from federal and state income taxes. Amounts of contributions by employees participating in the 457 plan are not subject to federal income tax withholding, and the compensation is not includable in taxable income until actually paid or otherwise made available to the participant, his beneficiary or his estate, unless the participant makes the Roth election, under which the contributions to the Plan do not reduce taxable wages but normal withdrawals are not taxable.

Accounting principles generally accepted in the United States of America require Program management to evaluate tax positions taken by the Program and recognize a tax liability if the Program has taken an uncertain position that more likely than not would not be substantiated upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Program, and has concluded that as of December 31, 2023, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

9. PLAN TERMINATION:

Currently, there are no intentions to terminate the Plan. However, the State reserves the right to terminate, suspend, withdraw, or amend the Plan at any time.

10. RISKS AND UNCERTAINTIES:

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net position.

It is the opinion of the State's legal counsel, the Louisiana Attorney General, that the State has no liability for losses under the Plan but does have the duty of due care that would be required of an ordinary prudent investor.

11. COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD:

The Plan is administered by Empower and has no employees of its own. As such, the disclosure of compensation to the agency head required by the State of Louisiana is not applicable.

12. SUBSEQUENT EVENTS:

The Plan evaluated its December 31, 2023 financial statements for subsequent events through June 28, 2024, the date of which the financial statements were available to be issued.

13. RESTATEMENT:

The original audited financial statements were issued on June 28, 2024. After this issuance, detailed loan reports were provided showing the total balance which included the principal and interest owed as of December 31, 2022 and 2023.

In reviewing these reports, it was discovered that a significant number of loans were in default status. The participants with loans in a default status had already been issued Form 1099s as taxable distributions. Since the loans were based on the participant's vested balance in the Plan, there was no risk to the Plan's assets.

However, the loan amounts were overstated and Note 2 was incorrect in that it states that the loans are exclusive of defaults. A decision was made to restate audited financial statements. The impact of the restatement is to reduce the December 31, 2022 loan balance by $3,140,568 and by $2,967,279 as of December 31, 2023. The difference of the reductions in the amount of $173,289 will be adjusted through current year interest and dividends.

The following are the restated amounts:

Statement of Changes in Fiduciary Net Position (Page 6)	As Originally Filed	As Restated	Difference
Interest and dividends	15,279,893	15,453,182	173,289
Total additions	383,649,298	383,822,587	173,289
Increase (Decrease) in Fiduciary Net Position	219,235,544	219,408,833	173,289
Beginning net position available for benefits	2,001,657,648	1,998,517,080	3,140,568
Fiduciary Net Position Available for Benefits, End of Year	2,220,893,192	2,217,925,913	2,967,279
Statement of Fiduciary Net Position (Page 5)			
Participant loans	20,258,637	17,291,358	2,967,279
Total assets	2,225,595,914	2,222,628,635	2,967,279
Fiduciary Net Position Available for Benefits	2,220,893,192	2,217,925,913	2,967,279

Broussard & Company
Certified Public Accountants

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*

Louisiana Deferred Compensation Commission
Louisiana Public Employees Deferred Compensation Plan
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 financial statements of the Louisiana Public Employees Deferred Compensation Plan (the Plan), which comprise statement of fiduciary net position as of December 31, 2023, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 28, 2024, except as to Note 13 which is at August 20, 2024.

Report on Internal Control Over Financial Reporting

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

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 a 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

One Lakeside Plaza, 127 West Broad Street, Suite 800, Lake Charles, LA 70601

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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Broussard and Company

Lake Charles, Louisiana
June 28, 2024

LOUISIANA PUBLIC EMPLOYEES DEFERRED COMPENSATION PLAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

A. SUMMARY OF AUIDTOR'S RESULTS

Financial Statements:
Type of auditor's report issued: unmodified

Internal control over financial reporting:

• Material weakness identified?	_________ yes	___X___ no
• Significant deficiencies identified that are not material weaknesses	_________ yes	___X___ no
• Noncompliance material to financial statements noted?	_________ yes	___X___ no

Financial Statement Findings – None noted.

Federal Award Findings and Questioned Costs – Not Applicable

B. Prior Year Findings

Internal Control and Compliance Material to the Financial Statements – None noted.

Internal Control and Compliance Material to Federal Awards – Not Applicable

Management Letter – The prior year did not include a management letter.