

**Louisiana Assessors' Retirement Fund
and Subsidiary
Baton Rouge, Louisiana
Financial Report
September 30, 2020**

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Independent Auditor's Report

Ms. Kathy Bertrand, Executive Director,
and the Board of Trustees of
Louisiana Assessors' Retirement Fund and Subsidiary
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Louisiana Assessors' Retirement Fund and Subsidiary, which comprise the consolidated statements of fiduciary net position as of September 30, 2020 and 2019, and the related consolidated statements of changes in fiduciary net position for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the fiduciary net position of Louisiana Assessors' Retirement Fund and Subsidiary as of September 30, 2020 and 2019, and the changes in fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As disclosed in Note 3 to the financial statements, the total pension liability for Louisiana Assessors' Retirement Fund and Subsidiary was \$475,694,775 and \$448,943,386 as of September 30, 2020 and 2019, respectively. The actuarial valuations were based on various assumptions made by Louisiana Assessors' Retirement Fund and Subsidiary's actuary. Because actual experience may differ from the assumptions used in the actuarial valuations, there is a risk that the total pension liability at September 30, 2020 and 2019, could be understated or overstated.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of changes in net pension liability, schedules of employers' net pension liability, schedules of contributions, and schedules of investment returns be presented to supplement the basic consolidated financial statements. Such information, although not a part of the basic consolidated 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 consolidated 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 consolidated financial statements, and other knowledge we obtained during our audits of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedules of per diem paid to trustees, administrative expenses, and compensation, benefits, and other payments to agency head or chief executive officer are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements.

These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic consolidated 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 consolidated financial statements or to the basic consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic consolidated 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 February 21, 2021, on our consideration of Louisiana Assessors' Retirement Fund and Subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Louisiana Assessors' Retirement Fund and Subsidiary'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 Louisiana Assessors' Retirement Fund and Subsidiary's internal control over financial reporting and compliance.

Hawthorn, Waymouth & Carroll, LLP.

February 21, 2021

**Louisiana Assessors' Retirement Fund
and Subsidiary
Management's Discussion and Analysis
September 30, 2020**

The following discussion and analysis of Louisiana Assessors' Retirement Fund and Subsidiary ("Fund") for the year ended September 30, 2020, highlights relevant aspects of the consolidated financial statements and provides an analytical overview of the Fund's financial activities.

Financial Highlights

The Fund's net position restricted for pension benefits increased by \$37.9 million, or 8.96%, compared to an increase of \$14.1 million, or 3.46%, in the prior year.

The Fund's net pension liability decreased from \$26.4 million to \$15.3 million.

The Fund had net investment income of \$40.9 million in 2020 compared to net investment income of \$16.5 million in 2019.

The amount of retirement benefit payments and DROP withdrawals decreased to approximately \$24.3 million in 2020 from approximately \$23.0 million in 2019.

Overview of the Financial Statements

Management's Discussion and Analysis is intended to serve as an introduction to the Fund's consolidated financial statements, together with the related notes to the consolidated financial statements, required supplementary information, and the supporting schedules, all of which are described below:

Consolidated Statements of Fiduciary Net Position - These statements report the Fund's assets, liabilities, and resulting net position restricted for pension benefits. The statements should be read with the understanding that they present the Fund's financial position on September 30, 2020 and 2019.

Consolidated Statements of Changes in Fiduciary Net Position - These statements report the results of operations during the fiscal years, categorically presenting the additions to and deductions from the fiduciary net position. The net increase in net position on these statements supports the changes in net position restricted for pension benefits on the Consolidated Statements of Fiduciary Net Position.

Notes to Consolidated Financial Statements - The financial statement notes provide additional information that is essential to a complete understanding of the data set forth in the consolidated financial statements. They are considered an integral part of the consolidated financial statements. A description of the information provided in the notes follows:

Note 1 (Plan Description) provides a general description of the Fund. Information is included regarding the board of trustees, plan membership, basic benefits, the Back-Deferred Retirement Option Plan (Back-DROP), and the excess benefit plan.

Note 2 (Summary of Significant Accounting and Financial Reporting Policies) provides information about the accounting methods and policies used in determining amounts shown on the consolidated financial statements. Information relative to the basis of accounting, determination of estimates, valuation of investments and property is included in this note.

Note 3 (Contributions, Funding Status and Reserves) describes contributions to the Fund and the Reserve Funds, the Deferred Retirement Option Plan (DROP), Back-DROP, Annuity Savings, Pension Accumulation and Annuity Reserve.

**Louisiana Assessors' Retirement Fund
and Subsidiary
Management's Discussion and Analysis
September 30, 2020**

Overview of the Financial Statements (Continued)

Note 4 (Deposits and Investments) describes cash deposits as well as investments, including a discussion of interest rate risk, credit risk, and foreign currency risk. Investment authority and policy are also briefly discussed.

Note 5 (Note Receivable - Related Party) details a note receivable from the Louisiana Assessors' Association.

Note 6 (Property and Equipment) details the cost of the Fund's fixed assets as well as related depreciation expense and accumulated depreciation.

Note 7 (Related Party Transactions) provides an explanation of the expenses the Fund reimburses to Louisiana Assessors' Association.

Note 8 (Risks and Uncertainties) discloses the risks and uncertainties brought on by the COVID-19 pandemic.

Note 9 (Subsequent Events) discloses any significant events occurring subsequent to the financial statement date and the date through which they were evaluated.

Louisiana Assessors' Retirement Fund's Financial Analysis

The Fund is a cost-sharing, multiple-employer, qualified governmental defined benefit pension plan covering Louisiana assessors and their employees under the provisions of Louisiana Revised Statutes 11:1401 through 1494. The plan is a qualified plan as defined by the Internal Revenue Code, effective January 1, 1998. Retirement benefits are funded through member contributions, employer contributions, ad valorem taxes, state revenue sharing, and earnings on investments. Total net position restricted for pension benefits at September 30, 2020 amounted to \$460.4 million, which was an increase of \$37.9 million, or 8.96% over the \$422.6 million net position restricted for pension benefits at September 30, 2019.

**Condensed Consolidated Statements of Fiduciary Net Position
September 30,
(In thousands)**

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|-------------------|-------------------|-------------------|
| Cash and investments | \$ 459,290 | \$ 421,102 | \$ 405,616 |
| Receivables | 1,190 | 3,386 | 2,923 |
| Capital assets | - | - | - |
| Note receivable | <u>123</u> | <u>126</u> | <u>128</u> |
| Total assets | 460,603 | 424,614 | 408,667 |
| Total liabilities | <u>186</u> | <u>2,049</u> | <u>225</u> |
| Net position restricted for pension benefits | <u>\$ 460,417</u> | <u>\$ 422,565</u> | <u>\$ 408,442</u> |

**Louisiana Assessors' Retirement Fund
and Subsidiary
Management's Discussion and Analysis
September 30, 2020**

Louisiana Assessors' Retirement Fund's Financial Analysis (Continued)

**Condensed Consolidated Statements of Changes in Fiduciary Net Position
Years Ended September 30,
(In thousands)**

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|-----------------------|------------------|------------------|------------------|
| Additions: | | | |
| Contributions | \$ 21,991 | \$ 21,048 | \$ 20,603 |
| Net investment income | 40,855 | 16,488 | 29,285 |
| Other | 54 | 154 | 148 |
| Total additions | <u>62,900</u> | <u>37,690</u> | <u>50,036</u> |
| Total deductions | <u>25,048</u> | <u>23,567</u> | <u>23,791</u> |
| Net increase | <u>\$ 37,852</u> | <u>\$ 14,123</u> | <u>\$ 26,245</u> |

Additions to Fiduciary Net Position

Additions to the Fund's fiduciary net position include contributions from employers and members, ad valorem taxes, revenue sharing, and investment income. The Fund recognized current year net investment income of \$40.9 million compared to net investment income of \$16.5 million in the prior year.

| Additions to Fiduciary Net Position | In thousands | | | 2019 to 2020 Percentage Change |
|--|---------------------|------------------|------------------|---|
| | <u>2020</u> | <u>2019</u> | <u>2018</u> | |
| Employer contributions | \$ 3,699 | \$ 3,578 | \$ 3,547 | 3% |
| Member contributions | 3,695 | 3,623 | 3,549 | 2% |
| Net investment income | 40,855 | 16,488 | 29,285 | 148% |
| Transfers in | 35 | 152 | 147 | -77% |
| State revenue sharing | 354 | 351 | 351 | 1% |
| Ad valorem taxes | 14,243 | 13,496 | 13,155 | 6% |
| Miscellaneous | 19 | 1 | 1 | 1800% |
| Total additions | <u>\$ 62,900</u> | <u>\$ 37,689</u> | <u>\$ 50,035</u> | |

Deductions from Fiduciary Net Position

Deductions from the Fund's fiduciary net position are comprised primarily of benefits paid to retirees, survivors, and beneficiaries. Also included as deductions are administrative expenses and refunds of contributions. Benefits paid to retirees, survivors, and beneficiaries amounted to \$24.3 million for 2020 compared to \$23.0 million for 2019. The administrative expenses represented approximately 1.15% of total plan deductions, which is consistent with prior years.

**Louisiana Assessors' Retirement Fund
and Subsidiary
Management's Discussion and Analysis
September 30, 2020**

Louisiana Assessors' Retirement Fund's Financial Analysis (Continued)

Deductions from Fiduciary Net Position (Continued)

| Deductions from Fiduciary Net Position | In thousands | | | 2019 to 2020 Percentage Change |
|---|----------------------|----------------------|----------------------|---|
| | <u>2020</u> | <u>2019</u> | <u>2018</u> | |
| Benefits and withdrawals | \$ 24,332 | \$ 22,956 | \$ 23,266 | 6% |
| Refunds and transfers | 429 | 326 | 229 | 32% |
| Administrative expenses | <u>287</u> | <u>285</u> | <u>296</u> | 1% |
| Total deductions | <u>\$ 25,048</u> | <u>\$ 23,567</u> | <u>\$ 23,791</u> | |

Investments

Investments totaled \$457.2 million at September 30, 2020, compared to \$419.0 million at September 30, 2019, which represents an increase of \$38.2 million, or 9.1%.

When making comparisons from year to year, it is important to be aware that other factors may affect the change in investments, particularly the changes between investment categories and types. Probably the most notable factor is that of investment re-balancing, which is initiated when a certain predetermined target allocation percentage is reached. Investment allocations that have become over-allocated are sold in part and distributed for the purchase of investment allocations that have become under-allocated. It is also important to note that the investment portfolio is not stagnant but is traded in part each business day. Therefore, the reader should be cautious about drawing conclusions as to how and why the portfolio increased or decreased in value. It is perhaps best to refer to the following table to conclude how the Fund's investments changed overall.

| | In thousands | | | 2019 to 2020 Percentage Change |
|-------------------------------|-----------------------|-----------------------|-----------------------|---|
| | <u>2020</u> | <u>2019</u> | <u>2018</u> | |
| Investments, at fair value | | | | |
| Short-term investments | \$ 5,587 | \$ 5,402 | \$ 2,978 | 3% |
| LAMP | 263 | 261 | 254 | 1% |
| U.S. Government securities | 34,466 | 31,711 | 33,401 | 9% |
| Corporate bonds | 67,193 | 49,408 | 37,702 | 36% |
| Foreign government securities | 2,690 | - | 31 | 100% |
| Bond mutual funds | 27,738 | 44,327 | 40,823 | -37% |
| Equity securities | 297,769 | 266,431 | 268,086 | 12% |
| Real estate funds | <u>21,541</u> | <u>21,432</u> | <u>20,289</u> | 1% |
| Total investments | <u>\$ 457,247</u> | <u>\$ 418,972</u> | <u>\$ 403,564</u> | |

**Louisiana Assessors' Retirement Fund
and Subsidiary
Management's Discussion and Analysis
September 30, 2020**

Requests for Information

This annual financial report is designed to provide a general overview of Louisiana Assessors' Retirement Fund's finances for interested parties. Questions concerning any of the information provided herein or requests for additional financial information should be addressed to Louisiana Assessors' Retirement Fund, Post Office Box 14699, Baton Rouge, Louisiana 70898.

**Louisiana Assessors' Retirement Fund
and Subsidiary
Consolidated Statements of Fiduciary Net Position
September 30, 2020 and 2019**

| | 2020 | 2019 |
|--|-----------------------|-----------------------|
| Assets | | |
| Cash and cash equivalents | \$ 2,043,199 | \$ 2,129,055 |
| Receivables: | | |
| Employer contributions | 205,746 | 184,483 |
| Member contributions | 208,043 | 186,780 |
| Accrued interest and dividends | 775,725 | 639,329 |
| Pending trades | - | 1,660,203 |
| Other receivables | - | 715,811 |
| Total receivables | 1,189,514 | 3,386,606 |
| Investments, at fair value: | | |
| Short-term investments | 5,586,739 | 5,401,993 |
| LAMP funds | 263,325 | 260,510 |
| U.S. Government securities | 34,466,521 | 31,711,451 |
| Corporate bonds | 67,192,623 | 49,407,625 |
| Foreign government securities | 2,690,500 | - |
| Bond mutual funds | 27,738,067 | 44,327,411 |
| Equity securities | 297,768,940 | 266,431,443 |
| Real estate funds | 21,540,751 | 21,432,371 |
| Total investments | 457,247,466 | 418,972,804 |
| Notes receivable - related party | 122,963 | 125,734 |
| Property and equipment, net of accumulated depreciation of \$101,747 for 2020 and 2019 | - | - |
| Total assets | 460,603,142 | 424,614,199 |
| Liabilities | | |
| Accounts payable | 185,974 | 223,966 |
| Pending trades payable | - | 1,825,045 |
| Total liabilities | 185,974 | 2,049,011 |
| Net Position Restricted for Pension Benefits | \$ 460,417,168 | \$ 422,565,188 |

The accompanying notes are an integral part of these consolidated financial statements.

**Louisiana Assessors' Retirement Fund
and Subsidiary
Consolidated Statements of Changes in Fiduciary Net Position
Years Ended September 30, 2020 and 2019**

| | 2020 | 2019 |
|---|----------------|----------------|
| Additions | | |
| Contributions: | | |
| Employer | \$ 3,698,751 | \$ 3,577,565 |
| Member | 3,694,681 | 3,623,498 |
| State revenue sharing | 354,044 | 350,975 |
| Ad valorem taxes | 14,243,249 | 13,496,476 |
| Total contributions | 21,990,725 | 21,048,514 |
| Investment income: | | |
| Net appreciation in fair value of investments | 36,097,633 | 12,861,356 |
| Interest and dividends | 6,439,623 | 5,405,983 |
| | 42,537,256 | 18,267,339 |
| Less investment expenses | 1,681,958 | 1,779,422 |
| Net investment income | 40,855,298 | 16,487,917 |
| Other Additions | | |
| Assets transferred from other systems | 35,291 | 152,163 |
| Miscellaneous | 18,761 | 1,402 |
| Total other additions | 54,052 | 153,565 |
| Total additions | 62,900,075 | 37,689,996 |
| Deductions | | |
| Retirement benefits | 22,084,781 | 21,653,729 |
| DROP withdrawals | 2,247,015 | 1,301,762 |
| Refunds to terminated employees | 138,960 | 132,463 |
| Assets transferred to other systems | 290,197 | 193,492 |
| Administrative expenses | 287,142 | 285,283 |
| Total deductions | 25,048,095 | 23,566,729 |
| Net Increase | 37,851,980 | 14,123,267 |
| Net Position Restricted for Pension Benefits | | |
| Beginning of year | 422,565,188 | 408,441,921 |
| End of year | \$ 460,417,168 | \$ 422,565,188 |

The accompanying notes are an integral part of these consolidated financial statements.

**Louisiana Assessors' Retirement Fund
and Subsidiary
Notes to Consolidated Financial Statements
September 30, 2020**

Note 1-Plan Description

The following brief description of Louisiana Assessors' Retirement Fund and Subsidiary (collectively referred to as the "Fund") is provided for general information purposes only. Readers should refer to the appropriate Louisiana Revised Statutes for more complete information.

General The Fund was created by Act 91 Section 1 of the 1950 regular session of the Legislature of the State of Louisiana. The Fund is a cost-sharing, multiple-employer, qualified governmental defined benefit pension plan covering assessors and their deputies employed by any parish of the State of Louisiana, under the provisions of Louisiana Revised Statutes 11:1401 through 1494. The plan is a qualified plan as defined by the Internal Revenue Code Section 401(a), effective January 1, 1998. Membership in the Fund is a condition of employment for assessors and their full-time employees.

Reporting Entity The Fund is not a component unit of the State of Louisiana, and its financial statements are not included in the State's consolidated annual financial report. The accompanying consolidated financial statements reflect the activity of the Fund.

The Fund is administered by a board of trustees composed of seventeen members as follows: the president, vice president, and treasurer of Louisiana Assessors' Association, one regular member representative from each of the eight election districts established by Louisiana Assessors' Association, two retiree representatives nominated by the board and elected by the retirees of the Fund, two assessor employee representatives who are members of the Fund nominated by the board and elected by the assessor employees who are members of the Fund, a member of the House Committee on Retirement appointed by the Speaker of the House of Representatives, and the chairman of the Senate Committee on Retirement. The elected members are elected for terms of two years and may be reelected.

Plan Membership Membership data at September 30, 2020 and 2019 is as follows:

| | <u>2020</u> | <u>2019</u> |
|------------------------------------|-------------|-------------|
| Employer Members | | |
| Louisiana Assessors' offices | 64 | 64 |
| Louisiana Assessors' Association | 1 | 1 |
| | 65 | 65 |
| Employee Members | | |
| Current retirees and beneficiaries | 564 | 563 |
| Terminated vested participants | 12 | 17 |
| Terminated due a refund | 103 | 102 |
| Active plan participants | 749 | 740 |
| | 1,428 | 1,422 |

Eligibility requirements and benefit provisions are described in Louisiana Revised Statutes 11:1421 through 1458. The following information is a brief description of the eligibility requirements and benefit provisions.

**Louisiana Assessors' Retirement Fund
and Subsidiary
Notes to Consolidated Financial Statements
September 30, 2020**

Note 1-Plan Description (Continued)

A. Eligibility Requirements

Members who were hired before October 1, 2013, will be eligible for pension benefits once they have either reached the age of fifty-five and have at least twelve years of service or have at least thirty years of service, regardless of age. Members who were hired on or after October 1, 2013, will be eligible for pension benefits once they have either reached the age of sixty and have at least twelve years of service or have reached the age of fifty-five and have at least thirty years of service.

B. Retirement Benefits

Members whose first employment making them eligible for membership began prior to October 1, 2006, are entitled to annual pension benefits equal to three and one-third percent of their highest monthly average final compensation received during any 36 consecutive months, multiplied by their total years of service, not to exceed 100% of monthly average final compensation. Members whose first employment making them eligible for membership began on or after October 1, 2006 but before October 1, 2013, are entitled to annual pension benefits equal to three and one-third percent of their highest monthly average final compensation received during any 60 consecutive months, multiplied by their total years of service, not to exceed 100% of monthly average final compensation. Members whose first employment making them eligible for membership began on or after October 1, 2013 but who have less than thirty years of service, are entitled to annual pension benefits equal to three percent of their highest monthly average final compensation received during any 60 consecutive months, multiplied by their total years of service, not to exceed 100% of monthly average final compensation. Members whose first employment making them eligible for membership began on or after October 1, 2013 and have thirty or more years of service, are entitled to annual pension benefits equal to three and one-third percent of their highest monthly average final compensation received during any 60 consecutive months, multiplied by their total years of service, not to exceed 100% of monthly average final compensation. Members may elect to receive their pension benefits in the form of a joint and survivor annuity.

If members terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to the employer's contributions. Benefits are payable over the employees' lives in the form of a monthly annuity. Members may elect to receive the actuarial equivalent of their retirement allowance in a reduced retirement payable throughout life with the following options:

1. If the member dies before he has received in retirement payments purchased by his contributions the amount he had contributed to the fund before his retirement, the balance shall be paid to his legal representatives or to such person as he shall nominate by written designation.
2. Upon the member's death, his reduced retirement allowance shall be continued throughout the life of and paid to his surviving spouse.
3. Upon the member's death, one-half of his reduced retirement allowance shall be continued throughout the life of and paid to his surviving spouse.
4. The member may elect to receive some other board-approved benefit or benefits that together with the reduced retirement allowance shall be of equivalent actuarial value to his retirement allowance.

The Fund provides benefits for surviving spouses and minor children under certain conditions which are outlined in the Louisiana Revised Statutes.

**Louisiana Assessors' Retirement Fund
and Subsidiary
Notes to Consolidated Financial Statements
September 30, 2020**

Note 1-Plan Description (Continued)

C. Disability Benefits

The Board of Trustees shall award disability benefits to eligible members who have been officially certified as disabled by the State Medical Disability Board. The disability benefit shall be the lesser of (1) or (2) as set forth below:

1. A sum equal to the greater of forty-five percent (45%) of final average compensation or the member's accrued retirement benefit at the time of termination of employment due to disability; or
2. The retirement benefit which would be payable assuming accrued creditable service plus additional accrued service, if any, to the earliest normal retirement age based on final average compensation at the time of termination of employment due to disability.

Upon approval for disability benefits, the member shall exercise an optional retirement allowance as provided in R.S. 11:1423 and no change in the option selected shall be permitted after it has been filed with the board. The retirement option factors shall be the same as those utilized for regular retirement based on the age of the retiree and that of the spouse, had the retiree continued in active service until the earliest normal retirement date.

D. Back-Deferred Retirement Option Program (Back-DROP)

In lieu of receiving a normal retirement benefit pursuant to R.S. 11:1421 through 1423, an eligible member of the Fund may elect to retire and have their benefits structured, calculated, and paid as provided in R.S. 11:1456.1.#

An active, contributing member of the Fund shall be eligible for Back-DROP only if all of the following apply:

1. The member has accrued more service credit than the minimum required for eligibility for a normal retirement benefit.
2. The member has attained an age that is greater than the minimum required for eligibility for a normal retirement benefit, if applicable.
3. The member has revoked his participation, if any, in the Deferred Retirement Option Plan pursuant to R.S. 11:1456.2.

At the time of retirement, a member who elects to receive a Back-DROP benefit shall select a Back-DROP period to be specified in whole months. The duration of the Back-DROP period shall not exceed the lesser of thirty-six months or the number of months of creditable service accrued after the member first attained eligibility for normal retirement. The Back-DROP period shall be comprised of the most recent calendar days corresponding to the member's employment for which service credit in the Fund accrued.

The Back-DROP benefit shall have two portions: a lump-sum portion and a monthly benefit portion. The member's Back-DROP monthly benefit shall be calculated pursuant to the provisions applicable for service retirement set forth in R.S. 11:1421 through 1423, subject to the following conditions:

1. Creditable service shall not include service credit reciprocally recognized pursuant to R.S. 11:142.
2. Accrued service at retirement shall be reduced by the Back-DROP period.

**Louisiana Assessors' Retirement Fund
and Subsidiary
Notes to Consolidated Financial Statements
September 30, 2020**

Note 1-Plan Description (Continued)

D. Back-Deferred Retirement Option Program (Back-DROP) (Continued)

3. Final average compensation shall be calculated by excluding all earnings during the Back-DROP period.
4. Contributions received by the Fund during the Back-DROP period and any interest that has accrued on employer and employee contributions received during the period shall remain with the Fund and shall not be refunded to the member or to the employer.
5. The member's Back-DROP monthly benefit shall be calculated based upon the member's age and service and the Fund provisions in effect on the last day of creditable service before the Back-DROP period.
6. At retirement, the member's maximum monthly retirement benefit payable as a life annuity shall be equal to the Back-DROP monthly benefit.
7. The member may elect to receive a reduced monthly benefit in accordance with the options provided in R.S. 11:1423 based upon the member's age and the age of the member's beneficiary as of the actual effective date of retirement. No change in the option selected or beneficiary shall be permitted after the option is filed with the Board of Trustees.

In addition to the monthly benefit received, the member shall be paid a lump-sum benefit equal to the Back-DROP maximum monthly retirement benefit multiplied by the number of months selected as the Back-DROP period. Cost-of-living adjustments shall not be payable on the member's Back-DROP lump sum.

Upon the death of a member who selected the maximum option pursuant to R.S. 11:1423, the member's named beneficiary or, if none, the member's estate shall receive the deceased member's remaining contributions, less the Back-DROP benefit amount. Upon the death of a member who selected Option 1 pursuant to R.S. 11:1423, the member's named beneficiary or, if none, the member's estate, shall receive the member's annuity savings fund balance as of the member's date of retirement reduced by the portion of the Back-DROP account balance and his previously paid retirement benefits that are attributable to the member's annuity payments as provided by the annuity savings fund.

E. Excess Benefit Plan

Under the provisions of this excess benefit plan, a member may receive a benefit equal to the amount by which the member's monthly benefit from the Fund has been reduced because of the limitations of Section 415 of the Internal Revenue Code.

Note 2-Summary of Significant Accounting and Financial Reporting Policies

A. Basis of Accounting

The Fund's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America using the accrual basis of accounting. Employer and employee contributions are recognized in the period in which the employee is compensated for services. Benefits and refunds are recognized when due and payable. Investment purchases and sales are recorded as of their trade date. Additional contributions from ad valorem taxes and revenue sharing monies are recognized in the year collected by the tax collector.

**Louisiana Assessors' Retirement Fund
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September 30, 2020**

Note 2-Summary of Significant Accounting and Financial Reporting Policies (Continued)

B. Principles of Consolidation

The consolidated financial statements include the accounts of Louisiana Assessors' Retirement Fund and its wholly-owned subsidiary, Louisiana Assessors' Retirement Fund Excess Benefit Account. All significant intercompany balances have been eliminated in the consolidation.

C. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the actuarial information included in the required supplementary information as of the benefit information date and the reported amounts of additions to and deductions from plan net position during the reporting period. Actuarial valuations are used to determine the net pension liability. Actual results could differ from those estimates. The Fund utilizes various investment instruments, which, by nature, are exposed to a variety of risk levels and risk types, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the Consolidated Statements of Fiduciary Net Position.

D. Cash and Cash Equivalents

Cash and cash equivalents include demand deposits in banks and temporary cash investments in money market accounts with the trust department of the investment custodian bank. The money market balances consist of government-backed pooled funds.

E. Investments

In accordance with GASB Statement No. 72 (GASB 72), investments are reported at fair value which is described as an exit price. GASB 72 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. GASB 72 established a hierarchy of inputs to valuation techniques used to measure fair value. That hierarchy has three levels. Level 1 inputs are quoted prices (unadjusted) 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. Finally, Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security.

Fair value of certain investments that do not have a readily determinable fair value is established using net asset value (or its equivalent) as a practical expedient. These investments are not categorized according to the fair value hierarchy.

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 of 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 Fund performs a detailed analysis of the assets and liabilities that are subject to GASB 72.

**Louisiana Assessors' Retirement Fund
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Notes to Consolidated Financial Statements
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Note 2-Summary of Significant Accounting and Financial Reporting Policies (Continued)

E. Investments (Continued)

GASB 72 requires disclosures to be made about fair value measurements within the level of fair value hierarchy and valuation techniques. These disclosures are organized by type of asset or liability. GASB 72 also requires additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent). These disclosures are located in Note 4.

Short-term investments are reported at market value, when published prices are available, or at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at the current exchange rate. Mortgage-backed securities are valued on the basis of estimated future principal and interest payments and are discounted at prevailing interest rates for similar instruments. Fair values of the limited partnership investments are based on valuations reported by the general partner. Because of the inherent uncertainties in estimating fair values, it is at least reasonably possible that the estimates will change in the near term. Investments that do not have an established market are reported at estimated fair value. Unrealized gains and losses are included in investment income in the Consolidated Statements of Changes in Fiduciary Net Position.

F. Property and Equipment

Property and equipment are reported at historical cost. Depreciation is computed using the straight-line method based upon useful lives of 3 to 15 years for equipment and furniture. Minor equipment and furniture acquisitions are reported as capital outlays in the period they are made.

Note 3-Contributions, Funding Status and Reserves

A. Contributions

Contributions for all members are established by statute at 8.00% of earned compensation. The contributions are deducted from the member's salary and remitted by the participating agency.

Administrative costs of the Fund are financed through employer contributions. According to state statute, contributions for all employers are actuarially determined each year. The actuarially-determined employer contribution rate was 3.01% and 9.38% for the years ended September 30, 2020 and 2019, respectively. The actual employer contribution rate was 8.00% of members' earnings for the years ended September 30, 2020 and 2019.

The Fund also receives one-fourth of one percent of the property taxes assessed in each parish of the state, except for Orleans Parish which is one percent, as well as a state revenue sharing appropriation. According to state statute, in the event that contributions for ad valorem taxes and revenue sharing funds are insufficient to provide for the gross employer actuarially required contribution, the employer is required to make direct contributions as determined by the Public Retirement Systems' Actuarial Committee.

**Louisiana Assessors' Retirement Fund
and Subsidiary
Notes to Consolidated Financial Statements
September 30, 2020**

Note 3-Contributions, Funding Status and Reserves (Continued)

B. Funding Status

Actuarial Methods and Assumptions

The current year actuarial assumptions utilized for this report are based on the assumptions used in the September 30, 2020 actuarial funding valuation, which (with the exception of mortality) were based on results of an actuarial experience study for the period from October 1, 2014 through September 30, 2019. All assumptions selected were determined to be reasonable and represent the Fund's expectations of future experience for the Fund. Additional information on the actuarial methods and assumptions used as of the September 30 actuarial valuation follows:

| | <u>September 30, 2020</u> | <u>September 30, 2019</u> |
|--|--|---|
| Valuation date | September 30, 2020 | September 30, 2019 |
| Actuarial cost method | Entry age normal | Entry age normal |
| Investment rate of return (discount rate) | 5.75%, net of pension plan investment expense, including inflation. | 6.00%, net of pension plan investment expense, including inflation. |
| Inflation rate | 2.10% | 2.20% |
| Salary increases, including inflation and merit increase | 5.25% | 5.75% |
| Annuitant and beneficiary mortality | Pub-2010 Public Retirement Plans Mortality Table for General Healthy Retirees multiplied by 120% with full generational projection using the appropriate MP-2019 improvement scale. | RP-2000 Healthy Annuitant Table set forward one year and projected to 2030 for males and projected to 2030 for females with no set forward. |
| Active member mortality | Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 120% with full generational projection using the appropriate MP-2019 improvement scale. | RP-2000 Employee Table set back four years for males and three years for females. |
| Disabled Lives Mortality | Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 120% with full generational projection using the appropriate MP-2019 improvement scale. | RP-2000 Disabled Lives Mortality Table set back five years for males and three years for females. |

**Louisiana Assessors' Retirement Fund
and Subsidiary
Notes to Consolidated Financial Statements
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Note 3-Contributions, Funding Status and Reserves (Continued)

B. Funding Status (Continued)

Net Pension Liability and Pension Expense

The Schedule of Employers' Net Pension Liability presents information about whether the plan fiduciary net position is increasing or decreasing over time relative to total pension liability. The total pension liability was determined by an actuarial valuation as of the valuation date using assumptions and methods as described in the previous section.

The net pension liability, which was calculated in accordance with GASB Statement No. 67, as of September 30, 2020 and 2019, was as follows:

| | <u>2020</u> | <u>2019</u> |
|---|----------------------|----------------------|
| Total pension liability | \$ 475,694,775 | \$ 448,943,386 |
| Plan fiduciary net position | <u>460,417,168</u> | <u>422,565,188</u> |
| Net pension liability | <u>\$ 15,277,607</u> | <u>\$ 26,378,198</u> |
| Plan fiduciary net position as a percentage of total pension liability | 96.79% | 94.12% |

Discount Rate

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, of 2.5%, and an adjustment for the effect of rebalancing/diversification. The resulting long-term expected arithmetic nominal return was 8.37% and 8.38% as of September 30, 2020 and 2019, respectively.

Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of September 30, 2020 and 2019, are summarized in the following table:

| | Long-Term Expected Real Rate of Return | |
|----------------------|---|-------------|
| <u>Asset Class</u> | <u>2020</u> | <u>2019</u> |
| Domestic equity | 7.50% | 7.50% |
| International equity | 8.50% | 8.50% |
| Domestic bonds | 2.50% | 2.50% |
| International bonds | 3.50% | 3.50% |
| Real estate | 4.50% | 4.50% |
| Alternative assets | 5.87% | 6.24% |

**Louisiana Assessors' Retirement Fund
and Subsidiary
Notes to Consolidated Financial Statements
September 30, 2020**

Note 3-Contributions, Funding Status and Reserves (Continued)

B. Funding Status (Continued)

Discount Rate (Continued)

The projection of cash flows used to determine the discount rate assumes 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 contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on these 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.

Sensitivity to Changes in the Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 5.75% and 6.00% as of September 30, 2020 and 2019, respectively, as well as what the net pension liability of the participating employers 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:

| | Changes in Discount Rate | | |
|------------------------------------|------------------------------------|--|------------------------------------|
| | 1% Decrease (4.75%) | Current Discount Rate (5.75%) | 1% Increase (6.75%) |
| 2020 Net pension liability (asset) | \$ 69,350,743 | \$ 15,277,607 | \$ (30,692,937) |

| | Changes in Discount Rate | | |
|------------------------------------|------------------------------------|--|------------------------------------|
| | 1% Decrease (5.00%) | Current Discount Rate (6.00%) | 1% Increase (7.00%) |
| 2019 Net pension liability (asset) | \$ 74,949,978 | \$ 26,378,198 | \$ (15,252,948) |

C. Reserve Funds

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

Annuity Savings Fund

The Annuity Savings Fund is credited with contributions made by members of the Fund. When a member terminates service, or upon death before qualifying for a benefit, the refund of the member's contributions is made from this reserve. If a member dies and there is a survivor who is eligible for a benefit, the amount of the member's accumulated contributions is transferred from the Annuity Savings Fund to the Annuity Reserve Fund to provide part of the benefits.

**Louisiana Assessors' Retirement Fund
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Notes to Consolidated Financial Statements
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Note 3-Contributions, Funding Status and Reserves (Continued)

C. Reserve Funds (Continued)

Pension Accumulation Fund

The Pension Accumulation Fund consists of contributions paid by employers, interest earned on investments and any other income not covered by other accounts. This reserve account is charged annually with an amount, determined by the actuary, to be transferred to the Annuity Reserve Fund to fund retirement benefits for existing recipients. It is also relieved when expenditures are not covered by other accounts.

Annuity Reserve Fund

The Annuity Reserve Fund consists of the reserves for all pensions granted to retired members and is the reserve account from which such pensions and annuities are paid. Survivors of deceased beneficiaries also receive benefits from this reserve account.

Deferred Retirement Option Plan (DROP) and Back-DROP Accounts

The DROP and Back-DROP accounts consist 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 as if the member had retired.

Funding Deposit Account

The Funding Deposit Account is credited with all surplus funds collected by the Fund in which the Board of Trustees elects to set the direct employer contribution rate higher than the minimum recommended rate. The funds may be used to reduce the unfunded accrued liability, reduce the present value of future normal costs, or to pay all or a portion of any future net direct employer contributions or to provide for cost of living increases.

The balances of the reserve funds at September 30, 2020 and 2019 were as follows:

| <u>Reserve Funds</u> | <u>2020</u> | <u>2019</u> |
|-----------------------------|-----------------------|-----------------------|
| Annuity Savings Fund | \$ 37,993,057 | \$ 35,913,108 |
| Pension Accumulation Fund | 139,574,934 | 119,327,801 |
| Annuity Reserve Fund | 237,433,445 | 226,495,666 |
| DROP and Back-DROP Accounts | 2,169,543 | 2,728,581 |
| Funding Deposit Account | <u>43,246,189</u> | <u>38,100,032</u> |
| | <u>\$ 460,417,168</u> | <u>\$ 422,565,188</u> |

Note 4-Deposits and Investments

The information presented on the following pages includes disclosures of custodial, interest rate, credit and foreign currency risks in accordance with GASB 40 and is designed to inform financial statement users about investment risks that could affect the Fund's ability to meet its obligations. The tables presented classify investments by risk type, while the consolidated financial statements present investments by asset class; thus, the totals shown on the tables may not be comparable to the amounts shown for the individual asset classes on the consolidated financial statements.

**Louisiana Assessors' Retirement Fund
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September 30, 2020**

Note 4-Deposits and Investments (Continued)

A. Deposits

At September 30, 2020, the carrying amount of the Fund's deposit accounts classified as cash and cash equivalents, was \$2,043,199 and the bank balance was \$2,314,661, of which \$276,651 was protected from custodial credit risk by federal depository insurance. The remainder of the deposit balances were collateralized by a letter of credit issued by the Federal Home Loan Bank.

B. Investments

Statutes authorize the Fund to invest under the Prudent-Man Rule. The Prudent-Man Rule requires each fiduciary of a retirement system and each board of trustees acting collectively on behalf of the Fund to act with 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.

The Fund's policy regarding investments is established and amended by the Fund's Board. The Fund shall be managed at all times in accordance with Louisiana statutes and any other applicable law. The policy states that the investment of the Fund's assets shall be for the exclusive purpose of providing benefits for the participants and their beneficiaries and paying the Fund's administrative expenses. The Fund's investments shall be prudently selected and properly diversified so as to minimize the risk of large losses.

The following schedule shows the Fund's allocation policy as of September 30, 2020 and 2019:

| Asset Class | Target Allocation | |
|--------------------|--------------------------|--------------------|
| | <u>2020</u> | <u>2019</u> |
| Equity | 55.00% | 60.00% |
| Fixed Income | 30.00% | 30.00% |
| Alternatives | 15.00% | 10.00% |
| Total fund | <u>100.00%</u> | <u>100.00%</u> |

The Fund invested \$263,325 and \$260,510 as of September 30, 2020 and 2019, respectively, in the Louisiana Asset Management Pool (LAMP), a local government investment pool. LAMP is administered by LAMP, Inc., a nonprofit 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 R.S. 33:2955.

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 pools is the same as the net asset value of the pool shares. All of LAMP's investments are rated AAAM by Standard & Poor's.

LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 60 days and consists of no securities with a maturity in excess of 397 days. The weighted average maturity for LAMP's total investments is 50 days as of September 30, 2020.

**Louisiana Assessors' Retirement Fund
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Notes to Consolidated Financial Statements
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Note 4-Deposits and Investments (Continued)

B. Investments (Continued)

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.

C. Custodial Credit Risk

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty to a transaction, 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. Exposure to custodial credit risk arises when securities are uninsured, or are not registered in the name of the Fund, and are held by either the counterparty or the counterparty's trust department or agent but not in the Fund's name.

The investments of the Fund are held by its custodian separately from the custodian's assets in the name of the Fund and would not be adversely affected if the custodian were placed in receivership. Investments in external investment pools, mutual funds, and other pooled investments are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book-entry form. The Fund has no formal investment policy regarding custodial credit risk. The Fund was not exposed to custodial credit risk as of September 30, 2020 and 2019.

D. 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 risk is applicable to debt investments with fair values that are sensitive to changes in interest rates. One indicator of the measure of interest rate risk is the dispersion of maturity dates for debt instruments. The Fund has no formal investment policy regarding interest rate risk.

As of September 30, 2020, the Fund had the following debt investment securities and maturities:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Investment Maturities (in years)</u> | | | |
|-------------------------------|-----------------------|---|----------------------|----------------------|----------------------|
| | | <u>Less than 1</u> | <u>1 – 5</u> | <u>5 – 10</u> | <u>More than 10</u> |
| U.S. Government Securities | \$ 34,466,521 | \$ - | \$ 1,207 | \$ 9,763,246 | \$ 24,702,068 |
| Corporate Bonds | 67,192,623 | 4,652,414 | 32,106,886 | 12,195,706 | 18,237,617 |
| Foreign Government Securities | 2,690,500 | - | 2,690,500 | - | - |
| | <u>\$ 104,349,644</u> | <u>\$ 4,652,414</u> | <u>\$ 34,798,593</u> | <u>\$ 21,958,952</u> | <u>\$ 42,939,685</u> |

**Louisiana Assessors' Retirement Fund
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Notes to Consolidated Financial Statements
September 30, 2020**

Note 4-Deposits and Investments (Continued)

D. Interest Rate Risk

As of September 30, 2019, the Fund had the following debt investment securities and maturities:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Investment Maturities (in years)</u> | | | |
|----------------------------|----------------------|---|----------------------|----------------------|----------------------|
| | | <u>Less than 1</u> | <u>1 – 5</u> | <u>5 – 10</u> | <u>More than 10</u> |
| U.S. Government Securities | \$ 31,711,451 | \$ 799 | \$ 1,702 | \$ 2,749,475 | \$ 28,959,475 |
| Corporate Bonds | <u>49,407,625</u> | <u>2,254,865</u> | <u>18,335,990</u> | <u>14,519,406</u> | <u>14,297,364</u> |
| | <u>\$ 81,119,076</u> | <u>\$ 2,255,664</u> | <u>\$ 18,337,692</u> | <u>\$ 17,268,881</u> | <u>\$ 43,256,839</u> |

E. Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of the Fund's investment in a single issuer. The Fund's investment policy states that no more than 5% of the assets assigned to an investment manager may be invested in the securities of one issuer with the exception of securities issued directly by the United States Government or any agency or instrumentality thereof. At September 30, 2020 and 2019, with the exception of United States Government securities, there were no investments with a single issuer which exceeded 5% of net position restricted for pension benefits.

F. Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Fund's investment policy indicates that the majority of the total fixed income portfolio shall be rated "investment grade" or higher by a nationally recognized rating agency. The Fund held investments with the following ratings as determined by Moody's Investors Service as of September 30, 2020 and 2019:

| <u>Corporate Bonds</u> | <u>Market Value at September 30,</u> | |
|-------------------------|--|----------------------|
| | <u>2020</u> | <u>2019</u> |
| Aa1 | \$ 2,579,839 | \$ 1,700,034 |
| A1 | - | 1,305,330 |
| A2 | 18,630,401 | 8,941,174 |
| A3 | 19,846,931 | 10,983,992 |
| Baa1 | 5,436,200 | 6,824,650 |
| Baa2 | 20,699,252 | 17,615,325 |
| Baa3 | - | <u>2,037,120</u> |
| Total corporate bonds | <u>\$ 67,192,623</u> | <u>\$ 49,407,625</u> |
| Bond Mutual Fund | | |
| A3 | <u>\$ 27,738,067</u> | <u>\$ 44,327,411</u> |

**Louisiana Assessors' Retirement Fund
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Notes to Consolidated Financial Statements
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Note 4-Deposits and Investments (Continued)

G. 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 has no formal investment policy regarding foreign currency risk. The Fund has no exposure to foreign currency risk at September 30, 2020 and 2019.

H. Fair Value Measurements

The Fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as described in Note 2(E).

The following table sets forth, by level, the investments reported at fair value as of September 30, 2020:

| Investments by Fair Value Level | Total | Fair Value Measurements | | |
|--|-----------------------|--------------------------------|-----------------------|----------------|
| | | Level 1 | Level 2 | Level 3 |
| Debt Securities | | | | |
| U.S. Government securities | \$ 34,466,521 | \$ 5,611,548 | \$ 28,854,973 | \$ - |
| Corporate bonds | 67,192,623 | - | 67,192,623 | - |
| Foreign government securities | 2,690,500 | - | 2,690,500 | - |
| Total debt securities | <u>104,349,644</u> | <u>5,611,548</u> | <u>98,738,096</u> | <u>-</u> |
| Equity Securities | | | | |
| Domestic stock | 98,488,521 | 98,488,521 | - | - |
| Domestic mutual funds | 44,341,633 | - | 44,341,633 | - |
| Foreign mutual funds | 36,055,170 | - | 36,055,170 | - |
| Foreign stock | 6,076,548 | 6,076,548 | - | - |
| Total equity securities | <u>184,961,872</u> | <u>104,565,069</u> | <u>80,396,803</u> | <u>-</u> |
| Short-term investments | <u>5,586,739</u> | <u>5,586,739</u> | <u>-</u> | <u>-</u> |
| External investment pool | <u>263,325</u> | <u>-</u> | <u>263,325</u> | <u>-</u> |
| Total Investments at Fair Value Level | <u>295,161,580</u> | <u>\$ 115,763,356</u> | <u>\$ 179,398,224</u> | <u>\$ -</u> |
| Investments measured at Net Asset Value (NAV) | | | | |
| Bond mutual fund | 27,738,067 | | | |
| Domestic equity fund | 71,869,675 | | | |
| International equity funds | 40,937,393 | | | |
| Real estate funds | 21,540,751 | | | |
| Total Investments at NAV | <u>162,085,886</u> | | | |
| Total Investments at Fair Value | <u>\$ 457,247,466</u> | | | |

**Louisiana Assessors' Retirement Fund
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Notes to Consolidated Financial Statements
September 30, 2020**

Note 4-Deposits and Investments (Continued)

H. Fair Value Measurements (Continued)

The unfunded commitments and redemption terms, if applicable, for investments measured at the net asset value (NAV) per share (or its equivalent) as of September 30, 2020, are presented in the following table:

| <u>Investment Type</u> | <u>Fair Value 2020</u> | <u>Unfunded Commitments</u> | <u>Redemption Frequency</u> | <u>Redemption Notice Period</u> |
|---------------------------------|------------------------------|---------------------------------|---------------------------------|-------------------------------------|
| Bond mutual fund | \$ 27,738,067 | \$ - | Daily | 1 Day |
| Domestic equity fund | 71,869,675 | - | Monthly | 10 Days |
| International equity funds | 40,937,393 | - | Daily | 1 – 10 Days |
| Real estate funds | <u>21,540,751</u> | - | Quarterly | 10 Days |
| Total Investments at NAV | <u>\$ 162,085,886</u> | | | |

The following table sets forth, by level, the investments reported at fair value as of September 30, 2019:

| Investments by Fair Value Level | <u>Fair Value Measurements</u> | | | |
|--|--------------------------------|-----------------------|----------------------|----------------|
| | <u>Total</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| Debt Securities | | | | |
| U.S. Government securities | \$ 31,711,451 | \$ 1,294,007 | \$ 30,417,444 | \$ - |
| Corporate bonds | <u>49,407,625</u> | - | <u>49,407,625</u> | - |
| Total debt securities | <u>81,119,076</u> | <u>1,294,007</u> | <u>79,825,069</u> | - |
| Equity Securities | | | | |
| Domestic stock | 93,499,426 | 93,499,426 | - | - |
| Domestic mutual funds | 21,508,735 | 21,508,735 | - | - |
| Foreign mutual funds | 26,612,292 | 26,612,292 | - | - |
| Foreign stock | <u>9,805,847</u> | <u>9,805,847</u> | - | - |
| Total equity securities | <u>151,426,300</u> | <u>151,426,300</u> | - | - |
| Short-term investments | <u>5,401,993</u> | - | <u>5,401,993</u> | - |
| External investment pool | <u>260,510</u> | - | <u>260,510</u> | - |
| Total Investments at Fair Value Level | <u>238,207,879</u> | <u>\$ 152,720,307</u> | <u>\$ 85,487,572</u> | <u>\$ -</u> |
| Investments measured at Net Asset Value (NAV) | | | | |
| Bond mutual fund | 44,327,411 | | | |
| Domestic equity fund | 84,570,956 | | | |
| International equity funds | 30,434,187 | | | |
| Real estate funds | <u>21,432,371</u> | | | |
| Total Investments at NAV | <u>180,764,925</u> | | | |
| Total Investments at Fair Value | <u>\$ 418,972,804</u> | | | |

**Louisiana Assessors' Retirement Fund
and Subsidiary
Notes to Consolidated Financial Statements
September 30, 2020**

Note 4-Deposits and Investments (Continued)

H. Fair Value Measurements (Continued)

The unfunded commitments and redemption terms, if applicable, for investments measured at the net asset value (NAV) per share (or its equivalent) as of September 30, 2019, are presented in the following table:

| <u>Investment Type</u> | <u>Fair Value</u> <u>2019</u> | <u>Unfunded</u> <u>Commitments</u> | <u>Redemption</u> <u>Frequency</u> | <u>Redemption</u> <u>Notice Period</u> |
|---------------------------------|----------------------------------|---------------------------------------|---------------------------------------|---|
| Bond mutual fund | \$ 44,327,411 | \$ - | Daily | 1 Day |
| Domestic equity fund | 84,570,956 | - | Monthly | 10 Days |
| International equity funds | 30,434,187 | - | Daily | 1 – 10 Days |
| Real estate funds | <u>21,432,371</u> | - | Quarterly | 10 Days |
| Total Investments at NAV | <u>\$ 180,764,925</u> | | | |

Valuation Techniques

Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix and market-corroborated pricing and inputs such as yield curves and indices. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Real Estate

This type includes real estate funds that invest primarily in major property types including office, residential, retail, industrial, and hotel properties. The fair values of the investments in real estate funds have been determined using the NAV per share of the Fund's ownership interest in partners' capital. These are illiquid investments with a length of investment often over 10 years. Returns are generated by capital appreciation and income from lease agreements.

I. Money-weighted Rate of Return

For the year ended September 30, 2020 and 2019, the annual money-weighted rate of return on the Fund's investments, net of investment expense, was 9.74% and 4.04%, respectively. The money-weighted rate of return expresses performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 5-Note Receivable - Related Party

The following is a summary of the note receivable from a related party at September 30, 2020 and 2019:

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| Note receivable due from Louisiana Assessors' Association in monthly installments of \$983 at an interest rate of 7.25%, collateralized by a building | <u>\$ 122,963</u> | <u>\$ 125,734</u> |

**Louisiana Assessors' Retirement Fund
and Subsidiary
Notes to Consolidated Financial Statements
September 30, 2020**

Note 5-Note Receivable - Related Party (Continued)

Annual future maturities of the note receivable as of September 30, 2020 are as follows:

| | | |
|------------|-----------|---------|
| 2021 | \$ | 2,979 |
| 2022 | | 3,202 |
| 2023 | | 3,442 |
| 2024 | | 3,708 |
| 2025 | | 4,016 |
| Thereafter | | 105,616 |
| | <u>\$</u> | 122,963 |

Note 6-Property and Equipment

The following is a summary of property and equipment at September 30, 2020 and 2019:

| | <u>Balance</u> <u>October 1,</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>September 30,</u> |
|-------------------------------|-------------------------------------|------------------|------------------|--|
| Furniture | \$ 58,962 | \$ - | \$ - | \$ 58,962 |
| Computer software | 42,785 | - | - | 42,785 |
| Less accumulated depreciation | (101,747) | - | - | (101,747) |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Note 7-Related Party Transactions

The Fund shares an office building, staff, equipment and other office expenses with Louisiana Assessors' Association and Louisiana Assessors' Insurance Fund, related parties. Most of the expenses, including the salaries of employees of all three entities, are paid by the Association. The Fund reimbursed the Association \$133,007 and \$134,625 for shared expenses for the years ended September 30, 2020 and 2019, respectively.

Interest earned on the note due from Louisiana Assessors' Association as described in Note 5 was \$9,025 and \$9,218 for the years ended September 30, 2020 and 2019, respectively.

Note 8-Risks and Uncertainties

The COVID-19 pandemic has caused extensive disruptions to the global, national and regional economy. Governments, businesses, and the public are taking unprecedented actions to contain the spread of COVID-19 and to mitigate its effects, including quarantines, travel bans, shelter-in-place orders, closures of businesses and schools, fiscal stimulus, and legislation designed to deliver monetary aid and other relief. While the scope, duration, and full effects of COVID-19 are rapidly evolving and not fully known, the pandemic and related efforts to contain it have disrupted economic activity. If these implications continue for a prolonged period or result in sustained economic stress or recession, there could be a material adverse effect on the Fund related to performance in financial markets, general operations, and liquidity. The extent of the long term effect of the adverse impact of the COVID-19 outbreak on amounts reported in the 2020 consolidated statement of fiduciary net position cannot be reasonably estimated.

**Louisiana Assessors' Retirement Fund
and Subsidiary
Notes to Consolidated Financial Statements
September 30, 2020**

Note 9-Subsequent Events

The Fund evaluated all subsequent events through February 21, 2021, the date the consolidated financial statements were available to be issued. As a result, management noted no subsequent events that required adjustment to, or disclosure in, these consolidated financial statements.

Required Supplementary Information

**Louisiana Assessors' Retirement Fund
and Subsidiary
Schedules of Changes in Net Pension Liability
For the Seven Years Ended September 30, 2020, 2019, 2018, 2017, 2016, 2015, and 2014***

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Total Pension Liability: | | | | | | | |
| Service cost | \$ 12,344,631 | \$ 11,529,081 | \$ 10,296,787 | \$ 9,938,825 | \$ 9,581,168 | \$ 8,938,003 | \$ 8,445,473 |
| Interest | 26,946,871 | 26,751,418 | 26,902,647 | 26,397,300 | 25,299,167 | 25,247,595 | 24,678,438 |
| Changes of benefit terms | - | 2,221,576 | - | 2,075,489 | - | - | 1,896,120 |
| Differences between expected and actual experience | (3,469,558) | (7,561,327) | (6,147,609) | (3,600,687) | 2,933,747 | (1,472,967) | (5,316,210) |
| Changes of assumptions | 15,636,346 | 11,248,225 | 20,434,309 | 9,513,340 | - | 623,015 | 8,206,159 |
| Benefit payments | (24,331,796) | (22,955,491) | (23,266,461) | (22,995,201) | (21,402,863) | (19,851,313) | (19,001,492) |
| Refunds of member contributions | (138,960) | (132,463) | (229,006) | (201,835) | (120,216) | (257,221) | (265,279) |
| Other | (236,145) | (39,927) | 147,141 | 97,192 | (365,752) | 362,959 | 593,142 |
| Net change in total pension liability | 26,751,389 | 21,061,092 | 28,137,808 | 21,224,423 | 15,925,251 | 13,590,071 | 19,236,351 |
| Total pension liability - beginning | <u>448,943,386</u> | <u>427,882,294</u> | <u>399,744,486</u> | <u>378,520,063</u> | <u>362,594,812</u> | <u>349,004,741</u> | <u>329,768,390</u> |
| Total pension liability - ending (a) | <u>\$ 475,694,775</u> | <u>\$ 448,943,386</u> | <u>\$ 427,882,294</u> | <u>\$ 399,744,486</u> | <u>\$ 378,520,063</u> | <u>\$ 362,594,812</u> | <u>\$ 349,004,741</u> |
| Plan Fiduciary Net Position: | | | | | | | |
| Contributions - employer | \$ 3,698,751 | \$ 3,577,565 | \$ 3,547,160 | \$ 4,417,302 | \$ 5,912,689 | \$ 5,706,310 | \$ 5,561,363 |
| Contributions - member | 3,694,681 | 3,623,498 | 3,548,870 | 3,534,872 | 3,508,927 | 3,380,177 | 3,292,049 |
| Contributions - nonemployer contributing entities | 14,597,293 | 13,847,451 | 13,506,509 | 13,232,681 | 18,272,818 | 12,680,751 | 12,209,395 |
| Net investment income (loss) | 40,855,298 | 16,487,917 | 29,285,268 | 41,232,072 | 27,531,480 | (5,438,243) | 25,993,336 |
| Benefit payments | (24,331,796) | (22,955,491) | (23,266,461) | (22,995,201) | (21,402,863) | (19,851,313) | (19,001,492) |
| Refunds of member contributions | (138,960) | (132,463) | (229,006) | (201,835) | (120,216) | (257,221) | (265,279) |
| Administrative expenses | (287,142) | (285,283) | (294,926) | (352,841) | (366,487) | (365,989) | (315,204) |
| Other | (236,145) | (39,927) | 147,141 | 97,192 | (365,752) | 362,959 | 593,142 |
| Net change in plan fiduciary net position | 37,851,980 | 14,123,267 | 26,244,555 | 38,964,242 | 32,970,596 | (3,782,569) | 28,067,310 |
| Plan fiduciary net position - beginning | <u>422,565,188</u> | <u>408,441,921</u> | <u>382,197,366</u> | <u>343,233,124</u> | <u>310,262,528</u> | <u>314,045,097</u> | <u>285,977,787</u> |
| Plan fiduciary net position - ending (b) | <u>\$ 460,417,168</u> | <u>\$ 422,565,188</u> | <u>\$ 408,441,921</u> | <u>\$ 382,197,366</u> | <u>\$ 343,233,124</u> | <u>\$ 310,262,528</u> | <u>\$ 314,045,097</u> |
| Net pension liability - ending (a) - (b) | \$ 15,277,607 | \$ 26,378,198 | \$ 19,440,373 | \$ 17,547,120 | \$ 35,286,939 | \$ 52,332,284 | \$ 34,959,644 |
| Plan fiduciary net position as a percentage of the total pension liability | 96.79% | 94.12% | 95.46% | 95.61% | 90.68% | 85.57% | 89.98% |
| Covered payroll | \$ 46,234,388 | \$ 44,719,563 | \$ 44,339,500 | \$ 44,173,020 | \$ 43,797,696 | \$ 42,268,963 | \$ 41,195,281 |
| Net pension liability as a percentage of covered payroll | 33.04% | 58.99% | 43.84% | 39.72% | 80.57% | 123.81% | 84.86% |

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

**Louisiana Assessors' Retirement Fund
and Subsidiary
Schedules of Employers' Net Pension Liability
For the Seven Years Ended September 30, 2020, 2019, 2018, 2017, 2016, 2015, and 2014***

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total pension liability | \$ 475,694,775 | \$ 448,943,386 | \$ 427,882,294 | \$ 399,744,486 | \$ 378,520,063 | \$ 362,594,812 | \$ 349,004,741 |
| Plan fiduciary net position | <u>460,417,168</u> | <u>422,565,188</u> | <u>408,441,921</u> | <u>382,197,366</u> | <u>343,233,124</u> | <u>310,262,528</u> | <u>314,045,097</u> |
| Net pension liability | <u>\$ 15,277,607</u> | <u>\$ 26,378,198</u> | <u>\$ 19,440,373</u> | <u>\$ 17,547,120</u> | <u>\$ 35,286,939</u> | <u>\$ 52,332,284</u> | <u>\$ 34,959,644</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 96.79% | 94.12% | 95.46% | 95.61% | 90.68% | 85.57% | 89.98% |
| Covered payroll | \$ 46,234,388 | \$ 44,719,563 | \$ 44,339,500 | \$ 44,173,020 | \$ 43,797,696 | \$ 42,268,963 | \$ 41,195,281 |
| Net pension liability as a percentage of covered payroll | 33.04% | 58.99% | 43.84% | 39.72% | 80.57% | 123.81% | 84.86% |

**Schedules of Contributions
Employer and Non-Employer Contributing Entities
For the Seven Years Ended September 30, 2020, 2019, 2018, 2017, 2016, 2015, and 2014***

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|
| Actuarially determined contribution (determined as of the prior fiscal year) | \$ 14,847,493 | \$ 14,449,328 | \$ 15,649,526 | \$ 15,338,358 | \$ 16,255,078 | \$ 15,652,409 | \$ 16,956,209 |
| Contributions in relation to the actuarially determined contribution [^] | <u>18,296,044</u> | <u>17,425,016</u> | <u>17,053,669</u> | <u>17,649,983</u> | <u>24,185,507</u> | <u>18,387,061</u> | <u>17,770,758</u> |
| Contribution excess | <u>\$ (3,448,551)</u> | <u>\$ (2,975,688)</u> | <u>\$ (1,404,143)</u> | <u>\$ (2,311,625)</u> | <u>\$ (7,930,429)</u> | <u>\$ (2,734,652)</u> | <u>\$ (814,549)</u> |
| Covered payroll | \$ 46,234,388 | \$ 44,719,563 | \$ 44,339,500 | \$ 44,173,020 | \$ 43,797,696 | \$ 42,268,963 | \$ 41,195,281 |
| Contributions as a percentage of covered payroll | 39.57% | 38.97% | 38.46% | 39.96% | 55.22% | 43.50% | 43.14% |

[^] Includes contributions from employers and nonemployer contributing entities as well as funds allocated to the Funding Deposit Account. Does not include funds withdrawn from the Funding Deposit Account.

**Schedules of Investment Returns
For the Seven Years Ended September 30, 2020, 2019, 2018, 2017, 2016, 2015, and 2014***

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expense | 9.74% | 4.04% | 7.82% | 12.42% | 8.88% | -1.77% | 9.08% |

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

**Louisiana Assessors' Retirement Fund
and Subsidiary
Notes to Required Supplementary Information
For the Year Ended September 30, 2020**

A. Schedules of Changes in Net Pension Liability

The total pension liability contained in these schedules was provided by the Fund's actuary, G.S. Curran & Company, Ltd. The net pension liability is measured as the total pension liability less the amount of the fiduciary net position of the Fund.

B. Schedules of Employers' Net Pension Liability

These schedules show 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.

C. Schedules of Contributions – Employer and Non-Employer Contributing Entities

The difference between the actuarially determined employer contributions and employer contributions received and the percentage of employer contributions received to covered payroll is presented in these schedules.

D. Schedules of Investment Returns

The annual money-weighted rate of return is shown in these schedules. 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 on daily inputs with expenses measured on an accrual basis.

E. Actuarial Assumptions

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.

| | <u>September 30, 2020</u> | <u>September 30, 2019</u> |
|---|---|---|
| Valuation date | September 30, 2020 | September 30, 2019 |
| Actuarial cost method | Entry age normal | Entry age normal |
| Investment rate of return (discount rate) | 5.75%, net of pension plan investment expense, including inflation. | 6.00%, net of pension plan investment expense, including inflation. |
| Inflation rate | 2.10% | 2.20% |
| Salary increases, including inflation and merit increase | 5.25% | 5.75% |

**Louisiana Assessors' Retirement Fund
and Subsidiary
Notes to Required Supplementary Information
For the Year Ended September 30, 2020**

E. Actuarial Assumptions (Continued)

| | <u>September 30, 2020</u> | <u>September 30, 2019</u> |
|-------------------------------------|--|---|
| Annuitant and beneficiary mortality | Pub-2010 Public Retirement Plans Mortality Table for General Healthy Retirees multiplied by 120% with full generational projection using the appropriate MP-2019 improvement scale. | RP-2000 Healthy Annuitant Table set forward one year and projected to 2030 for males and projected to 2030 for females with no set forward. |
| Active member mortality | Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 120% with full generational projection using the appropriate MP-2019 improvement scale. | RP-2000 Employee Table set back four years for males and three years for females. |
| Disabled Lives Mortality | Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 120% with full generational projection using the appropriate MP-2019 improvement scale. | RP-2000 Disabled Lives Mortality Table set back five years for males and three years for females. |

Other Supplementary Information

**Louisiana Assessors' Retirement Fund
and Subsidiary
Schedules of Per Diem Paid to Trustees
Years Ended September 30, 2020 and 2019**

| | September 30, 2020 | | September 30, 2019 | |
|-------------------------|---------------------------|-----------------|---------------------------|-----------------|
| | Days | Amount | Days | Amount |
| Wendy Aguiard | 7 | \$ 525 | 4 | \$ 300 |
| Emmett Brown, III | 5 | 375 | 7 | 525 |
| Rhyn Duplechain | 8 | 600 | 8 | 600 |
| Richard Earl | 4 | 300 | 7 | 525 |
| Lance Futch | 6 | 450 | - | - |
| Irby Gamble | 7 | 525 | 4 | 300 |
| Glenda Gaspard | 5 | 375 | 7 | 525 |
| Louis Hebert | 5 | 375 | 8 | 600 |
| Charles Hennington, Jr. | 8 | 600 | 6 | 450 |
| Phyllis Mendoza | 7 | 525 | 2 | 150 |
| Stephanie Smith | - | - | 1 | 75 |
| James Stevenson, Jr. | 7 | 525 | 10 | 750 |
| Jeffrey Taylor | - | - | 3 | 225 |
| Glenn Waguespack | 8 | 600 | 10 | 750 |
| | <u>77</u> | <u>\$ 5,775</u> | <u>77</u> | <u>\$ 5,775</u> |

**Louisiana Assessors' Retirement Fund
and Subsidiary
Schedules of Administrative Expenses
Years Ended September 30, 2020 and 2019**

| | <u>2020</u> | <u>2019</u> |
|--|-----------------------|-----------------------|
| Bank charges | \$ 972 | \$ 1,722 |
| Board per diem | 5,775 | 5,775 |
| Computer supplies and expenses | 607 | 594 |
| Dues | 300 | 425 |
| Legal and professional fees | 135,703 | 130,755 |
| Office expense | 197 | - |
| Publications and subscriptions | 125 | 100 |
| Seminars | - | 250 |
| Shared expenses including salaries, benefits, and other office expenses | 133,007 | 134,625 |
| Travel | <u>10,456</u> | <u>11,037</u> |
| Total administrative expenses | <u>\$ 287,142</u> | <u>\$ 285,283</u> |

**Louisiana Assessors' Retirement Fund
and Subsidiary
Schedule of Compensation, Benefits, and Other Payments
to Agency Head or Chief Executive Officer
Year Ended September 30, 2020**

Agency Head Name: Wendy Aguiard, President

| <u>Purpose</u> | <u>Amount</u> |
|--|----------------------|
| Salary | \$ - |
| Benefits - insurance | - |
| Benefits - retirement | - |
| Car allowance | - |
| Vehicle provided by agency | - |
| Per diem | 525 |
| Reimbursements | - |
| Travel | - |
| Registration fees | - |
| Conference travel | - |
| Continuing professional education fees | - |
| Housing | - |
| Unvouchered expenses | - |
| Special meals | - |



**HAWTHORN
WAYMOUTH
& CARROLL, L.L.P.**
Certified Public Accountants

Louis C. McKnight, III, CPA
Charles R. Pevey, Jr., CPA
David J. Broussard, CPA
Brittany B. Thames, CPA
Kevin M. Rodriguez, CPA
Blaine M. Crochet, CPA

**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***

Ms. Kathy Bertrand, Executive Director,
and the Board of Trustees of
Louisiana Assessors' Retirement Fund and Subsidiary
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 consolidated financial statements of Louisiana Assessors' Retirement Fund and Subsidiary, which comprise the consolidated statements of fiduciary net position as of September 30, 2020 and 2019, and the related consolidated statements of changes in fiduciary net position for the years then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated February 21, 2021.

Internal Control over Financial Reporting

In planning and performing our audits of the consolidated financial statements, we considered Louisiana Assessors' Retirement Fund and Subsidiary's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Louisiana Assessors' Retirement Fund and Subsidiary's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund'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 audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Louisiana Assessors' Retirement Fund and Subsidiary's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, 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 Louisiana Assessors' Retirement Fund and Subsidiary'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 Louisiana Assessors' Retirement Fund and Subsidiary's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hawthorn, Waymouth & Carroll, L.L.P.

February 21, 2021

**Louisiana Assessors' Retirement Fund
and Subsidiary
Schedule of Findings and Responses
Year Ended September 30, 2020**

Part I. Summary of Audit Results

- 1) An unmodified opinion has been expressed on the consolidated financial statements of Louisiana Assessors' Retirement Fund and Subsidiary as of and for the year ended September 30, 2020, and the related notes to the consolidated financial statements.
- 2) No deficiencies in internal control over financial reporting that we consider to be material weaknesses were identified.
- 3) No instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* were identified.
- 4) A single audit in accordance with *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* was not required.
- 5) A management letter was not issued.

Part II. Findings Related to an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

No findings were noted.

**Louisiana Assessors' Retirement Fund
and Subsidiary
Summary Schedule of Prior Year Audit Findings
Year Ended September 30, 2020**

Part I. Findings Related to an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

No findings were noted.

Part II. Management Letter

A management letter was not issued for the year ended September 30, 2019.