

**THE EMPLOYEES' RETIREMENT SYSTEM OF  
JEFFERSON PARISH**

*Annual Financial Report*

As of and for the Year Ended

December 31, 2021

With Comparatives for 2020

**KEITH J. ROVIRA**  
*Certified Public Accountant*

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## **INDEPENDENT AUDITOR'S REPORT**

The Board of Trustees of  
The Employees' Retirement System of Jefferson Parish  
Jefferson Parish, Louisiana  
A Component Unit of Jefferson Parish

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

I have audited the accompanying financial statements of the Employees' Retirement System of Jefferson Parish, a component unit of Jefferson Parish, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers internal control relevant to the System's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective net position of the Employees' Retirement System of Jefferson Parish, as of December 31, 2021 and 2020, and the respective changes in net position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information as listed in the table of contents to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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. I 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 on the information because the limited procedures do not provide me with sufficient responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance evidence to express an opinion or provide any assurance.

#### *Other Supplementary Information*

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

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

In accordance with *Government Auditing Standards*, I have also issued a report dated May 31, 2022, on my consideration of the Employees' Retirement System of Jefferson Parish's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of my 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 System's internal control over financial reporting and compliance.



Keith J. Rovira  
Certified Public Accountant  
Metairie, Louisiana

May 31, 2022

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

## THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH

Management's Discussion and Analysis

December 31, 2021 and 2020

The Management's Discussion and Analysis (MD&A) of the Employees' Retirement System of Jefferson Parish's (System) financial performance presents a narrative overview and analysis of the System's financial activities for the year ended December 31, 2021 and 2020. This System is a component unit of Jefferson Parish and is reporting as a single-employer defined benefit pension plan which is closed to new employee participants. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the basic financial statements. The MD&A is an element of the new reporting model adopted by the Government Accounting Standards Board (GASB) in their Statement No. 34, "*Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*" issued June, 1999. Certain comparative information between the current year and prior year has been presented in the MD&A.

### FINANCIAL HIGHLIGHTS:

The minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by GASB Statement No. 34 are divided into the following sections:

- (a) Management's Discussion and Analysis
- (b) Basic Financial Statements
- (c) Required Supplementary Information (other than MD&A)

### Basic Financial Statements:

The basic information statements present information for the System as a whole, in a format designed to make the statements easier for the reader to understand. The two statements in this section are the Statement of Fiduciary Net Positions and the Statement of Changes in Fiduciary Net Positions:

The Statement of Fiduciary Net Positions is prepared on the accrual basis of accounting. Plan assets are subdivided into (a) major categories of assets held (for example, cash and cash equivalents, receivable, investments, and assets used in plan operations), and (b) the principal components of the receivables and investment categories. Assets and liabilities are presented separately on the statement. Plan liabilities generally consist of regular payables for administrative expenses, retirees' payments and deductions for health insurance premiums payable, federal income tax withholdings, and accrued annual and sick leave. Plan liabilities are recognized on the accrual basis. The difference between total assets and total liabilities called Net Positions Held in Trust for Pension Benefits. This statement may provide a useful indicator of whether the financial position of the System is improving or deteriorating.

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**  
Management's Discussion and Analysis  
December 31, 2021 and 2020

Net Positions Held in Trust for Pension Benefits. This statement may provide a useful indicator of whether the financial position of the System is improving or deteriorating.

The Statement of Changes in Fiduciary Net Positions presents information showing how the System's assets changed as a result of current year operations and activities. Regardless of when cash is affected, all changes in plan net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods. This is known as accrual basis accounting. This statement presents information in two principal sections, Additions and Deductions. Additions are comprised of employer and member contributions and net investment income (loss). The resulting difference between investment income and net investment expense is net investment income (loss). Deductions include benefit payments to retirees, refunds of employee contributions, and administrative expenses. The difference between total additions and total deductions is reported as the Net Increase (Decrease) in Fiduciary Net Positions for the year.

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**  
Management's Discussion and Analysis (Continued)  
December 31, 2021 and 2020

**FINANCIAL ANALYSIS OF THE ENTITY**

**Statement of Fiduciary Net Positions**  
As of December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 210,074	\$ 167,855
Investments	58,427,694	54,139,693
Capital assets	<u>5,346</u>	<u>7,488</u>
<b>Total Assets</b>	<b><u>58,643,114</u></b>	<b><u>54,315,036</u></b>
Deferred outflows of resources	<u>104,029</u>	<u>101,308</u>
Current liabilities	49,282	54,696
Long-term liabilities	<u>293,971</u>	<u>359,894</u>
<b>Total Liabilities</b>	<b><u>343,253</u></b>	<b><u>414,590</u></b>
Deferred inflows of resources	<u>171,004</u>	<u>146,515</u>
Net Position Held in Trust and Restricted for Pension Benefits	<b><u>\$58,232,886</u></b>	<b><u>\$53,855,239</u></b>

All of the System's net assets are essentially held in trust at a local financial institution for the payment of future pension benefits and administrative operations.

Net Positions Held in Trust for Pension Benefits by the System increased by \$4,377,647 during the year due to an increase in stock market values for the current year.

**Statement of Changes in Fiduciary Net Positions**  
For the years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Additions	\$7,245,122	\$6,249,740
Deductions	<u>(2,867,475)</u>	<u>(2,912,180)</u>
Net Increase in Fiduciary Net Position	<b><u>\$4,377,647</u></b>	<b><u>\$3,337,560</u></b>

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**  
Management's Discussion and Analysis (Continued)  
December 31, 2021 and 2020

**DEBT ADMINISTRATIVE AND CAPITAL ASSETS**

**Long-term Liabilities:**

The System's total outstanding liabilities found on its Statement of Fiduciary Net Positions at December 31, 2021, was \$343,253. The long-term portion of that liability totaled \$293,91 and includes the following: \$78,799 for accrued annual and sick leave due to employees; \$(52,886) for the net pension liability; and \$268,058 for the net other postemployment benefit obligation (OPEB).

**Capital Assets:**

At December 31, 2021, the System had \$24,103 invested in office furniture and equipment. This amount represents the total original cost of the capital assets held by the System. Accumulated depreciation on these assets totaled \$18,757, leaving capital assets, net of depreciation, totaling \$5,346.

**ECONOMIC FACTORS AND NEXT YEAR'S RECOMMENDED CONTRIBUTION RATES**

The annual actuarial valuation of the System is prepared as of the end of each fiscal year, and reported on by G.S. Curran & Company, Ltd. consulting actuaries. Included in that report is the actuary's recommended employer contribution rate which is needed to meet the System's funding plan. The Board of Trustees reviews each annual report, including the underlying actuarial assumptions. The Board then recommends an employer contribution rate for the following year to the Jefferson Parish Council for inclusion in the Parish's budget. In accordance with the funding policy, the rate recommended by the Board to the Parish Council was not less than the actuary's recommended rate.

The long-term expected rate of return (discount rate) is the average rate of total return on investments expected in the future, realizing that some years will produce greater returns and some years will produce lesser returns. This assumed rate is one of the actuarial assumptions which most affects current recommended contribution rates. A reduction in this rate will cause contribution rates to increase, and an increase in this rate will cause contribution rates to decrease. The discount rate used to measure the total pension liability as **4.75%** for the year.

The Board believes that the System will continue to be able to maintain sufficient liquid assets necessary to meet its expected needs and annual pension benefit obligations. The Board's annual review of the actuarial valuation will allow the System to timely adjust to changing conditions so as to provide all members their promised benefits at the least cost to the Parish.

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**  
Management's Discussion and Analysis (continued)  
December 31, 2021 and 2020

**CONTACTING THE SYSTEM'S MANAGEMENT**

This financial report is designed to provide our retirees, system beneficiaries, citizens, taxpayers, investors and creditors with a general overview of the System's finances, and to show the System's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the Employees' Retirement System of Jefferson Parish, Louisiana at Suite 4100, P.O. Box 9, Gretna, Louisiana 70054, or call them at 504-364-2668.

**BASIC FINANCIAL STATEMENTS**

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**

Statement of Fiduciary Net Positions

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash	\$ <u>84,606</u>	\$ <u>33,772</u>
Receivables:		
Employer contributions	17,048	18,859
Members contributions	112	119
Accrued interest and dividends	<u>108,308</u>	<u>115,105</u>
Total Receivables	<u>125,468</u>	<u>134,083</u>
Investments:		
Cash & cash equivalents	2,818,240	(120,329)
Common stocks	31,994,812	31,465,864
Corporate bonds	9,284,061	8,153,544
U.S. Treasury obligations	7,776,411	8,791,420
U.S. Government agencies	<u>6,554,170</u>	<u>5,849,194</u>
Total Investments	<u>58,427,694</u>	<u>54,139,693</u>
Office Equipment (net of depreciation)	<u>5,346</u>	<u>7,488</u>
Total Assets	<u>58,643,114</u>	<u>54,315,036</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>104,029</u>	<u>101,308</u>
<b>LIABILITIES</b>		
Accounts payable	26,458	32,075
Accrued annual & sick leave	78,799	95,864
Hospitalization premiums payable	12,806	12,603
Due to broker for pending trade	10,018	10,018
Net other postemployment benefit obligations (OPEB)	268,058	262,721
Net pension liability (asset)	<u>(52,886)</u>	<u>1,309</u>
Total Liabilities	<u>343,253</u>	<u>414,590</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>171,004</u>	<u>146,515</u>
<b>NET POSITIONS HELD IN TRUST AND RESTRICTED FOR PENSION BENEFITS</b>	<u>\$58,232,886</u>	<u>\$53,855,239</u>

The accompanying notes are an integral of this statement.

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**  
**Statements of Changes in Fiduciary Net Positions**  
**December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 536,305	\$ 686,866
Member	<u>2,563</u>	<u>3,603</u>
Total Contributions	<u>538,868</u>	<u>690,469</u>
Investment income:		
Net appreciation (depreciation) in the fair value of investments	5,847,029	4,707,925
Interest	518,270	573,097
Dividends	<u>532,801</u>	<u>448,402</u>
	6,898,100	5,729,424
Less: Investment expense	<u>(191,846)</u>	<u>(170,153)</u>
Net investment income	<u>6,706,254</u>	<u>5,559,271</u>
Total Additions	<u>7,245,122</u>	<u>6,249,740</u>
<b>DEDUCTIONS</b>		
Retirement benefits paid	2,470,199	2,423,269
Refunds of contributions	43,766	16,979
Administrative expenses	<u>353,510</u>	<u>471,932</u>
Total Deductions	<u>2,867,475</u>	<u>2,912,180</u>
Net Increase in Fiduciary Net Position	4,377,647	3,337,560
<b>NET POSITIONS HELD IN TRUST AND RESTRICTED FOR PENSION BENEFITS:</b>		
Beginning of Year	<u>53,855,239</u>	<u>50,517,679</u>
End of Year	<u>\$58,232,886</u>	<u>\$53,855,239</u>

The accompanying notes are an integral of this statement.

**NOTES TO THE FINANCIAL STATEMENTS**

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**

Notes to the Financial Statements (Continued)

December 31, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Plan Description

The following brief description of the Employees' Retirement System of Jefferson Parish (System), established January 1, 1973, is provided for general information purposes only. Participants should refer to Ordinance No. 11027 and all amendments for more complete information.

The System is a single-employer defined benefit pension plan replacing Social Security for substantially all employees of Jefferson Parish who began their employment prior to December 15, 1979. On that date the System merged with the Parochial Employees' Retirement System of Louisiana (PERS) and became a closed system. All new employees of the Parish after that date are members of the PERS only.

The System governing body is comprised of a 7-member Board of Trustees, as follows: The Parish's Finance Director is automatically a member. The Parish Council Clerk is automatically a member and remains on the Board until the Parish Council appoints a new Clerk. The Parish Council can appoint an additional seat on the Board. The Personnel Director, serves as ex-officio and is appointed by the personnel board and remains on the Board until retirement. Three Board members are employee members or retiree members, and are elected by the members of the System. They serve four-year terms.

The following employee membership data is actuarially determined and is a categorized listing of the total number of members on whom the Jefferson System retains liability as of December 31, 2021:

Retired plan members currently receiving benefits	345
Survivors receiving benefits	141
Terminated due future benefits or refund	17
Active plan members	<u>4</u>
	<u>507</u>

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**  
Notes to the Financial Statements (Continued)  
December 31, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Basis of Accounting

The System's financial statements are prepared in accordance with the standards established by the Governmental Accounting Standards Board (GASB), and use the accrual basis of accounting, whereby revenues are recognized when they are earned, and expenses are recognized when incurred. Contributions from the System and the System's employees are recognized as revenue in the period in which employees provide services to the System. Contributions made to the System by Jefferson Parish, the employer, are recognized when due and the employer has made a formal commitment to provide the contributions. Pension benefits and refunds of employee contributions are recognized when due and payable in accordance with the terms of the plan. Investment income is recognized as earned by the plan.

The System financial statements include the provisions of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, GASB Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25*, GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pension Plans*, and GASB Statement No. 82, *Pension Issues*.

GASB Statement No. 67 establishes financial reporting standards for state and local governmental pension plans, such as this System's defined benefit pension plan, which is administered through a trust. The statement requires single-employer retirement plans, like this System, to present in Required Supplementary Information the 10 most recent fiscal years of employer and nonemployer contributing entity net pension liability, information about the components of the net pension liability and related ratios, including the pension plan's fiduciary net position as a percentage of the total pension liability, and the net pension liability as a percentage of covered-employee payroll.

GASB Statement No. 75 was implemented by the System in the year ended December 31, 2018. This statement changed the accounting and financial reporting postemployment benefits other than pensions (OPEB) that are provided to employees who participate in the parish's multiple-employer OPEB plan as described later in Note E to these financial statements.

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**  
Notes to the Financial Statements (Continued)  
December 31, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Reporting Entity

In classifying the reporting entity, the System uses GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, where certain criteria are used for defining the organizations, functions and activities of a governmental unit that should be included in the general purpose financial statements of the Employees' Retirement System of Jefferson Parish. Such information has been subjected to the auditing procedures applied in the audit of the financial statements of that governmental entity. The criteria considered and evaluated were accountability for fiscal matters, scope of public service and manifestations of oversight. Manifestations of oversight were considered to include the designation of management, the selection of the governing board and the ability to significantly influence operations. Accountability for fiscal matters was considered to include control over surpluses, responsibility for debt, managerial control of fiscal matters, certain revenue characteristics and budgetary approval, or the lack thereof.

Based on the foregoing criteria, the Employees' Retirement System of Jefferson Parish was determined to be a component unit of Jefferson Parish, the governmental entity with oversight responsibility. The accompanying financial statements present information only on those funds maintained by the System and do not present information on Jefferson Parish, the general government services provided by that governmental entity, or other governmental entities that comprise the governmental reporting entity.

3. Cash Deposits and Investments

All cash deposits are valued and reported at cost, which approximate fair value. Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates at December 31.

4. Capital Assets

Office equipment is valued at cost less accumulated depreciation, calculated on straight-line basis over estimated useful lives of 5 and 10 years.

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**

Notes to the Financial Statements (Continued)

December 31, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Annual and Sick Leave  
Annual leave (vacation) and sick leave (sick pay) are accrued when incurred for the office employees.
  
6. Comparative Data  
Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the System's financial and operations.
  
7. Use of Estimates  
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B – CONTRIBUTION RATES AND RETIRMENT BENEFITS

Contribution Rates

Contribution rates for plan members are actuarially determined. The required contribution percentages for members depends on which retirement system that individual is a member. Employees who are members of the System contribute 6.05% of their salary. Employees who are members of both the System and the Parochial Employees' Retirement System (PERS) or the Firefighters' Retirement System (FRS) contribute an additional 4% of all monthly earnings over \$100. The System receives the excess if any of these contributions over 9.25% of pay. Member contribution rates may be amended only by the Jefferson Parish Council.

The employer contribution rate for the System is actuarially determined. The System's Board of Trustees can recommend a change in the employer contribution rate, however the Jefferson Parish Council has to approve the change.

Retirement Benefits

Beginning on January 1, 1980, PERS provided substantially all benefits to new retirees who belonged to both systems. For such retirees, the benefits provided by the Jefferson System are now limited to amounts resulting from differences between benefits provided by the two systems: Jefferson's free credit for military service to retirees who did not purchase credit from PERS, Jefferson's automatic one-half benefit to a surviving spouse, and Jefferson's guarantee that combined retirement benefits at least equal the benefits a

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**

Notes to the Financial Statements (Continued)

December 31, 2021 and 2020

**NOTE B – CONTRIBUTION RATES AND RETIREMENT BENEFITS (CONTINUED)**

member would have received and they remained under only Social Security and PERS until the date of their retirement, death or disability.

The System permits retirement at age 60 with at least 10 years of service; members with 25 years of service may retire at age 55; members with 30 years of service may retire regardless of age. Members terminating before rendering 10 years of service may elect to receive a lump-sum distribution equal to their accumulated contributions at their termination date.

Ten years of credible service are required in order to be eligible for disability benefits. Members have the option to choose benefits equal to retirement benefits based on service projected to age 60, not to exceed 85% of final average compensation with benefits terminating at death (the “maximum”) or accrued retirement benefits paid on the basis of a joint and 50% survivor annuity (the “minimum”).

For members who have attained a vested interest in the System, the surviving spouse receives one-half of what the member’s retirement benefit would have been on the date when the member would have been eligible for retirement.

**NOTE C – CASH DEPOSITS AND INVESTMENTS**

Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures* establishes and modifies disclosure requirements related to the following deposit and investment risks: credit risk (including custodial credit risk and concentrations of credit risk), interest rate risk, and foreign currency risk, as applicable.

**Cash Deposits**

Cash includes amounts in an interest-bearing demand deposit account. Under state law, the System may deposit funds in demand deposit accounts with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. These deposits are stated at market value. Under state law, these deposits or the resulting bank balances must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**

Notes to the Financial Statements (Continued)

December 31, 2021 and 2020

**NOTE C – CASH DEPOSITS AND INVESTMENTS (CONTINUED)**

At year-end, the carrying amount (book balance) of the System's cash account was \$84,606. The bank balance deposit was \$95,355. Federal depository insurance (FDIC) totaling \$250,000 secured this bank balance during the year. The inflow and outflow of cash deposits within the System's checking account is monitored by the financial institution frequently in order to make sure all deposits are protected by either FDIC or securities pledged as collateral.

Investments

The current Investment Policy Statement, dated April 1, 2017, between the System and its brokerage house, Hancock Whitney Bank. Hancock Whitney Bank will adhere to the guidelines in the April 1, 2017, Investment Policy as follows:

Investment Objective: Long-term growth - to achieve annual returns of 5.00%, net of pension plan investment expenses, including inflation, consistent with actuarial assumptions and expectations.

Method used to value investments: Investments are reported at fair market value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. All investments are Level 1 assets.

No trustee and no employee on the Board of Trustees shall have any direct interest in the gains or profits of any investment made by the Board of Trustees, nor as such receive any pay or emolument for his/her service. No trustee or employee of the board shall directly or indirectly, for himself or as an agent in any manner use the same, except to make such current and necessary payments as are authorized by the Board of Trustees; nor shall any trustee or employee of the Board of Trustees become an endorser or surety or in any manner an obligor for moneys loaned or borrowed from the Board of Trustees.

Risk Tolerance

Investment theory and historical capital markets return data suggest that, over long periods of time, there is a relationship between the level of risk assumed and the level of return that can be expected in an investment program. In general, higher risk (e.g., volatility of return) is associated with higher return. Given this relationship between risk and return, a fundamental step in determining the investment policy for the portfolio is the determination of an appropriate risk tolerance.

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**

Notes to the Financial Statements (Continued)

December 31, 2021 and 2020

**NOTE C – CASH DEPOSITS AND INVESTMENTS (CONTINUED)**

There are two primary factors that affect the investor's risk tolerance: (1) financial ability to accept risk within the investment program, and; (2) willingness to accept return volatility.

Taking those two factors into account, the System has rated its own risk tolerance as, above average. The System is also willing to accept an above average risk tolerance and a high level of portfolio volatility.

A "target allocation" of equity holdings of 55% and fixed income/bond holdings of 45% is to be maintained in the portfolio. This allocation was principally agreed upon in the Investment Policy between the System and the Broker.

**Concentration of Credit Risk**

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of the System's investment in a single issuer.

**Equity Portfolio:**

The System's investment policy states that the equity portfolio should be diversified to avoid undue exposure to any single economic sector, industry group, or individual security; (1) no more than 5% of total equity assets can be invested in any one stock or issuing corporation at the time of purchase; (2) no more than 20% of the market value of the equities should be invested in any one industry at the time of purchase; (3) investments in any corporation should not exceed 5% of the outstanding shares of the corporation; (4) Domestic Real Estate Investment Trusts (REIT) shall be limited to 3% of the total fund.

**Long-term Fixed Income Portfolio:**

Excluding U.S. government securities or securities guaranteed by the U.S. government, no more than 4% of assets will be held in securities of any one entity. Any security which receives a rating of less than Ba3 by Moody's or BB- by Standard and Poor's shall be sold within 90 days at the manager's discretion. Fixed income assets may only be U.S. Dollar denominated assets but may include entities that are domiciled outside of the U.S.

Corporate notes, debentures, asset backed, and pass-through securities rated between Baa-1 and Baa-3 by Moody's and BBB+ and BBB- by Standard & Poor's shall be limited to 15 % of the fixed income of the portfolio.

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**  
Notes to the Financial Statements (Continued)  
December 31, 2021 and 2020

NOTE C – CASH DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Any security which receives a rating of less than Ba3 by Moody's or BB- Standard and Poor's shall be sold within 90 days at the manager's discretion.

The System also invests in obligations guaranteed or explicitly guaranteed by the U.S. Government and these investments are not considered to have credit risk. These obligations include debt securities with the Federal Home Loan Mortgage/Bank, Federal National Mortgage Association, and U.S. Treasury Notes.

Custodial Credit Risk

Custodial credit risk defined as the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

On the Broker's books, the System's investments are segregated from the Broker's assets while being held in trust in the name of the System.

Among other duties and responsibilities as listed in the System's Investment Policy Statement, the Broker is responsible for the following: act as the custodian to safeguard the System's assets; design, recommend and implement an appropriate asset collection consistent with the investment objectives, time horizon, risk profile, guidelines and constraints of the policy statement; advise on allocation of asset categories; monitor asset performance; recommend changes to the policy; monitor its compliance with the guidelines of the investment policy and provide a certification of the same on a quarterly basis.

Interest Rate Risk

Interest rate risk is defined as the risk that changes in the interest rate will adversely affect the fair value of an investment. As of December 31, 2021, the System had the

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**  
Notes to the Financial Statements (Continued)  
December 31, 2021 and 2020

NOTE C – CASH DEPOSITS AND INVESTMENTS (CONTINUED)

following investments in fixed income securities and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 5 year</u>	<u>5 to 10 Years</u>	<u>More than 10 years</u>
Fixed Income Securities:				
Fed. Mortgage-Backed Securities	\$6,554,170	\$324,340	\$265,265	\$5,964,565
U.S. Treasury Obligations	7,776,411	4,940,030	2,836,381	-
Corporate Bonds	6,555,532	2,435,679	4,119,853	-
Mutual Funds & ETF Bond Funds	<u>2,728,529</u>	<u>2,728,529</u>	<u>-</u>	<u>-</u>
	<u>\$23,614,642</u>	<u>\$10,428,578</u>	<u>\$7,221,499</u>	<u>\$5,964,565</u>

The interest rate risk of the fixed income portfolio should normally be no more or no less than 20% of the comparable benchmark duration.

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. All of the System's foreign investments are traded on United States exchanges.

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**  
Notes to the Financial Statements (Continued)  
December 31, 2021 and 2020

NOTE D – OFFICE EQUIPMENT

A summary of changes in capital assets and accumulated depreciation during the fiscal year is listed as follows:

	<u>Balance</u> <u>12/31/20</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/21</u>
Office furniture and Equipment	\$24,103	-	-	\$24,103
<u>Less Accumulated Depreciation:</u>				
Office furniture and Equipment	\$16,615	\$2,142	-	\$18,757

The net carrying (book) value of office equipment is \$5,346 (capital asset costs less accumulated depreciation).

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**  
Notes to the Financial Statements (Continued)  
December 31, 2021 and 2020

NOTE E – OTHER POST-EMPLOYMENT BENEFITS

Health and Life Insurance Benefits Plan

**Plan Description:** Jefferson Parish (hereafter referred to as the “Parish”) provides health care and life insurance benefits to its employees upon retirement as authorized by Resolution No. 74791 under its other post-employment benefit health and life insurance plan. The System’s 3 employees are members of the Parish’s plan. Health coverage includes a fully insured group health maintenance organization plan (HMO) together with Medicare 65 plans for those eligible. Life insurance coverage is continued after retirement but at a reduced amount of coverage. There are no assets accumulated in a trust that meet the criteria of paragraph 4 of GASB Statement 75.

Medical benefits are provided to Parish employees upon retirement according to the retirement eligibility provisions as follows: for employees hired prior to January 1, 2007, 30 years of service at any age; age 55 and 25 years of service; age 60 and 10 years of service; or, age 65 and 7 years of service basis; for employees hired after January 1, 2007, age 55 and 30 years of service; age 62 and 10 years of service; or, age 67 and 7 years of service basis. The plan is a fully insured, single-employer defined benefit plan.

Life insurance coverage is provided in the amount of \$10,000 for retirees under age 70 and \$5,000 to retirees age 70 and older.

A summary of members participating in the Parish’s plan at December 31, 2021 is as follows:

	<u>Plan Membership</u>
Active employees	2,733
Retirees and beneficiaries currently receiving benefit payments	<u>1,797</u>
Total	<u>4,530</u>

Certain amounts in this Note E were arrived at by multiplying the Parish's figures in those respective categories by a multiplier of .0014, which was calculated by dividing the System's annual covered payroll for the current year of \$201,630 by the Parish's annual covered payroll of \$140,736,982. This is the same multiplier used in calculating the System's amounts as listed in the additional tables below.

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**  
Notes to the Financial Statements (Continued)  
December 31, 2021 and 2020

NOTE E – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Funding Policy: Prior to the implementation of GASB Statement No. 45 in 2007, the Parish recognized the cost of providing post-employment medical and life benefits (the Parish's portion of the retiree medical and life benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. For 2021, the Parish's portion of healthcare funding cost for retired employees totaled \$7,334,020 and the life insurance totaled \$400,730.

The Parish has set up an internal service fund as a dedicated reserve for the post-employment benefit obligation. As of December 31, 2021, \$41,295,658 has been dedicated in the Internal Service Fund Post-Employment Benefits for this purpose.

Total OPEB Liability: The System's proportionate share of the Parish's total OPEB liability is \$268,058, or \$191,470,317 x .0014. It was measured as of December 31, 2021, and was determined by an actuarial valuation as of January 1, 2022.

Actuarial Methods and Other Inputs: The total OPEB liability in the January 1, 2022, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increase	2.50%
Discount rate	2.25% based on the S&P High Grade 20 Year Rate Index.
Healthcare cost trend rates	6.00% graded uniformly to 5.50% over 2 years and following the Getzen model thereafter to an ultimate rate of 4.04% in the year 2075.
Retirees' share of benefit-related costs	Retiree medical premiums are determined according to a "vesting" schedule based on the number of years of service at retirement date. There are different schedules for retiree coverage and for dependent coverage. Contributions are assumed to increase at the health care cost trend rates.

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**  
Notes to the Financial Statements (Continued)  
December 31, 2021 and 2020

NOTE E – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

For active employees, mortality rates were based on the PUB-2010 Employee Mortality Table, Generational with Projection Scale MP-2021. For retirees and beneficiaries, PUB-2021 Mortality Tables for retirees and disabled employees, Generational Contingent Survivor with Projection Scale MP-2021.

**Changes in the “System” Total OPEB Liability**

Balance at 12/31/2020	\$262,721
Changes for the year:	
Service cost	2,590
Interest	4,574
Difference between expected and actual experience	19,050
Changes in assumptions and other inputs	7,469
Benefit payments	<u>(10,829)</u>
Net Changes	<u>5,337</u>
Balance at 12/31/2021	<u>\$268,058</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 1.93% as of the beginning of the measurement period to 2.25% as of 12/31/2021.

Sensitivity of the System’s total OPEB liability to changes in the discount rate: The following presents the total OPEB liability of the System, as well as what the System’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25%) or 1-percentage-point higher (3.25%) than the current discount rate:

	1.00% Decrease <u>(1.25%)</u>	Current Discount Rate <u>(2.25%)</u>	1.00% Increase <u>(3.25%)</u>
Total OPEB Liability	\$315,325	\$268,058	\$231,165

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**  
Notes to the Financial Statements (Continued)  
December 31, 2021 and 2020

NOTE E – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the System, as well as what the System's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.00%) or 1-percentage-point higher (7.00%) than the current discount rate:

	1.00% Decrease <u>5.00%</u>	Healthcare Cost Trend Rates <u>6.00%</u>	1.00% Increase <u>7.00%</u>
Total OPEB Liability	\$233,465	\$268,059	\$311,735

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended December 31, 2021, the System recognized total OPEB expense of \$13,441. At December 31, 2021, the System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$12,699	\$6
Changes in assumptions and other inputs	<u>10,511</u>	<u>-</u>
Total	<u>\$23,210</u>	<u>\$6</u>

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**  
Notes to the Financial Statements (Continued)  
December 31, 2021 and 2020

NOTE E – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

<u>Year ended</u> <u>December 31:</u>	<u>Net Amount</u> <u>Recognized in</u> <u>OPEB Expense</u>
2021	\$14,365
2022	8,840

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**

Notes to the Financial Statements (Continued)

December 31, 2021 and 2020

**NOTE F – PENSION PLAN ON THE SYSTEM'S EMPLOYEES WHO ARE MEMBERS IN THE PAROCHIAL EMPLOYEES RETIREMENT SYSTEM (PERS)**

The System's employees are members of the Parochial Employees Retirement System of Louisiana (PERS), a cost sharing, multiple-employer, defined benefit pension plan administered by a separate board of trustees. The PERS is composed of two distinct plans, Plan A and Plan B, with separate assets and separate benefit provisions. The System's employees are members of Plan A.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Parochial Employees Retirement System of Louisiana and additions to/deductions from the PERS's fiduciary net position have been determined on the same basis as they are reported by the Fund. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Plan Description:** The PERS was established and provided for by R.S.11:1901-2025 of the Louisiana Revised Statutes (LRS). The PERS provides retirement benefits to employees of taxing districts of a parish or any branch or section of a parish within the State which does not have their own retirement PERS and which elect to become members of PERS.

**Eligibility requirements:** All permanent parish government employees (except those employed by Orleans, Lafourche, and East Baton Rouge Parishes) who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate. As of January 1997, elected officials, except coroners, justice of the peace, and parish presidents may no longer join the PERS.

For employees hired prior to January 1, 2007:

1. Any age with thirty (30) or more years of creditable service.
2. Age 55 with twenty-five (25) years of creditable service.
3. Age 60 with a minimum of ten (10) years of creditable service.
4. Age 65 with a minimum of seven (7) years of creditable service.

For employees hired after January 1, 2007:

1. Age 55 with 30 years of service
2. Age 62 with 10 years of service
3. Age 67 with 7 years of service

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**

Notes to the Financial Statements (Continued)

December 31, 2021 and 2020

**NOTE F – PENSION PLAN ON THE SYSTEM'S EMPLOYEES WHO ARE MEMBERS IN  
THE PAROCHIAL EMPLOYEES RETIREMENT SYSTEM (PERS) (CONTINUED)**

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of an amount equal to 3% of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Survivor benefits: Upon the death of any member of Plan A with five 5 or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children as outlined in the statutes. Any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit as outlined in the statutes.

DROP benefits: Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the PERS. DROP is an option for that member who is eligible for normal retirement.

In lieu of terminating employment and accepting a service retirement, any member of Plan A who is eligible to retire may elect to participate in DROP in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund or roll over the fund to an Individual Retirement Account. Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

For individuals who become eligible to participate in DROP on or after January 1, 2004, all amounts which remains credited to the individual's subaccount after termination in the Plan will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return or at the option of the PERS, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of this Plan must agree that the benefits payable to the participant are not the obligations of the state or the PERS, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**

Notes to the Financial Statements (Continued)

December 31, 2021 and 2020

**NOTE F – PENSION PLAN ON THE SYSTEM'S EMPLOYEES WHO ARE MEMBERS IN  
THE PAROCHIAL EMPLOYEES RETIREMENT SYSTEM (PERS) (CONTINUED)**

**Disability Benefits:** For Plan A, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007 and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or three percent multiplied by years of service assuming continued service to age sixty.

**Cost of living increases:** The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2.0% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal to 2.0% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.50% for retirees 62 and older (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.50% cost of living adjustment commencing at age 55.

According to state statute, the PERS also receives one-fourth of one percent of ad valorem taxes collected within respective parishes, except for Orleans and East Baton Rouge parishes. The PERS also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation.

These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

**Employer allocations:** The schedule of employer allocations reports the required projected employer contributions, in addition to the employer allocation percentage. The required projected employer contributions are used to determine the proportionate relationship of each employer to all employers of the PERS. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of pension amounts.

The allocation method used in determining each employer's proportion was based on the employer's contributions to the plan during the fiscal year ended December 31, 2021, as

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**  
Notes to the Financial Statements (Continued)  
December 31, 2021 and 2020

NOTE F – PENSION PLAN ON THE SYSTEM'S EMPLOYEES WHO ARE MEMBERS IN  
THE PAROCHIAL EMPLOYEES RETIREMENT SYSTEM (PERS) (CONTINUED)

compared to the total of all employers' contributions received by the plan during the fiscal year ended December 31, 2021.

Pension liabilities, pension expense, deferred outflows of resources, and deferred inflows of resources related to pensions: At December 31, 2021, the System reported \$268,058 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of December 31, 2021, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date also. The System's proportion of the Net Pension Liability was based on a projection of the System's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2021, the System's proportion was 0.030162%.

For the year ended December 31, 2021, the System recognized pension expense of \$6,166.

At December 31, 2021, the System reported deferred outflows of resources and deferred inflows of resource related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$12,876	\$6,312
Net difference between projected and actual earnings on pension plan investments	-	103,219
Changes in assumptions	17,303	-
Change in proportion and differences between employer contributions and proportionate share of contributions	<u>2,977</u>	<u>551</u>
	<u>\$33,156</u>	<u>\$110,082</u>

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**

Notes to the Financial Statements (Continued)

December 31, 2021 and 2020

NOTE F – PENSION PLAN ON THE SYSTEM'S EMPLOYEES WHO ARE MEMBERS IN  
THE PAROCHIAL EMPLOYEES RETIREMENT SYSTEM (PERS) (CONTINUED)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	
<u>Ended</u>	
2021	\$ (21,318)
2022	\$ (6,846)
2023	\$ (31,902)
2024	\$ (16,860)
 Total	 <u>\$ (76,926)</u>

Contributions - proportionate share: Differences between contributions remitted to the PERS and the employer's proportionate share are recognized in pension expense/(benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the PERS and contributions reported by the participating employer.

Actuarial assumptions: The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2010 through December 31, 2014. The data was then assigned credibility weighting and combined with a standards table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the PERS's liabilities.

Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**  
Notes to the Financial Statements (Continued)  
December 31, 2021 and 2020

**NOTE F – PENSION PLAN ON THE SYSTEM'S EMPLOYEES WHO ARE MEMBERS IN  
THE PAROCHIAL EMPLOYEES RETIREMENT SYSTEM (PERS) (CONTINUED)**

A summary of the actuarial methods and assumptions for PERS Plan A used in determining the total pension liability as of December 31, 2021, are as follows:

Valuation Date:	December 31, 2021
Actuarial Cost Method:	Plan A - Entry Age Normal
Investment Rate of Return: (Discount Rate)	6.40%, net of pension plan investment expense, including inflation
Expected Remaining Service Lives:	4 years
Projected Salary Increases:	4.75%

Cost of Living Adjustments: The present value of future retirement benefits is based on benefits currently being paid by the PERS and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.

Mortality: Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale of annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disables annuitants.

Inflation Rate: 2.30%

Discount rate: The discount rate used to measure the total pension liability was 6.50% for Plan A. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contributions rates and contributions from participating employers and non-employer contributing entities 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 those assumptions, the System'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.

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**

Notes to the Financial Statements (Continued)

December 31, 2021 and 2020

**NOTE F – PENSION PLAN ON THE SYSTEM'S EMPLOYEES WHO ARE MEMBERS IN  
THE PAROCHIAL EMPLOYEES RETIREMENT SYSTEM (PERS) (CONTINUED)**

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Fixed income	33%	.86%
Equity	51%	3.36%
Alternatives	14%	.67%
Real assets	<u>2%</u>	<u>.11%</u>
Totals	<u>100%</u>	5.00%
Inflation		<u>2.00%</u>
Expected Arithmetic Nominal Return		<u>7.00%</u>

Sensitivity of the employer's proportionate share of the net pension liability to changes in the discount rate: The following presents in the net pension liability of the participating employers calculated using the discount rate of 6.40%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.40%) or one percentage point higher (7.40%) than the current rate:

**Changes in Discount Rate**

	1.00% Decrease	Current Discount Rate	1.00% Increase
	<u>5.40%</u>	<u>6.40%</u>	<u>7.40%</u>
Employer's proportionate share of the net pension liability (asset)	\$110,887	\$(150,446)	\$(190,044)

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**  
Notes to the Financial Statements (Continued)  
December 31, 2021 and 2020

NOTE F – PENSION PLAN ON THE SYSTEM'S EMPLOYEES WHO ARE MEMBERS IN  
THE PAROCHIAL EMPLOYEES RETIREMENT SYSTEM (PERS) (CONTINUED)

Change in net pension liability: The changes in the net pension liability for the year ended December 31, 2021 were recognized in the current reporting period except as follows:

- a. Differences between expected and actual experience:  
Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred outflow of resources in the amount of \$12,876 and a deferred inflow of resources of \$6,312.
- b. Differences between projected and actual investment earnings:  
Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred outflow of resources in the amount of \$0 and a deferred inflow of resources of \$103,219.
- c. Changes in assumptions: The changes of assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The changes in assumptions resulted in deferred outflow of resources in the amount of \$17,303 and a deferred inflow of resources of \$0.
- d. Change in proportion: Changes in the employer's proportionate shares of the collective net pension liability and collected deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense/(benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. The change in proportion was \$2,977 for deferred outflows and \$551 for deferred inflow of resources.

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**  
Notes to the Financial Statements (Continued)  
December 31, 2021 and 2020

**NOTE G – NET PENSION LIABILITY OF THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH (SYSTEM)**

The components of the net pension liability of the Employees' Retirement System of Jefferson Parish (hereinafter referred to as the "System") at December 31, 2021, were as follows:

Total Pension Liability	\$45,514,105
Less: Plan Fiduciary Net Pension	<u>(58,232,886)</u>
Net Pension Liability (Asset)	<u>\$(12,718,781)</u>

The total pension liability (asset) was determined by an actuarial valuation as of the valuation date using the actuarial assumptions and methods as described below.

The total pension liability for the System is based on the Individual Entry Age Normal actuarial cost method as described in GASB Statement No. 67. Actuarial calculations were made and based on December 31, 2021, data. The current year actuarial assumptions utilized for this report are based on the assumptions used in the December 31, 2021, actuarial funding valuation unless otherwise specified. All assumptions were determined to be reasonable.

The Collective Pension Expense (Income) for the year ended December 31, 2021, is \$(3,261,689).

The following actuarial assumptions apply to all periods included in the measurement of total pension liability for the System as of December 31, 2021:

Inflation	2.10%
Salary increases, including inflation and merit increases:	5.00%
Investment rate of return: (Discount Rate):	4.75%, net of pension plan Investment expense, Including inflation

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**

Notes to the Financial Statements (Continued)

December 31, 2021 and 2020

**NOTE G – NET PENSION LIABILITY OF THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH (SYSTEM) (CONTINUED)**

For the System, the discount rate, or the long-term expected rate of return, used to measure the total pension liability was 4.75%. It is the average rate of total return on investments expected in the future, realizing that some years will produce greater returns and some years will produce lesser returns. This assumed rate is one of the actuarial assumptions which most affects current recommended contribution rates. A reduction in this rate will cause contribution rates to increase, and an increase in this rate will cause contribution rates to decrease. 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 the employer will be made at actuarially determined contribution rates, which are calculated in accordance with relevant ordinances and policies and approved by the Board of Trustees. Based on these assumptions and the other assumptions and methods as specified in this report, the pension plan'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 applicable to all periods of projected benefit payments to determine the total pension liability.

Mortality rates were based on the RP-2020 Healthy Annuitant Mortality Table for annuitants and beneficiaries, and the RP-2020 Employee Mortality Table for active members. The RP-2020 Disabled Lives Mortality Table was also used.

**Sensitivity of the Net Pension Liability to  
Changes in the Discount Rate**

The following presents the net pension liability of the System calculated using the discount rate of 4.75%, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1.00% point lower (3.75%) or 1.00% point higher (5.75%) than the current rate (assuming all other assumptions remain unchanged):

	1.00% Decrease <u>(3.75%)</u>	1.00% Discount Rate <u>(4.75%)</u>	1.00% Increase <u>(5.75%)</u>
Net Pension Liability (Asset)	\$ (7,293,966)	\$ (12,718,781)	\$ (17,265,869)

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**  
Notes to the Financial Statements (Continued)  
December 31, 2021 and 2020

**NOTE H – RISK MANAGEMENT**

The System is exposed to risks of loss in the areas of general and auto liability and workers' compensation. Those risks are handled by purchasing commercial insurance. There have been no significant reductions in insurance coverage during the current year, nor have there been any settlements which have exceeded the insurance coverages maintained in the past three years. See Schedule of Insurance Policies in Force found in the Other Supplementary Information section.

**NOTE I – SUBSEQUENT EVENTS**

Management has evaluated subsequent events May 31, 2022, the date which the financial statements were available to be issued. As a result, management noted no subsequent events that required adjustment to, or disclosure in, this audit report.

**NOTE J – LITIGATION**

There is no pending litigation against the System as of December 31, 2021.

**REQUIRED SUPPLEMENTARY INFORMATION  
(RSI)**

Complete "10-year" information has not been presented in the following Schedules because the data necessary to make the actuarial calculations for these schedules is not available in the GASB format. Additional years will be displayed as they become available.

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**

Required Supplementary Information  
For the Year Ended December 31, 2021

**Schedule of Changes in Net Pension Liability and Related Ratios**  
For the Years 2014 – 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total Pension Liability:</b>				
Service Cost	\$ 10,207	\$ 12,189	\$ 14,757	\$ 14,684
Interest	2,161,333	2,238,083	2,301,319	2,357,190
Changes of Benefit Terms	0	0	0	0
Differences Between Expected and Actual Experience	(877,416)	(455,299)	(1,071,131)	(895,823)
Changes of Assumptions	0	1,424,500	0	0
Benefit Payments	(2,470,199)	(2,423,269)	(2,512,320)	(2,601,391)
Refunds of Member Contributions	(43,766)	(16,979)	(60,015)	(13,066)
Other	0	0	0	249
<b>Net Change in Total Pension Liability</b>	<b>\$ (1,219,841)</b>	<b>\$ 779,225</b>	<b>\$ (1,327,390)</b>	<b>\$ (1,138,157)</b>
<b>Total Pension Liability – Beginning</b>	<b>\$ 46,733,946</b>	<b>\$ 45,954,721</b>	<b>\$ 47,282,111</b>	<b>\$ 48,420,268</b>
<b>Total Pension Liability – Ending (a)</b>	<b>\$ 45,514,105</b>	<b>\$ 46,733,946</b>	<b>\$ 45,954,721</b>	<b>\$ 47,282,111</b>
<b>Plan Fiduciary Net Position:</b>				
Contributions – Member	\$ 2,563	\$ 3,603	\$ 4,761	\$ 4,684
Contributions – Employer	536,305	686,866	831,994	1,437,221
Contributions – Nonemployer Contrib. Entities	0	0	0	0
Net Investment Income	6,706,254	5,559,271	7,509,901	(2,001,810)
Benefit Payments	(2,470,199)	(2,423,269)	(2,512,320)	(2,601,391)
Refunds of Member Contributions	(43,766)	(16,979)	(60,015)	(13,066)
Administrative Expenses*	(353,510)	(471,932)	(343,991)	(507,353)
Other	0	0	0	249
<b>Net Change in Plan Fiduciary Net Position</b>	<b>\$ 4,377,647</b>	<b>\$ 3,337,560</b>	<b>\$ 5,430,330</b>	<b>\$ (3,681,466)</b>
<b>Plan Fiduciary Net Position – Beginning</b>	<b>\$ 53,855,239</b>	<b>\$ 50,517,679</b>	<b>\$ 45,087,349</b>	<b>\$ 48,768,815</b>
<b>Plan Fiduciary Net Position – Ending (b)</b>	<b>\$ 58,232,886</b>	<b>\$ 53,855,239</b>	<b>\$ 50,517,679</b>	<b>\$ 45,087,349</b>
<b>Net Pension Liability (Asset) – Ending (a) – (b)</b>	<b>\$ (12,718,781)</b>	<b>\$ (7,121,293)</b>	<b>\$ (4,562,958)</b>	<b>\$ 2,194,762</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	127.94%	115.24%	109.93%	95.36%
<b>Covered-Employee Payroll</b>	<b>\$ 342,689</b>	<b>\$ 340,390</b>	<b>\$ 518,446</b>	<b>\$ 625,187</b>
<b>Net Pension Liability (Asset) as a Percentage of Covered-Employee Payroll</b>	<b>(3,711.46%)</b>	<b>(2,092.10%)</b>	<b>(880.12%)</b>	<b>351.06%</b>

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>N/A</u>	<u>N/A</u>
\$ 11,946	\$ 20,045	\$ 19,260	\$ 23,266		
2,481,835	2,474,064	2,817,938	2,835,082		
0	0	0	0		
(427,223)	285,538	(367,601)	(555,723)		
2,569,457	0	1,763,465	0		
(2,595,133)	(2,612,078)	(2,544,214)	(2,497,001)		
(26,025)	(27,755)	(25,539)	(64,382)		
75	702	6,365	0		
<u>\$ 2,014,932</u>	<u>\$ 140,516</u>	<u>\$ 1,669,674</u>	<u>\$ (258,758)</u>		
<u>\$ 46,405,336</u>	<u>\$ 46,264,820</u>	<u>\$ 44,595,146</u>	<u>\$ 44,853,904</u>		
<u>\$ 48,420,268</u>	<u>\$ 46,405,336</u>	<u>\$ 46,264,820</u>	<u>\$ 44,595,146</u>		
\$ 4,665	\$ 5,609	\$ 7,953	\$ 9,663		
1,562,975	2,497,301	2,387,312	2,323,478		
0	0	0	0		
6,198,990	1,747,381	573,394	2,379,009		
(2,595,133)	(2,612,078)	(2,544,214)	(2,497,001)		
(26,025)	(27,755)	(25,539)	(64,382)		
(393,215)	(405,865)	(302,100)	(319,817)		
75	702	6,365	0		
<u>\$ 4,752,332</u>	<u>\$ 1,205,295</u>	<u>\$ 103,171</u>	<u>\$ 1,830,950</u>		
<u>\$ 44,016,483</u>	<u>\$ 42,811,188</u>	<u>\$ 42,708,017</u>	<u>\$ 40,877,067</u>		
<u>\$ 48,768,815</u>	<u>\$ 44,016,483</u>	<u>\$ 42,811,188</u>	<u>\$ 42,708,017</u>		
\$ (348,547)	\$ 2,388,853	\$ 3,453,632	\$ 1,887,129		
100.72%	94.85%	92.54%	95.77%		
\$ 624,890	\$ 618,467	\$ 988,525	\$ 1,184,353		
(55.78%)	386.25%	349.37%	159.34%		

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**  
 Required Supplementary Information (Continued)  
 For the Year Ended December 31, 2021

**Schedule of Net Pension Liability**  
 For the Years 2013 - 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total Pension Liability	\$ 45,514,105	\$ 46,733,946	\$ 45,954,721	\$ 47,282,111
Plan Fiduciary Net Position	58,232,886	53,855,239	50,517,679	45,087,349
Net Pension Liability (Asset)	<u>\$ (12,718,781)</u>	<u>\$ (7,121,293)</u>	<u>\$ (4,562,958)</u>	<u>\$ 2,194,762</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.94%	115.24%	109.93%	95.36%
Covered-Employee Payroll	\$ 342,689	\$ 340,390	\$ 518,446	\$ 625,187
Net Pension Liability (Asset) as a Percentage of Covered-Employee Payroll	(3711.46%)	(2092.10%)	(880.12%)	351.06%

**Schedule of Contributions**  
 For the Years 2014 – 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially Determined Contribution (Determined as of the Prior Fiscal Year)	\$ 393,290	\$ 412,120	\$ 499,196	\$ 1,405,283
Contributions in Relation to the Actuarially Determined Contribution	536,305	686,866	831,994	1,437,221
Contribution Deficiency (Excess)	<u>\$ (143,015)</u>	<u>\$ (274,746)</u>	<u>\$ (332,798)</u>	<u>\$ (31,938)</u>
Covered-Employee Payroll	\$ 342,689	\$ 340,390	\$ 518,446	\$ 625,187
Contributions as a Percentage of Covered Employee Payroll	156.50%	201.79%	160.48%	229.89%

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>N/A</u>
\$ 48,420,268	\$ 46,405,336	\$ 46,264,820	\$ 44,595,146	\$ 44,853,904	
48,768,815	44,016,483	42,811,188	42,708,017	40,877,067	
<u>\$ (348,547)</u>	<u>\$ 2,388,853</u>	<u>\$ 3,453,632</u>	<u>\$ 1,887,129</u>	<u>\$ 3,976,837</u>	
100.72%	94.85%	92.54%	95.77%	91.13%	
\$ 624,890	\$ 618,467	\$ 988,525	\$ 1,184,353	\$ 1,416,931	
(55.78%)	386.25%	349.37%	159.34%	280.67%	
<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>N/A</u>	<u>N/A</u>
\$ 1,281,640	\$ 1,201,826	\$ 1,880,008	\$ 1,771,652		
1,562,975	2,497,301	2,387,312	2,323,478		
<u>\$ (281,335)</u>	<u>\$ (1,295,475)</u>	<u>\$ (507,304)</u>	<u>\$ (551,826)</u>		
\$ 624,890	\$ 618,467	\$ 988,525	\$ 1,184,353		
250.12%	403.79%	241.50%	196.18%		

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**  
 Required Supplementary Information (Continued)  
 For the Year Ended December 31, 2021

**Schedule of Pension Expense**  
 For the Year Ended December 31, 2021

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)	Collective Deferred Inflows (d)	Collective Deferred Outflows (e)	Collective Pension Expense* (f) = (c) + (d) - (e) + (g)*	Revenue Excluded from Pension Expense* (g)
<b>Beginning Balance:</b>	\$ 46,733,946	\$ 53,855,239	\$ (7,121,293)	\$ 6,418,201	\$ 1,759,510	N/A	N/A
Service Cost	10,207		10,207			\$ 10,207	
Interest on Total Pension Liability	2,161,333		2,161,333			2,161,333	
Changes in Benefit Terms	0		0			0	
Differences Between Expected and Actual Experience with Regard to Economic or Demographic Assumptions	(877,416)		(877,416)	877,416	0		
Current Year Amortization				(877,416)	0	(877,416)	
Changes in Assumptions About Future Economic or Demographic Factors or Other Inputs	0		0	0	0		
Current Year Amortization				0	0	0	
Benefit Payments	(2,470,199)		(2,470,199)			(2,470,199)	
Refunds of Contributions	(43,766)		(43,766)			(43,766)	
Other	0		0			0	
Contributions – Member		2,563	(2,563)			(2,563)	
Contributions – Employer*		536,305	(536,305)				\$ 536,305
Contributions – Nonemployer Contributing Entities*		0	0				0
Projected Earnings on Pension Plan Investments		2,503,461	(2,503,461)			(2,503,461)	
Difference Between Projected and Actual Earnings on Pension Plan Investments		4,202,793	(4,202,793)	4,202,793	0		
Current Year Amortization				(3,283,053)	(879,754)	(2,403,299)	
Benefit Payments		(2,470,199)	2,470,199			2,470,199	
Refunds of Contributions		(43,766)	43,766			43,766	
Administrative Expenses**		(353,510)	353,510			353,510	
Other		0	0			0	
<b>Net Increase (Decrease)</b>	<b>\$ (1,219,841)</b>	<b>\$ 4,377,647</b>	<b>\$ (5,597,488)</b>	<b>\$ 919,740</b>	<b>\$ (879,754)</b>	<b>\$ (3,261,689)</b>	<b>\$ 536,305</b>
<b>Ending Balance</b>	<b>\$ 45,514,105</b>	<b>\$ 58,232,886</b>	<b>\$ (12,718,781)</b>	<b>\$ 7,337,941</b>	<b>\$ 879,756</b>	<b>N/A</b>	<b>N/A</b>

\* Contributions from employers are excluded from Pension Expense (Income) and are reported as revenue per paragraphs 58 and 71(c) of GASB 68.

\*\* Includes Deferred Inflows and Deferred Outflows as well as the allocated share of Collective Pension Expense (Pension Income) due to participation in PERS and OPEB Expense.

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**  
 Required Supplementary Information (Continued)  
 For the Year Ended December 31, 2020

**Schedule of Changes in the System's Total OPEB Liability and Related Ratios**  
 (On the System's Employees)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b><u>Total OPEB Liability</u></b>				
Service cost	\$1,934	\$1,663	\$2,147	\$2,590
Interest	7,987	6,878	7,733	4,574
Changes in benefit terms	954	-	-	-
Difference between expected and actual experience	-	(50,663)	49,249	19,050
Changes in assumptions and other inputs	19,280	29,862	17,780	7,469
Benefit payments	<u>(9,637)</u>	<u>(8,366)</u>	<u>(11,244)</u>	<u>(10,829)</u>
 Net Change in Total OPEB Liability	 <u>20,518</u>	 <u>(20,626)</u>	 <u>65,665</u>	 <u>5,337</u>
 Total OPEB Liability - beginning	 <u>197,164</u>	 <u>217,682</u>	 <u>197,056</u>	 <u>262,721</u>
 Total OPEB Liability - ending	 <u>\$217,682</u>	 <u>\$197,056</u>	 <u>\$262,721</u>	 <u>\$268,058</u>
 Changes of assumptions and other inputs reflect a change in the discount rate from 1.93% as of the beginning of the measurement period to 2.25% at December 31, 2021.				
 Covered Employee Payroll	 \$185,599	 \$188,146	 \$218,383	 \$201,630
 Total OPEB Liability as a percentage of covered employee payroll	 117.4%	 104.7%	 1.20%	 1.33%

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

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**  
 Required Supplementary Information (Continued)  
 For the Year Ended December 31, 2021

**Schedule of Employer's Share of Net Pension Liability**  
 (On the System's Employees)

Year Ended <u>Dec.31,</u>	Employer Proportion of the Net Pension Liability <u>(Asset)</u>	Employer Proportionate Share of the Net Pension Liability <u>(Asset)</u>	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	.025290%	\$6,915	\$151,276	4.57%	99.15%
2016	.025704%	\$67,600	\$159,623	42.39%	94.85%
2017	.026736%	\$55,063	\$171,352	32.13%	100.72%
2018	.027019%	\$(20,055)	\$185,599	(10.81%)	95.36%
2019	.028556%	\$126,742	\$188,146	67.36%	109.93%
2020	.027809%	\$1,309	\$218,383	.60%	115.24%
2021	.030162%	\$(150,446)	\$201,630	(74.61)%	127.94%

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

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**

Required Supplementary Information (Continued)

For the Year Ended December 31, 2020

**Schedule of Employer Contributions**

(On the System's Employees)

<u>Year Ended Dec. 31,</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractual Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
2015	\$21,552	\$21,552	-	\$151,276	14.2%
2016	\$20,680	\$20,680	-	\$159,623	12.9%
2017	\$20,438	\$20,438	-	\$171,352	11.9%
2018	\$20,180	\$20,180	-	\$185,599	10.9%
2019	\$20,869	\$20,869	-	\$188,146	11.1%
2020	\$24,885	\$24,885	-	\$218,383	11.4%
2021	\$23,909	\$23,909	-	\$201,630	11.9%

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

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**

Required Supplementary Information (Continued)

For the Year Ended December 31, 2019

**Notes to the Required Supplementary Information**Pension Plan

Changes of Assumptions - Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

**OTHER SUPPLEMENTARY INFORMATION**

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**  
 Other Supplementary Information  
 For the Year Ended December 31, 2021

**SCHEDULE OF ADMINISTRATIVE EXPENSES**

Salaries	\$201,630
Retirement contributions	24,589
Group insurance	43,067
Depreciation	2,142
Postage	1,812
Office expenses	11,399
Bank account fees	2,858
Insurance	17,448
Legal fees	11,251
Actuarial fees	29,700
Audit & consulting fees	14,900
Telephone	1,050
Expense allowance	9,100
Travel and seminar	404
Security	9,249
Changes in deferred inflows, deferred outflows, net pension liability, pension expense(income) and net other postemployment benefit obligation	<u>(27,089)</u>
Total	<u>\$353,510</u>

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**  
 Other Supplementary Information (Continued)  
 December 31, 2021

**SCHEDULE OF INSURANCE POLICIES IN FORCE**

Insurance Policies in Force

The following insurance policies were in force on December 31, 2021:

<u>Type of Coverage</u>	<u>Amount of Coverage</u>
General liability, \$500 deductible	\$1,000,000 each occurrence; \$2,000,000 general aggregate
Employees non-owned and hired vehicles liability, combined bodily injury and property damage, \$2,500 deductible	\$1,000,000 combined single limit
Public employee benefit plan and trustee fiduciary liability, \$10,000 deductible	\$2,000,000 aggregate
Workers compensation, no deductible	\$100,000 each occurrence; \$500,000 general aggregate
Employee theft and forgery Coverage, \$5,000 deductible	\$500,000

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**  
Other Supplementary Information (Continued)  
December 31, 2021

**SUMMARY OF HISTORICAL DATA**

The Employees' Retirement System of Jefferson Parish began operating on January 1, 1973, after the employees of Jefferson Parish voted 87.8% in favor of such retirement system to replace Social Security.

The Parish paid all retirement benefits and other expenses of the System from January 1, 1973, through December 31, 1974, from its General Fund. Contributions to the System began on January 1, 1975.

The System was funded initially by contributions of 5.85% of total wages by both the employee and the employer from January 1, 1975, through January 6, 1978. The rate was increased to 6.05% each, effective with the January 30, 1978, payroll.

In 1979 the Louisiana Legislature amended the Parochial Employees' Retirement System law to require Jefferson Parish to pay an additional 4.3% contribution (from 1%) or abandon Jefferson Parish's supplemental system and join the revised PERS effective January 1, 1980.

On December 12, 1979, the Jefferson Parish System agreed to merge its supplemental system with PERS, effective December 15, 1979. As a result of this, the 4.3% increase in cost was avoided.

After advice by its actuary, confirmed by its legal counsel, and with a written opinion from the Louisiana Attorney General, the Employees' Retirement System of Jefferson Parish decided to join PERS' supplemental system before January 1, 1980, at no added cost to the Parish or its employees.

All of the employees who were members of the Employees' Retirement System of Jefferson Parish's separate supplemental plan on December 14, 1979 will be guaranteed all of the benefits offered by that plan, and all retirees entitled to benefits under that plan will continue to receive those benefits. The accumulated assets and funds of the Employees' Retirement System of Jefferson Parish were retained for that purpose. All persons employed after December 14, 1979 are members of the PERS only.

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**  
 Other Supplementary Information (Continued)  
 December 31, 2021

**SCHEDULE OF COMPENSATION, BENEFITS  
 AND OTHER PAYMENTS TO AGENCY HEAD**

All Members of the Board of Trustees of the Employees' Retirement System of Jefferson Parish are considered "agency heads" as mentioned in Act 706 of the 2014 Regular Louisiana Legislative Session. No Trustee has received any form of compensation. Registration fees listed below were paid directly to the Louisiana Association of Public Employees' Retirement System (LAPERS) for attendance to the annual seminar.

<u>Trustee</u>	<u>Registration Fees</u>	<u>Travel &amp; Expense Reimbursement for Conference</u>
Gary L. Duker	-	\$55
Linda A. Roy	-	\$208
Eula A. Lopez	-	-
Timothy J. Palmatier	-	-
Ned A. Pitre	-	-
John Dumas	-	-
Frances M. Hemenway	-	-

**INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS**

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

The Board of Trustees of  
The Employees' Retirement System of Jefferson Parish  
Jefferson Parish, Louisiana  
A Component Unit of Jefferson Parish

I have audited, 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, the financial statements of the Employees' Retirement System of Jefferson Parish, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Employees' Retirement System of Jefferson Parish's basic financial statements and have issued my report thereon dated May 31, 2022.

**Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the Employees' Retirement System of Jefferson Parish's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Employees' Retirement System of Jefferson Parish's internal control. Accordingly, I do not express an opinion on the effectiveness of the Employees' Retirement System of Jefferson Parish's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Prior and Current Year Audit Findings and Management's Corrective Action Plan, I identified a certain deficiency in the internal control over financial reporting that I consider to be a material weakness.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiency described in the accompanying Schedule of Prior and Current Year Audit Findings and Management's Corrective Action Plan, identified as Finding 2021-001, to be a material weakness.

### **Compliance and Other Matters**

As a part of obtaining reasonable assurance about whether the Employees' Retirement System of Jefferson Parish's financial statements are free of material misstatement, I 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 the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **The Employees' Retirement System of Jefferson Parish's Response to Finding**

The Employees' Retirement System of Jefferson Parish's response to the finding identified (Finding 2021-001) in my audit is described in the accompanying Schedule of Prior and Current Year Audit Findings and Management's Corrective Action Plan. The Employees' Retirement System of Jefferson Parish's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control

and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in black ink that reads "Keith J. Rovira". The signature is written in a cursive style with a large initial "K" and "R".

Keith J. Rovira  
Certified Public Accountant  
Metairie, Louisiana

May 31, 2022

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH****Schedule of Prior and Current Year Audit Findings and  
Management's Corrective Action Plan  
For the Year Ended December 31, 2021 and 2020**

I have audited the accompanying basic financial statements of the Employees' Retirement System of Jefferson Parish as of and for the year ended December 31, 2021 and 2020, and have issued my report thereon May 31, 2022. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements resulted in an unqualified opinion.

**I. Prior Year Audit Finding:****Internal Control over Financial Reporting**

Finding 2020-001 - Inadequate Segregation of Accounting Functions:

Condition and Criteria: The System's office did not have adequate segregation of duties and functions within the accounting system.

Effect: This condition represents a material weakness in the internal control of the System's office.

Cause: The condition resulted due to the small number of employees in the accounting department.

Recommendation: No plan is considered necessary due to the fact that it would not be cost effective to implement a plan.

Management's Corrective Action Plan: It has been determined that it is not cost effective to achieve complete segregation of duties and functions within the accounting department. No plan is considered necessary.

**Compliance**

There were no findings on compliance that are required be reported at December 31, 2020.

**Management Letter**

No management letter was issued for this year.

**THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH**

Schedule of Prior and Current Year Audit Findings and  
Management's Corrective Action Plan (Continued)  
For the Year Ended December 31, 2021 and 2020

**II. Current Year Audit Finding:****Internal Control over Financial Reporting****Finding 2021-001 - Inadequate Segregation of Accounting Functions:**

**Condition and Criteria:** The System's office did not have adequate segregation of duties and functions within the accounting system.

**Effect:** This condition represents a material weakness in the internal control of the System's office.

**Cause:** The condition resulted due to the small number of employees in the accounting department.

**Recommendation:** No plan is considered necessary due to the fact that it would not be cost effective to implement a plan.

**Management's Corrective Action Plan:** It has been determined that it is not cost effective to achieve complete segregation of duties and functions within the accounting department. No plan is considered necessary.

**Compliance**

There were no findings on compliance that are required be reported at December 31, 2021.

**Management Letter**

No management letter was issued for this year.

**THE EMPLOYEES' RETIREMENT SYSTEM  
OF JEFFERSON PARISH**

*Statewide Agreed-Upon Procedures Report*

As of and for the Year Ended

December 31, 2021

**KEITH J. ROVIRA**  
*Certified Public Accountant*

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**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

The Board of Trustees of  
The Employees' Retirement System of Jefferson Parish  
Jefferson Parish, Louisiana

I have performed the procedures enumerated below, which were agreed to by the management of the Employees' Retirement System of Jefferson Parish (System), on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the year ended December 31, 2021. The System's management is responsible for those C/C areas identified in the SAUPs.

The System has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the year ended December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The *Statewide Agreed-Upon Procedures* and associated findings for the year ended December 31, 2021 are as follows:

***Written Policies and Procedures***

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1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

*The System is not required to prepare a budget; therefore, this procedure is not applicable.*
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) ***Disbursements***, including processing, reviewing, and approving.
  - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
  - e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
  - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
  - g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
  - h) ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy .
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements. *The System does not have any debt service; therefore, this procedure is not applicable.*
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting. *The System has written policies and procedures in place covering all the areas listed above. No exceptions were found as a result of these procedures.*

### ***Board or Finance Committee***

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- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *The System is not required to prepare a budget; therefore, this procedure is not applicable.*
  - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one

meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

*No exceptions were found as a result of these procedures.*

### ***Bank Reconciliations***

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3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

*The System's only bank account is its main operating account, and management has represented that there are no other accounts.*

*No exceptions were found as a result of these procedures.*

### ***Collections (excluding electronic funds transfers )***

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4. Obtain a listing of deposit sites<sup>1</sup> for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

*Management has represented that there is only one deposit site and collection location for the System. It is its administrative office located in the Jefferson Parish Government Building, Suite 4100 in Gretna, Louisiana.*

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<sup>1</sup> A deposit site is a physical location where a deposit is prepared and reconciled.

5. For each deposit site selected, obtain a listing of collection locations<sup>2</sup> and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

*No exceptions were found as a result of these procedures.*

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

*No exceptions were found as a result of these procedures.*

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day. Obtain supporting documentation for each of the 10 deposits and:
  - a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection

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<sup>2</sup> A collection location is a physical location where cash is collected. An entity may have one or more collection locations whose collections are brought to a deposit site for deposit. For example, in a school district a collection location may be a classroom and a deposit site may be the school office.

location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

e) Trace the actual deposit per the bank statement to the general ledger.

*No exceptions were found as a result of these procedures.*

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

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

*There is only one location where the System processes non-payroll payments. That location is at the System's administrative office in the Jefferson Parish Government Building, Suite 4100 in Gretna, Louisiana. Management has represented to that fact.*

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

*I obtained a listing of those employees involved with non-payroll purchasing and payment functions, and I obtained written policies and procedures relating to the employees' job duties.*

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- b) At least two employees are involved in processing and approving payments to vendors.
- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.]]

*No exceptions were found as a result of these procedures.*

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- a) Observe that the disbursement matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

*No exceptions were found as a result of these procedures.*

### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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

*The System has only one (1) credit card, Office Depot,, and management has represented that there are no other cards used. The card is used very infrequently. The Secretary-Manager has customized an "Employee Credit Card Agreement" form for the System, and all three employees in the office have signed their own agreement.*

*No exceptions were found as a result of these procedures.*

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

*No exceptions were found as a result of these procedures.*

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by: (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

*For the System's only (1) credit card, monthly statements were selected and supporting documentation for transactions was obtained. The supporting documentation examined adequately addresses the functions noted above for the transactions selected.*

*No exceptions were found as a result of these procedures.*

#### ***Travel and Travel-Related Expense Reimbursements<sup>3</sup> (excluding card transactions)***

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14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*No exceptions were found as a result of these procedures.*

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<sup>3</sup> Non-travel reimbursements are not required to be tested under this category.

## ***Contracts***

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

*No exceptions were found as a result of these procedures.*

## ***Payroll and Personnel***

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16. Obtain a listing of employees and officials<sup>4</sup> employed during the fiscal period and management's representation that the listing is complete. Selected all employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

*There are three regular employees employed by the System. None of the Board of Trustees officials receive compensation for their service.*

*No exceptions were found as a result of these procedures.*

17. Randomly select one pay period during the fiscal period. For all 3 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to

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<sup>4</sup> "Officials" includes board members who are appointed.

earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

- b) Observe that supervisors approved the attendance and leave of the selected employees or officials.
- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
- d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

*No exceptions were found as a result of these procedures.*

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

*This procedure is not applicable because there were no terminations during the year.*

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

*No exceptions were found as a result of these procedures.*

## *Ethics*

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20. Using the all 3 selected employees/officials from procedure #16 under “Payroll and Personnel” above: obtain ethics documentation from management, and:
- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b) Observe that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity’s ethics policy during the fiscal period, as applicable.

*No exceptions were found as a result of these procedures.*

## *Debt Service<sup>5</sup>*

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21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management’s representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

*This procedure is not applicable because the System does not have any debt service.*

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<sup>5</sup> This AUP category is generally not applicable to nonprofit entities; however, if applicable, the procedures should be performed.

## ***Fraud Notice***

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23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*This procedure is not applicable because there were no misappropriations of public funds during the year.*

24. Observe that the entity has posted on its premises<sup>6</sup> and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

*No exceptions were found as a result of these procedures.*

## ***Information Technology Disaster Recovery/Business Continuity***

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25. Perform the following procedures, **verbally discuss the results with management, and report "I performed the procedure and discussed the results with management."**
- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
  - b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
  - c) Obtain a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

***I performed these procedures and discussed the results with management.***

*No exceptions were found as a result of these procedures.*

## *Sexual Harassment*

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26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

*No exceptions were found as a result of these procedures.*

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

*No exceptions were found as a result of these procedures.*

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

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

*No exceptions were found as a result of these procedures.*

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

I am required to be independent of the Employees' Retirement System of Jefferson Parish, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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



Keith J. Rovira  
Certified Public Accountant  
Metairie, Louisiana

May 31, 2022