SABINE RIVER AUTHORITY
STATE OF LOUISIANA

Financial Statements with Supplementary Information

June 30, 2023

(With Independent Auditors' Report Thereon)

SABINE RIVER AUTHORITY
STATE OF LOUISIANA

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GRIFFIN & FURMAN LLC
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American Society of Certified Public Accountants
Society of Louisiana CPAs

Independent Auditors' Report

To the Board of Commissioners
Sabine River Authority
State of Louisiana
Many, Louisiana

Qualified Opinion

We have audited the accompanying financial statements of the business-type activities, of the Sabine River Authority (the Authority) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority, as of June 30, 2023, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

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

Matter Giving Rise to the Qualified Opinion

In a preceding year, certain opening balances relating to capital assets could not be audited. See Note 6 for additional information.

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Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- **Exercise professional judgment and maintain professional skepticism throughout the audit.**
- **Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.**
- **Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.**
- **Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.**
- **Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.**

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

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Sabine River Authority's basic financial statements. The annual financial report required by Division of Administration, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This report is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2023, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Griffin & Furman, LLC

September 14, 2023

SABINE RIVER AUTHORITY
STATE OF LOUISIANA

Statement of Net Position

June 30, 2023

Assets and Deferred Outflows of Resources

Current assets:		
Restricted cash and cash equivalents	$ 5,330,850	
Unrestricted cash and cash equivalents	15,629,075	
Accrued interest	86,259	
Receivables, net	3,434,537	
Total current assets		24,480,721
Noncurrent assets:		
Investments - restricted	480,204	
Investments - unrestricted	22,519,969	
Capital assets, net	76,889,677	
Total noncurrent assets		99,889,850
Total assets		124,370,571
Deferred outflows of resources:		
Deferred outflows of resources related to pensions	1,791,936	
Deferred outflows of resources related to OPEB liability	798,725	
Total deferred outflows of resources		2,590,661
Total assets and deferred outflows of resources		$ 126,961,232

See accompanying notes to the financial statements.

SABINE RIVER AUTHORITY
STATE OF LOUISIANA

Statement of Net Position

June 30, 2023

Liabilities, Deferred Inflows of Resources, and Net Position

Liabilities:		
Current liabilities:		
Accounts payable and retainage payable	$ 571,010	
Deferred revenue	10,445	
Accrued expenses	422,987	
Bonds payable	1,174,000	
OPEB liability	188,043	
Total current liabilities		2,366,485
Noncurrent liabilities:		
Bonds payable	6,514,000	
OPEB liability	4,031,875	
Net pension liability	6,867,345	
Total noncurrent liabilities		17,413,220
Total liabilities		19,779,705
Deferred inflows of resources:		
Deferred inflows related to pensions	475,226	
Deferred inflows related to OPEB liability	1,727,622	
Total deferred inflows of resources		2,202,848
Net Position:		
Net investment in capital assets	69,201,677	
Restricted for debt service and power agreement	567,782	
Restricted for capital projects	5,243,272	
Unrestricted	29,965,948	
Total net position		104,978,679
Total liabilities, deferred inflows of resources, and net position		$ 126,961,232

See accompanying notes to the financial statements.

SABINE RIVER AUTHORITY
STATE OF LOUISIANA

Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended June 30, 2023

Operating revenues:		
Power sales	$ 5,463,501	
Water sales	8,329,591	
Park site rental	1,339,909	
Miscellaneous	2,116,400	
Total operating revenues		17,249,401
Operating expenses:		
Operating and maintenance	10,563,880	
Depreciation and amortization	3,450,695	
Total operating expenses		14,014,575
Operating income		3,234,826
Non-operating revenues (expenses):		
Investment income	803,834	
Interest expense	(244,187)	
Total non-operating revenues (expenses)		559,647
Increase in net position		3,794,473
Net position, beginning of year	85,780,606	
Prior period adjustment (Note 14)	15,403,600	
Net position, beginning of year as restated		101,184,206
Net position, end of year		$ 104,978,679

See accompanying notes to the financial statements.

SABINE RIVER AUTHORITY
STATE OF LOUISIANA

Statement of Cash Flows

For the Year Ended June 30, 2023

Cash flows from operating activities:				
Cash received from customers	$	21,640,489		
Cash paid to suppliers for goods/services		(6,741,921)		
Cash paid to employees for services		(3,718,227)		
Net cash provided by operating activities				11,180,341
Cash flows from investing activities:				
Net purchases of investments		(1,082,453)		
Interest received		564,778		
Net cash provided by investing activities				(517,675)
Cash flows from capital and related financing activities:				
Purchases of capital assets		(7,117,114)		
Principal paid on capital debt		(1,134,000)		
Interest paid		(255,905)		
Net cash provided by financing activities				(8,507,019)
Net increase in cash and cash equivalents				2,155,647
Cash and cash equivalents, beginning of year				18,804,278
Cash and cash equivalents, end of year			$	20,959,925

Reconciliation of operating income to net cash provided by operating activities

Operating income			$	3,234,826
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	$	3,450,695		
Increase in assets				
Accounts receivable		4,391,088		
Increase in deferred outflows related to net pension & other post-employment liabilities		(699,060)		
Increase (decrease) in liabilities				
Accounts payable & accruals		671,892		
Other post-employment benefits payable		(1,249,352)		
Pension liability		1,280,700		
Increase in deferred inflows related to net pension & other post-employment liabilities		99,552		
Total adjustments				7,945,515
Net cash provided by operating activities			$	11,180,341
Non-cash investing activities:				
Decrease in unrealized loss on investments			$	137,748

See accompanying notes to the financial statements.

(1) Introduction

The mission of the Sabine River Authority of Louisiana, consistent with Louisiana Revised Statues 38:2321, and with Article 48 of the Federal Power Commission License, Project 2305, is to provide for economic utilization and preservation of the waters of the Sabine River and its tributaries by promoting economic development, irrigation, navigation, improved water supply, drainage, public recreation, and hydroelectric power for the citizens of Louisiana.

(2) Summary of Significant Accounting Policies

(a) Reporting Entity

Sabine River Authority, a component unit of the State of Louisiana, was created under Title 38, Chapter 2, of the Louisiana Revised Statutes of 1950, comprised of R. S. 38:2337. The Authority is charged with the development of the Sabine River Basin within the State of Louisiana. The Authority derives its revenue from the sale of hydroelectric power from the Toledo Bend Dam, water sales from the Toledo Bend Reservoir and Sabine River Diversion Canal, permit and recreation area fees, and other miscellaneous revenue. At the 1991 Session of the Louisiana Legislature, Act 272 transferred the Authority to the Louisiana Department of Transportation and Development.

The Authority is an autonomous self-supporting governmental unit with no taxing powers covering all or a portion of six parishes in the Sabine Basin and is administered by a thirteen-member Board of Directors appointed by the Governor to four-year terms which are concurrent with the Governor.

(b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The proprietary fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of net position.

The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's proprietary fund are charges to customers for sales and services. The Authority also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the proprietary fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.
When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

(c) Financial Statements

GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, provides that special-purpose governments engaged only in business-type activities should present only the financial statements required for enterprise funds. For these governments, basic financial statements and required supplementary information (RSI) consist of the following:

1. **Management's discussion and analysis**
2. **Statement of net position**
3. **Statement of revenues, expenses, and changes in net position**
4. **Statement of cash flows**
5. **Notes to financial statements**
6. **RSI, if applicable**

The Authority is a special-purpose government engaged only in business type activities.

(d) Cash and Cash Equivalents / Investments

Cash and cash equivalents include demand deposits in various financial institutions. The caption "cash and cash equivalents" on the statement of net position includes all cash on deposit at banks, including certificates of deposit with an original maturity of less than 90 days. If the original maturity exceeds 90 days, they are classified as investments.

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana or any other federally insured investments, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

Louisiana state law requires deposits (cash and certificates of deposit) of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes the FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision. The market value of the demand deposits and certificates of deposit is equal to their cost.

(e) Revenue Receivables

The Authority considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become un-collectible, they will be charged to operating expenses when that determination is made.

(f) Capital Assets

Property, plant, and equipment are stated at historical cost. Capital assets in excess of $1,000 are required to be capitalized. Depreciation has been provided using the straight-line method at annual rates as follows:

Dams & electric plant	1.5%
Water & pumping plant	1.5% - 5.0%
Buildings	2.0% - 5.0%
Equipment	4.0% - 20.0%
Roads & parking lots	3.3% - 5.0%
Golf course	2.0%

(g) Compensated Absences

Classified employees of the Sabine River Authority accumulate annual and sick leave at various rates depending on their years of service. These employees may accumulate unlimited amounts of annual and sick leave. Upon termination or death, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with the provisions of Accounting for Compensated Absences. (GASB Code Sec. C60) no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

(h) Pensions

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 Louisiana State Employees' Retirement System (LASERS) and additions to/deductions from LASERS' fiduciary net position have been determined on the same basis as they are reported by LASERS. 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.

(i) Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term debt obligations are recognized as liabilities in the applicable governmental activities statement of net position. Long-term obligations are reported at face value.

(j) Net Position

In accordance with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB No. 63, net position

is classified into three components; net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

a. **Net Investment in Capital Assets - This component of net position consists of the historical cost of capital assets, including any restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, less deferred inflows of resources related to those assets**

b. **Restricted - This component of net position consists of assets that have constraints that are externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.**

c. **Unrestricted - All other net position is reported in this category.**

The restricted assets consist of a bond sinking fund, bond reserve fund, bond operating reserve funds, and contingency and replacement reserve funds on revenue bonds. The bond sinking, operating reserve, and contingency and replacement reserve funds are segregated as required by the bond indentures and power agreements, totaled $567,782 as of June 30, 2023. The funds restricted for construction as of June 30, 2023 were $5,243,272.

(k) <u>Revenues - Exchange and Non-Exchange Transactions</u>

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon thereafter to be used to pay the liabilities of the current fiscal year. For the Authority, available means expected to be received within thirty-one days of the fiscal year-end. Under the modified accrual basis, only interest is considered to be both measurable and available at fiscal year-end.

(l) <u>Rates and Regulations</u>

The Louisiana Public Service Commission has original jurisdiction over the electric rates charged by the Authority. The rate year runs from May to April and starts at $0.054 per kWh. Water rates are established by the Authority's Board of Commissioners.

(m) <u>Budget Policies</u>

The Authority prepares a budget for use in planning and controlling costs. The budget and any changes are approved by the Board of Commissioners.

(n) <u>Use of Estimates</u>

The preparation of the financial statements in conformity with generally accepted accounting

principles requires management to make assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(o) New Accounting Pronouncements

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, in May 2020. The objective of GASB No. 96 is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements. Management has adopted this pronouncement and it had no impact on the Authority's financial statements.

(3) Cash and Cash Equivalents

At June 30, 2023, the Authority had cash and cash equivalents (book balances) totaling $20,959,925 which were demand deposits at local financial institutions. These deposits are stated at cost, which approximates market. 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. Of these amounts, $5,330,850 was restricted for debt service, power agreement, and capital projects and $15,629,075 was unrestricted.

At June 30, 2023, the Authority had $21,018,611 in deposits (collected bank balances). These deposits were secured from risk by $1,250,000 of federal deposit insurance and $19,768,611 of pledged securities held by a trust in the name of the financial institution.

(4) Investments

Investments at June 30, 2023 are comprised of:

Investment	Percentage	Fair Value
Corporate bonds	2.4%	$ 561,668
Municipal bonds	29.5%	6,780,817
Federal agency bonds	4.8%	1,105,993
U.S. Treasuries	62.0%	14,266,926
Certificate of deposit	1.3%	284,769
Total	100.0%	$ 23,000,173

Of these amounts, $480,204 was restricted for debt service, power agreement, and capital projects and $22,519,969 was unrestricted.

At June 30, 2023, future maturities of investments are as follows:

Investment	Fair Value	Less than 1 Year	1 to 5 Years	6 to 10 Years	10+ Years
Corporate bonds	561,668	49,304	512,364	-	-
Municipal bonds	6,780,817	4,297,779	2,483,038	-	-
Federal agency bonds	1,105,993	-	1,082,330	-	23,663
U.S. Treasuries	14,266,926	4,097,422	10,169,504	-	-
Certificate of deposit	284,769	-	284,769	-	-
	$ 23,000,173	8,444,505	14,532,005	-	23,663

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits the Authority's investments per Louisiana Revised Statute 33:2955. The Authority does not have policies to further limit credit risk. The Authority's investment rating based on investment type is shown below:

	AAA	AA+	AA	A+	Not Rated	Total
Corporate bonds	$ 512,364	-	49,304	-	-	561,668
Municipal bonds	-	2,503,518	3,318,585	958,714	-	6,780,817
Federal agency bonds	712,392	393,601	-	-	-	1,105,993
U.S. Treasuries	-	14,266,926	-	-	-	14,266,926
Certificate of deposit	-	-	-	-	284,769	284,769
	$ 1,224,756	17,164,045	3,367,889	958,714	284,769	23,000,173

Custodial risk for investments is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's investment policy states that the assets of the Authority shall be held in trust by the fiduciary designated by the Authority. For U.S. Treasury Obligations and U.S. Government Obligations state law provides these are backed by the full faith and credit of the United States of America.
Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The Authority's investment policy states that the bond portfolio may not hold more than 30% at cost of any single bond issue.

Investment rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State law as applicable to political subdivisions does not address interest rate risk. In addition, the Authority manages its exposure to declines in fair values by permitting shifts along the yield curve and between sectors of the fixed income market.

(5) Fair Value Measurements

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured, not registered in the name of the entity, and are either held by the counterparty or the counterparty's trust department or agent, but not in the entity's name. Repurchase agreements are not subject to credit risk if the securities underlying the repurchase agreement are exempt from credit risk disclosure. United States Treasuries consist of bonds and notes that are guaranteed by the United States

Government. All remaining investments are uninsured, unregistered and held by counterparty's trust department or agent not in the entity's name.

GASB Statement No. 72, Fair Value Measurement and Application, requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels.

(a) Level 1 inputs - the valuation is based on quoted market prices for identical assets or liabilities traded in active markets.
(b) Level 2 inputs - the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability.
(c) Level 3 inputs - the valuation is determined by using the best information available under the circumstances, might include the government's own data, but it should adjust the data if (a) reasonably available information indicates that other market participants would use different data or (b) there is something particular to the government that is not available to other market participants.

Fair values of assets measured on a recurring basis at June 30, 2023 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Corporate bonds	$ 561,668	-	561,668	-
Municipal bonds	6,780,817	-	6,780,817	-
Federal agency bonds	1,105,993	-	1,105,993	-
U.S. Treasuries	14,266,926	-	14,266,926	-
Total	$ 22,715,404	-	22,715,404	-

(6) Capital Assets

Prior to July 1, 1994, the capital assets of the Authority were not reported in a proprietary fund. During fiscal year ending June 30, 1995, it was determined the Authority should report as a proprietary fund. At that time, supporting documents and records could not be located for certain water and pumping plant assets that had been constructed by the State of Louisiana in the mid to late 1970's and early 1980's. These assets were subsequently turned over to the Authority by the State. As of June 30, 2023, it is estimated that these unaudited capital assets amount to approximately $21,500,000 of cost and $14,500,000 of accumulated depreciation that is recorded in the financial statements of the Authority.

Capital assets and depreciation activity as of and for the year ended June 30, 2023 for the primary government is as follows:

	Balance July 1, 2022	(Note 14) Prior Period Adjustment	(Restated) Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Capital assets not being depreciated:						
Land	$ 1,434,916	-	1,434,916	-	-	1,434,916
Reservoirs & waterways	18,000,579	-	18,000,579	-	-	18,000,579
Construction in progress	4,259,373	974,109	5,233,482	5,084,379	-	10,317,861
Total capital assets not being depreciated	23,694,868	974,109	24,668,977	5,084,379	-	29,753,356
Capital assets being depreciated:						
Dams & electric plant	23,697,391	1,830,133	25,527,524	-	-	25,527,524
Water & pumping plant	44,355,025	-	4,355,025	37,811	-	44,392,836
Recreation & conference center	13,333,163	-	13,333,163	-	-	13,333,163
Recreation site improvements	7,262,505	-	7,262,505	987,477	-	8,249,982
Buildings	3,885,307	191,124	4,076,431	3,655	-	4,080,086
Roads & parking	3,006,609	-	3,006,609	877,645	-	3,884,254
Fish pavilions	840,742	-	840,742	-	-	840,742
Golf course	5,070,134	-	5,070,134	-	-	5,070,134
Equipment	7,414,701	(1,620,994)	5,793,707	126,148	(81,302)	5,838,553
FERC license	5,248,100	110,549	5,358,649	-	-	5,358,649
Total capital assets being depreciated	114,113,677	510,812	114,624,489	2,032,736	(81,302)	116,575,923
Less accumulated depreciation and amortization	(80,054,018)	13,983,809	(66,070,209)	(3,450,695)	81,302	(69,439,602)
Total capital asset being depreciated, net	34,059,659	14,494,621	48,554,280	(1,417,959)	-	47,136,321
Total capital assets, net	$ 57,754,527	15,468,730	73,223,257	3,666,420	-	76,889,677

The Authority recorded $3,450,695 of depreciation and amortization expense on its capital assets for the year ended June 30, 2023.

Public law 98-571 directed the Federal Energy Regulatory Commission (FERC) to waive annual administration charges for the use of United States lands during the remaining term of the license to operate the Toledo Bend Joint Project (Project). The license expires fifty years from August 29, 2014. The waiver is contingent upon FERC determining that the power from the Project is sold to the public without profit. All exemptions applied for through June 30, 2023 have been approved.

(7) Long-Term Debt

Bonds Payable

On September 6, 2018, the Authority issued $12,000,000 of Limited Tax Certificates, Series 2018 (bonds). The proceeds of the bonds were used to fund construction costs and pay costs of issuance of the Series 2018 bonds. The bonds are secured by an irrevocable pledge and dedication of net revenue. These bonds require future annual debt service installments of $1,174,000 to $1,394,000 through September 1, 2028. The bonds carry interest rates at 3.10% and interest to maturity at June 30, 2023 totals $738,856 through September 1, 2028.

The annual requirements to amortize the bonds outstanding at June 30, 2023 are as follows:

For the Year Ended June 30:		Principal	Interest
2024	$	1,174,000	220,131
2025		1,215,000	183,102
2026		1,257,000	144,786
2027		1,301,000	105,137
2028		1,347,000	64,093
2029		1,394,000	21,607
	$	7,688,000	738,856

Changes in Long-term Debt

The following is a summary of changes in general long-term obligations of the Authority for the fiscal year ended June 30, 2023:

Type of Debt		Balance 7/1/2022	Additions (Reductions)	Balance 6/30/2023	Amounts Due Within One Year
OPEB liability	$	5,469,270	(1,249,352)	4,219,918	188,043
Bonds payable		7,688,000	(1,134,000)	6,514,000	1,174,000
Net pension liability		5,586,645	1,280,700	6,867,345	-
	$	18,743,915	(1,177,092)	17,641,263	1,362,043

(8) Post-Retirement Health Care and Life Insurance Benefits

***Plan Description*: The Authority's employees may participate in the State of Louisiana's Other Post-Employment Benefit Plan (OPEB Plan) which is administered by the Office of Group Benefits (OGB). The State OGB Plan provides medical and life insurance benefits to eligible active employees, retirees, and their beneficiaries. The postemployment benefits plan is a multiple-employer plan for financial reporting purposes since the plan is not administered as a formal trust. R.S. 42:801-883 provides the authority to establish and amend benefit provisions of the plan. OGB does not issue a publicly available financial report of the State OPEB Plan; however, it is included in the State of Louisiana's Comprehensive Annual Financial Report (CAFR). You may obtain a copy of the CAFR on the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap.**

There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement 75. Effective July 1, 2008, an OPEB trust fund was statutorily established; however, this plan is not administered as a trust and no plan assets have been accumulated as of June 30, 2023. The plan is funded on a "pay-as-you-go basis" under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments become due.

***Medical Benefits:* Retirees under age 65 can elect coverage under the following plans:**

- **BCBS Pelican HRA**
- **BCBS Magnolia Local/Local Plus**
- **BCBS Magnolia Open Access**
- **Vantage Medical Home HMO**

Retirees 65 and over can elect coverage under the following plans:

- **BCBS Pelican HRA**
- **BCBS Magnolia Local/Local Plus**
- **BCBS Magnolia Open Access**
- **Vantage Medical Home HMO**
- **People's Medicare Advantage HMO**
- **Vantage Medicare Advantage HMO (Premium/Standard/Basic)**
- **BCBS Medicare Advantage HMO (varies by region)**
- **Humana Medicare Advantage HMO (varies by region)**
- **Via Benefits HRA**

Monthly Contributions: **Retirees with continuous OGB medical coverage starting before January 1, 2002 pay approximately 25% of the cost of coverage in retirement. Employees with an OGB medical participation start (or re-start) date after December 31, 2001 pay a percentage of the total retiree contribution rate based on the following schedule:**

OGB Participation	Employer Contribution Percentage	Employee Contribution Percentage
Under 10 years	19%	81%
10-14 years	38%	62%
15-19 years	56%	44%
20+ years	75%	25%

Monthly rates effective January 1, 2023 are as follows:

		Pre-Medicare Member				Medicare Member		
Medical Plan		Active Single	Member Only	Pre-65 Spouse	Medicare Spouse	Member Only	Pre-65 Spouse	Medicare Spouse
Vantage Med Home HMO	$	870	1,624	1,244	340	537	1,427	426
People’s MA HMO	$	N/A	N/A	N/A	N/A	160	N/A	160
BCBS Pelican HRA	$	513	955	731	192	310	837	248
BCBS Mag. Local Plus	$	821	1,533	1,174	321	507	1,346	402
BCBS Magnolia OA	$	854	1,588	1,216	320	517	1,392	412
Vantage MA HMO Prem.	$	N/A	N/A	N/A	N/A	187	N/A	187
Vantage MA HMO Std.	$	N/A	N/A	N/A	N/A	152	N/A	152
Vantage MA HMO Basic	$	N/A	N/A	N/A	N/A	72	N/A	72
BCBS MA HMO Reg. 1	$	N/A	N/A	N/A	N/A	157	N/A	157
BCBS MA HMO Reg. 2	$	N/A	N/A	N/A	N/A	200	N/A	200
BCBS MA HMO Reg. 3-4	$	N/A	N/A	N/A	N/A	180	N/A	180
BCBS MA HMO Reg. 5	$	N/A	N/A	N/A	N/A	210	N/A	210
BCBS MA HMO Reg. 6-8	$	N/A	N/A	N/A	N/A	255	N/A	255
BCBS MA HMO Reg. 9	$	N/A	N/A	N/A	N/A	195	N/A	195
Humana MA HMO Reg. 1	$	N/A	N/A	N/A	N/A	18	N/A	18
Humana MA HMO Reg. 2	$	N/A	N/A	N/A	N/A	162	N/A	162
Humana MA HMO Reg. 3	$	N/A	N/A	N/A	N/A	127	N/A	127
Humana MA HMO Reg. 4	$	N/A	N/A	N/A	N/A	149	N/A	149

Humana MA HMO Reg. 5	**$**	**N/A**	**N/A**	**N/A**	**N/A**	**142**	**N/A**	**142**
Humana MA HMO Reg. 6	**$**	**N/A**	**N/A**	**N/A**	**N/A**	**200**	**N/A**	**200**
Humana MA HMO Reg. 7	**$**	**N/A**	**N/A**	**N/A**	**N/A**	**207**	**N/A**	**207**
Humana MA HMO Reg. 8	**$**	**N/A**	**N/A**	**N/A**	**N/A**	**196**	**N/A**	**196**
Humana MA HMO Reg. 9	**$**	**N/A**	**N/A**	**N/A**	**N/A**	**194**	**N/A**	**194**

For purposes of the OPEB valuation, the above amounts were trended back six months to the valuation date.

Life Insurance Benefits: **OGB provides eligible retirees the following life insurance plans:**

		Basic	Supplemental Maximum
Under age 65	**$**	**5,000**	**50,000**
Ages 65 to 70		**4,000**	**38,000**
After age 70		**3,000**	**25,000**

In force life insurance amounts are reduced to 75% of the initial value at age 65 and 50% of the original amount at age 70. Spouse life insurance amounts of $1,000, $2,000, or $4,000 are available. Retiree pays 50% of the Prudential Company of America premium. Retiree pays 100% of the Prudential Company of America premium for spousal coverage.

Total Collective OPEB Liability and Changes in Total Collective OPEB Liability:

At June 30, 2023, the Authority reported a liability of $4,219,918 for its proportionate share of the total collective OPEB liability. The total collective OPEB liability was measured as of July 1, 2022 and was determined by an actuarial valuation as of that date.

The Authority's proportionate share percentage is based on the employer's individual OPEB actuarial accrued liability in relation to the total OPEB actuarial accrued liability for all participating entities included in the State of Louisiana reporting entity. At July 1, 2022, the Authority's proportion was 0.0625%.

Actuarial Assumptions:

Valuation Date: **July 1, 2022.**

Measurement Date: **July 1, 2022.**

Actuarial Cost Method: **Entry Age Normal, level percent of pay. Service costs are attributed through all assumed ages of exit from active service. For current DROP participants, assumed exit from active service is the date at which DROP ends.**

Discount Rate: **The discount rate used as of July 1, 2022 is 4.09% based on the June 30, 2022 S&P 20-year municipal bond index rate.**

The discount rate used as of July 1, 2021 is 2.18% based on the June 30, 2021 S&P 20-year municipal bond index rate.
Inflation Rate: **2.40%**

Salary Increases: **The rates of salary increase are consistent with the assumption used in the June 30, 2022 Louisiana State Employees' Retirement System Actuarial Valuation.**

Healthcare Cost Trend Rates**: The combined effect of price inflation and utilization on gross eligible medical and prescription drug charges is according to the table below. The initial trend rate was developed using our National Health Care Trend Survey. The survey gathers information of trend expectations for the coming year from various insurers and pharmacy benefit managers. These trends are broken out by drug and medical, as well as type of coverage (e.g. PPO, HMO, POS). We selected plans that most closely match The State of Louisiana's benefits to set the initial trend. The ultimate trend is developed based on a building block approach which considers CPI, GDP, and Technology growth. The healthcare cost trend rates are as follows:**

Year	Medical and Drug Pre-65	Medical and Drug Post-65
2022-2023	7.00%	5.50%
2023-2024	6.75%	5.40%
2024-2025	6.50%	5.30%
2025-2026	6.25%	5.20%
2026-2027	6.00%	5.10%
2027-2028	5.75%	5.00%
2028-2029	5.50%	4.90%
2029-2030	5.25%	4.80%
2030-2031	5.00%	4.70%
2031-2032	4.75%	4.60%
Thereafter	4.50%	4.50%

The retiree contribution trend is the same as the medical and drug trend.

Healthcare Claim Cost: **Per capita costs for the self-insured plans administered by BCBS were based on prescription drug claims for retired participants for the period January 1, 2021 through December 31, 2022 and medical claims for retired participants for the periods from January 1, 2021 through December 31, 2022 and from January 1, 2021 through December 31, 2022. The claims experience was trended to the valuation date.**

Per capita costs for the fully insured HMO and Medicare Advantage plans were based on calendar year 2023 premiums adjusted to the valuation date using the trend assumptions above.
Per capita costs were adjusted for expected age-related differences in morbidity applicable to retirees, except for costs for the Via Benefits HRA plan, which provides a flat monthly subsidy. Details regarding the Age Morbidity Curve are found under Age-related Morbidity assumptions on the following page.

The table below indicates the assumed per capita costs normalized to male retiree age 65:

Plan	Without Medicare	With Medicare	Without Medicare	With Medicare
	Retirement Date Before 3/1/15		Retirement Date After 3/1/15	
Medical Home HMO	22,350	5,315	21,867	5,203
People's MA HMO	N/A	1,567	N/A	1,567
Vantage MA HMO	N/A	1,596	N/A	1,596
BCBS MA HMO	N/A	1,978	N/A	1,978
Humana MA HMO	N/A	1,126	N/A	1,126
Via Benefits HRA	N/A	2,400	N/A	2,400
BCBS Pelican HRA	15,391	2,988	15,391	2,988
BCBS Magnolia Local/Local Plus	20,712	3,705	19,893	3,596
BCBS Magnolia Open Access	20,764	3,304	19,843	3,223

Administrative Expenses: **Included in medical claim costs, 10% load for life insurance. The 10% load is consistent with industry standards and covers insurer administrative costs, premium taxes as well as insurer margin and profit.**

Age Related Morbidity: **Per capita costs are adjusted to reflect expected cost differences due to age and gender. Age morbidity factors for pre-Medicare morbidity were developed from "Health Care Costs—From Birth to Death" sponsored by the Society of Actuaries and prepared by Dale H. Yamamoto (May 2013). Table 4 from Mr. Yamamoto's study formed the basis of Medicare morbidity factors that are gender distinct and assumed a cost allocation of 60% for pharmacy, 20% for inpatient, 10% for outpatient, and 10% for professional services. Adjustments were made to Table 4 factors for inpatient costs at age 70 and below to smooth out what appears to be a spike in utilization for Medicare retirees gaining healthcare for the first time through Medicare. While such retirees were included in the study, their specific experience is not applicable for a valuation of an employer retiree medical plan where participants had group active coverage before retirement.**

Age	Male Factor	Female Factor
50	0.4612	0.5736
55	0.6085	0.6667
60	0.7829	0.7791
65	1.0000	0.9438
70	1.1873	1.1094
75	1.2752	1.2009
80	1.3381	1.2697
85	1.3479	1.3171
90	1.3235	1.3303
95	1.3047	1.2765
100	1.2878	1.1701

Basis for Assumptions: **The actuary relied upon the assumptions used in the June 30, 2022 Louisiana State Employees' Retirement System, Louisiana State Police Retirement System, the Louisiana School**

Employees' Retirement System, and the Teachers' Retirement System of Louisiana pension valuations for the mortality, retirement, termination, disability, and salary scale assumptions.

The assumptions used in the June 30, 2022 LASERS pension valuation were revised as of the June 30, 2019 valuation based on an experience study for the period July 1, 2013 through June 30, 2018.

Mortality: **For active lives: the RP-2014 Blue Collar Employee Table, adjusted by 0.978 for males and 1.144 for females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2018.**

For healthy retiree lives: the RP-2014 Blue Collar Healthy Annuitant Table, adjusted by 1.280 for males and RP-2014 White Collar Healthy Annuitant Table, adjusted by 1.417 for females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2018.

For disabled retiree lives: the RP-2000 Disabled Retiree Mortality Table, adjusted by 1.009 for males and 1.043 for females, not projected with mortality improvement.

Rates of Retirement: **The rates of retirement are consistent with the assumptions used in the June 30, 2022 pension valuations. The retirement rates for LASERS and TRSL include DROP rates. Sample rates are shown below.**

	Regular Members Years of Service				
Age	≤10	10-19	20-24	25-29	30+
55	0%	18%	18%	60%	60%
60	35%	35%	35%	35%	35%
65	20%	20%	20%	20%	20%
66	18%	18%	18%	18%	18%
67	18%	18%	18%	18%	18%
68	18%	18%	18%	18%	18%
69	18%	18%	18%	18%	18%
70 - 74	18%	18%	18%	18%	18%
75+	100%	100%	100%	100%	100%

Disability Rates: **Consistent with the pension valuation assumptions. Rates at sample ages are shown below by group.**

Age	Rate
40	0.10%
45	0.15%
50	0.22%
55	0.30%
60	0.00%

Termination Rates: **Consistent with the pension valuation assumptions. Rates at sample ages are shown below by group.**

Age	<1	1	2-3	4-6	7-9	10+
20	50.0%	38.0%	33.0%	23.0%	10.5%	8.0%
30	29.0%	23.0%	18.0%	13.3%	10.5%	8.0%
40	28.0%	18.0%	15.0%	13.0%	8.0%	5.5%
45	25.0%	18.0%	14.0%	12.5%	8.0%	5.0%
50	25.0%	18.0%	12.5%	11.5%	7.5%	5.0%
55	20.0%	18.0%	11.5%	8.5%	7.0%	5.0%
60	20.0%	18.0%	11.5%	8.5%	7.0%	5.0%

Participation Rate - Medical: **Active employees who do not have current medical coverage are assumed not to participate in the medical plan as retirees. The percentage of employees and their dependents who are currently covered for medical coverage that are assumed to participate in the retiree medical plan is outlined in the table below. This assumption is based on a review of OPEB experience from July 1, 2017 through June 30, 2020. To be eligible for retiree coverage, the participant's coverage must be in effect immediately prior to retirement. Active participants who have been covered continuously under the OGB medical plan since before January 1, 2002 are assumed to participate at a rate of 88%. This rate assumes that a one-time irrevocable election to participate is made at the time of retirement.**

Participation Rate - Life Insurance: **Future retirees are assumed to participate in the life insurance benefit at a 36% rate. Future retirees are assumed to elect a total of $45,000 in basic life insurance and supplemental life insurance coverage, before any age reductions. Spouses are assumed to elect $2,000 of coverage.**

Plan Election Percentage: **Current retirees are assumed to remain in their current plan. Future retirees are assumed to elect coverage based on the coverage elections of recent retirees, as follows:**

Medical Plan	Pre-Medicare %	Medicare %
BCBS Pelican HRA	7%	4%
BCBS Magnolia L/LP	80%	71%
BCBS Magnolia OA	10%	17%
Vantage Medical Home HMO	3%	2%
People's MA HMO		1%
Vantage MA HMO		1%
BCBS MA HMO		2%
Humana MA HMO		1%
Via Benefits HRA		1%

This assumption has been updated since the prior valuation based on a review of the past three years of experience.

Dependents: **Actual data was used for spouses of current retirees. Of those future retirees electing coverage at retirement, 35% are assumed to be married at time of retirement and elect to cover their spouse in the same medical arrangement that they have elected.**

For future retirees, male retirees are assumed to be three years older than their spouses and female retirees are assumed to be two years younger than their spouses.

These assumptions are based on a review of experience from July 1, 2017 through June 30, 2020. No divorce or remarriage after widowhood was reflected.

Medicare Eligibility: **99% of future retirees are assumed to be eligible for Medicare at age 65. Retirees under age 65 at 7/1/2017 are assumed to become eligible for Medicare at age 65 at varying rates, based upon how soon they turn age 65, as follows:**

Turns Age 65 by	Medicare Eligibility %
7/1/2021	90%
7/1/2022	91%
7/1/2023	92%
7/1/2024	93%
7/1/2025	94%
7/1/2026	95%
7/1/2027	96%
7/1/2028	97%
7/1/2029	98%
After 7/1/2030	99%

Retirees over age 65 are valued according to their reported Medicare status, which is assumed never to change. All current spouses are assumed to be Medicare eligible at age 65. Medicare eligibility assumptions for future spouses are consistent with the assumptions for future retirees. These assumptions are based on a review of experience from July 1, 2017 through June 30, 2020.

DROPS: **Current DROPS are valued using actual DROP end dates, where available. Otherwise, the DROP period was assumed to be three years. This assumption is consistent with the plan provisions of the DROP program in LASERS.**

60% of retirements in the first year of normal retirement eligibility are assumed to be DROPS. 50% of DROPS are assumed to return to active employment at the end of the DROP period.
The following changes in actuarial assumptions have been made since the prior measurement date:

- **The discount rate has increased from 2.18% to 4.09%.**
- **Baseline per capita costs were updated to reflect 2022 claims and enrollment.**
- **Medical plan election percentages were updated based on the coverage elections of recent retirees.**

Required Supplementary Information

Sensitivity of the Proportionate Share of the Total Collective OPEB Liability to Changes in the Discount Rate: **The following presents the proportionate share of the total collective OPEB liability of the Authority, as well as what the Authority's proportionate share of the total collective OPEB liability would be if it were calculated using a discount rate one percentage lower and one percentage higher than the current discount rate.**

	1% Decrease (3.09%)	Current Discount Rate (4.09%)	1% Increase (5.09%)
Proportionate Share of the Total Collective OPEB liability	**$ 4,815,852**	**4,219,918**	**3,733,859**

Sensitivity of the Proportionate Share of the Total Collective OPEB Liability to Changes in the Healthcare Cost Trend Rates: **The following presents the proportionate share of the total collective OPEB Liability of the Authority, as well as what the Authority's proportionate share of the total collective OPEB liability would be if it were calculated using healthcare cost trend rates one percentage lower and one percentage higher than the current healthcare cost trend rates.**

	1% Decrease (5.25%)	Current Healthcare Cost Trend Rate (6.25%)	1% Increase (7.25%)
Proportionate Share of the Total Collective OPEB liability	**$ 3,730,879**	**4,219,918**	**4,824,445**

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

For the year ended June 30, 2023, the Authority recognized an OPEB benefit of $240,359. At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB form the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ 289,421	(1,386,698)
Changes in experience	128,370	-
Changes in proportionate share of collective OPEB Expense	192,891	(285,950)
Difference in proportionate share of employer payments and actual payments	-	(54,974)
Contributions made subsequent to measurement date	188,043	-
	$ 798,725	(1,727,622)

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

Year ended:	
June 30, 2024	$ (389,200)
June 30, 2025	$ (289,101)
June 30, 2026	$ (284,168)
June 30, 2027	$ (154,471)

(9) Retirement System

Plan Description

Employees of the Authority are provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the Louisiana State Employees' Retirement System (LASERS). Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) grants to LASERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. LASERS issues a publicly available financial report that can be obtained at www.lasersonline.org.

Benefits Provided

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.
Retirement Benefits

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. Our rank and file members hired prior to July 1, 2006, may either retire with full benefits

at any age upon completing 30 years of creditable service and at age 60 upon completing ten years of creditable service depending on their plan. Those members hired between July 1, 2006 and June 30, 2015, may retire at age 60 upon completing five years of creditable service and those hired on or after July 1, 2015 may retire at age 62 upon completing five years of creditable service. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit.

Average compensation is defined as the member′s average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member′s age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

Act 226 of the 2014 Louisiana Regular Legislative Session established new retirement eligibility for members of LASERS hired on or after July 1, 2015, excluding hazardous duty plan members. Regular members and judges under the new plan are eligible to retire at age 62 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment. Members in the regular plan will receive a 2.5% accrual rate, and judges a 3.5% accrual rate, with the extra 1.0% accrual rate based on all years of service as a judge.

Members of the Harbor Police Retirement System who were members prior to July 1, 2014, may retire after 25 years of creditable service at any age, 12 years of creditable service at age 55, 20 years of

creditable service at age 45, and 10 years of creditable service at age 60. Average compensation for the plan is the member′s average annual earned compensation for the highest 36 consecutive months of employment, with a 3.33% accrual rate.

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member′s employer and service classification.

Deferred Retirement Benefits

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System′s realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

For members who are in the Harbor Police Plan, the annual DROP Interest Rate is the three-year average (calculated as the compound average of 36 months) investment return of the plan assets for the period ending the June 30th immediately preceding that given date. The average rate so determined is to be reduced by a "contingency" adjustment of 0.5%, but not to below zero. DROP interest is forfeited if member does not cease employment after DROP participation.

Disability Benefits

Generally, active members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

Upon reaching retirement age, the disability retiree may receive a regular retirement benefit by making an application to the Board of Trustees.

For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation or 100% of final average compensation if the injury was the result of an intentional act of violence.

Members of the Harbor Police Retirement System who become disabled may receive a non-line of duty disability benefit after five years or more of credited service. Members age 55 or older may receive a disability benefit equivalent to the regular retirement benefit. Under age 55, the disability benefit is equal to 40% of final average compensation. Line of duty disability benefits are equal to 60% of final average compensation, regardless of years of credited service or 100% of final average compensation if the injury was the result of an intentional act of violence. If the disability benefit retiree is permanently confined to a wheelchair, or, is an amputee incapable of serving as a law enforcement officer, or is permanently or legally blind, there is no reduction to the benefit if the retiree becomes gainfully employed.

Survivor's Benefits

Certain eligible surviving dependents receive benefits based on the deceased member′s compensation and their relationship to the deceased. The deceased regular member hired before January 1, 2011 who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

The deceased regular member hired on or after January 1, 2011, must have a minimum of five years of service credit regardless of when earned in order for a benefit to be paid to a minor child. The aforementioned minimum service credit requirements for a surviving spouse are 10 years, 2 years being earned immediately prior to death, and in active state service at the time of death, or a minimum of 20 years of service credit regardless of when earned. A deceased member's spouse must have been married for at least one year before death.

A Hazardous Duty Services Plan member's surviving spouse and minor or handicapped or mentally incapacitated child or children are entitled to survivor benefits of 80% of the member's final average compensation if the member was killed in the line of duty. If the member dies in the line of duty as a result of an intentional act of violence, survivor benefits may be increased to 100% of the member's final average compensation.

Non-line of duty survivor benefits of the Harbor Police Retirement System may be received after a minimum of five years of credited service. Survivor benefits paid to a surviving spouse without children are equal to 40% of final average compensation and cease upon remarriage. Surviving spouse with children under 18 benefits are equal to 60% of final average compensation and cease upon remarriage, or children turning 18. No minimum service credit is required for line of duty survivor benefits which are equal to 60% of final average compensation to surviving spouse, or 100% of final average compensation if the injury was the result of an intentional act of violence regardless of children. Line of duty survivor benefits cease upon remarriage, and then benefit is paid to children under 18.

Permanent Benefit Increases/Cost-of-Living Adjustments

As fully described in Title 11 of the Louisiana Revised Statutes, the System allows for the payment of permanent benefit increases, also known as cost-of-living adjustments (COLAs), that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

Employer Contributions

The employer contribution rate is established annually under La. R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the System's Actuary. Each plan pays a separate actuarially determined employer contribution rate. However, all assets of LASERS are used for the payment of benefits for all classes of members, regardless of their plan membership.

The Authority's contractually required composite contribution rate for the year ended June 30, 2023 was 40.4% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the Authority were $1,046,486 for the year ended June 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the Authority reported a liability of $6,867,345 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2022 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Authority's proportion of the Net Pension Liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the Authority's proportion was 0.090841%, which was a decrease of 0.010661% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Authority recognized pension expense of $942,632 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, $35,903.

At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 18,728	-
Changes in assumptions	124,858	-
Net difference between projected and actual earnings on pension plan investments	553,140	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	22,019	(2,783)
Difference between proportionate share of employer contributions and actual contribution	26,704	(472,443)
Employer contributions subsequent to measurement date	1,046,487	-
	$ 1,791,936	(475,226)

$1,046,486 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended:	
June 30, 2024	$ (141,819)
June 30, 2025	$ 110,918
June 30, 2026	$ 139,873
June 30, 2027	$ (379,195)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2022 are as follows:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal

Actuarial Assumptions:

Expected Remaining Service Lives	**2 years**
Investment Rate of Return	**7.25% per annum, net of investment expenses***
Inflation Rate	**2.3% per annum**
Mortality	**Non-disabled members – The RP-2014 Blue Collar (males/females) and White Collar (females) Healthy Annuitant Tables projected on a fully generational basis by Mortality Improvement scale MP-2018.** **Disabled members – Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.**
Termination, Disability, and Retirement	**Termination, disability, and retirement assumptions were projected based on a five year (2014-2018) experience study of the System's members.**
Salary Increases	**Salary increases were projected based on a 2014-2018 experience study of the System's members. The salary increase ranges for specific types of members are:**

Member Type	Lower Range	Upper Range
Regular	3.0%	12.8%
Judges	2.6%	5.1%
Corrections	3.6%	13.8%
Hazardous Duty	3.6%	13.8%
Wildlife	3.6%	13.8%

Cost of Living Adjustments	**The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.**

**** The investment rate of return used in the actuarial valuation for funding purposes was 7.60%, recognizing an additional 35 basis points for gain-sharing. The net return available to fund regular plan benefits is 7.25%, which is the same as the discount rate. Therefore, the System's management concludes that the 7.25% discount is reasonable.***

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.3% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.34% for 2022. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Cash	0.39%
Domestic equity	4.57%
International equity	5.76%
Domestic Fixed Income	1.48%
International Fixed Income	5.04%
Alternative Investments	8.30%
Total Fund	5.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. 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.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Employer's proportionate share of the Net Pension Liability using the discount rate of 7.25%, as well as what the Employer's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (6.25%) or one percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Employer's proportionate share of the net pension liability	$ 8,641,124	6,867,345	5,249,916

The information above can be found in the current GASB 68 Schedules of Employer located at https://lasersonline.org/employers/gasb-68-resources/.
Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued current LASERS Comprehensive Annual Financial Report at www.lasersonline.org.

Payables to the Pension Plan

As of June 30, 2023, the Authority had no employee and employer contributions that were due to the pension plan.

(10) Commitments and Contingencies

Risk Management

The Authority is exposed to various risks of loss resulting from personal injury; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To protect against these risks of loss, the Authority purchases various types of insurance from commercial carriers.

Contingent Liabilities

Litigation

The Authority is subject to various claims and lawsuits which may arise in the ordinary course of business. After consulting with counsel representing the Authority in connection with such claims and lawsuits, it is the opinion of management and counsel that the disposition or ultimate determination of such claims and lawsuits will not have a material effect on the financial position of the Authority. The Authority is subject to a claim for property damages that of the opinion of legal counsel is reasonably possible of a loss to the Authority. However, an estimate of loss or range of loss cannot be made at this time.

(11) Lease of Recreational Facility

The Authority leased property and facilities, including the conference center, golf course, club house, cart storage building, service center buildings, restaurants, stores, tennis courts, activity center, pool, and other commercial property, if and when constructed on the leased property for 75 years beginning on May 1, 2000 to ALH Properties No. Five, Inc. ALH will pay rent to the Authority as follows:

- **Opening date through December 31, 2001 - 1% of annual gross revenue.**
- **Calendar year 2002 through 2004 - 1.5% of annual gross revenue.**
- **Calendar year 2005 and thereafter - 2.0% of annual gross revenue up to $5,000,000, 4.0% of annual gross revenue between $5,000,000 and $5,000,000, 5.0% of annual gross revenue between $6,000,000 and $7,000,000, 5.5% of annual gross revenue between $7,000,000 and $8,000,000,**

6.0% of annual gross revenue between $8,000,000 and $9,000,000, 6.5% of annual gross revenue between $9,000,000 and $10,000,000, and 7.0% of annual gross revenue over $10,000,000.

Contingent rentals received for the year ended June 30, 2023 was $0. The Authority has entered into an Agreement (the "Agreement") with Sabine Bank & Trust Company (the Bank). It provides for the Authority to subordinate any and all liens, privileges, pledges, or other rights granted to the Authority by Louisiana Civil Code Article 2705, et seq., or Louisiana Civil Code Article 3218, et seq., with respect to all of ALH's inventory, goods, equipment, and other movable property (collateral) situated on property the Authority leased to ALH to the rights of the Bank. The Authority also agreed that in the event of any foreclosure, sale, or other disposition of any of the collateral, the rights of the Bank in said collateral shall in all respects prime those of the Authority and the Bank shall be paid by preference and priority to and over any claim of the Authority.

(12) Toledo Bend Project Joint Operation

The Toledo Bend Project Joint Operation (the Joint Operation) is an existing, federally licensed hydroelectric project jointly owned and operated by the Authority and the Sabine River Authority of Texas.

The Joint Operation is located on the Sabine River where it forms the boundary between the states of Texas and Louisiana in Panola, Shelby, Sabine, and Newton counties in Texas, and DeSoto, Sabine, and Vernon parishes in Louisiana. The existing facilities at the Joint Operation include a dam and powerhouse, three dikes, gated spillway and excavated channel, tailrace and excavated channel, switchyard, turbines, penstocks, and transmission line. The Toledo Bend Reservoir extends approximately 132 river miles up the Sabine River to just north of Logansport, Louisiana, from river mile (RM) 147 to RM 279, a distance of approximately 70 navigation miles. The Joint Operation boundary encompasses approximately 201,600 acres. The reservoir has a surface area of approximately 185,000 acres (at water level elevation 172 ft-msl). The reservoir has approximately 1,130 miles of shoreline and numerous opportunities for recreation.

The Joint Operation, which was originally licensed in 1963 by the Federal Energy Regulatory Commission's (FERC or Commission) predecessor agency, the Federal Power Commission, was conceived, licensed, and developed for water supply, and secondary purposes include hydroelectric power generation and recreation. On August 29, 2014, the Commission issued a new license to the Authorities for the continued operation of the Project.

Because the Authority and SRA-TX jointly own and operate the Joint Operation, one half of its financial position and results of operations are reported in these financial statements.

(13) Related Party Transactions

Included in accounts receivable at June 30, 2023 are amounts due from the Joint Operation of $144,872.

Included in accounts payable at June 30, 2023 are amounts due to the Joint Operation of $437,652.

(14) Prior Period Adjustments

The Authority recorded the following prior period adjustments:

Proprietary Fund Financials:

	Increase (Decrease) In Net Position
To reverse bond issuance costs that should have been expensed in a prior period	$ (52,170)
To adjust net capital assets for depreciation recorded in prior years on Toledo Bend Project Joint Operation assets and correct other related fixed asset accounts	15,468,730
To record effect of accrued interest on bonds payable that was not recorded in prior period	(91,161)
To record error in accounts payable relating to prior years	78,201
	$ 15,403,600

(15) Subsequent Events

The Authority evaluated subsequent events through September 14, 2023 the date which the financial statements were available to be issued.

SABINE RIVER AUTHORITY
STATE OF LOUISIANA

Schedule of Employer's Share of Net Pension Liability

Last Ten Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Employer's proportion of net pension liability	0.09914%	0.12789%	0.11032%	0.10971%	0.13014%	0.09121%	0.10038%	0.10150%	0.09084%
Employer's proportionate share of net pension liability	6,199,304	8,698,246	8,662,621	7,722,300	8,875,112	6,608,230	8,301,766	5,586,645	6,867,345
Employer's covered-employee payroll	1,826,509	1,826,509	2,427,237	2,074,111	2,045,473	2,518,440	1,814,307	2,105,297	2,145,359
Employer's proportionate share of net pesnion liability as a percentage of its covered-employee payroll	339%	476%	357%	372%	434%	262%	458%	265%	320%
Plan fiduciary net position as a percentage of the total pension liability	65%	63%	58%	62%	64%	63%	58%	73%	64%
Measurement date	6/30/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22

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

This schedule reflects the participation of the Board's employees in LASERS and its proportionate share of the net pension liability as a percentage of its covered employee payroll, and the plan fiduciary net position as a percentage of the total pension liability

See accompanying notes to required supplementary information.

SABINE RIVER AUTHORITY
STATE OF LOUISIANA

Schedule of Employer's Contributions

Last Ten Fiscal Years*

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	679,461	481,736	197,725	1,826,509	26.37%
2016	902,932	797,358	105,574	2,427,237	32.85%
2017	742,532	734,329	8,203	2,074,111	35.40%
2018	775,234	776,264	(1,030)	2,045,473	37.95%
2019	954,489	733,168	221,321	2,518,440	29.11%
2020	738,423	819,982	(81,559)	1,814,307	45.20%
2021	844,224	819,982	24,242	2,105,297	38.95%
2022	847,417	857,680	(10,263)	2,145,359	39.98%
2023	717,043	717,043	-	1,774,822	40.40%

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

This schedule represents the employer contributions subsequent to the measurement date and recognized as a reduction of the net pension liability in future years.

Notes to Required Supplementary Information - Schedule of Employer's Proportionate Share of Net Pension Liability and Schedule of Employer's Pension Contributions

Last Ten Fiscal Years *

Changes in Benefit Terms:

Measurement Date: June 30, 2014:

1. **A 1.5% COLA, effective July 1, 2014, provided by Act 102 of the Louisiana Regular Legislative System.**

2. **Improved benefits for certain members employed by the Office of Adult Probation and Parole within the Department of Public Safety and Corrections as established by Act 852 of 2014.**

Measurement Date: June 30, 2016:

1. **A 1.5% COLA, effective July 1, 2016, provided by Acts 93 and 512 of the 2016 Louisiana Regular Legislative Session.**

2. **Added benefits for members of the Harbor Police Retirement System which was merged with LASERS effective July 1, 2015 by Act 648 of 2014.**

Measurement Date: June 30, 2019:

1. **Act 595 of 2018 provides for a disability benefit equal to 100 percent of final average compensation for members of the Hazardous Duty, Corrections Primary and Secondary, Wildlife and Harbor Police plans who are totally and permanently disabled in the line of duty by an intentional act of violence.**

Measurement Date: June 30, 2021:

1. **Act 37 of 2021 provided a monthly benefit increase to retirees that on June 30, 2021 have attained age 60, have 30 or more years of service, have been retired 15 or more years, receive a monthly benefit less than $1,450, and have not participated in DROP or the Initial Benefit Option. The benefit increase is the lesser of $300 per month or the amount needed to increase the monthly benefit to $1,450.**

Changes in Assumptions:

Measurement Date: June 30, 2017:

1. **The Board adopted a plan to gradually reduce the discount rate from 7.75% to 7.50% in .05% annual increments, beginning July 1, 2017. Therefore, the discount rate was reduced from 7.75% to 7.70% for the June 30, 2017, valuation. A 7.65% discount rate was used to determine the projected contribution requirements for fiscal year 2018/2019.**

2. **The Board reduced the inflation assumption from 3.0% to 2.75%, effective July 1, 2017. Since the inflation assumption is a component of the salary increase assumption, all salary increase assumptions decreased by .25%.**

Notes to Required Supplementary Information - Schedule of Employer's Proportionate Share of Net Pension Liability and Schedule of Employer's Pension Contributions

Last Ten Fiscal Years *

3. **The projected contribution requirement for fiscal year 2018/2019 includes direct funding of administrative expenses, rather than a reduction in the assumed rate of return, per Act 94 of 2016.**

Measurement Date: June 30, 2018:

1. **In accordance with the Board's adopted a plan to gradually reduce the discount rate beginning July 1, 2017, the discount rate was reduced from 7.70% to 7.65%.**

Measurement Date: June 30, 2019:

1. **In accordance with the Board's adopted a plan to gradually reduce the discount rate beginning July 1, 2017, the discount rate was reduced from 7.7% to 7.60.**
2. **The Board reduced the inflation assumption from 2.75% to 2.50%, effective July 1, 2019. Since the inflation assumption is a component of the salary increase assumption, all salary increase assumptions decreased by .25%.**

Measurement Date: June 30, 2020:

1. **In accordance with the Board's adopted a plan to gradually reduce the discount rate beginning July 1, 2017, the discount rate was reduced from 7.60% to 7.55.**
2. **The Board reduced the inflation assumption from 2.50% to 2.30%, effective July 1, 2020. Since the inflation assumption is a component of the salary increase assumption, all salary increase assumptions decreased by .20%.**

Measurement Date: June 30, 2021:

1. **In accordance with the Board's adopted a plan to gradually reduce the discount rate beginning July 1, 2017, the discount rate was reduced from 7.55% to 7.4.**

Measurement Date: June 30, 2022:

1. **In accordance with the Board's adopted a plan to gradually reduce the discount rate beginning July 1, 2017, the discount rate was reduced from 7.4% to 7.25.**
2. **The expected long-term real rates of return were increased from 5.81% to 5.91%.**

Schedule of Employer's Proportionate Share of the Total Collective OPEB Liability

Last Ten Fiscal Years*

	2017	2018	2019	2020	2021	2022	2023
Employer's proportion of total collective OPEB liability	0.0706%	0.0706%	0.0675%	0.0678%	0.0622%	0.0597%	0.0625%
Employer's proportionate share of total collective OPEB liability	6,404,069	6,134,302	5,762,596	5,236,469	5,154,596	5,469,270	4,219,918
Employer's covered-employee payroll	1,788,017	2,089,964	2,039,437	1,930,343	1,984,821	2,026,127	1,774,878
Employer's proportionate share of the total collective OPEB liability as a percentage of its covered-employee payroll	358%	294%	283%	271%	260%	270%	238%
Measurement date	7/1/16	7/1/17	7/1/18	7/1/19	7/1/20	7/1/21	7/1/22

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

See accompanying notes to required supplementary information.

SABINE RIVER AUTHORITY
STATE OF LOUISIANA

Notes to Required Supplementary Information - Schedule of Changes in Net OPEB Liability and Related Ratios

Last Ten Fiscal Years *

There are no assets accumulated in a trust that meets the requirements in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Changes in Assumptions:

Measurement Date: June 30, 2019:

1. **The discount rate was decrease from 3.5% to 2.21%**

Measurement Date: June 30, 2020:

1. **The discount rate was increased from 2.21% to 2.66%.**
2. **Mortality assumptions were changed from the RP-2014 table without projection to the following:**
   a. **For active lives: the RP-2014 Blue Collar Employee Table, adjusted by 0.978 for males and 1.144 for females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2018.**
   b. **For healthy retiree lives: the RP-2014 Blue Collar Healthy Annuitant Table, adjusted by 1.280 for males and RP-2014 White Collar Healthy Annuitant Table, adjusted by 1.417 for females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2018.**
   c. **For disabled retiree lives: the RP-2000 Disabled Retiree Mortality Table, adjusted by 1.009 for males and 1.043 for females, not projected with mortality improvement.**
3. **Healthcare cost trend rate assumptions were changed from an expected rate of increase in medical cost is based on an annual rate of 5.5% for the first ten years and 4.5% thereafter to the assumptions described above.**
4. **Termination rate assumptions were changed from an age-related turnover scale based on actual experience as described by administrative staff (approximately 13%) to rates consistent with pension valuation assumptions based on age and years of service (rates ranging from 50% to 5%).**
5. **Life insurance participation rate for future retirees was decreased from 52% to 36%.**
6. **Rates of salary increases were changed from an annual salary increase of 4% to the following:**

Years of Service	Increase
0	12.80%
5	4.90%
10	3.60%
15	3.20%
20	3.00%
25	3.00%
30	3.00%

Measurement Date: June 30, 2021:

1. **The discount rate was decreased from 2.66% to 2.18%.**
2. **Baseline per capita costs were updated to reflect 2021 claims and enrollment.**
3. **Medical plan election percentages were updated based on the coverage elections of recent retirees.**

Notes to Required Supplementary Information - Schedule of Changes in Net OPEB Liability and Related Ratios

Last Ten Fiscal Years *

4. **The healthcare cost trend rate assumption was revised based on updated National Health Care Trend Survey information.**

Measurement Date: June 30, 2022:

1. **The discount rate has increased from 2.18% to 4.09%.**
2. **Baseline per capita costs were updated to reflect 2022 claims and enrollment.**
3. **Medical plan election percentages were updated based on the coverage elections of recent retirees.**

Changes in Benefit Terms:

There have been no changes in benefit terms.

ANNUAL FISCAL REPORT (AFR)
FOR 2023

AGENCY: 20-31 - Sabine River Authority
PREPARED BY: Robert Furman
PHONE NUMBER: 985-727-9924
EMAIL ADDRESS: rfurman@griffinandco.com
SUBMITTAL DATE: 09/21/2023 10:33 AM

STATEMENT OF NET POSITION

ASSETS	
CURRENT ASSETS:	
CASH AND CASH EQUIVALENTS	15,629,075.00
RESTRICTED CASH AND CASH EQUIVALENTS	5,330,850.00
INVESTMENTS	0.00
RESTRICTED INVESTMENTS	0.00
DERIVATIVE INSTRUMENTS	0.00
RECEIVABLES (NET)	3,434,537.00
PLEDGES RECEIVABLE (NET)	0.00
LEASES RECEIVABLE (NET)	0.00
P3 RECEIVABLE (NET) (Only relates to Transferor)	0.00
AMOUNTS DUE FROM PRIMARY GOVERNMENT	0.00
DUE FROM FEDERAL GOVERNMENT	0.00
INVENTORIES	0.00
PREPAYMENTS	0.00
NOTES RECEIVABLE	0.00
OTHER CURRENT ASSETS	86,259.00
TOTAL CURRENT ASSETS	**$24,480,721.00**
NONCURRENT ASSETS:	
RESTRICTED ASSETS:	
CASH	0.00
INVESTMENTS	480,204.00
RECEIVABLES (NET)	0.00
NOTES RECEIVABLE	0.00
OTHER	0.00
INVESTMENTS	22,519,969.00
RECEIVABLES (NET)	0.00
NOTES RECEIVABLE	0.00
PLEDGES RECEIVABLE (NET)	0.00
LEASES RECEIVABLE (NET)	0.00
P3 RECEIVABLE (NET) (Only relates to Transferor)	0.00
CAPITAL ASSETS (NET OF DEPRECIATION & AMORTIZATION)	
LAND	1,434,916.00
BUILDINGS AND IMPROVEMENTS	10,899,106.00
MACHINERY AND EQUIPMENT	940,567.00
INFRASTRUCTURE	48,870,421.00
OTHER INTANGIBLE ASSETS	4,426,805.00
CONSTRUCTION IN PROGRESS	10,317,862.00
INTANGIBLE RIGHT-TO-USE ASSETS:	
LEASED LAND	0.00
LEASED BUILDING & OFFICE SPACE	0.00
LEASED MACHINERY & EQUIPMENT	0.00
SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)	0.00
PUBLIC-PRIVATE AND PUBLIC-PUBLIC PARTNERSHIP ARRANGEMENTS (P3) (Only relates to Operator)	0.00
OTHER NONCURRENT ASSETS	0.00
TOTAL NONCURRENT ASSETS	**$99,889,850.00**
TOTAL ASSETS	**$124,370,571.00**
DEFERRED OUTFLOWS OF RESOURCES	
ACCUMULATED DECREASE IN FAIR VALUE OF HEDGING DERIVATIVE INSTRUMENTS	0.00

ANNUAL FISCAL REPORT (AFR)
FOR 2023

AGENCY: 20-31 - Sabine River Authority
PREPARED BY: Robert Furman
PHONE NUMBER: 985-727-9924
EMAIL ADDRESS: rfurman@griffinandco.com
SUBMITTAL DATE: 09/21/2023 10:33 AM

DEFERRED AMOUNTS ON DEBT REFUNDING	0.00
LEASE RELATED	0.00
P3-RELATED (Only relates to Operator)	0.00
GRANTS PAID PRIOR TO MEETING TIME REQUIREMENTS	0.00
INTRA-ENTITY TRANSFER OF FUTURE REVENUES (TRANSFEREE)	0.00
LOSSES FROM SALE-LEASEBACK TRANSACTIONS	0.00
DIRECT LOAN ORIGINATION COSTS FOR MORTGAGE LOANS HELD FOR SALE	0.00
ASSET RETIREMENT OBLIGATIONS	0.00
OPEB-RELATED	798,725.00
PENSION-RELATED	1,791,936.00
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**$2,590,661.00**
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$126,961,232.00**
LIABILITIES	
CURRENT LIABILITIES:	
ACCOUNTS PAYABLE AND ACCRUALS	993,997.00
ACCRUED INTEREST	0.00
DERIVATIVE INSTRUMENTS	0.00
AMOUNTS DUE TO PRIMARY GOVERNMENT	0.00
DUE TO FEDERAL GOVERNMENT	0.00
AMOUNTS HELD IN CUSTODY FOR OTHERS	0.00
UNEARNED REVENUES	10,445.00
OTHER CURRENT LIABILITIES	0.00
CURRENT PORTION OF LONG-TERM LIABILITIES:	
CONTRACTS PAYABLE	0.00
COMPENSATED ABSENCES PAYABLE	0.00
LEASE LIABILITY	0.00
SBITA LIABILITY	0.00
P3 LIABILITY (Only relates to Operator)	0.00
ESTIMATED LIABILITY FOR CLAIMS	0.00
NOTES PAYABLE	0.00
BONDS PAYABLE	1,174,000.00
OPEB LIABILITY	188,043.00
POLLUTION REMEDIATION OBLIGATIONS	0.00
OTHER LONG-TERM LIABILITIES	0.00
TOTAL CURRENT LIABILITIES	**$2,366,485.00**
NONCURRENT PORTION OF LONG-TERM LIABILITIES:	
CONTRACTS PAYABLE	0.00
COMPENSATED ABSENCES PAYABLE	0.00
LEASE LIABILITY	0.00
SBITA LIABILITY	0.00
P3 LIABILITY (Only relates to Operator)	0.00
ESTIMATED LIABILITY FOR CLAIMS	0.00
NOTES PAYABLE	0.00
BONDS PAYABLE	6,514,000.00
OPEB LIABILITY	4,031,875.00
NET PENSION LIABILITY	6,867,345.00
POLLUTION REMEDIATION OBLIGATIONS	0.00
OTHER LONG-TERM LIABILITIES	0.00
UNEARNED REVENUE	0.00
TOTAL NONCURRENT LIABILITIES	**$17,413,220.00**
TOTAL LIABILITIES	**$19,779,705.00**

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DEFERRED INFLOWS OF RESOURCES	
ACCUMULATED INCREASE IN FAIR VALUE OF HEDGING DERIVATIVE INSTRUMENTS	0.00
DEFERRED AMOUNTS ON DEBT REFUNDING	0.00
LEASE RELATED	0.00
P3-RELATED (Only relates to Transferor)	0.00
GRANTS RECEIVED PRIOR TO MEETING TIME REQUIREMENTS	0.00
SALES/INTRA-ENTITY TRANSFER OF FUTURE REVENUES (TRANSFEROR)	0.00
GAINS FROM SALE-LEASEBACK TRANSACTIONS	0.00
SPLIT INTEREST AGREEMENTS	0.00
POINTS RECEIVED ON LOAN ORIGINATION	0.00
LOAN ORIGINATION FEES RECEIVED FOR MORTGAGE LOANS HELD FOR SALE	0.00
OPEB-RELATED	1,727,622.00
PENSION-RELATED	475,226.00
TOTAL DEFERRED INFLOWS OF RESOURCES	**$2,202,848.00**
NET POSITION:	
NET INVESTMENT IN CAPITAL ASSETS	69,201,677.00
RESTRICTED FOR:	
CAPITAL PROJECTS	5,243,272.00
DEBT SERVICE	567,782.00
NONEXPENDABLE	0.00
EXPENDABLE	0.00
OTHER PURPOSES	0.00
UNRESTRICTED	**$29,965,948.00**
TOTAL NET POSITION	**$104,978,679.00**

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STATEMENT OF ACTIVITIES

	PROGRAM REVENUES			
EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	**NET (EXPENSE) REVENUE**
14,258,763.00	17,249,401.00	0.00	0.00	**$2,990,638.00**

GENERAL REVENUES	
PAYMENTS FROM PRIMARY GOVERNMENT	0.00
OTHER	803,834.00
ADDITIONS TO PERMANENT ENDOWMENTS	0.00
CHANGE IN NET POSITION	**$3,794,472.00**
NET POSITION - BEGINNING	**$85,780,606.56**
NET POSITION - RESTATEMENT	15,403,600.44
NET POSITION - ENDING	**$104,978,679.00**

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DUES AND TRANSFERS

Account Type Amounts due from Primary Government	Intercompany (Fund)	Amount
	Total	**$0.00**

Account Type Amounts due to Primary Government	Intercompany (Fund)	Amount
	Total	**$0.00**

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SCHEDULE OF BONDS PAYABLE

Series Issue	Date of Issue	Original Issue Amount	Principal Outstanding PFY	Issue (Redeemed)	Principal Outstanding CFY	Interest Outstanding CFY
Series 2018	09/01/2018	12,000,000.00	8,822,000.00	(1,134,000.00)	$ 7,688,000.00	0.00
		Totals	**$8,822,000.00**	**$(1,134,000.00)**	**$7,688,000.00**	**$0.00**

Series - Unamortized Premiums:

Series Issue	Date of Issue		Principal Outstanding PFY	Issue (Redeemed)	Principal Outstanding CFY	
			0.00	0.00	$ 0.00	
		Totals	**$0.00**	**$0.00**	**$0.00**	

Series - Unamortized Discounts:

Series Issue	Date of Issue		Principal Outstanding PFY	Issue (Redeemed)	Principal Outstanding CFY	
			0.00	0.00	$ 0.00	
		Totals	**$0.00**	**$0.00**	**$0.00**	

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SCHEDULE OF BONDS PAYABLE AMORTIZATION

Fiscal Year Ending:	Principal	Interest
2024	1,174,000.00	220,131.00
2025	1,215,000.00	183,101.50
2026	1,257,000.00	144,785.50
2027	1,301,000.00	105,136.50
2028	1,347,000.00	64,092.50
2029	1,394,000.00	21,607.00
2030	0.00	0.00
2031	0.00	0.00
2032	0.00	0.00
2033	0.00	0.00
2034	0.00	0.00
2035	0.00	0.00
2036	0.00	0.00
2037	0.00	0.00
2038	0.00	0.00
2039	0.00	0.00
2040	0.00	0.00
2041	0.00	0.00
2042	0.00	0.00
2043	0.00	0.00
2044	0.00	0.00
2045	0.00	0.00
2046	0.00	0.00
2047	0.00	0.00
2048	0.00	0.00
2049	0.00	0.00
2050	0.00	0.00
2051	0.00	0.00
2052	0.00	0.00
2053	0.00	0.00
2054	0.00	0.00
2055	0.00	0.00
2056	0.00	0.00
2057	0.00	0.00
2058	0.00	0.00
Premiums and Discounts	**$0.00**	
Total	**$7,688,000.00**	**$738,854.00**

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Other Postemployment Benefits (OPEB)

If your agency has active or retired employees who are members of the Office of Group Benefits (OGB) Health Plan, please provide the following information: (Note: OGB has a 6/30/2022 measurement date for their OPEB valuation)

Benefit payments made subsequent to the measurement date of the **OGB** Actuarial Valuation Report until the employer's fiscal year end. (Benefit payments are defined as the employer payments for retirees' health and life insurance premiums). For agencies with a 6/30 year end this covers the current fiscal year being reported. For calendar year end agencies, it covers the period 7/1 to 12/31 for the current year being reported.	188,043.00
Covered Employee Payroll for the **PRIOR** fiscal year (not including related benefits)	1,774,878.00
For calendar year-end agencies only: Benefit payments or employer payments for retirees' health and life insurance premiums made for the next year's valuation reporting period (7/1/2022 - 6/30/2023). This information will be provided to the actuary for the valuation report early next year.	0.00

For agencies that have employees that participate in the **LSU Health Plan**, provide the following information: (Note: The LSU Health Plan has a measurement date of 6/30/2023 for their OPEB valuation report.)

Covered Employee Payroll for the **CURRENT** fiscal year (not including related benefits)	0.00

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FUND BALANCE/NET POSITION RESTATEMENT

Account Name/Description	Restatement Amount
NONCURRENT ASSETS - INFRASTRUCTURE Description: To adjust net capital assets relating to Toledo Bend Project Joint Operation to 50% of balance as recorded on TBPJO's books.	15,468,731.14
NONCURRENT ASSETS - INFRASTRUCTURE Description: To record error in payables relating to prior years.	78,200.86
CURRENT LIABILITIES - ACCOUNTS PAYABLE AND ACCRUALS Description: To reverse bond issuance costs that should have been expensed in prior year.	(52,170.56)
CURRENT ASSETS - OTHER CURRENT ASSETS Description: To record the effect of accrued interest on bonds payable that was not recorded.	(91,161.00)
Total	**$15,403,600.44**

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SUBMISSION

Before submitting, ensure that all data (statements, notes, schedules) have been entered for the agency.

Once submitted no changes can be made to any of the agency data for the specified year.

By clicking 'Submit' below you certify that the financial statements herewith given present fairly the financial position and the results of operations for the year ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board.

Reminder: You must send Louisiana Legislative Auditors an electronic copy of the AFR report in a pdf, tiff, or some other electronic format to the following e-mail address: LLAFileroom@lla.la.gov.

GRIFFIN & FURMAN LLC
CERTIFIED PUBLIC ACCOUNTANTS

Stephen M. Griffin, CPA
Robert J. Furman, CPA

Jessica S. Benjamin, Director
Racheal D. Alvey, Director
Michael R. Choate, CPA, Director

American Society of Certified Public Accountants
Society of Louisiana CPAs

INDEPENDENT AUDITORS' 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*

Sabine River Authority
State of Louisiana
Many, Louisiana

We 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 Sabine River Authority, (the Authority), as of and for the year then ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated September 14, 2023.

<u>Internal Control Over Financial Reporting</u>

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings, that we considered to be a material weakness (2023-1).

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Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Griffin & Furman, LLC

September 14, 2023

Schedule of Findings

June 30, 2023

Summary of Audit Results:

1. **Type of Report Issued - Qualified**

2. **Internal Control Over Financial Reporting**
   a. **Significant Deficiencies - No**
   b. **Material Weaknesses - Yes**

3. **Compliance and Other Matters - No**

4. **Management Letter - No**

Finding 2023-1:

Criteria:
Management is responsible for developing internal controls related to the preparation of financial statements that ensure the Authority's financial statements are free of material misstatement.

Condition:
The Authority is not recording all activity related to the Toledo Bend Project Joint Operation (the Joint Operation).

Cause:
The Authority is required include one half of the financial position and results of operations of the Joint Operation in its financial statements. In previous years, the auditors had advised management to record and balance all activity of the Joint Operation with the exception of capital asset related balances and activity. As a result, certain capital asset activity was not properly tracked and recorded. Additionally the Authority was depreciating certain assets that the Joint Operation had determined were non-depreciable.

Effect:
The financial statements required adjustments to prevent them from being materially misstated.

Recommendation:
We recommend management record and balance all activity related to the Joint Operation.

Management Corrective Action:
Kellie Ferguson, Administrative Director, has set up separate accounts to track assets for Toledo Bend Project Joint Operations (TBPJO) and she or her designee will reconcile the assets to audited financial statements issued on August 31st each year by TBPJO. The agency will also record monthly changes to the assets from the monthly financials provided by TBPJO to ensure all assets and depreciation are properly recorded beginning July 1, 2023. Entries have been made to reconcile assets and depreciation for FY23.

Status of Prior Findings

June 30, 2023

Not applicable