Louisiana State Board of Medical Examiners
State of Louisiana

Financial Statements

December 31, 2023

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Broussard & Company
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board Members of the
Louisiana State Board of Medical Examiners
State of Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Louisiana State Board of Medical Examiners (Board), a component unit of the State of Louisiana, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Board, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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 Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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 Board'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 Board's ability to continue as a going concern for a reasonable period of time.

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

Emphasis of Matter

As disclosed in note 6 to the financial statements, the net pension liability for the Board was $10,410,445 as of December 31, 2023, as determined by the Louisiana State Employees' Retirement System (LASERS). Because actual experience may differ from the assumptions used by LASERS, there is a risk that this amount as of December 31, 2023, could be under or overstated. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information 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 Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated June 7, 2024, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contract and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Louisiana State Board of Medical Examiners' internal control over financial reporting and compliance.

Broussard and Company

Lake Charles, Louisiana
June 7, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

Management's Discussion and Analysis of the Louisiana State Board of Medical Examiners' (Board) financial performance presents a narrative overview and analysis of the Board's financial activities for the year ended December 31, 2023. This document focuses on the current-year's activities, resulting changes, and currently known facts in comparison with the prior-year's information. Please read this document in conjunction with the Board's financial statements, which follow this section.

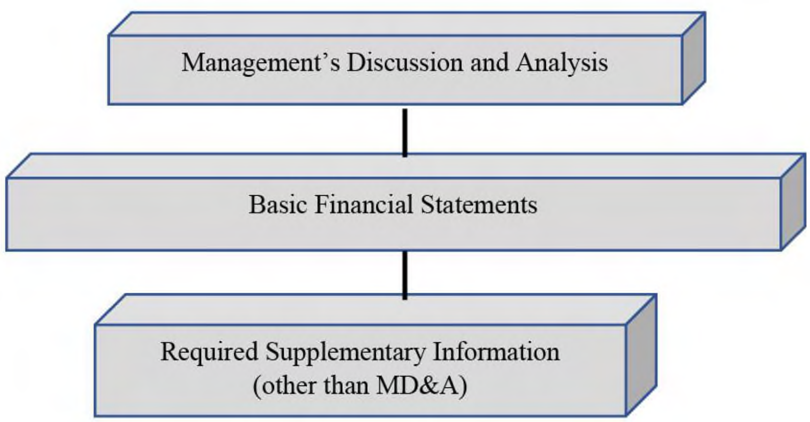
FINANCIAL HIGHLIGHTS

- The Board's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at the close of fiscal year 2023 by $1,824,572, and net position increased by $758,057.

- The Board's operating revenue increased by $515,548 or 5.5%, and the Board's operating expenses decreased by $1,903,720 or 17.1%. The Board's operating income was $643,381.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for government entities engaged in business-type activities established by Governmental Accounting Standards Board (GASB).



These financial statements consist of three sections – Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and the required supplementary information.

The Board's activities are reported in a single proprietary fund. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Board, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Board's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred.

BASIC FINANCIAL STATEMENTS

The basic financial statements present information for the Board as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows.

STATEMENT OF NET POSITION

This statement presents the current and long-term portions of assets, deferred outflows of resources, and current and long-term portions of liabilities, and deferred inflows of resources, with the difference reported as net position and may provide a useful indicator of whether the Board's financial position is improving or deteriorating.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

This statement presents information showing how the Board's net position changed as a result of current-year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future periods.

STATEMENT OF CASH FLOWS

This statement presents information showing how the Board's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB Statement No. 34.

FINANCIAL ANALYSIS OF THE ENTITY

The condensed statements of net position consist of the following at December 31:

Statement of Net Position
As of December 31, 2023 and December 31, 2022

	2023	2022	Change	Percent Change
Assets				
Current assets	$ 7,380,737	$ 4,669,652	$ 2,711,085	58.1%
Noncurrent assets	8,233,471	10,240,437	(2,006,966)	-19.6%
Total assets	15,614,208	14,910,089	704,119	4.7%
Deferred outflows of resources	1,864,527	3,861,366	(1,996,839)	-51.7%
Liabilities				
Current liabilities	836,318	736,407	99,911	13.6%
Noncurrent liabilities	16,146,122	18,249,449	(2,103,327)	-11.5%
Total liabilities	16,982,440	18,985,856	(2,003,416)	-10.6%
Deferred inflows of resources	2,320,867	2,368,228	(47,361)	-2.0%
Net position:				
Investment in capital assets	6,406,375	6,662,974	(256,599)	-3.9%
Restricted	3,570,876	3,424,569	146,307	4.3%
Unrestricted	(11,801,823)	(12,670,172)	868,349	-6.9%
Total net position	$ (1,824,572)	$ (2,582,629)	$ 758,057	-29.4%

The investment in capital assets consists of capital assets net of accumulated depreciation. Restricted net position represents those assets that are not available for spending as a result of legislative requirements. Conversely, unrestricted net position represents assets that do not have any limitations on how these amounts may be spent.

Net position increased by $758,057 as explained in the following section.

The condensed statements of revenues, expenses and changes in net position consist of the following for the years ended December 31:

Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Years Ended December 31, 2023 and December 31, 2022

	2023	2022	Change	Percent Change
Operating revenues	$ 9,840,230	$ 9,324,682	$ 515,548	5.5%
Operating expenses	9,196,849	11,100,569	(1,903,720)	-17.1%
Operating income (loss)	643,381	(1,775,887)	2,419,268	-136.2%
Nonoperating revenue	114,676	25,085	89,591	357.1%
Change in net position	758,057	(1,750,802)	2,508,859	-143.3%
Net position at beginning of year	(2,582,629)	(838,874)	(1,743,755)	207.9%
Net Position, end of year	$ (1,824,572)	$ (2,589,676)	$ 765,104	-29.5%

The Board's operating revenues increased by $515,548, or 5.5%. This is predominately due to increases in revenues from licenses, permits, and fees. Operating expenses decreased by $1,903,720, or 17.1%. This is predominately due to decreases in personnel services and related benefits.

CAPITAL ASSETS

As of December 31, 2023, the Board had $6,406,375 invested in a broad range of capital assets, including land, buildings, furniture, fixtures, computer equipment, and computer software. This amount represents a decrease (including additions and deductions) of $256,599 over the prior year.

DEBT ADMINISTRATION

The Board had no outstanding bonds or notes. The Board's noncurrent liabilities consist of compensated absences and pension and other postemployment benefits.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGET

The Board is required to submit an annual budget to the Joint Legislative Committee on the Budget as required by the Louisiana Licensing Agency Budget Act. Actual revenues for 2023 were more than budgeted revenues by $699,499 or 7.56%. The increase in revenues can also be attributed to combining LSBME with CLAB. Actual expenses were less than budgeted expenses by $58,287 or 0.62%.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Board has made significant investments in its information technology infrastructure that supports its core mission, investigations and overall day-to-day operations. These investments include a new licensure software system that will (1) decrease the amount of time between application and licensure; (2) ensure connectivity with national databases; (3) increase and improve online services for licensees; (4) safeguard continuity of information within the Board's divisions (i.e., Licensure and Investigations); (5) provide more and greater dissemination and access of information of interest to the public; and (6) reduce the overall cost of operations. The Board is currently transitioning to a different credit card processing center that should reduce the amount expended on credit card fees. The Board is also reviewing all fees levied for licensees. The Board will continue to identify opportunities for efficiencies within the agency.

CONTACTING THE BOARD'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers and customers with a general overview of the Board's finances and demonstrate its accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

LaKenya Collins
Chief Financial Officer
630 Camp Street
New Orleans, LA 70130
www.lsbme.la.gov

LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
Statement of Net Position
December 31, 2023

ASSETS	
Current assets:	
Cash (note 2)	$ 7,040,480
Receivables, net (note 3)	11,137
Prepayments	329,120
Total current assets	7,380,737
Noncurrent assets:	
Restricted cash (note 2)	1,827,096
Restricted receivables, net (note 3)	-
Capital assets, net (note 4)	6,406,375
Total noncurrent assets	8,233,471
Total assets	15,614,208
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions (note 7)	1,018,115
Deferred outflows related to other postemployment benefits (OPEB) (note 8)	846,412
Total deferred outflows of resources	1,864,527
LIABILITIES	
Current liabilities:	
Accounts payable	469,821
Accrued liabilities	119,486
Current portion of long-term liabilities -	
Compensated absences payable (note 5)	139,023
Total OPEB liability (note 8)	107,988
Total current liabilities	836,318
Noncurrent liabilities:	
Compensated absences payable (note 5)	291,593
Net pension liability (note 7)	10,410,445
Total OPEB liability (note 8)	5,444,084
Total noncurrent liabilities	16,146,122
Total liabilities	16,982,440
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions (note 7)	874,496
Deferred inflows related to OPEB (note 8)	1,446,371
Total deferred inflows of resources	2,320,867
NET POSITION	
Investment in capital assets	6,406,375
Restricted	3,570,876
Unrestricted	(11,801,823)
Total Net Position	$ (1,824,572)

The accompanying notes are an integral part of this statement.

LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2023

OPERATING REVENUES		
Licenses, permits and fees	$	9,840,017
Other income		213
Total operating revenues		9,840,230
OPERATING EXPENSES		
Personnel services and related benefits		5,934,781
Contractual services		1,031,782
Travel		43,708
Operating services		1,314,298
Supplies		60,638
Professional services		555,043
Depreciation (note 4)		256,599
Total operating expenses		9,196,849
OPERATING LOSS		643,381
NONOPERATING REVENUES		
Interest earnings		114,676
Total nonoperating revenues		114,676
Change in net position		758,057
NET POSITION - BEGINNING OF YEAR		(2,582,629)
NET POSITION - END OF YEAR	$	(1,824,572)

The accompanying notes are an integral part of this statement.

LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
Statement of Cash Flows
For the Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$	9,834,961
Cash payments to suppliers for goods and services		(2,754,716)
Cash payments to employees for services		(6,251,748)
Net cash provided by operating activities		828,497
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets		-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received		114,676
NET DECREASE IN CASH		943,173
CASH AT BEGINNING OF YEAR		7,924,403
CASH AT END OF YEAR	$	8,867,576
Reconciliation of operating income to net cash used by operating activities:		
Operating income	$	643,381
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		256,599
Changes in assets, deferred outflows, liabilities and deferred inflows:		
(Increase)/decrease in receivables		(5,269)
(Increase)/decrease in prepayments		(12,276)
Increase/(Decrease) in accounts payable		263,029
Increase/(Decrease) in accrued liabilities		13,943
Increase/(Decrease) in compensated absences payable		23,448
Increase/(Decrease) in net pension liability and related accounts		(404,123)
Increase/(Decrease) in total OPEB liability and related accounts		49,765
Total adjustments		185,116
Net cash provided by operating activities	$	828,497

The accompanying notes are an integral part of this statement.

INTRODUCTION

The Louisiana State Board of Medical Examiners (Board) is a component unit of the state of Louisiana created within the Louisiana Department of Health, as provided by Louisiana Revised Statute (R.S.) 37:1261-1292.

The Board is charged with the responsibility of administering practice acts providing for the licensure of Doctors of Medicine, Doctors of Osteopathy, Doctors of Podiatry, Physician Assistants, Acupuncturists, Acupuncturists Assistants, Occupational Therapists, Occupational Therapy Assistants, Respiratory Therapists, Respiratory Therapist Technicians, Midwives, Clinical Exercise Physiologists, Athlete Trainers, Radiological Technologists, Emergency Medical Technicians (Intermediate and Paramedic), and Clinical Laboratory Personnel. Operations of the Board are funded entirely through self-generated revenues.

As to all professions over which it has jurisdiction, the Board's principal functions are essentially the same and include the following:

- Licensing/Certification. The Board examines applicants for licensure or certification to validate minimum competence for practice by verifying that they possess the educational and other credentials prescribed by statute and Board rules, investigation of the applicant's licensure status and history in other jurisdictions, and by examination. Licenses/certifications are generally renewed annually (some biannually) pursuant to re-verification of certain requirements and conditions. Renewals for some categories are on a calendar year basis, but the majority is based on a birth month schedule.

- Regulations. Pursuant to its rulemaking authority under the practices acts it administers, and in accordance with the Administrative Procedures Act, the Board promulgates procedural rules implementing its licensing/certification authority and substantive rules regulating practice.

- Enforcement. The Board investigates consumer, patient, and licensee complaints and alleged and indicated violations of the several practices acts and, upon a finding of probable cause initiates and conducts administrative disciplinary proceedings to adjudicate whether legal cause exists for the suspension, revocation or imposition of probationary terms and/or conditions on any license or certification. The Board's disciplinary authority includes limited authority to impose monetary fines and obtain reimbursement of costs and attorney fees incurred by the Board in the investigation and prosecution of licensees. The Board also possesses and employs authority to take action against unauthorized practitioners by means of civil injunctive proceedings.

- Advisory Rulings. The Board serves an informational and advisory role to the public, its constituent licensees and State government by providing declaratory rulings, advisory opinions and Statements of Position on various medical/legal issues within its jurisdiction.

- Other Activities. The Board participates in a Physicians Health Program, jointly organized and conducted with the Louisiana State Medical Society, to identify physically or mentally impaired (or potentially impaired) physicians toward securing a timely treatment and rehabilitation for the protection of the public.

The Board is made up of 10 voting members composed of nine physicians and one consumer member. Board members are appointed to four-year terms by the governor and subject to Senate confirmation as follows:

(a) Two members from a list of names submitted by the Louisiana State Medical Society. One of the members appointed shall practice in a parish or municipality with a population of less than twenty thousand people.

(b) One member from a list of names submitted by the Louisiana State University Health Sciences Center at New Orleans. At least every other member appointed from a list provided shall be a minority appointee.

(c) One member from a list of names submitted by the Louisiana State University Health Sciences Center at Shreveport. At least every other member appointed from a list provided shall be a minority appointee.

(d) One member from a list of names submitted by the Tulane Medical School.

(e) Two members from a list submitted by the Louisiana Medical Association.

(f) One member from a list submitted by the Louisiana Academy of Family Practice Physicians.

(g) One member from a list submitted by the Louisiana Hospital Association. At least every other member appointed from a list shall be a minority appointee.

(h) One consumer member. At least every other consumer member appointed to the board shall be a minority appointee.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting principles and reporting standards. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards,* published by the GASB. The accompanying financial statements have been prepared on the full accrual basis in accordance with such principles.

B. REPORTING ENTITY

GASB Codification Section 2100 has defined the governmental reporting entity to be the state of Louisiana. The Board is considered a component unit (enterprise fund) of the state of Louisiana because the state has financial accountability over the Board in that the governor appoints the board members and that the Board is placed within the Louisiana Department of Health. The accompanying financial statements include only the operations of the Board.

Annually, the state of Louisiana issues a basic financial statement, which includes the activity contained in the accompanying financial statement. The basic financial statement is issued by the Louisiana Division of Administration, Office of Statewide Reporting and Accounting Policy, and audited by the Louisiana Legislative Auditor.

C. BASIS OF ACCOUNTING

For financial reporting purposes, the Board is considered a special-purpose government engaged only in business-type activities. All activities of the Board are accounted for with a single proprietary (enterprise) fund.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The transactions of the Board are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the Statement of Net Position.

Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and/or producing and delivering goods in connection with the Board's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of the Board consist of licenses, permits, and fees. Operating expenses include administrative expenses and depreciation on capital assets.

D. NET POSITION

Net position comprises the various net earnings from operations, non-operating revenues, and expenses. The Board's net position is classified in the following components:

- Investment in capital assets consists of capital assets, including restricted capital assets, net of accumulated depreciation. The Board has no related debt attributable to its capital assets.

- Restricted net position consists of amounts with constraints placed on the use by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

- Unrestricted net position consists of all other amounts that do not meet the definition of restricted net position or investment in capital assets.

The Board's restricted net position as of December 31, 2023, resulting from legislative requirements, includes the following:

It is the Board's policy to first apply unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

2023		
Clinical Lab	$	1,743,781
Physicians Health Program		388,701
Physicians Health Program		1,438,394
Total	$	3,570,876

E. USE OF ESTIMATES

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

F. CASH AND CASH EQUIVALENTS

For the purpose of the Statement of Net Position and Statement of Cash Flows, cash and cash equivalents include all demand, savings accounts, and certificates of deposits of the Board with an original maturity of 90 days or less.

G. CAPITAL ASSETS

Capital assets are recorded at cost at their date of acquisition or their estimated fair value at the date of donation. For movable property, the Board's capitalization policy includes all items with a cost of $5,000 or more. Depreciation is computed using the straight-line method over the estimated useful life of the assets, 40 years for buildings, and generally three to 10 years for furniture, fixtures, and equipment. Repairs and maintenance items are expensed as incurred.

H. COMPENSATED ABSENCES

Employees of the Board earn and accumulate vacation and sick leave at varying rates, depending on their years of service. The amount of vacation and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused vacation leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused vacation leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits.

I. NONCURRENT LIABILITIES

Noncurrent liabilities consist of compensated absences and pension and other postemployment benefits.

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 LASERS, and additions to/deductions from the retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Synthetic guaranteed investment contracts are reported at contract value. All other investments are reported at fair value.

J. REVENUES AND EXPENSES

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing or investing activities.

2. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certifications of deposit. Under state law, the Board may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Board may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana; in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts or federally or state chartered credit unions.

Deposits in bank accounts are stated at cost, which approximates market. Under state law, these deposits 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 pledged securities are held in the name of the pledging fiscal agent bank in a holding custodial bank in the form of safekeeping receipts.

Custodial Credit Risk

In the case of deposits, this is the risk that in the event of a bank failure the deposits may not be returned to the Board. As of December 31, 2023, $8,570,277 of the Board's bank balance of $8,820,277 was exposed to custodial credit risk because the deposits were uninsured and collateralized with securities held by the pledging institution's trust department or agent but not in the Board's name.

3. ACCOUNTS RECEIVABLE

As of December 31, 2023, the Board had net receivable balances as follows:

	2023		
Class of Receivables	General	Restricted	Total
License fees and other assessments	$ 31,618	$ -	$ 31,618
Allowance for uncollectible accounts	(20,481)	-	(20,481)
Total	$ 11,137	$ -	$ 11,137

The allowance for uncollectible accounts includes all receivables greater than 90 days old.

4. CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	2023			
	Balance Dec. 31, 2022	Additions	Deletions	Balance Dec. 31, 2023
Capital assets not being depreciated:				
Land	$ 100,000	$ -	$ -	$ 100,000
Construction in progress	223,173	-	-	223,173
	323,173	-	-	323,173
Capital assets being depreciated				
Building	882,679	-	-	882,679
Building improvements	8,511,691	-	-	8,511,691
Furniture and equipment	509,021	-	-	509,021
Vehicle	17,131	-	-	17,131
Total capital asets being depreciated	9,920,522	-	-	9,920,522
Less accumulated depreciation	(3,580,721)	(256,599)	-	(3,837,320)
Total capital assets, net	$ 6,662,974	$ (256,599)	$ -	$ 6,406,375

Depreciation expense for the year ended December 31, 2023 was $256,599.

5. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities of the Board for the year ended December 31, 2023:

	Balance Dec. 31, 2022	Net Additions	Balance Dec. 31, 2023	Amounts due within one year
Compensated absences	$ 407,168	$ 23,448	$ 430,616	$ 139,023
Total long-term liabilities**	$ 407,168	$ 23,448	$ 430,616	$ 139,023

** Information about changes in the net pension liability and the total OPEB liability are contained in notes 6 and 7, respectively.

6. PENSION PLAN

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.

General Information about the Pension Plan

Plan Description

Employees of the Board 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 or 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.

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 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.

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 age 60, the disability retiree may receive a regular retirement benefit by making 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.

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 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.

Cost of Living Adjustments

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

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. Rates for the year ended December 31, 2023 are as follows:

Plan	Plan Status	2023 Employer Rate
Regular Employees hired before 7/1/06	Closed	40.40%
Regular Employees hired on or after 7/1/06	Closed	40.40%
Regular Employees hired on or after 1/1/11	Closed	40.40%
Regular Employees hired on or after 7/1/15	Open	40.40%

The Board's contractually required composite contribution rate for the year ended December 31, 2023 was 40.40% 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 Board were $1,433,845 for the year ended December 31, 2023.

Legislative Acts Income

Legislative Acts Contributions may include appropriations by the State Legislature to cover unfunded accrued pension liabilities.

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

As of December 31, 2023, the Board reported a liability of $10,410,445 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2023, and the total pension liability used to calculate the Net Pension Liability was determined by actuarial valuation as of that date. The Board's proportion of the Net Pension Liability was based on a projection of the Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of December 31, 2023, the Board's proportion was 0.16% which was a decrease of 0.01% from its proportion measured as of December 31, 2022.

For the year ended December 31, 2023, the Board recognized total pension expense of $914,758.

As of December 31, 2023, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resouces	Deferred Inflows of Resources
Differences between expected and actual experience	$ 225,356	$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	59,514	-
Changes in proportion	-	545,459
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	329,037
Employer contributions subsequent to the measurement date	733,245	-
Total	$ 1,018,115	$ 874,496

$733,245 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension liability in the year ended December 31, 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	Net Amount Recognized in Pension Expense
2024	$ (589,936)
2025	$ (375,957)
2026	$ 512,746
2027	$ (136,479)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2023 are as follows:

Valuation Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Expected Remaining Service Lives	2 Years
Investment Rate of Return	7.25% per annum, net of investment expense
Inflation Rate	2.30% per annum
Mortality - Non-disabled	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.
Mortality - Disabled	Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.
Termination, Disability, Retirement	Termination, diability, and retirement assumptions were prjected based ona five-year (2014-2018) experience study of the System's members.
Salary Increases	Salary increases were projected based ona 2014-2018 experience study of the System's members. The salary increases range from 3.0% to 12.8%.
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 long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses 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 2.30% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.34%. The target allocation and best estimate of geometric real rates of return for each major asset class as of December 31, 2022, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Cash	0.80%
Domestic equity	4.45%
International equity	5.44%
Domestic fixed income	2.04%
International fixed income	5.33%
Alternative investments	8.19%
Total	5.75%

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 contributions rate and that contributions from participating employers will be made at the actuarially determined rates approved by the PRSAC, taking into consideration the recommendation of the LASERS actuary. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was 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 Board's proportionate share of the Net Pension Liability using the discount rate of 7.25%, as well as what the Board's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1.0% Decrease (6.25%)	Current Discount Rate (7.25%)	1.0% Increase (8.25%)
Proportionate Share of Net Pension Liability	$ 13,631,443	$ 10,410,445	$ 7,681,331

Pension plan fiduciary net position

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

Payables to the Pension Plan

As of December 31, 2023, the Board did not report a payable to LASERS as the December 2023 employee and employer legally required contributions were paid in December 2023.

7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General information about the OPEB Plan

Plan Description and Benefits Provided

The Office of Group Benefits (OGB) administers the State of Louisiana Post-Retirement Benefits Plan – a defined-benefit, multiple-employer other post-employment benefit plan. The plan provides medical, prescription drug, and life insurance benefits to retirees, disabled retirees, and their eligible beneficiaries through premium subsidies. Current employees, who participate in an OGB health plan while active, are eligible for plan benefits if they are enrolled in the OGB health plan immediately before the date of retirement and retire under one of the state sponsored retirement systems (Louisiana State Employees' Retirement System, Teachers' Retirement System of Louisiana, Louisiana School Employees' Retirement System, or Louisiana State Police Retirement System), or they retire from a participating employer that meets the qualifications in the Louisiana Administrative Code 32:3.303. Benefit provisions are established under R.S. 42:851 for health insurance benefits and R.S. 42:821 for life insurance benefits. The obligations of the plan members, employer(s), and other contributing entities to contribute to the plan are established or may be amended under the authority of R.S. 42:802.

There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement 75. 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.

Employer contributions are based on plan premiums and the employer contribution percentage. Premium amounts vary depending on the health plan selected and if the retired member has Medicare coverage. OGB offers retirees four self-insured healthcare plans and one fully insured plan. Effective January 1, 2019, retired employees who have Medicare Part A and Part B coverage also have access to six fully insured Medicare Advantage plans.

The employer contribution percentage is based on the date of participation in an OGB plan and employee years of service at retirement. Employees who begin participation or rejoin the plan before January 1, 2002, pay approximately 25% of the cost of coverage (except single retirees under age 65, who pay approximately 25% of the active employee cost). For those beginning participation or rejoining on or after January 1, 2002, the percentage of premiums contributed by the employer and retiree is based on the following schedule:

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

In addition to healthcare benefits, retirees may elect to receive life insurance benefits. Basic and supplemental life insurance is available for the individual retirees and spouses of retirees subject to maximum values. Employers pay approximately 50% of monthly premiums for individual retirees. The retiree is responsible for 100% of the premium for dependents. Effective January 1, 2018, the total monthly premium for retirees varies according to age group.

Total Collective OPEB Liability and Changes in Total Collective OPEB Liability

At December 31, 2023, the Board reported a liability of $5,552,072 for its proportionate share of the total collective OPEB liability. The total collective OPEB liability was measured as of July 1, 2023 and was determined by an actuarial valuation as of that date.

The Board'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. As of July 1, 2023, the most recent measurement date, the Board's proportion and the change in proportion from the prior measurement date were 0.0777%, or a decrease of 0.0008%.

The total collective OPEB liability in the July 1, 2023, actuarial valuation was determined using the following actuarial methods, assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Actuarial Cost Method – Entry Age Normal, level percent of pay
- Estimated Remaining Service Lives – 4.50 years
- Inflation rate – Consumer Price Index (CPI) 2.40%
- Salary increase rate – consistent with the state's pension plan
- Discount rate – 4.13% based on Standard & Poor's 20-year municipal bond index rate.
- Mortality rates assumptions were based on the RP-2014 Blue Collar Employee Table, adjusted .978 for males and 1.144 for females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2018.
- Healthcare cost trend rates – 7.00% for pre-Medicare eligible employees grading down by .25% each year, beginning in 2025-2026, to an ultimate rate of 4.5% in 2034; 6.5% for post-Medicare eligible employees grading down by .25% each year, beginning in 2025-2026, to an ultimate rate of 4.5% in 2032-2033 and thereafter; the initial trend was developed using the National Health Care Trend Survey; the ultimate trend was developed using a building block approach, which considers Consumer Price Index, Gross Domestic Product, and technology growth.

Changes of assumptions and other inputs reflect a change in the discount rate from 4.09% as of July 1, 2022 to 4.13% as of July 1, 2023.

Sensitivity of the proportionate share of the total collective OPEB liability to changes in the discount rate

The following presents the Board's proportionate share of the total collective OPEB liability using the current discount rate as well as what the Board's proportionate share of the total collective OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	1.0% Decrease (3.13%)	Current Discount Rate (4.13%)	1.0% Increase (5.13%)
Proportionate Share of Total Collective OPEB Liability	$ 6,397,100	$ 5,552,072	$ 4,867,551

Sensitivity of the proportionate share of the total collective OPEB liability to changes in the healthcare cost trend rates

The following presents the Board's proportionate share of the total collective OPEB liability using the current healthcare cost trend rates as well as what the Board's proportionate share of the total collective OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current rates:

	1.0% Decrease	Current Healthcare Trend Rates	1.0% Increase
	(6.00% decreasing to 3.5%)	(7.00% decreasing to 4.5%)	(8.00% decreasing to 5.5%)
Proportionate Share of Total Collective OPEB Liability	$ 4,862,243	$ 5,552,072	$ 6,405,310

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

For the year ended December 31, 2023, the Board recognized OPEB expense of $49,765. As of December 31, 2023, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 112,050	$ -
Changes of assumptions or other inputs	350,011	1,161,159
Changes in employer's proportionate share	276,363	50,669
Changes in proportion and differences between benefit payments and proportionate share of benefit payments	-	234,543
Amounts paid by the employer for OPEB subsequent to the measurement date	107,988	-
Total	$ 846,412	$ 1,446,371

Deferred outflows of resources related to OPEB resulting from the Board's benefit payments subsequent to the measurement date will be recognized as a reduction of the total collective OPEB liability in the year ended December 31, 2023. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended	Net Amount Recognized in OPEB Expense	
2024	$	(156,965)
2025	$	(332,314)
2026	$	(222,604)
2027	$	3,936

8. RISK MANAGEMENT

Losses arising from judgements, claims, and similar contingencies are paid through the state's self-insurance fund operated by the Office of Risk Management, the agency responsible for the state's risk management program, or by the state's general fund appropriations.

There is no pending litigation or claim against the Board at December 31, 2023, which if asserted, in the opinion of the Board's legal advisors, would have at least a reasonable probability of an unfavorable outcome or for which resolution would materially affect the financial statements.

9. SUBSEQUENT EVENTS

The Board evaluated its December 31, 2023 financial statements for subsequent events through the date of the independent auditor's report, which was the date the financial statements were available to be issued. The Board is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA

Schedule of the Board's Proportionate Share of the Net Pension Liability
For the Year Ended December 31, 2023

Fiscal Year*	Board's proportion of the net pension liability	Board's proportionate share of the net pension liability	Board's covered payroll	Board's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
Louisiana State Employees' Retirement System (LASERS)					
2015	0.12386%	$ 8,424,146	$ 2,350,749	358%	62.7%
2016	0.10591%	$ 8,316,638	$ 2,072,889	401%	57.7%
2017	0.11597%	$ 8,162,649	$ 2,093,495	390%	62.5%
2018	0.12105%	$ 8,255,181	$ 2,444,733	338%	64.3%
2019	0.13607%	$ 9,858,298	$ 2,706,643	364%	62.9%
2020	0.13976%	$ 11,559,251	$ 2,931,371	394%	58.0%
2021	0.15323%	$ 8,433,742	$ 3,238,640	260%	72.8%
2022	0.17159%	$ 12,971,761	$ 3,649,882	355%	63.7%
2023	0.15553%	$ 10,410,445	$ 3,515,867	296%	68.4%

*Amounts presented were determined as of the measurement date (June 30) of the net pension liability.

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

Schedule of Board Contributions
For the Year Ended December 31, 2023

Fiscal Year*	(a) Statutorily-Required Contribution	(b) Contributions in relation to the statutorily-required contribution	(a-b) Contribution Deficiency	Board' covered payroll	Contributions as a percentage of covered payroll
Louisiana State Employees' Retirement System (LASERS)					
2015	$ 831,807	$ 831,807	NONE	$ 2,350,749	35.4%
2016	$ 756,599	$ 756,599	NONE	$ 2,072,889	36.5%
2017	$ 846,544	$ 846,544	NONE	$ 2,276,469	37.2%
2018	$ 967,030	$ 967,030	NONE	$ 2,516,235	38.4%
2019	$ 1,101,604	$ 1,068,161	$ 33,443	$ 2,818,367	37.9%
2020	$ 1,175,480	$ 1,245,208	$ (69,728)	$ 3,285,510	37.9%
2021	$ 1,307,363	$ 1,226,886	$ 80,477	$ 3,238,640	39.5%
2022	$ 1,474,552	$ 1,386,054	$ 88,498	$ 3,649,882	40.4%
2023	$ 1,457,800	$ 1,433,845	$ 23,955	$ 3,515,867	41.3%

*Amounts presented were determined as of the Board's fiscal year (December 31).

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

Notes to Required Supplementary Information

Changes of Benefit Terms include:

2015 1) A 1.5% COLA, effective July 1, 2014, provided by Act 102 of the 2014 Louisiana Regular Legislative Session, and,
2015 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, and
2017 3) A 1.5% COLA, effective July 1, 2016, provided by Acts 93 and 512 of the 2016 Louisiana Regular Legislative Session, and,
2017 4) Added benefits for members of the Harbor Police Retirement System which was merged with LASERS effective July 1, 2015 by Act 648 of 2014.
2018 No changes in benefit terms in the June 30, 2017 valuation.
2019 No changes in benefit terms in the June 30, 2018 valuation.
2020 No changes in benefit terms in the June 30, 2019 valuation.
2021 No changes in benefit terms in the June 30, 2020 valuation.
2022 No changes in benefit terms in the June 30, 2021 valuation.
2023 No changes in benefit terms in the June 30, 2022 valuation.

Changes of Assumptions include:

2017 There were several changes in assumptions for the June 30, 2017 valuation. 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. 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%. In addition, 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.

2018 For the valuation year ended June 30, 2018, the investment rate of return was decreased from 7.70% to 7.65%. The inflation rate was also decreased from 2.75% to 2.5%.

2019 For the valuation year ended June 30, 2019, the investment rate of return was decreased from 7.65% to 7.60%. The inflation rate was also decreased from 2.5% to 2.3%.

2020 For the valuation year ended June 30, 2020, the investment rate of return was increased from 7.60% to 7.55%. The inflation rate was also increased from 2.3% to 2.5%.

2021 For the valuation year ended June 30, 2021, the investment rate of return was increased from 7.55% to 7.60%. The inflation rate was also decreased from 2.5% to 2.3%.

2022 For the valuation year ended June 30, 2022, the investment rate of return was decreased from 7.60% to 7.25%. The inflation rate was not changed from 2.3%.
2023 For the valuation year ended June 30, 2023, the investment rate of return was the same as the prior year at 7.25%.

LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA

Schedule of the Board's Proportionate Share of the Total Collective OPEB Liability
For the Year Ended December 31, 2023

Fiscal Year*	Board's proportion of the total collective OPEB liability	Board's proportionate share of the total collective OPEB liability	Board's covered-employee payroll	Board's proportionate share of the total collective OPEB liability as a percentage of the covered-employee payroll
2016	0.0654%	$ 5,937,905	$ 2,097,466	283.10%
2017	0.0654%	$ 5,687,774	$ 2,103,520	270.39%
2018	0.0632%	$ 5,392,010	$ 2,524,819	213.56%
2019	0.0671%	$ 5,184,558	$ 2,221,737	233.36%
2020	0.0704%	$ 5,828,335	$ 2,489,837	234.09%
2021	0.0779%	$ 7,137,124	$ 2,777,329	256.98%
2022	0.0785%	$ 5,294,592	$ 3,088,958	171.40%
2023	0.0777%	$ 5,552,072	$ 3,055,937	181.68%

*The amounts and percentages presented were determined as of the measurement date (July 1).

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

Notes to Required Supplementary Information

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

Changes of Assumptions:

There were several changes in assumptions for the July 1, 2018 valuation. The discount rate has decreased from 3.13% to 2.98%. Baseline per capita costs were updated to reflect 2018 claims and enrollment and retiree contributions were updated based on 2019 premiums. The impact of the High Cost Excise Tax was revised for the Louisian State Police Retirement System, the Louisiana School Employees' Retirement system, and the Teachers' Retirement System of Louisiana to reflect experience studies. The mortality assumption for the Louisiana State Employees' Retirement System was updated from the RP-2014 Healthy Annuitant and Employee tables for males and females with generational projections using projection scale MP-2018. The percentage of future retirees assumed to elect medical coverage was modified based on recent plan experience.

For the July 1, 2019 valuation, the discount rate changed from 2.98% to 2.79%. Baseline per capita costs were updated to reflect 2019 claims and enrollment and retiree contributions were updated based on 2020 premiums. Life insurance contributions were updated to reflect 2020 premium schedules. The impact of the High Cost Excise Tax was removed. The High Cost Excise Tax was repealed in December 2019. Demographic assumptions were revised for the Louisiana State Employees' Retirement System to reflect the recent experience study.

For the July 1, 2020 valuation, the discount rate changed from 2.79% to 2.66%. Baseline per capita costs (PCCs) were updated to reflect 2020 claims and enrollment for the prescription drug costs and retiree contributions were updated based on 2021 premiums. 2020 medical claims and enrollment experience were reviewed but not included in the projection of expected 2021 plan costs. Due to the COVID-19 pandemic, the actuary does not believe this experience is reflective of what can be expected in future years. The salary scale assumptions were revised for the Louisiana State Employees' Retirement System and the Teachers' Retirement System of Louisiana. Medical participation rates, life participation rates, the age difference between future retirees and their spouses, Medicare eligibility rates, and medical plan election percentages have all been updated based on a review of OPEB experience from July 1, 2017 through June 30, 2020.

For the July 1, 2021 valuation, the discount rate changed from 2.66% to 2.13%. Baseline per capita costs (PCCs) were updated to reflect 2021 claims and enrollment for the prescription drug costs and retiree contributions were updated based on 2022 premiums. 2021 medical claims and enrollment experience were reviewed but not included in the projection of expected 2022 plan costs. Due to the COVID-19 pandemic, the actuary does not believe this experience is reflective of what can be expected in future years. The salary scale assumptions were revised for the Louisiana State Employees' Retirement System and the Teachers' Retirement System of Louisiana.

For the July 1, 2022 valuation, the discount rate changed from 2.13% to 4.09%. Baseline per capita costs (PCCs) were updated to reflect 2022 claims and enrollment. Plan claims and premiums increased less than had been expected, which decreaesd the Plan's liability.

For the July 1, 2023 valuation, the discount rate changed from 4.09% to 4.13%. Baseline per capita costs (PCCs) were updated to reflect 2023 claims and enrollment. Plan claims and premiums increased less than had been expected, which decreaesd the Plan's liability. Life insurance premium rates were updated.
Three of the associated pension systems, Teachers' Retirement System of Louisiana (TRSL), Louisiana School Employees' Retirement System (LASERS), and Louisiana State Police Retirement System (LSPRS) adopted new assumptions as of the July 1, 2023 valuation based on updated experience studies.
The Medicare trend was further adjusted to reflect the impact of certain provisions of the Inflation Reduction Act ("IRA").
Medicare trend has been revised to 6.5% for the first two years trending down 25 basis points per year to an ultimate rate of 4.5%.

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

Board of Directors of the
Louisiana State Board of Medical Examiners
State of Louisiana
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the Unites States of America and the standards applicable to financial audits in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Louisiana State Board of Medical Examiners (the "Board"), a component unit of the State of Louisiana, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated June 7, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board'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 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 on noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report

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

Broussard and Company

Lake Charles, Louisiana
June 7, 2024

BOARD OF DIRECTORS
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2023

We have audited the financial statements of the business-type activities of the Board of Directors of the Louisiana State Board of Medical Examiners ("the Board") as of and for the year ended December 31, 2023 and have issued our report thereon dated June 7, 2024. 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 audit of the financial statements as of December 31, 2023 resulted in an unmodified opinion.

Section I – Summary of Auditor's Reports

a. Report on Internal control and compliance material to the Financial Statements:

Internal Control:

Material Weakness – NO
Significant Deficiency – NO
Other Conditions – NO

Compliance:

Compliance Material to the Financial Statements – NO

b. Federal Awards:

Not applicable.

Section II – Financial Statement Findings

Not applicable.

Section III – Federal Award Findings and Questioned Costs

Not applicable.

Section IV – Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2023.

BOARD OF DIRECTORS
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
STATE OF LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2023

There were no prior findings.