

# **LOUISIANA LEGISLATIVE AUDITOR**

STATE OF LOUISIANA

**Financial Statements for the  
Year Ended June 30, 2023**



### OUR VISION

We envision an accountable, transparent, responsive government that provides efficient and effective services for the benefit of the people of Louisiana.

### OUR MISSION

To foster accountability and transparency in Louisiana government by providing the Legislature and others with audit services, fiscal advice, and other useful information.

### OUR GOALS

Plan and perform quality audit and advisory services of state and local government and not-for-profit organizations in an efficient and effective manner.

Communicate the results of our audit services to the public, legislature, public officials, and other decision makers timely and effectively.

This document is produced by the Louisiana Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Ten copies of this public document were produced at an approximate cost of \$12.50. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Louisiana Legislative Auditor's Web site at [www.lla.la.gov](http://www.lla.la.gov). When contacting the office, you may refer to Agency ID No. 9286 or Report ID No. 72222334 for additional information.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Jenifer Schaye, General Counsel, at 225-339-3800.

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## INDEPENDENT AUDITOR'S REPORT

November 29, 2023

Louisiana Legislative Auditor  
Baton Rouge, LA

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and the major fund of the Louisiana Legislative Auditor, a component unit of the State of Louisiana, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Louisiana Legislative Auditor's basic financial statements as listed in the index of the report.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Louisiana Legislative Auditor as of June 30, 2023, and the respective changes in financial position for the year then ended in conformity 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 Louisiana Legislative Auditor, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit opinions.

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## ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Louisiana Legislative Auditor'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 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, 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 Louisiana Legislative Auditor'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 Louisiana Legislative Auditor'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.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on page 42 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Louisiana Legislative Auditor's basic financial statements. The combining schedules are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 combining schedules are 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 November 29, 2023, on our consideration of the Louisiana Legislative Auditor's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Louisiana Legislative Auditor'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 Louisiana Legislative Auditor's internal control over financial reporting and compliance.

  
New Orleans, Louisiana

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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Management's Discussion and Analysis of the Louisiana Legislative Auditor's financial performance presents a narrative overview and analysis of its financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the basic financial statements, which follow this section.

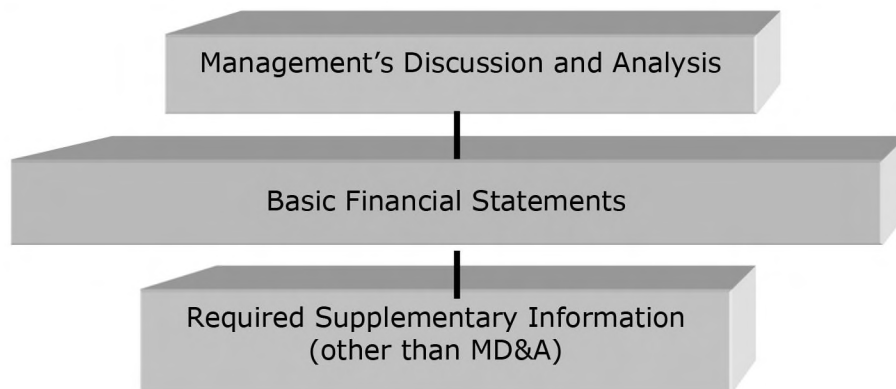
## FINANCIAL HIGHLIGHTS

The Louisiana Legislative Auditor's net position increased by \$4,662,299 to (\$78,518,351) from June 30, 2022, to June 30, 2023.

Program revenues decreased by \$1,721,348 to \$23,718,405. General revenues fluctuate depending upon levels of appropriations received from the State General Fund. General revenues increased by \$2,500,346, from \$10,003,289 to \$12,503,635.

## OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The following graphic illustrates the minimum reporting requirements established by Governmental Accounting Standards Board (GASB) Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*.



This financial report consists of three sections: Management's Discussion and Analysis (this section), the Basic Financial Statements, and Required Supplementary Information. Management's Discussion and Analysis is intended to serve as an introduction to the Louisiana Legislative Auditor's basic financial statements. The Basic Financial Statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains additional information to supplement the Basic Financial Statements, such as Required Supplementary Information.



## **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Louisiana Legislative Auditor's finances in a manner similar to private-sector businesses.

The Statement of Net Position (page 14) presents information on all of the Louisiana Legislative Auditor's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position may be a useful indicator of whether the financial position of the Louisiana Legislative Auditor is improving or deteriorating. From the data presented, readers of the Statement of Net Position can determine the assets available to continue the operations of the office. Financial statement readers are also able to determine how much the Louisiana Legislative Auditor owes vendors and others. Finally, the Statement of Net Position provides a summary of the combined net position and their availability for expenditure.

The Statement of Activities (page 15) presents information showing how the Louisiana Legislative Auditor's net position changed during the most recent fiscal year. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, transactions are included that will not affect cash until future fiscal periods.

## **Fund Financial Statements**

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 Louisiana Legislative Auditor uses a single fund to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Louisiana Legislative Auditor's only fund, the general fund.

The Louisiana Legislative Auditor uses only one fund type, the governmental fund. The governmental fund is used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Louisiana Legislative Auditor's near-term financing requirements.

Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to

facilitate this comparison between the governmental fund and governmental activities.

### **Notes to the Financial Statements**

The notes (pages 16-41) provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Louisiana Legislative Auditor's budgetary comparison (Schedule 1), proportionate share of the collective total other postemployment benefits liability (Schedule 2), proportionate share of the net pension liability (Schedule 3), and pension contributions (Schedule 4).

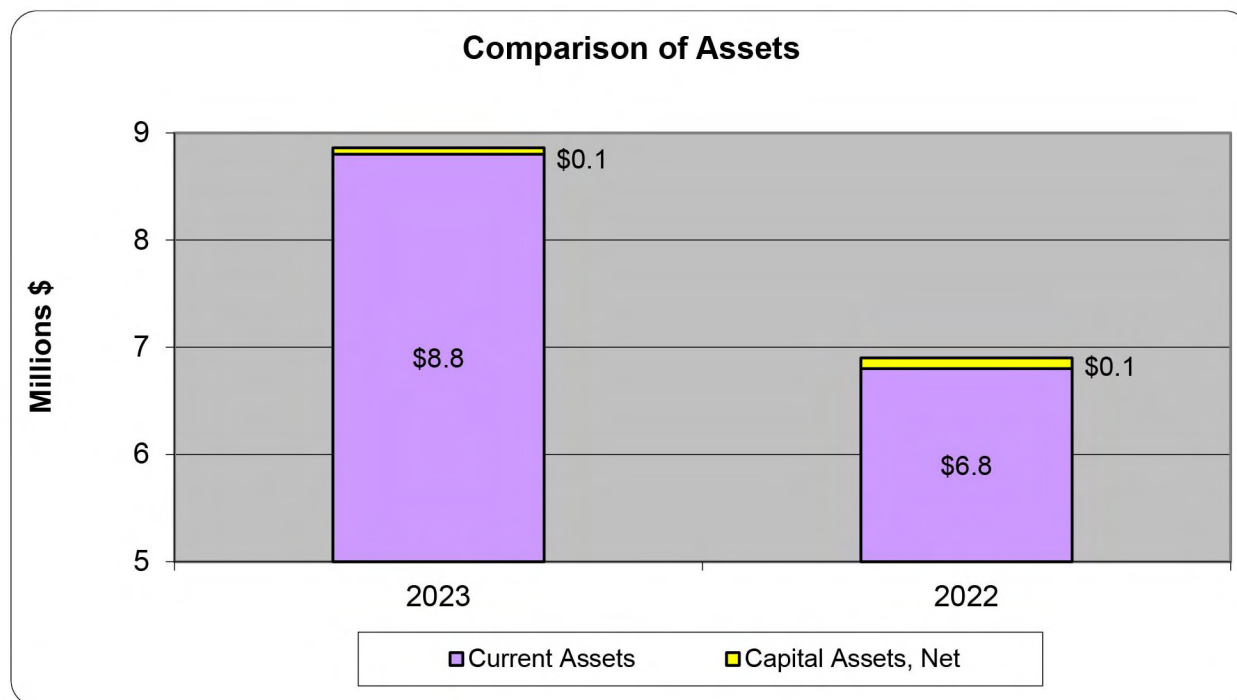
Following the required supplementary information is other supplementary information that further explains and supports the financial statements (Schedules 5 and 6).

### **FINANCIAL ANALYSIS OF GOVERNMENT-WIDE ACTIVITIES**

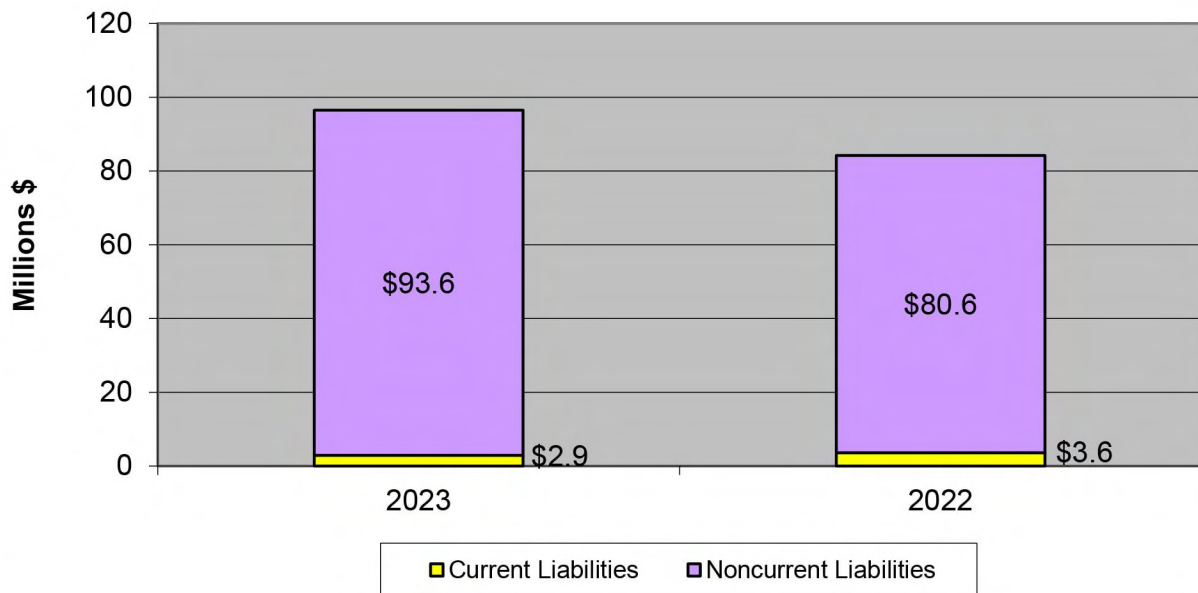
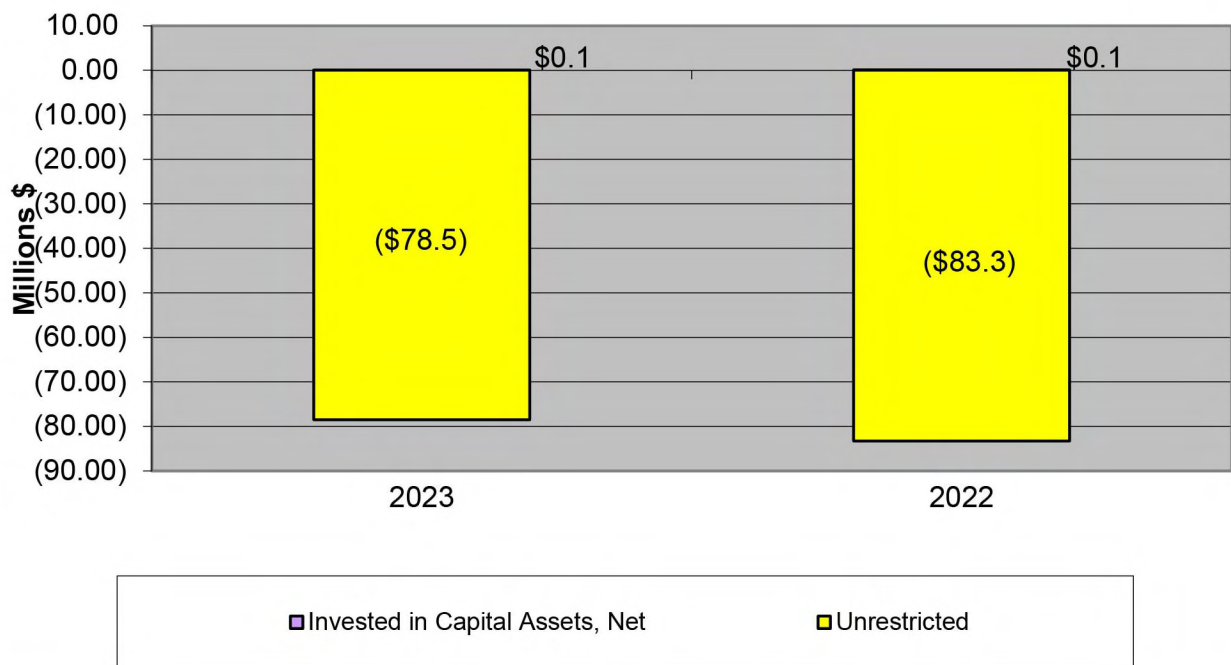
As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Louisiana Legislative Auditor's liabilities and deferred inflows exceeded assets and deferred outflows by \$78,518,351 at the close of the most recent fiscal year. Included in the Louisiana Legislative Auditor's net position is its net investment in capital assets (e.g., equipment). These assets are not available for future spending.

**Comparative Statement of Net Position**  
**For the Years as of**  
**June 30, 2023 and 2022**

	2023	2022	Change	Percentage Change
<b>Assets</b>				
Current assets	\$8,780,769	\$6,771,388	\$2,009,381	29.7%
Capital assets, net	62,335	101,556	(39,221)	(38.6%)
<b>Total assets</b>	<b>8,843,104</b>	<b>6,872,944</b>	<b>1,970,160</b>	<b>28.7%</b>
<b>Deferred Outflows</b>	<b>20,028,116</b>	<b>15,447,090</b>	<b>4,581,026</b>	<b>29.7%</b>
<b>Liabilities</b>				
<b>Current liabilities</b>	<b>2,884,399</b>	<b>3,566,811</b>	<b>(682,412)</b>	<b>(19.1%)</b>
<b>Noncurrent liabilities</b>	<b>93,613,443</b>	<b>80,636,307</b>	<b>12,977,136</b>	<b>16.1%</b>
<b>Total liabilities</b>	<b>96,497,842</b>	<b>84,203,118</b>	<b>12,294,724</b>	<b>14.6%</b>
<b>Deferred Inflows</b>	<b>10,891,729</b>	<b>21,297,566</b>	<b>(10,405,837)</b>	<b>(48.9%)</b>
<b>Net Position</b>				
Net investment in capital assets	62,335	101,556	(39,221)	(38.6%)
Unrestricted	(78,580,686)	(83,282,206)	4,701,520	5.6%
<b>Total net position</b>	<b>(\$78,518,351)</b>	<b>(\$83,180,650)</b>	<b>\$4,662,299</b>	<b>5.6%</b>





**Comparison of Liabilities****Comparison of Net Position**

The preceding graphs are prepared from the Louisiana Legislative Auditor's Statement of Net Position, which is presented on an accrual basis of accounting where assets are capitalized and depreciated.

Total assets of the Louisiana Legislative Auditor increased by \$1,970,160, or 28.7%. The increase in assets is due mainly to the increase in cash in bank.

Total deferred outflows of the Louisiana Legislative Auditor increased by \$4,581,026, or 29.7%. The increase in deferred outflows is due to the difference between projected and actual earnings on pension plan investments.

Total liabilities of the Louisiana Legislative Auditor increased by \$12,294,724, or 14.6%. The increase in liabilities is due mainly to a 38.2% increase in combined pension liability for the Louisiana State Employees' Retirement System (LASERS) and the Teachers' Retirement System of Louisiana (TRSL) and a 16.4% decrease in the combined OPEB liability for the Office of Group Benefits Plan (OGB) and the LSU First Plan. The increase in the pension plan liability was impacted by the difference between projected and actual earnings on pension plan investments. The decrease in the OPEB liability was impacted by an increase in the discount rate.

Total deferred inflows of the Louisiana Legislative Auditor decreased by \$10,405,837, or 48.9%. The decrease in deferred inflows is due to the difference between projected and actual earnings on pension plan investments.

**Comparative Statement of Activities  
For the Years Ended  
June 30, 2023 and 2022**

	2023	2022	Change	Percentage Change
Program revenues:				
Audit fees and allocations	\$23,718,405	\$25,439,753	(\$1,721,348)	(6.8%)
Total program revenues	23,718,405	25,439,753	(1,721,348)	(6.8%)
General revenues:				
State General Fund appropriation	12,500,000	10,000,000	2,500,000	25.0%
Interest	0	1,080	(1,080)	(100.0%)
Miscellaneous	3,635	2,209	1,426	64.6%
Total general revenues	12,503,635	10,003,289	2,500,346	25.0%
Total revenues	36,222,040	35,443,042	778,998	2.2%
Expenses:				
Personnel services and related benefits	28,992,180	19,774,605	9,217,575	46.6%
Travel	284,307	323,808	(39,501)	(12.2%)
Operating services	1,400,815	1,349,770	51,045	3.8%
Supplies	280,684	443,077	(162,393)	(36.7%)
Professional services	527,793	1,717,698	(1,189,905)	(69.3%)
Depreciation	73,962	97,786	(23,824)	(24.4%)
Total expenses	31,559,741	23,706,744	7,852,997	33.1%
Increase (decrease) in net position	4,662,299	11,736,298	(7,073,999)	(60.3%)
Net position at beginning of year (Deficit)	(83,180,650)	(94,916,948)	11,736,298	12.4%
Net position at end of year (Deficit)	(\$78,518,351)	(\$83,180,650)	\$4,662,299	5.6%

The Statement of Activities reflects a positive change for the year. Net position increased by \$4,662,299 or 5.6% in 2023 compared to an increase of \$11,736,298 in 2022. The change in net position decreased mainly due to an increase in the recognition of pension and OPEB expenses as a result of changes in the discount rates.

Other highlights of the information that have a significant impact on the amounts presented in the Statement of Activities are:

- The state general fund appropriation increased as the office transitions away from the use of fund balance to fund current operations.
- Personnel services and related benefits increased mainly due to an increase in pension expense related to the recognition of the pension and OPEB liabilities.



- Supplies decreased mainly due to a reduction in purchases of non-capitalized computer equipment.
- Professional Services decreased mainly due to how fees for independent CPA firm audits are handled. In prior years, audit fees from audits conducted by the independent CPA firms were remitted to the Legislative Auditor. The Legislative Auditor then remitted the audit fees to the independent CPA firm who conducted the audit. That practice ceased. Currently, audit fees are remitted directly to the independent CPA firm who conducted the audit.
- Depreciation decreased since many of the assets are becoming fully depreciated while there has been less purchases of depreciable assets.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

The Louisiana Legislative Auditor's investment in capital assets, net of accumulated depreciation, as of June 30, 2023, is \$62,335. This investment in capital assets includes office furniture and equipment, computer equipment, and vehicles. The total decrease in capital assets for the current fiscal year was 38.6%. Although it is partially offset by the purchase of new capital assets, depreciation accounted for this decrease.

The Louisiana Legislative Auditor has no long-term debt obligations outstanding at year-end. However, there are long-term liabilities related to other postemployment benefits, pensions, and compensated absences. For additional information concerning capital assets and long-term liabilities, refer to notes 5, 7, 8, 9, and 12.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

There were no overall changes to the budget during the fiscal year except for changes between expenditure categories to respond to changing business needs. Actual collections from self-generated audit fees and allocations were over budget by \$0.1 million. However, actual expenditures were under budget by \$1.5 million. These variances should have no significant effect on future services or liquidity.

### **ECONOMIC OUTLOOK**

The Louisiana Legislative Auditor's overall financial position has improved due to improved funding from the State General Fund appropriation.

In the long term, the office faces funding significant liabilities of its retirement plans and other postemployment benefits. GASB Statement No. 68 requires the recognition of the office's proportionate share of the net pension liability, and GASB Statement No. 75 requires the recognition of OPEB liabilities. Although recent legislative changes to the plans have positively affected the plans' unfunded accrued liabilities, these significant liabilities will remain for many years.

**CONTACTING THE LOUISIANA LEGISLATIVE  
AUDITOR'S MANAGEMENT**

The accompanying financial report is designed to provide residents, taxpayers, customers, investors, and creditors with a general overview of the Louisiana Legislative Auditor's finances and to show the office's accountability and oversight for the money it receives. For questions about this report or additional financial information, contact Mr. John Morehead, Chief Financial Officer, Louisiana Legislative Auditor, P.O. Box 94397, Baton Rouge, Louisiana 70804-9397, phone number (225) 339-3800.

**LOUISIANA LEGISLATIVE AUDITOR  
STATE OF LOUISIANA**

**Governmental Fund Balance Sheet/  
Statement of Net Position  
June 30, 2023**

	GENERAL FUND	ADJUSTMENTS *	STATEMENT OF NET POSITION
<b>ASSETS</b>			
Cash in bank (note 2)	\$6,170,341		\$6,170,341
Cash in State Treasury - means of financing	106,041		106,041
Accounts receivable (note 3)	2,243,769		2,243,769
Prepaid expenses (note 4)	260,618		260,618
Capital assets (net of allowance for depreciation) (note 5)		\$62,335 (1)	62,335
Total Assets	<u>\$8,780,769</u>	<u>62,335</u>	<u>8,843,104</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions (note 8)		14,591,922 (3)	14,591,922
Deferred outflows related to OPEB (note 9)		5,436,194 (3)	5,436,194
Total Deferred Outflows of Resources	<u>NONE</u>	<u>20,028,116</u>	<u>20,028,116</u>
<b>LIABILITIES</b>			
Accounts payable (note 6)	\$1,964,932		1,964,932
Compensated absences (notes 7 and 12):			
Current portion		172,842 (3)	172,842
Noncurrent portion		2,428,569 (3)	2,428,569
OPEB payable (note 9)			
Current portion		746,625 (3)	746,625
Noncurrent portion		26,121,586 (3)	26,121,586
Net pension liability (note 8)		65,063,288 (3)	65,063,288
Total Liabilities	<u>1,964,932</u>	<u>94,532,910</u>	<u>96,497,842</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions (note 8)		1,702 (3)	1,702
Deferred inflows related to OPEB (note 9)		10,890,027 (3)	10,890,027
Deferred audit fees	1,721,970	(1,721,970) (2)	
Total Deferred Inflows of Resources	<u>1,721,970</u>	<u>9,169,759</u>	<u>10,891,729</u>
<b>FUND BALANCE/NET POSITION</b>			
Nonspendable - prepaid amounts	260,618	(260,618)	
Assigned (note 13)	4,833,249	(4,833,249)	
Total Fund Balance	<u>5,093,867</u>	<u>(5,093,867)</u>	
Total liabilities, deferred inflows of resources, and fund balance	<u>\$8,780,769</u>		
Net position (deficit)			
Net investment in capital assets		62,335	62,335
Unrestricted (note 13)		(78,580,686)	(78,580,686)
<b>TOTAL NET POSITION (DEFICIT)</b>		<u>(\$78,518,351)</u>	<u>(\$78,518,351)</u>

**\*Explanations:**

- (1) Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the General Fund.
- (2) Deferred inflows of resources, such as accounts receivable for audit billings received after the 45-day accrual period, are not available to pay for current-period expenditures and, therefore, are deferred in the General Fund.
- (3) Long-term liabilities, such as compensated absences, pension liabilities and its related deferred inflows and outflows, and other postemployment benefits and its related deferred inflows and outflows, are not due and payable in the current period and, therefore, are not reported in the General Fund.

The accompanying notes are an integral part of this statement.



**LOUISIANA LEGISLATIVE AUDITOR  
STATE OF LOUISIANA**

**Statement of Governmental Fund Revenues, Expenditures,  
and Changes in Fund Balance/Statement of Activities  
For the Year Ended June 30, 2023**

	GENERAL FUND	ADJUSTMENTS *	STATEMENT OF ACTIVITIES
<b>EXPENDITURES/EXPENSES</b>			
Personnel services and related benefits	\$30,978,404	(\$1,986,224) (1)	\$28,992,180
Travel	284,307		284,307
Operating services	1,400,815		1,400,815
Supplies	99,155	181,529 (2)	280,684
Professional services (note 14)	527,793		527,793
Capital outlay	216,270	(216,270) (2)	
Depreciation		73,962 (2)	73,962
Total Expenditures/Expenses	<u>33,506,744</u>	<u>(1,947,003)</u>	<u>31,559,741</u>
<b>PROGRAM REVENUES</b>			
Audit fees and allocations	23,706,699	11,706 (3)	23,718,405
Total Program Revenues	<u>23,706,699</u>	<u>11,706</u>	<u>23,718,405</u>
Net Program Expenses			<u>(7,841,336)</u>
<b>GENERAL REVENUES</b>			
State General Fund appropriation	12,500,000		12,500,000
Miscellaneous	837	2,798 (1)	3,635
Total General Revenues	<u>12,500,837</u>	<u>2,798</u>	<u>12,503,635</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	2,700,792	(2,700,792)	NONE
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES/EXPENSES</b>	2,700,792	(2,700,792)	NONE
<b>CHANGE IN NET POSITION</b>	NONE	4,662,299	4,662,299
<b>FUND BALANCE/NET POSITION (Deficit)</b>			
Beginning of the year	<u>2,393,075</u>	<u>(85,573,725)</u>	<u>(83,180,650)</u>
End of the year	<u>\$5,093,867</u>	<u>(\$83,612,218)</u>	<u>(\$78,518,351)</u>

**\*Explanations:**

(1) Expenses and revenues of long-term obligations for compensated absences, pension plans, and other postemployment benefits reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the General Fund.

(2) Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The amount of capital outlays not meeting the capitalization threshold is reported as an expense (i.e., supplies) and amounts financed are capitalized.

(3) Revenues in the Statement of Activities that do not provide current financial resources are deferred and not reported as revenues in the General Fund. This includes revenues received after the 45-day accrual period which are not available to pay for current-period expenditures. This amount is the net effect of the current and prior year deferrals.

The accompanying notes are an integral part of this statement.

# NOTES TO THE FINANCIAL STATEMENTS

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## INTRODUCTION

The Louisiana Legislative Auditor is a state audit organization for the state of Louisiana within the legislative branch of state government. The Louisiana Legislative Auditor is responsible for audits and examinations of the records and accounts of all public boards and commissions and any agency, department, or political subdivision of the state as provided by Louisiana Revised Statutes (R.S.) 24:511-524. The Louisiana Legislative Auditor is authorized by Article III, Section 11 of the Louisiana Constitution of 1974.

The Louisiana Legislative Auditor has audit responsibility for approximately 3,500 units of state and local government and quasi-public corporations, some of which are audited by certified public accountants with oversight and monitoring provided by the Louisiana Legislative Auditor. The Louisiana Legislative Auditor's main office is located in Baton Rouge, Louisiana. The Louisiana Legislative Auditor employs 238 staff members, including auditors, information technology personnel, an executive counsel, an actuary, and various administrative personnel. The Louisiana Legislative Auditor's operations are funded through an annual lapsing legislative appropriation.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. BASIS OF PRESENTATION

The Governmental Accounting Standards Board (GASB) promulgates accounting principles generally accepted in the United States of America and reporting standards for state and local governments. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards* published by GASB. The accompanying financial statements have been prepared in accordance with such principles.

### B. REPORTING ENTITY

Using the criteria in GASB Codification Section 2100, the Division of Administration, Office of Statewide Reporting and Accounting Policy, has defined the governmental reporting entity to be the state of Louisiana. The accompanying financial statements of the Louisiana Legislative Auditor contain sub-account information of the General Fund of the state of Louisiana. Annually, the state of Louisiana issues general purpose financial statements which include the activity contained in the accompanying financial statements. However, the activity may be presented or classified differently due to perspective differences. The Louisiana Legislative Auditor has no fiduciary funds or component units.

**C. FUND ACCOUNTING**

The Louisiana Legislative Auditor has only a General Fund supported by an appropriation from the state of Louisiana and self-generated funds. The Louisiana Legislative Auditor's General Fund contains two sub-funds, the General Appropriation Fund and Ancillary Enterprise Fund.

**General Appropriation Fund**

The General Appropriation Fund accounts for the appropriated operating revenues, transfers, and expenditures of the Louisiana Legislative Auditor. All appropriated revenues are deposited into this fund from which operating expenditures are made.

**Ancillary Fund**

The Ancillary Fund (which has a legal name of Ancillary Enterprise Fund) was established to provide a source of working capital to the Louisiana Legislative Auditor for audits in which the Louisiana Legislative Auditor is authorized to charge audit fees for certain state and local audits. These fees are not billable until the end of the examination; therefore, the fund is used as a source of working capital during the audit until the audit fees are billed or costs are allocated, collected, and available to fund operations.

The Louisiana Legislative Auditor is also authorized to allocate costs relating to state government to state agencies. Those allocated costs are accounted for within the Ancillary Fund. All miscellaneous revenues are also recorded in the Ancillary Fund. The annual appropriation act authorizes budgeted transfers from this fund to the General Appropriation Fund.

**D. BASIS OF ACCOUNTING**

The accompanying governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become measurable and available to fund current operations. Revenues are considered available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. The Louisiana Legislative Auditor considers revenues to be available if they are collected within 45 days of the end of the current fiscal period, except for federal grants, which generally are considered available for 12 months after the end of the fiscal year. Expenditures are recorded when the related liability is incurred, as under accrual accounting. However, compensated absences, pension costs, and other postemployment benefits (OPEB) costs are recorded when payment is due.



The accompanying government-wide financial statements (Statement of Net Position and Statement of Activities) reflect entity-wide operations of the office. These 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.

Amounts reported as program revenues include charges for services such as audit fees and allocations. General revenues include state General Fund appropriations, interest, and other miscellaneous collections.

When both restricted and unrestricted resources are available for use, it is the Louisiana Legislative Auditor's policy to use unrestricted resources first and then restricted resources as needed.

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenditure/expense) until that future time.

A deferred inflow of resources represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that future time.

## **E. BUDGET PRACTICES**

The legislative appropriation for the general operations of the office is an annual lapsing legislative appropriation accounted for within the General Appropriation Fund (Schedules 5 and 6). Amounts not expended or encumbered at the close of the fiscal year must be returned to the General Fund of the state of Louisiana on or before October 1, 2023, unless otherwise reappropriated by subsequent legislative action. Current appropriation legislation authorizes such reappropriation of prior-year funds.

Amendments to the budget of state General Fund revenues must be approved by the Legislative Budgetary Control Council. The budget of the Ancillary Fund is an administrative budget driven by amounts legislatively authorized to be transferred to the General Fund. Transfers from the Ancillary Fund are limited by the legislative appropriation, and any amendment that would increase the amount of the authorized transfer must be approved by the co-chairmen of the Legislative Budgetary Control Council. Transfers between the expenditure classifications on Schedule 1 may be authorized by the Louisiana Legislative Auditor.

In addition to the amount appropriated for general operations of the Louisiana Legislative Auditor reflected on Schedule 1, the legislature appropriated \$350,000 to the Louisiana Legislative Auditor for the 2022-2023 budget year to establish, if needed, working capital for the Ancillary Fund. The appropriation was not drawn by the Louisiana Legislative Auditor and is not

reflected as revenue (or budgeted revenue) on Schedule 1. Historically, the Louisiana Legislative Auditor has not drawn such amount to fund operations.

The budget for the General Fund is prepared on the budgetary (legal) basis of accounting. In compliance with budgetary authorization, the Louisiana Legislative Auditor includes the prior year's fund balance represented by appropriated net position remaining in the fund as budgeted revenue in the succeeding year. The results of operations on a generally accepted accounting principles basis do not recognize the fund balance allocation as revenue because it represents prior periods' excess of revenues over expenditures.

Encumbrance accounting is used during the year to reserve portions of the annual appropriation for unfilled purchase orders. Year-end encumbrances are not charged against the current-year appropriation and are carried forward into the next budget year.

#### **F. CASH IN BANKS**

The Louisiana Legislative Auditor defines cash as interest-bearing demand deposits. Under state law, the Louisiana Legislative Auditor may deposit funds within a fiscal agent bank organized under the laws of the state of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the Louisiana Legislative Auditor may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The fair market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

#### **G. CAPITAL ASSETS**

Capital assets are reported at cost on the date of acquisition or their estimated fair value at the date of donation. For movable property, the capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life greater than one year. For computer software purchased or developed for internal use, the capitalization threshold is \$1 million. For buildings, building improvements, and leasehold improvements, the capitalization threshold is \$100,000. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred. Depreciation is computed using the straight-line method over the following estimated useful lives of the assets:



Computer equipment	5 years
Office furniture and equipment	5 to 7 years
Vehicles	5 years
Computer software	3 years
Buildings and improvements	40 years
Leasehold improvements	Lesser of 20 years or lease term

## **H. COMPENSATED ABSENCES**

The long-term obligation of accumulated unpaid annual and compensatory leave is recorded in the Statement of Net Position and Statement of Activities. Employees accrue unlimited amounts of annual and sick leave at varying rates as established by the office's personnel manual. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to an employee at their current rate of pay. Upon retirement, annual leave in excess of 300 hours and all unused sick leave are credited as earned service in computing retirement benefits.

Furthermore, employees can earn compensatory leave for hours worked in excess of 80 hours per pay period. The compensatory leave may be used similarly to annual or sick leave, and any unused balance is paid to the employee upon resignation or retirement.

## **I. NONCURRENT LIABILITIES**

Noncurrent liabilities include estimated amounts for accrued compensated absences, other postemployment benefits, and pension liabilities that will not be paid within the next fiscal year.

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 Teachers' Retirement System of Louisiana (TRSL) and additions to/deductions from LASERS's and TRSL's fiduciary net position have been determined on the same basis as they are reported by LASERS and TRSL. 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. FUND BALANCE**

Fund balance is classified in the following components:

- (a) Nonspendable includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.



- (b) Restricted includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- (c) Committed includes fund balance amounts that are constrained for specific purposes that are internally imposed by the Louisiana State Legislature through legislative action and does not lapse at year-end.
- (d) Assigned includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. In addition to amounts encumbered by management, it includes the portion of fund balance that has been approved by the Louisiana State Legislature for appropriation in the subsequent fiscal year's budget. A modification to the appropriated amount requires action by the Louisiana State Legislature; however, this approval lapses at year-end.
- (e) Unassigned is the residual amount of fund balance which does not fall into one of the other components.

The Louisiana Legislative Auditor applies unrestricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Within unrestricted fund balance, unassigned amounts are reduced first followed by assigned and then committed amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used. The Louisiana Legislative Auditor does not have a formal minimum fund balance policy.

## **K. NET POSITION**

Net position comprises the various net earnings from revenues and expenses. Net position is classified in the following components:

- (a) Net investment in capital assets consists of the Louisiana Legislative Auditor's total investment in capital assets, net of accumulated depreciation and related debt.
- (b) Unrestricted consists of resources derived from audit fees and allocations, state appropriations, interest earnings, and other miscellaneous sources. These resources are used for transactions relating to general operations of the Louisiana Legislative Auditor and may be used at its discretion to meet current expenses and for any purpose.

**L. 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**M. ADOPTION OF NEW ACCOUNTING PRINCIPLES**

For the year ended June 30, 2023, the following statement was implemented: GASB statement 96, *Subscription-Based Information Technology Arrangements*. The following GASB statement was effective but did not impact the financial statements of the Louisiana Legislative Auditor: GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*.

**2. CASH IN BANK AND STATE TREASURY**

At June 30, 2023, the Louisiana Legislative Auditor has cash (book balances) in demand deposits totaling \$6,170,341. In addition, cash balances held and controlled by the State Treasurer totaled \$106,041. The balance held by the State Treasurer is secured from risk by the State Treasurer through separate custodial agreements, and the risk disclosures required by accounting principles generally accepted in the United States of America are included within the state's basic financial statements.

**3. RECEIVABLES**

Revenues generated from audit fees or allocations to state agencies are recorded immediately when earned. Receivables as shown on Statement A, net of an allowance for doubtful accounts, are composed of the following:

	Receivables	Allowance for Doubtful Accounts	Receivables, Net
Billed audit fees	\$391,330		\$391,330
Earned, but unbilled audit fees	1,701,969		1,701,969
Other	150,470		150,470
Total	<u>\$2,243,769</u>	<u>NONE</u>	<u>\$2,243,769</u>

There is no noncurrent portion of accounts receivable. State law limits the Louisiana Legislative Auditor's credit risk by allowing the State Treasurer to withhold appropriations from those agencies owing audit fees and allocations.

**4. PREPAID EXPENSES**

Prepaid expenses consist of the following:

Prepaid postage	\$709
Operating services	248,622
Travel	7,768
Supplies	<u>3,518</u>
Total	<u>\$260,617</u>

**5. CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2023, is as follows:

	Balance 6/30/2022*	Additions	Retirements	Balance June 30, 2023
Office equipment and furniture	\$503,668	\$34,741	(\$6,686)	\$531,723
Less accumulated depreciation	<u>(503,668)</u>	<u>(\$3,915)</u>	<u>6,686</u>	<u>(500,897)</u>
Total office equipment and furniture	<u>0</u>	<u>30,826</u>	<u>0</u>	<u>30,826</u>
Computer equipment	2,534,920	\$0		2,534,920
Less accumulated depreciation	<u>(2,433,365)</u>	<u>(70,046)</u>		<u>(2,503,411)</u>
Total computer equipment	<u>101,556</u>	<u>(70,046)</u>	<u>NONE</u>	<u>31,509</u>
Vehicles	58,460			58,460
Less accumulated depreciation	<u>(58,460)</u>			<u>(58,460)</u>
Total vehicles	<u>0</u>	<u>NONE</u>	<u>NONE</u>	<u>0</u>
Total capital assets being depreciated	<u>\$101,556</u>	<u>(\$39,221)</u>	<u>NONE</u>	<u>\$62,335</u>
Capital assets summary:				
Total cost of capital assets	\$3,097,048	\$34,741		\$3,125,103
Less accumulated depreciation	<u>(2,995,493)</u>	<u>(73,962)</u>		<u>(3,062,768)</u>
Capital assets, net	<u>\$101,556</u>	<u>(\$39,221)</u>	<u>NONE</u>	<u>\$62,335</u>

\* June 30, 2022, balance is restated

The accompanying statements do not include the value of land and buildings provided without cost to the Louisiana Legislative Auditor by the state of Louisiana. Those assets are recorded within the Annual Comprehensive Financial Report of the state of Louisiana.



## 6. ACCOUNTS PAYABLE

Accounts payable and accruals at June 30, 2023, are as follows:

Personnel services and related benefits	\$1,868,451
Travel	4,189
Operating services	77,960
Professional services	7,658
Supplies	6,674
Total	<u>\$1,964,932</u>

## 7. COMPENSATED ABSENCES

At June 30, 2023, employees of the Louisiana Legislative Auditor have accumulated and vested annual leave and compensatory leave of \$2,289,266 and \$312,145, respectively. These balances were computed in accordance with GASB Codification Section C60. The leave payable is recorded in the Statement of Net Position and Statement of Activities.

## 8. PENSION PLANS

### Plan Descriptions

The Louisiana Legislative Auditor is a participating employer in two state public employee retirement systems, LASERS and TRSL. Both systems have separate boards of trustees and administer cost-sharing, multiple-employer defined benefit pension plans, including classes of employees with different benefits and contribution rates (sub-plans). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of all sub-plans administered by these systems to the State Legislature. The systems issue annual, publicly-available financial reports that include financial statements and required supplementary information. The reports for LASERS and TRSL may be obtained at [www.lasersonline.org](http://www.lasersonline.org) and [www.trsl.org](http://www.trsl.org), respectively.

### Benefits Provided

#### Retirement Benefits - LASERS

LASERS administers a plan to provide retirement, disability, and survivor benefits to eligible state employees and their beneficiaries as defined in R.S. 11:411-417. Act 992 of the 2010 Regular Legislative Session closed existing sub-plans for members hired before January 1, 2011, and created new sub-plans for regular members, hazardous duty members, and judges. Act 226 of the 2014 Regular Legislative Session established new retirement eligibility for members of LASERS hired on or after July 1, 2015, excluding hazardous duty plan members. The age and years of creditable service required for a member to receive retirement benefits are

established by R.S. 11:441 and vary depending on the member's hire date, employer, and job classification. The computation of retirement benefits is defined in R.S. 11:444.

All Louisiana Legislative Auditor's members are regular plan members. Regular plan members hired before July 1, 2006, may retire with full benefits at any age upon completing 30 years of creditable service, at age 55 upon completing 25 years of creditable service, or at age 60 upon completing 10 years of creditable service. Regular members hired between July 1, 2006, and June 30, 2015, may retire with full benefits at age 60 upon completing 5 years of creditable service, and those hired after June 30, 2015, may retire with full benefits at age 62 upon completing 5 years of creditable service. Additionally, all regular plan members may choose to retire with 20 years of creditable service at any age, with an actuarially reduced benefit. The basic annual retirement benefit for regular plan members is equal to 2.5% of average compensation multiplied by the number of years of creditable service, generally not to exceed 100% of average compensation. Average compensation for regular members is defined in R.S. 11:403 as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed before July 1, 2006, or highest 60 consecutive months of employment for members employed on or after that date.

A member leaving service 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.

#### Retirement Benefits - TRSL

TRSL administers a plan to provide retirement, disability, and survivor benefits to employees who meet the legal definition of a "teacher" as provided for in R.S. 11:701. Statutory changes closed existing, and created new, sub-plans for members hired on or after January 1, 2011. The age and years of creditable service required for a member to receive retirement benefits are established by R.S. 11:761 and vary depending on the member's hire date. The computation for retirement benefits is defined in R.S. 11:768.

Members of the Regular Plan whose first employment makes them eligible for membership in a Louisiana state retirement system on or after July 1, 2015, may retire with a 2.5% benefit factor at age 62 upon completing at least 5 years of service credit and are eligible for an actuarially reduced benefit with 20 years of service at any age. Members hired between January 1, 2011, and June 30, 2015, may retire with a 2.5% benefit factor at age 60 upon completing at least 5 years of service credit and are eligible for an actuarially reduced benefit with 20 years of service at any age. Members hired between July 1, 1999, and December 31, 2010, are eligible for a 2.5% benefit factor at age 60 with 5 years of service, age 55 with 25 years of service, at any age with 30 years of service, and are eligible for an actuarially reduced benefit with 20 years of service at any age. Members hired before July 1, 1999, are eligible



for a 2% benefit factor at age 60 with 5 years of service, or at any age with 20 years of service and are eligible for a 2.5% benefit factor at age 65 with 20 years of service, age 55 with 25 years of service, or at any age with 30 years of service.

Retirement benefits are based on a formula which multiplies the final average compensation by the applicable accrual rate, and by the years of creditable service. Average compensation is defined in R.S. 11:701 as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed before January 1, 2011, or highest 60 consecutive months of employment for members employed on or after that date.

A retiring member is entitled to receive the maximum benefit payable until the member's death. In lieu of the maximum benefit, the member may elect to receive a reduced benefit payable in the form of a Joint and Survivor Option, or as a lump sum that can't exceed 36 months of the members' maximum monthly benefit amount.

Effective July 1, 2009, members may make an irrevocable election at retirement to receive an actuarially-reduced benefit which increases 2.5% annually, beginning on the first retirement anniversary date, but not before age 55 or before the retiree would have attained age 55 in the case of a surviving spouse. This option can be chosen in combination with the above options.

#### Deferred Retirement Benefits

LASERS and TRSL have each established 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 up to three years. The election is irrevocable once participation begins. During participation, benefits otherwise payable are fixed and deposited in an individual DROP account. Upon leaving DROP and terminating employment, members must choose among available alternatives for the distribution of benefits that have accumulated in their DROP accounts.

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial lump-sum benefit option in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits.

#### Disability Benefits

Eligibility requirements and benefit computations for LASERS disability benefits are provided for in R.S. 11:461. Members in active state service who become disabled, and who are not eligible for regular retirement, may receive a maximum disability benefit equivalent to the regular retirement formula without reduction by reason of age provided the member has at least 10 years of creditable service. Once reaching normal retirement age, disability retirees may apply to receive regular retirement benefits.



Under R.S. 11:778 and 11:779, TRSL members who have suffered a qualified disability are eligible for disability benefits if employed before January 1, 2011, and attained at least five years of service or if employed on or after January 1, 2011, and attained at least ten years of service. Members employed before January 1, 2011, receive disability benefits equal to 2.5% of average compensation multiplied by the years of service, but not more than 50% of average compensation subject to statutory minimums. Members employed on or after January 1, 2011, receive disability benefits equivalent to the regular retirement formula without reduction by reason of age.

### Survivor's Benefits

Provisions for LASERS survivor's benefits are provided for in R.S. 11:471-478. Under these statutes, the deceased 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, at least two of which were earned immediately before death, or who had a minimum of 20 years of service 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 minimum service requirement is 10 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 plan 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 minimum service credits for a surviving spouse include active service at the time of death and a minimum of 10 years of service credit, with two years being earned immediately prior to death, or a minimum of 20 years regardless of when earned. In addition, the deceased regular plan member's spouse must have been married for at least one year before death.

Provisions for TRSL survivor benefits are provided for in R.S. 11:762. A surviving spouse with minor children of an active member with at least five years of creditable service (two years immediately prior to death) is entitled to a benefit equal to the greater of (a) \$600 per month, or (b) 50% of the member's benefit calculated at the 2.5% accrual rate for all creditable service. When minor children are no longer eligible to receive survivor benefits, and the deceased member had at least 10 years of creditable service, the spouse's benefit reverts to a survivor benefit in accordance with the provisions for a surviving spouse with no minor children. Benefits for the minor children cease when they are no longer eligible. Each minor child (maximum of two) shall receive an amount equal to the greater of (a) 50% of the spouse's benefit or (b) \$300 (up to two eligible children). Benefits to minors cease at attainment of age 21, marriage, or age 23 if enrolled in an approved institution of higher education. A surviving spouse without minor children of an active member with at least 10 years of creditable service (two years immediately prior to death) or 20 years of creditable service (regardless of when earned) is entitled to a benefit equal to the greater of (a) \$600 per month, or (b) the option 2 equivalent of the benefit calculated at the 2.5% accrual rate for all creditable service. If a surviving spouse remarries before the age of 55 and the deceased active member had less than 20 years of creditable service, the surviving spouse's benefit will cease.

*Permanent Benefit Increases/Cost-of-Living Adjustments*

As fully described in Title 11 of the Louisiana Revised Statutes, LASERS and TRSL allow for the payment of ad hoc permanent benefit increases, also known as cost-of-living adjustments (COLAs), that are funded through investment earnings when recommended by the retirement systems' Board of Trustees and approved by the State Legislature. LASERS and TRSL have established an Experience Account to fund permanent benefit increases for retirees. These ad hoc COLAs are not considered to be substantively automatic.

**Contributions**

Employee contribution rates are established by R.S. 11:62. Employer contribution rates are established annually under R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the systems' actuaries. Employer contribution rates are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Each plan pays a separate actuarially determined employer contribution rate. However, all assets of each plan are used for the payment of benefits for all classes of members within each system, regardless of their plan membership.

The employee contribution rate for LASERS and TRSL is 8% of covered payroll, except for LASERS members hired before July 1, 2006, who contribute 7.5% of covered payroll. For fiscal year 2023, the employer contribution rate for LASERS and TRSL is 40.4% and 24.8%, respectively. Employer contributions to LASERS and TRSL for fiscal year 2023 totaled \$7,566,217 and \$70,183, respectively. Non-employer contributing entity contributions to TRSL, which are comprised of ad valorem tax revenue, totaled \$2,798, and were recognized as revenue in fiscal year 2023 by the Louisiana Legislative Auditor.

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

At June 30, 2023, the Louisiana Legislative Auditor reported a liability for LASERS and TRSL of \$64,473,182 and \$590,106, respectively, for its proportionate share of the collective net pension liability. The net pension liabilities were measured as of June 30, 2022, and the total pension liabilities used to calculate the net pension liability were determined by actuarial valuations as of that date. The Louisiana Legislative Auditor's proportions of the net pension liability for each retirement system were based on projections of the Louisiana Legislative Auditor's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Louisiana Legislative Auditor's projected contribution effort was calculated by multiplying the eligible annual compensation of active members in the plans as of June 30, 2022, by the fiscal year 2023 actuarially required contribution rates. As of June 30, 2022, the most recent measurement date, the Louisiana Legislative Auditor's proportion for



LASERS and TRSL was 0.85285% and 0.00618%, respectively. Compared to its proportion measured as of June 30, 2021, this reflects an increase of 0.00143% for LASERS and an increase of 0.00239% for TRSL.

For the year ended June 30, 2023, the Louisiana Legislative Auditor recognized total pension expense of \$6,318,726, or \$6,282,420 and \$36,306 for LASERS and TRSL, respectively. At June 30, 2023, the Louisiana Legislative Auditor 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		
	LASERS	TRSL	Total	LASERS	TRSL	Total
Differences between expected and actual experience	\$175,827	\$9,147	\$184,974		\$1,702	\$1,702
Changes of assumptions	1,172,213	39,803	1,212,016			
Net difference between projected and actual earnings on pension plan investments	5,193,081	33,488	5,226,569			
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,522	330,441	331,963			
Employer contributions subsequent to the measurement date	7,566,217	70,183	7,636,400			
Total	<u>\$14,108,860</u>	<u>\$483,062</u>	<u>\$14,591,922</u>	<u>\$0</u>	<u>\$1,702</u>	<u>\$1,702</u>

Deferred outflows of resources related to pensions resulting from the Louisiana Legislative Auditor's contributions subsequent to the measurement date will be recognized as a reduction of LASERS and TRSL net pension liability in the year ended June 30, 2024. 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:	LASERS	TRSL	Total
2024	3,222,762	117,790	3,340,552
2025	1,073,032	111,079	1,184,111
2026	(1,313,179)	90,526	(1,222,653)
2027	3,560,028	91,782	3,651,810
Total	<u>\$6,542,643</u>	<u>\$411,177</u>	<u>\$6,953,820</u>



## Actuarial Assumptions and Methodologies

The total pension liabilities for LASERS and TRSL in the June 30, 2022, actuarial valuations were determined using the following actuarial assumptions and methodologies, applied to all periods included in the measurements:

	<b>LASERS</b>	<b>TRSL</b>
<b>Valuation Date</b>	June 30, 2022	June 30, 2022
<b>Actuarial Cost Method</b>	Entry Age Normal	Entry Age Normal
<b>Amortization Approach</b>	Closed	Closed
<b>Expected Remaining Service Lives</b>	2 years	5 years
<b>Investment Rate of Return (Discount Rate)</b>	7.25% per annum, net of investment expense	7.25% per annum, net of investment expense
<b>Inflation Rate</b>	2.3% per annum	2.3% per annum
<b>Mortality</b>	<p><i>General active members:</i> RP-2014 Blue Collar Employee table, adjusted by 0.978 for males and 1.144 for females.</p> <p><i>General retiree/inactive members (males):</i> RP-2014 Blue Collar Annuitant table, adjusted by 1.280.</p> <p><i>General retiree/inactive members (females):</i> RP-2014 White Collar Annuitant table, adjusted by 1.417.</p> <p><i>Disability Retirees:</i> RP-2000 Disability Retiree table, adjusted by 1.009 for males and 1.043 for females, with no projection for improvement.</p> <p>Mortality assumptions for active and regular retirees include adjustments for expected future mortality improvement using the MP-2018 Generational Improvement Scale.</p>	<p><i>Active members:</i> RP-2014 White Collar Employee tables, adjusted by 1.010 for males and by 0.997 for females.</p> <p><i>Non-Disabled retiree/inactive members:</i> RP-2014 White Collar Healthy Annuitant tables, adjusted by 1.366 for males and by 1.189 for females.</p> <p><i>Disability retirees:</i> RP-2014 Disability tables, adjusted by 1.111 for males and by 1.134 for females.</p> <p>These base tables are adjusted from 2014 to 2018 using the MP-2017 generational improvement table, with continued future mortality improvement projected using the MP-2017 generational mortality improvement tables.</p>
<b>Termination, Disability, and Retirement Assumptions</b>	Based on 2014-2018 experience study of plan's members	Based on 2013-2017 experience study of plan's members
<b>Projected Salary Increases</b>	2014-2018 experience study, ranging from 3.0% to 12.8% for regular plan members depending on duration of service	3.1% - 4.6%, varies depending on duration of service
<b>Cost of Living Adjustments</b>	Not substantively automatic	Not substantively automatic

The projected benefit payments do not include provisions for potential future increases not yet authorized by the LASERS and TRSL Boards of Trustees as these ad hoc COLAs were deemed not to be substantively automatic. However, the LASERS and TRSL assumptions include an adjustment to recognize that investment earnings will be allocated to the experience account to fund potential future increases.

The June 30, 2022, LASERS valuations include the following changes in assumptions:

- The discount rate was reduced from 7.40% to 7.25%, effective July 1, 2022. This change was anticipated in the prior valuation when determining the projected contribution requirements for fiscal year 2023 and is also used to determine the projected contribution requirements for fiscal year 2024.
- Act 656 of 2022 provided a one-time supplemental payment equal to the lesser of the retiree's or beneficiary's monthly benefit, or \$2,000. Eligibility is based on the current statutory COLA eligibility requirements. The increase in accrued liability includes the present value of the payment and is offset by funds disbursed from the Experience Account.

The June 30, 2022, TRSL valuations include the following changes in assumptions:

- The discount rate for the June 30, 2022 valuation was reduced from 7.40% to 7.25%. This change was anticipated in the determination of the projected contribution requirements for fiscal year 2023.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.3% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.34% and 8.32% for LASERS and TRSL, respectively. The target allocation and best estimates of geometric (LASERS) and arithmetic (TRSL) real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022, are summarized in the following tables:



Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	LASERS	TRSL	LASERS	TRSL
Cash	0.0%		0.39%	
Domestic equity	31.0%	27.0%	4.57%	4.15%
International equity	23.0%	19.0%	5.76%	5.16%
Domestic fixed income	3.0%	13.0%	1.48%	0.85%
International fixed income	17.0%	5.5%	5.04%	-0.10%
Alternative investments	26.0%		8.30%	
Private equity		25.5%		8.15%
Other private assets		10.0%		3.72%
Total	<u>100.0%</u>	<u>100.0%</u>	5.91%	

### Discount Rates

The discount rate used by LASERS and TRSL to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that participating employer contributions will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the respective pension system's 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 Rates

The following table presents the Louisiana Legislative Auditor's proportionate share of the net pension liability using the current discount rate, as well as what the Louisiana Legislative Auditor'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% Decrease	Current Discount Rate	1% Increase
LASERS	\$81,126,079	\$64,473,182	\$49,288,160
TRSL	810,434	590,106	390,064
Total	<u>\$81,936,513</u>	<u>\$65,063,288</u>	<u>\$49,678,224</u>

### Pension Plan Fiduciary Net Position

Detailed information about the LASERS and TRSL fiduciary net position is available in the separately issued Annual Comprehensive Financial Reports at <http://www.lasersonline.org> and [www.trsl.org](http://www.trsl.org), respectively.



**Payables to the Pension Plans**

At June 30, 2023, payables to LASERS and TRSL were \$1,191,252 and \$7,965, respectively, for June 2023 employee and employer legally-required contributions.

**9. OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

The Louisiana Legislative Auditor provides certain continuing health care and life insurance benefits for its retired employees. Substantially all employees of the Louisiana Legislative Auditor, who participate in a health plan while active, are eligible for plan benefits if they are enrolled in the health plan immediately before the date of retirement and retire under one of the state sponsored retirement systems.

The Louisiana Legislative Auditor offers its employees the opportunity to participate in one of two medical coverage plans. One plan is from the state's Office of Group Benefits (OGB), which also offers a life insurance plan, and the other plan is with the Louisiana State University (LSU) System Health Plan.

These plans are not administered as formal trusts; therefore, there are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75 to pay future OPEB obligations. The plans are funded on a "pay-as-you-go basis" under which the contributions to the plans are generally made at about the same time and in about the same amount as benefit payments become due. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Information about each of these two plans is presented on the following pages.

**Plan Descriptions and Benefits Provided****State OGB Plan**

OGB administers the State of Louisiana Post-Retirement Benefits Plan – a defined-benefit, multiple-employer other postemployment 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.

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. Retired employees who have Medicare Part A and Part B coverage also have access to six fully insured Medicare Advantage plans and an Individual Medicare Market Exchange plan that provides monthly health reimbursement arrangement credits.

The employer contribution percentage is based on the date of participation in an OGB plan and employee years of service at retirement. Employees who began participation or rejoined 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:

<u>Years of Participation</u>	<u>Employer Contribution Percentage</u>	<u>Retiree Contribution Percentage</u>
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. The life insurance benefits offered by the State OGB Plan are also available to retirees who elect to participate in the LSU System Health Plan. 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. The total monthly premium for retirees varies according to age group.

#### LSU System Health Plan

Effective January 1, 2014, the Louisiana Legislative Auditor became one of a limited number of state agencies that may participate in the LSU System Health Plan. The state agency participation is not material, and, as such, the plan is identified as a single-employer defined benefit OPEB plan.

The Health Plan originally began as a pilot program within OGB, the office that provides health benefits to state employees and later the administration was transferred to the LSU System. R.S. 42:851 grants the authority to establish or amend benefits under the plan.

The Health Plan offers eligible employees, retirees, and their beneficiaries the opportunity to participate in comprehensive health and preventive care coverage that



gives members a unique, consumer-driven health-care approach to pay routine health expenses and provides coverage for major healthcare expenses.

While actuarially determined, the plan rates must be approved by the LSU First Benefits Oversight Committee. Plan rates are in effect for one year, and members have the opportunity to switch providers during the open enrollment period, which usually occurs during October.

Employer contributions are based on plan premiums and the employer contribution percentage. Employees who participate in a Health Plan through the State of Louisiana who retire with 20 or more years of medical coverage are generally required to pay the active contribution rate for retiree and dependent coverage prior to qualifying for Medicare, and 25% of the applicable premium for coverage once eligible for Medicare. All others pay a percentage of the retiree contribution rate (which differs for pre-Medicare eligible retirees and Medicare eligible retirees) based upon years of medical coverage at retirement. For eligible retirees, the percentages are as follows:

<u>Years of Participation</u>	<u>Employer Contribution Percentage</u>	<u>Retiree Contribution Percentage</u>
Under 10 years	19%	81%
10 - 14 years	38%	62%
15 - 19 years	56%	44%
20+ years	75%	25%

### **Collective Total OPEB Liability and Changes in Collective Total OPEB Liability**

The collective total OPEB liability for the State OGB Plan was measured as of July 1, 2022, and was determined by an actuarial valuation as of that date. The collective total OPEB liability for the LSU System Health Plan was determined by an actuarial valuation as of January 1, 2023, which was rolled forward to the measurement date of June 30, 2023. The following table presents the Louisiana Legislative Auditor's liability for its proportionate share of the collective total OPEB liability at June 30, 2023:

	<u>State OGB Plan</u>	<u>LSU System Health Plan</u>	<u>Total</u>
Liability for Proportionate Share of Collective Total OPEB Liability	\$13,701,835	\$13,166,376	\$26,868,211

The Louisiana Legislative Auditor's proportionate share percentage is based on the employer's individual OPEB actuarial accrued liability (AAL) in relation to the total OPEB AAL liability for all participating entities included in the State of Louisiana reporting entity. For the State OGB Plan, the Louisiana Legislative Auditor's proportion was 0.2030% as of the measurement date of July 1, 2022, a decrease of 0.0150% since the measurement date of July 1, 2021. For the LSU System Health



Plan, the Louisiana Legislative Auditor's proportion was 1.5748% as of the measurement date of June 30, 2023, an increase of 0.0453% since the measurement date of June 30, 2022.

The collective total OPEB liability in the actuarial valuations were determined using the following actuarial methods, assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	<b>State OGB Plan</b>	<b>LSU System Health Plan*</b>
<b>Measurement Date</b>	July 1, 2022	June 30, 2023
<b>Valuation Date</b>	July 1, 2022	January 1, 2023
<b>Actuarial Cost Method</b>	Entry Age Normal, level percentage 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.	Entry Age Normal, level percentage of pay
<b>Expected Remaining Service Lives</b>	4.5 years	6.9 years
<b>Inflation Rate</b>	2.40%	3.0%
<b>Salary Increase Rate</b>	Consistent with the pension plans disclosed in note 8	Consistent with the pension plans disclosed in note 8
<b>Discount Rate</b>	4.09% based on June 30, 2022 S&P's 20-year municipal bond index rate	3.65%
<b>Mortality Rates</b>	Consistent with the pension plans disclosed in note 8	<p><i>Non-Disabled Lives:</i> Pub-2010 headcount weighted mortality table with generational scale MP-21, applied specifically for teachers, general and safety personnel.</p> <p><i>Disabled Lives:</i> Pub-2010 headcount weighted disabled mortality table with generational scale MP-21, applied specifically for teachers, general and safety personnel.</p> <p>Note: No future mortality improvements other than the generation scaling for MP-21 were used.</p>

	State OGB Plan	LSU System Health Plan*																		
<b>Healthcare Cost Trend Rates</b>	7.00% for pre-Medicare eligible employees grading down by .25% each year, beginning in 2022-2023, to an ultimate rate of 4.5% in 2032-2033 and thereafter; 5.50% for post-Medicare eligible employees grading down by .10% each year, beginning in 2022-2023, 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.	<p>The following annual trend rates based on the current HCA Consulting trend study. The long term rates are determined utilizing the Gretzen model, published by the Society of Actuaries. Select trends are reduced 0.25% each year until reaching the ultimate trend rate.</p> <table> <tr> <th>Benefit</th><th>Select</th><th>Ultimate</th></tr> <tr> <td>Pre-Medicare</td><td></td><td></td></tr> <tr> <td>Medical/Rx benefits</td><td>7.0%</td><td>4.0%</td></tr> <tr> <td>Medicare benefits</td><td>6.0%</td><td>4.0%</td></tr> <tr> <td>Stop loss fees</td><td>7.0%</td><td>4.0%</td></tr> <tr> <td>Administrative fees</td><td>4.0%</td><td>4.0%</td></tr> </table>	Benefit	Select	Ultimate	Pre-Medicare			Medical/Rx benefits	7.0%	4.0%	Medicare benefits	6.0%	4.0%	Stop loss fees	7.0%	4.0%	Administrative fees	4.0%	4.0%
Benefit	Select	Ultimate																		
Pre-Medicare																				
Medical/Rx benefits	7.0%	4.0%																		
Medicare benefits	6.0%	4.0%																		
Stop loss fees	7.0%	4.0%																		
Administrative fees	4.0%	4.0%																		

\*Because this is a roll-forward year, the only applicable change in the valuation is the discount rate.

Changes of assumptions and other inputs from the prior year valuation include the following:

#### State OGB Plan

- The discount rate increased from 2.18% to 4.09%.
- Baseline per capita costs and medical plan election percentages were updated to reflect 2022 claims and enrollment. Plan claims and premiums increased less than expected which decreased the Plan's liability.
- Medical plan election percentages were updated based on coverage elections of recent retirees.
- The termination rate for LASERS Wildlife participants was updated to be consistent with the rates used in the LASERS pension valuation which resulted in an increase in the Plan's liability.
- The mortality rates for Public Safety participants were updated to be consistent with the rates used in the LASERS pension valuation which increased the Plan's liability.

#### LSU System Health Plan

- The discount rate increased from 3.54% to 3.65%.

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

The following table presents the Louisiana Legislative Auditor's proportionate share of the collective total OPEB liability using the current discount rate as well as what

the Louisiana Legislative Auditor's proportionate share of the collective total 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% Decrease	Current Discount Rate	1% Increase
State OGB Plan	\$11,889,321	\$13,701,835	\$15,983,831
LSU System Health Plan	10,999,813	13,166,376	15,931,315
Total Proportionate Share of Collective Total OPEB Liability	<u>\$22,889,134</u>	<u>\$26,868,211</u>	<u>\$31,915,146</u>

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

The following table presents the Louisiana Legislative Auditor's proportionate share of the collective total OPEB liability using the current healthcare cost trend rates as well as what the Louisiana Legislative Auditor's proportionate share of the collective total 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% Decrease	Current Healthcare Cost Trend Rate	1% Increase
State OGB Plan	\$11,884,931	\$13,701,835	\$16,018,393
LSU System Health Plan	10,854,923	13,166,376	16,272,184
Total Proportionate Share of Collective Total OPEB Liability	<u>\$22,739,854</u>	<u>\$26,868,211</u>	<u>\$32,290,577</u>

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

For the year ended June 30, 2023, the Louisiana Legislative Auditor recognized OPEB expense of \$(131,935), or \$(1,000,006) and \$868,071 for the State OGB Plan and LSU System Health Plan, respectively. At June 30, 2023, Louisiana Legislative Auditor 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		
	State OGB Plan	LSU System Health Plan	Total	State OGB Plan	LSU System Health Plan	Total
Differences between expected and actual experience	\$416,811	\$782,524	\$1,199,335		\$487,992	\$487,992
Changes of assumptions or other inputs	939,733	2,505,894	3,445,627	4,502,530	4,755,295	9,257,825
Changes in proportion and differences between benefit payments and proportionate share of benefit payments	60,928	187,699	248,627	1,144,210		1,144,210
Amounts paid by the employer for OPEB subsequent to the measurement date	542,605		542,605			
Total	<u>\$1,960,077</u>	<u>\$3,476,117</u>	<u>\$5,436,194</u>	<u>\$5,646,740</u>	<u>\$5,243,287</u>	<u>\$10,890,027</u>

Deferred outflows of resources related to OPEB resulting from the Louisiana Legislative Auditor's benefit payments subsequent to the measurement date will be recognized as a reduction of the collective total OPEB liability in the year ended June 30, 2024. Other 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:	State OGB Plan	LSU System Health Plan	Total
2024	(\$1,223,509)	(\$35,075)	(\$1,258,584)
2025	(1,002,785)	26,295	(976,490)
2026	(1,275,811)	(302,191)	(1,578,002)
2027	(727,163)	(730,438)	(1,457,601)
2028		(711,834)	(711,834)
Thereafter		(13,927)	(13,927)
Total	<u>(\$4,229,268)</u>	<u>(\$1,767,170)</u>	<u>(\$5,996,438)</u>

## 10. CONTINGENT LIABILITIES AND RISK MANAGEMENT

The Louisiana Legislative Auditor limits its exposure to risk of loss through the Office of Risk Management, a statewide insurance program. Through the payment of premiums to the program, the Louisiana Legislative Auditor transfers the risk of loss from theft, torts, damage to and destruction of assets, workers' compensation, errors and omissions, and natural disasters. The amount of settlements paid in the last three years did not exceed insurance coverage.

Losses arising from litigation, claims, and similar contingencies are considered state liabilities and are paid by special appropriations made by the Louisiana Legislature. Any applicable litigation, claims, and similar contingencies are not recognized in the accompanying financial statements.

At June 30, 2023, the Louisiana Legislative Auditor is involved in litigation relating to his function as the state auditor. In the opinion of legal counsel, resolution of the

litigation would not result in substantial liability to the Louisiana Legislative Auditor (or state of Louisiana) and, accordingly, is not recorded in the accompanying financial statements.

## 11. LEASE OBLIGATIONS

The Louisiana Legislative Auditor has lease agreements for office and storage space in Baton Rouge, Hammond, Shreveport, and New Orleans. The lease agreements have nonappropriation exculpatory clauses that allow lease cancellation if the legislature does not make an appropriation for its continuation during any future fiscal period. All of these leases are short-term leases.

## 12. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of the changes in the Louisiana Legislative Auditor's long-term liabilities for the year ended June 30, 2023:

	Balance, June 30, 2022	Additions	Reductions	Balance, June 30, 2023	Amounts Due Within One Year
Compensated absences	<u>\$2,487,426</u>	<u>\$1,224,223</u>	<u>(\$1,110,238)</u>	<u>\$2,601,411</u>	<u>\$172,842</u>

Information about changes in the net pension liability and the OPEB liability are contained in notes 8 and 9, respectively.

## 13. FUND BALANCE/NET POSITION

Fund balance includes amounts classified as assigned for the following purposes:

Appropriated for subsequent fiscal year	<u>\$4,833,250</u>
Total assigned fund balance	<u>\$4,833,250</u>

The Louisiana Legislative Auditor reported a deficit unrestricted net position of \$78,518,349 as of June 30, 2023. The deficit is due to the recording of net pension liability and other postemployment benefits.

**14. PROFESSIONAL SERVICES**

Professional services, reported on Statement B, include the following professional fees:

Carahsoft Technology Corporation	Technology Services	\$1,976
Deaf Focus	Sign Language Services	240
DLI Tools, Inc.	Network Support and Maintenance	2,800
Gabriel, Roeder, Smith & Company	Actuarial Services	277,547
iCMS, Inc.	Software system development	46,183
Leslie R. Nettleton	Training Services	100
Milliman, Inc.	Actuarial Services	36,445
National Association of State Auditors	Peer Review	22,907
Professional Recruiting, LLC	Recruiting Services	49,911
Rockit Science Agency, Inc.	Consulting Services	76,560
Round Table Solutions	Software Support	790
Stacy C. LeJeune	Training Services	3,070
Sunflower Development Solution	Broadcasting and Recording Services	9,264
Total		<u>\$527,793</u>

**15. OTHER COSTS**

The state of Louisiana, through other appropriations, provides office space and utilities for the main office in Baton Rouge, all of which are not included in the accompanying financial statements.

**16. DEFERRED COMPENSATION PLAN**

Certain employees of the Louisiana Legislative Auditor participate in the Louisiana Public Employees Deferred Compensation Plan adopted under the provisions of the Internal Revenue Code Section 457. Complete disclosures relating to the Plan are included in the separately issued audit report of the Plan available from the Louisiana Legislative Auditor's website at [www.lia.la.gov](http://www.lia.la.gov).



## **REQUIRED SUPPLEMENTARY INFORMATION**

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### **BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

Schedule 1 presents a budgetary comparison for the General Fund.

### **SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE COLLECTIVE TOTAL OPEB LIABILITY**

Schedule 2 presents certain specific data regarding the employer's proportionate share of the Other Postemployment Benefits Plans.

### **SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Schedule 3 presents certain specific data regarding the employer's proportionate share of the net pension liability.

### **SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS**

Schedule 4 presents certain specific data regarding the employer's contributions to its pension plans.

**LOUISIANA LEGISLATIVE AUDITOR  
STATE OF LOUISIANA**
**Budgetary Comparison Schedule - General Fund  
Budget to Actual (Non-GAAP Budgetary Basis)  
For the Year Ended June 30, 2023**

	ACTUAL AMOUNTS			BUDGETED AMOUNTS		
	GAAP BASIS	GAAP TO BUDGET DIFFERENCES	BUDGETARY BASIS	ORIGINAL	FINAL	VARIANCE
REVENUES APPROPRIATED BY LEGISLATURE						
State General Fund	\$12,500,000		\$12,500,000	\$12,500,000	\$12,500,000	
Audit fees and self-generated revenues	23,707,536		23,707,536	23,564,434	23,564,434	\$143,102
Reappropriated fund balance		3,738,539 (1)	3,738,539	3,738,539	3,738,539	
Total revenues	36,207,536	3,738,539	39,946,075	39,802,973	39,802,973	143,102
EXPENDITURES						
Personnel services and related benefits	30,978,404	1,007,369 (2)	31,985,773	32,529,868	32,492,308	506,535
Travel	284,307	340 (3)	284,647	553,450	456,881	172,234
Operating services	1,400,815	19,473 (3)	1,420,288	1,598,540	1,652,630	232,342
Supplies	99,155	(5,073) (3)	94,082	142,525	146,735	52,653
Professional services	527,793		527,793	963,500	1,040,314	512,521
Capital outlay	216,270		216,270	276,551	275,566	59,296
Total expenditures	33,506,744	1,022,109	34,528,853	36,064,434	36,064,434	1,535,581
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES						
	2,700,792	2,716,430	5,417,222	3,738,539	3,738,539	1,678,683
FUND BALANCE AT BEGINNING OF YEAR						
	2,393,075	1,345,464 (4)	3,738,539	3,738,539	3,738,539	
Less reappropriated fund balance		(3,738,539) (1)	(3,738,539)	(3,738,539)	(3,738,539)	
FUND BALANCE AT END OF YEAR						
	\$5,093,867	\$323,355	\$5,417,222	\$3,738,539	\$3,738,539	\$1,678,683

**\*Explanation of Differences**

(1) The budget includes reappropriated fund balances carried over from prior years to cover expenditures of the current year. The results of operations on a GAAP basis do not recognize these amounts as revenue since they represent prior period's excess of revenues over expenditures.

(2) Personnel services and related benefits are budgeted only to the extent expected to be paid, rather than on the modified accrual basis.

(3) Certain expenditures are budgeted based on when payments are required to be made, but are properly classified as prepaid expenditures on a GAAP basis.

(4) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the budget. (See Note 1.E. for a description of the Louisiana Legislative Auditor's budgetary accounting method.) This amount differs from the fund balance reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances (Statement B) because of the cumulative effect of transactions such as those described above.

**LOUISIANA LEGISLATIVE AUDITOR  
STATE OF LOUISIANA**

**Schedule of Employer's Proportionate Share  
of the Collective Total OPEB Liability  
For the Year Ended June 30, 2023**

<u>Fiscal Year</u>	<u>Employer's Proportion of the Collective Total OPEB Liability</u>	<u>Employer's Proportionate Share of the Collective Total OPEB Liability</u>	<u>Employer's Covered- Employee Payroll</u>	<u>Employer's Proportionate Share of the Collective Total OPEB Liability as a % of the Covered- Employee Payroll</u>
<u>State OGB Plan</u>				
2023	0.2030%	\$13,701,835	\$8,026,100	170.7%
2022	0.2180%	\$19,965,399	\$7,255,399	275.2%
2021	0.2161%	\$17,903,200	\$7,483,261	239.2%
2020	0.2164%	\$16,711,496	\$7,176,156	232.9%
2019	0.2251%	\$19,216,387	\$7,263,337	264.6%
2018	0.2537%	\$22,047,649	\$8,256,469	267.0%
2017	0.2537%	\$23,017,237	\$9,873,773	233.1%
<u>LSU System Health Plan</u>				
2023	1.5748%	\$13,166,376	\$11,264,719	116.9%
*2022	1.5295%	\$12,496,048	\$10,804,660	115.7%
2021	1.4113%	\$20,762,631	\$11,215,664	185.1%
2020	1.3720%	\$19,237,484	\$11,116,595	173.1%
2019	1.2675%	\$13,856,847	\$10,182,630	136.1%
2018	1.2158%	\$11,862,566	\$9,607,763	123.5%
2017	1.1908%	\$12,019,076	\$9,278,507	129.5%

\* OPEB Liability percentage and amount and covered payroll percentage are restated as a result of the actuarial report that was reissued in December 2022.

The schedule is intended to report information for 10 years. Additional years will be displayed as they become available. The amounts presented for the State OGB Plan have a measurement date of the previous fiscal year while the amounts for the LSU System Health Plan have a measurement date of the current fiscal year.

The accompanying notes are an integral part of this schedule.



**NOTES TO REQUIRED SUPPLEMENTARY SCHEDULE**  
**Schedule of Employer's Proportionate Share**  
**of the Collective Total OPEB Liability**  
**For the Year Ended June 30, 2023**

**STATE OGB PLAN**

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

***Changes in Assumptions***

- The valuation report as of July 1, 2017, increased the discount rate from 2.71% to 3.13%.
- The valuation report as of July 1, 2018, made the following changes:
  - The discount rate decreased from 3.13% to 2.98%.
  - Baseline per capita costs were adjusted to reflect 2018 claims and enrollment, and retiree contributions were updated based on 2019 premiums. The impact of the high cost excise tax was revisited, reflecting updated plan premiums.
  - The percentage of future retirees assumed to elect medical coverage was adjusted based on recent plan experience.
  - Demographic assumptions were revised for the Teachers' Retirement System of Louisiana, Louisiana School Employees' Retirement System, and Louisiana State Police Retirement System to reflect recent experience studies.
  - Mortality assumptions for members in LASERS were updated from using projection scale MP-2017 to using projection scale MP-2018.
- The valuation report as of July 1, 2019, made the following changes:
  - The discount rate decreased 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.
- The valuation report as of July 1, 2020, made the following changes:
  - The discount rate decreased from 2.79% to 2.66%.
  - Baseline per capita costs 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, this experience was not believed to be 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 been updated based on a review of OPEB experience from July 1, 2017, through June 30, 2020.
- The valuation report as of July 1, 2021, made the following changes:
  - The discount rate decreased from 2.66% to 2.18%.
  - Baseline per capita costs were updated to reflect 2021 claims and enrollment.
  - Medical plan election percentages were updated based on the coverage elections of recent retirees.
  - The healthcare cost trend rate assumption was revised based on updated National Health Care Trend Survey information.
- The valuation report as of July 1, 2022, made the following changes:
  - The discount rate increased from 2.18% to 4.09% since the previous valuation, which decreased the Plan's liability.
  - Baseline per capita costs (PCCs) and medical plan election percentages were updated to reflect 2022 claims and enrollment.

Plan claims and premiums increased less than had been expected, which decreased the Plan's liability.

- Medical plan election percentages were updated based on the coverage elections of recent retirees and a review of the past three years of experience.
- The termination rate for LASERS Wildlife participants was updated to be consistent with the rates used in the LASERS pension valuation. This resulted in an increase in the Plan's liability.

## **LSU SYSTEM HEALTH PLAN**

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

### ***Factors Affecting Trends***

- The valuation report as of June 30, 2018, made the following changes:
  - Increased the discount rate from 3.58% to 3.90%.
  - Updated plan design changes as of January 1, 2018.
  - Updated claim costs for the expected retiree health costs.
  - Census changes since the last evaluation.
- The valuation report as of June 30, 2019, decreased the discount rate from 3.90% to 3.50%.
- The valuation report as of June 30, 2020, made the following changes:
  - The discount rate decreased from 3.50% to 2.21%.
  - The retirement rates were updated to the most recent rates from the LASERS and TRSL Actuarial Valuations.
  - The mortality assumption was updated from RP-2014 mortality table with generational scale MP-2018 to the Pub-2010 mortality table with generational scale MP-2019 to reflect the Society of Actuaries' recent mortality study.
- The valuation report as of June 30, 2021, decreased the discount rate from 2.21% to 2.16%.
- The valuation report as of June 30, 2022, made the following changes:
  - The discount rate increased from 2.16% to 3.54%.



- The retirement table of Judges group was corrected slightly to align with the rates as presented in the 2021 pension valuation reports.
- The trend rates were reset to an initial rate of 7.00% (6.00% for post-Medicare), grading down by 0.25% per year until reaching the ultimate rate of 4.00% based on current Healthcare Analytics (HCA) Consulting trend study; current economic environment suggests a longer period until reaching the ultimate rate. Additionally, the Getzen model was utilized to determine an appropriate long term ultimate trend.
- The payroll growth increases were updated to match the LASERS and TRSL Actuarial Valuations accordingly.
- Participation rates were updated based on five years of historical uptake information, broken out members years of service to properly allocate subsidies based on subsidy eligibility.
- The mortality projection scale was updated from MP-2019 to MP-2021 to reflect the Society of Actuaries' recent mortality study.
- The valuation report as of June 30, 2023, increased the discount rate from 3.54% to 3.65%.

**LOUISIANA LEGISLATIVE AUDITOR  
STATE OF LOUISIANA**
**Schedule of Employer's Proportionate Share  
of the Net Pension Liability  
For the Year Ended June 30, 2023**

<u>Fiscal Year *</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
<u>LASERS:</u>					
2023	0.85285%	\$64,473,182	\$18,222,373	353.8%	63.7%
2022	0.85142%	\$46,861,730	\$18,558,857	252.5%	72.8%
2021	0.91734%	\$75,869,897	\$19,396,237	391.2%	58.0%
2020	0.91703%	\$66,438,318	\$17,970,998	369.7%	62.9%
2019	0.93003%	\$63,427,095	\$17,242,420	367.9%	64.3%
2018	0.90288%	\$63,552,115	\$17,838,477	356.3%	62.5%
2017	0.95894%	\$75,301,182	\$18,395,693	409.3%	57.7%
2016	0.93625%	\$63,678,997	\$17,844,855	356.8%	62.7%
2015	0.92845%	\$58,055,159	\$17,977,900	322.9%	65.0%
2014	0.88909%	\$64,767,090	\$17,704,314	365.8%	58.6%
<u>TRSL:</u>					
2023	0.00618%	\$590,106	\$171,446	344.2%	72.4%
2022	0.00379%	\$202,606	\$16,500	1227.9%	83.9%
2021	0.00000%	\$0	\$0	0.0%	65.6%
2020	0.00000%	\$0	\$0	0.0%	68.6%
2019	0.00000%	\$0	\$115,397	0.0%	68.2%
2018	0.00630%	\$645,766	\$272,878	236.7%	65.6%
2017	0.00706%	\$828,866	\$307,401	269.6%	59.9%
2016	0.00907%	\$975,554	\$418,140	233.3%	62.5%
2015	0.01099%	\$1,123,744	\$484,613	231.9%	63.7%
2014	0.01050%	\$1,253,575	\$438,622	285.8%	56.5%

\* Amounts presented were determined as of the measurement date (i.e. previous fiscal year end).

The accompanying notes are an integral part of this schedule.

**LOUISIANA LEGISLATIVE AUDITOR  
STATE OF LOUISIANA**
**Schedule of Employer's Pension Contributions  
For the Year Ended June 30, 2023**

<u>Fiscal Year *</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
<u>LASERS:</u>					
2023	\$7,566,217	\$7,566,217	\$0	\$20,110,984	37.6%
2022	\$7,206,618	\$7,206,618	\$0	\$18,222,373	39.5%
2021	\$7,436,861	\$7,436,861	\$0	\$18,558,857	40.1%
2020	\$7,888,942	\$7,888,942	\$0	\$19,396,237	40.7%
2019	\$6,830,956	\$6,830,956	\$0	\$17,970,998	38.0%
2018	\$6,534,878	\$6,534,878	\$0	\$17,242,420	37.9%
2017	\$6,399,781	\$6,399,781	\$0	\$17,838,477	35.9%
2016	\$6,834,516	\$6,834,516	\$0	\$18,395,693	37.2%
2015	\$6,603,557	\$6,603,557	\$0	\$17,844,855	37.0%
2014	\$5,649,750	\$5,649,750	\$0	\$17,977,900	31.4%
<u>TRSL:</u>					
2023	\$70,183	\$70,183	\$0	\$282,995	24.8%
2022	\$42,751	\$42,751	\$0	\$171,446	24.9%
2021	\$4,257	\$4,257	\$0	\$16,500	25.8%
2020	\$0	\$0	\$0	\$0	0.0%
2019	\$0	\$0	\$0	\$0	0.0%
2018	\$30,696	\$30,696	\$0	\$115,397	26.6%
2017	\$69,698	\$69,698	\$0	\$272,878	25.5%
2016	\$79,143	\$79,143	\$0	\$307,401	25.7%
2015	\$108,808	\$108,808	\$0	\$418,140	26.0%
2014	\$123,252	\$123,252	\$0	\$484,613	25.4%

\* Amounts presented were determined as of the end of the fiscal year.

The accompanying notes are an integral part of this schedule.



**NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES**  
**Schedule of Employer's Proportionate Share of the**  
**Net Pension Liability and Schedule of Employer's**  
**Pension Contributions**  
**For the Year Ended June 30, 2023**

***Changes of Benefit Terms***

**LASERS**

- A 1.5% COLA, effective July 1, 2014, provided by Acts 102 of the 2014 Louisiana Regular Legislative Session.
- A 1.5% COLA, effective July 1, 2016, provided by Acts 93 and 512 of the 2016 Louisiana Regular Legislative Session.
- Act 37 of the 2021 Regular Session 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.
- Act 656 of the 2022 Regular Session provided a one-time supplemental payment equal to the lesser of the retiree's or beneficiary's monthly benefit, or \$2,000. Eligibility is based on the current statutory COLA eligibility requirements. The increase in accrued liability includes the present value of the payment and is offset by funds disbursed from the Experience Account.

**TRSL**

- A 1.5% COLA, effective July 1, 2014, provided by Acts 204 of the 2014 Louisiana Regular Legislative Session.
- The 2015 valuation incorporates a change providing that members employed on or after July 1, 2015 may retire at age 62 with a 2.5% benefit factor with at least 5 years of service credit or at any age after 20 years of service credit (actuarially reduced).
- A 1.5% COLA, effective July 1, 2016, provided by Acts 93 and 512 of the 2016 Louisiana Regular Legislative Session.
- Act 657 of the 2022 Regular Session granted a 2% permanent benefit increase (COLA), effective July 1, 2022, to eligible TRSL retirees, beneficiaries, and survivors calculated on the first \$68,396 of their annual benefit.

## ***Changes in Assumptions***

### **LASERS**

- Effective July 1, 2017, the LASERS Board reduced the inflation assumption from 3.0% to 2.75%. Since the inflation assumption is a component of the salary increase assumption, all salary increase assumptions decreased by .25% in the June 30, 2017 valuation.
- Effective July 1, 2017, the projected contribution requirement includes direct funding of administrative expenses, rather than a reduction in the assumed rate of return, per Act 94 of 2016.
- Effective July 1, 2017, the LASERS board adopted a plan to gradually reduce the discount rate from 7.75% to 7.50% in .05% annual increments. Therefore, the discount rate was reduced from 7.75% to 7.70% for the June 30, 2017 valuation, to 7.65% for the June 30, 2018 valuation, to 7.60% for the June 30, 2019 valuation, and to 7.55% for the June 30, 2020 valuation. The discount rate used to determine the projected contribution requirements for fiscal year 2022 was reduced beyond the original plan to 7.40%. The discount rate used to determine the projected contribution requirements for fiscal year 2023 was reduced beyond the original plan to 7.25%.
- Retirement, termination, disability, inflation, salary increase, and expected service life assumptions and methods were updated with the June 30, 2019, valuation to reflect the results of the most recent experience study observed for the period of July 1, 2013, through June 30, 2018.
- The inflation assumption was reduced from 2.50% to 2.30% and all salary assumptions were reduced by 0.2%, effective July 1, 2020.
- Act 95 of the 2016 Regular Session requires re-amortization of the OAB with level-dollar payments to 2029 when such re-amortization results in annual payments that are not more than the next annual payment otherwise required under prior law. For the June 30, 2021 valuation, this criterion was met after allocating legislative appropriations and investment experience gains to this schedule. The schedule was re-amortized with level dollar payments to be paid off 2029.
- Effective July 1, 2022, the LASERS Board reduced the discount rate from 7.40% to 7.25%. This change was anticipated in the prior valuation when determining the projected contribution requirements for fiscal year 2023 and is also used to determine the projected contribution requirements for fiscal year 2024.

## **TRSL**

- Effective July 1, 2017, the projected contribution requirement includes direct funding of administrative expenses, rather than a reduction in the assumed rate of return, per Act 94 of 2016.
- Effective July 1, 2017, the TRSL board adopted a plan to gradually reduce the discount rate from 7.75% to 7.50% in .05% annual increments. Therefore, the discount rate was reduced from 7.75% to 7.70% for the June 30, 2017 valuation, and to 7.65% for the June 30, 2018 valuation. On November 1, 2018, the TRSL Board accelerated the discount rate reduction plan by one year and a 7.55% rate was used to determine the projected contribution requirements for the June 30, 2019 valuation. On January 9, 2020, the TRSL Board accelerated the discount rate reduction plan again and a 7.45% rate was used to determine the projected actuarially required contribution rates for the June 30, 2020, valuation. The board adopted a reduction in the discount rate to 7.40%, for purposes of determining the projected contribution requirements for fiscal year 2022. The discount rate used to determine the projected contribution requirements for fiscal year 2023 was reduced beyond the original plan to 7.25%.
- Demographic, mortality, and salary assumptions were updated beginning with the June 30, 2018, valuation to reflect the results of the most recent experience study observed for the period of July 1, 2012, through June 30, 2017.
- Effective June 30, 2020, the inflation assumption was reduced from 2.50% to 2.30% and all salary assumptions were reduced by 0.2%.
- Two triggers set by Act 95 of the 2016 Regular Session were met on June 30, 2021. Since the funded ratio reached 70%, the amortization period for changes in assumptions, experience losses, and most experience gains reduced from 30 years to 20 years. In addition, the OAB was re-amortized with level-dollar payments to 2029 since this re-amortization resulted in annual payments which are less than the fiscal year 2022 payments that would have been required without the re-amortization.
- Effective June 30, 2022, the discount rate was reduced from 7.40% to 7.25%. This change was anticipated in the determination of the projected contribution requirements for fiscal year 2023.

### ***Changes to Covered Payroll***

Due to the implementation of GASB Statement No. 82 in fiscal year 2016, prior amounts were restated to reflect payroll on which contributions are based.



***Changes to Population***

During fiscal year 2018, all active TRSL members employed by the Louisiana Legislative Auditor retired. This change impacts the proportionate share allocated for fiscal year 2019, the reporting period. The result is that the Louisiana Legislative Auditor's proportionate share is zero even though there is a balance in the employer's covered payroll. During fiscal years 2021 and 2022, active TRSL members were employed by the Louisiana Legislative Auditor.

## **SUPPLEMENTARY INFORMATION**

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### **COMBINING BALANCE SHEET - GENERAL FUND (ALL APPROPRIATED AND NON-APPROPRIATED FUNDS)**

Schedule 5 presents the Balance Sheet, by the General Fund subaccounts.

### **COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GENERAL FUND (ALL APPROPRIATED AND NON-APPROPRIATED FUNDS)**

Schedule 6 presents the Statement of Revenues, Expenditures, and Changes in Fund Balance, by the General Fund subaccounts.

**LOUISIANA LEGISLATIVE AUDITOR  
STATE OF LOUISIANA**

**Combining Balance Sheet - General Fund  
(All Appropriated and Non-appropriated Funds)  
June 30, 2023**

	GENERAL APPROPRIATION FUND	ANCILLARY FUND	GENERAL FUND FOR THE YEARS ENDED	
			JUNE 30, 2023	JUNE 30, 2022
<b>ASSETS</b>				
Cash in bank	\$4,092,219	\$2,078,122	\$6,170,341	\$4,407,523
Cash in State Treasury, means of financing		\$106,041	106,041	12,757
Accounts receivable	150,469	2,093,300	2,243,769	2,105,230
Prepaid expenses	260,618		260,618	245,878
TOTAL ASSETS	<u>\$4,503,306</u>	<u>\$4,277,464</u>	<u>\$8,780,769</u>	<u>\$6,771,388</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$1,964,932		\$1,964,932	\$2,668,049
Total Liabilities	<u>1,964,932</u>	<u>NONE</u>	<u>1,964,932</u>	<u>2,668,049</u>
Deferred inflows of resources:				
Deferred operating grants				
Deferred interagency transfers				
Deferred audit fees	NONE	\$1,721,970	1,721,970	1,710,264
	<u>NONE</u>	<u>1,721,970</u>	<u>1,721,970</u>	<u>1,710,264</u>
Fund balances:				
Nonspendable - prepaid amounts	260,618		260,618	245,878
Assigned	2,277,756	2,555,494	4,833,249	2,147,197
Total Fund Balances	<u>2,538,374</u>	<u>2,555,494</u>	<u>5,093,867</u>	<u>2,393,075</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$4,503,306</u>	<u>\$4,277,464</u>	<u>\$8,780,769</u>	<u>\$6,771,388</u>



**LOUISIANA LEGISLATIVE AUDITOR  
STATE OF LOUISIANA**
**Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance - General Fund  
(All Appropriated and Non-appropriated Funds)  
For the Year Ended June 30, 2023**

	GENERAL APPROPRIATION FUND	ANCILLARY FUND	GENERAL FUND FOR THE YEARS ENDED	
			JUNE 30, 2023	JUNE 30, 2022
<b>REVENUES</b>				
State General Fund appropriation	\$12,500,000		\$12,500,000	\$10,000,000
Audit fees and allocations		\$23,706,699	23,706,699	25,125,412
Interest				1,080
Miscellaneous		837	837	573
Total revenues	<u>12,500,000</u>	<u>23,707,536</u>	<u>36,207,536</u>	<u>35,127,065</u>
<b>EXPENDITURES</b>				
Personnel services and related bene	30,978,404		30,978,404	29,759,259
Travel	284,307		284,307	323,808
Operating services	1,400,815		1,400,815	1,349,770
Supplies	99,155		99,155	217,836
Professional services	527,793		527,793	1,717,698
Capital outlay	216,270		216,270	230,291
Total expenditures	<u>33,506,744</u>	<u>NONE</u>	<u>33,506,744</u>	<u>33,598,662</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(21,006,744)</u>	<u>23,707,536</u>	<u>2,700,792</u>	<u>1,528,403</u>
<b>OTHER FINANCING SOURCES AND USES</b>				
Transfer to Ancillary Fund	(2,078,122)	2,078,122		
Transfer from Ancillary Fund	23,545,117	(23,545,117)		
Total other financing sources and uses	<u>21,466,995</u>	<u>(21,466,995)</u>	<u>NONE</u>	<u>NONE</u>
<b>NET CHANGE IN FUND BALANCE:</b>	460,251	2,240,541	2,700,792	1,528,403
<b>BEGINNING OF YEAR FUND BALANCE</b>	<u>2,078,122</u>	<u>314,953</u>	<u>2,393,075</u>	<u>864,672</u>
<b>END OF YEAR FUND BALANCE</b>	<u>\$2,538,374</u>	<u>\$2,555,494</u>	<u>\$5,093,867</u>	<u>\$2,393,075</u>

## **EXHIBIT A**

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



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

November 29, 2023

Louisiana Legislative Auditor  
Baton Rouge, LA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Louisiana Legislative Auditor, a component unit of the State of Louisiana, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which comprise the Louisiana Legislative Auditor's basic financial statements and have issued our report thereon dated November 29, 2023.

### Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Louisiana Legislative Auditor'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 Louisiana Legislative Auditor's internal control. Accordingly, we do not express an opinion on the effectiveness of the Louisiana Legislative Auditor's internal control.

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A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 Louisiana Legislative Auditor's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in blue ink that reads "Duplantier, Hopmann, Hogan & Rotter LLP". The signature is written in a cursive, flowing style.

New Orleans, Louisiana