

FINANCIAL REPORT
LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
JUNE 30, 2022

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA

JUNE 30, 2022

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December 20, 2022

Honorable Patrick Page Cortez, Co-Chair
Honorable Clay Schexnayder, Co-Chair
Louisiana State Law Institute
State of Louisiana
Baton Rouge, Louisiana

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 State Law Institute, State of Louisiana (the Institute) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Louisiana State Law Institute, State of Louisiana's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Louisiana State Law Institute, State of Louisiana, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Louisiana State Law Institute, State of Louisiana'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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana State Law Institute, State of Louisiana's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Louisiana State Law Institute, State of Louisiana'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 identify 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 other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Institute's basic financial statements. The schedule of professional services is presented for the purposes of additional analysis and is 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 schedule of professional services is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2022, on our consideration of the Louisiana State Law Institute, State of Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Louisiana State Law Institute, State of Louisiana'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 State Law Institute, State of Louisiana's internal control over financial reporting and compliance.


New Orleans, Louisiana

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

Management's discussion and analysis of the Louisiana State Law Institute, State of Louisiana's (Institute) financial performance presents a narrative overview and analysis of the Institute's financial activities for the year ended June 30, 2022. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. This analysis should be read in conjunction with the basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Institute's net position (deficit) increased by \$463,569 to (\$459,122) from June 30, 2021, to June 30, 2022.
- The general revenues of the Institute were \$1,131,401, which are derived from State appropriations.
- The total expenses of the Institute were \$667,832, which is an increase of \$39,634. Travel, supplies, and other fees and services accounted for the largest portions of this increase.

OVERVIEW OF THE FINANCIAL STATEMENTS

This 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 Institute's basic financial statements. The basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to 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 Institute's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Institute's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position may provide a useful indicator of whether the financial position of the Institute 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 Institute. Financial statement readers are also able to determine how much the Institute owes vendors and others. Finally, the Statement of Net Position provides a summary of the combined net position and its availability for expenditure.

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The Statement of Activities presents information showing how the Institute'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 may be 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 Institute 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 Institute's only fund, the General Fund.

The Institute 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 Institute'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 the governmental activities.

Notes to Financial Statements

The notes provide additional information that is essential to 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 Institute's budgetary comparison, proportionate share of the total collective other postemployment benefits liability, proportionate share of the net position liability, and pension contributions.

Following the required supplementary information is other supplementary information that further explains and supports the information in the financial statements.

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

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. In the case of the Louisiana State Law Institute, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$459,122 at the close of the most recent fiscal year. Included in the Louisiana State Law Institute's net position is its net investment in capital assets. These assets are not available for future spending.

The following presents condensed financial information on the operations of the Louisiana State Law Institute:

**Comparative Condensed Statements of Net Position
June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>Percentage Change</u>
Assets:				
Current assets	\$ 1,593,802	\$ 1,292,097	\$ 301,705	23.4 %
Capital assets, net	5,410	7,330	(1,920)	(26.2) %
Total assets	<u>1,599,212</u>	<u>1,299,427</u>	<u>299,785</u>	
Deferred Outflows of Resources:	<u>370,778</u>	<u>540,889</u>	<u>(170,111)</u>	(31.5) %
Liabilities:				
Current liabilities	46,622	35,431	11,191	31.6 %
Long-term liabilities	1,936,849	2,436,368	(499,519)	(20.5) %
Total liabilities	<u>1,983,471</u>	<u>2,471,799</u>	<u>(488,328)</u>	
Deferred Inflows of Resources:	<u>445,641</u>	<u>291,208</u>	<u>154,433</u>	53.0 %
Net Position:				
Net investment in capital assets	5,410	7,330	(1,920)	(26.2) %
Unrestricted	(464,532)	(930,021)	465,489	(50.1) %
Total net position (deficit)	<u>\$ (459,122)</u>	<u>\$ (922,691)</u>	<u>\$ 463,569</u>	

**Comparative Condensed Statements of Activities
For the years ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>Percentage Change</u>
General revenues	\$ 1,131,401	\$ 1,109,124	\$ 22,277	2.0 %
Expenses	667,832	628,198	39,634	6.3 %
Change in net position	<u>\$ 463,569</u>	<u>\$ 480,926</u>	<u>\$ (17,357)</u>	

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Institute's investment in capital assets, net of accumulated depreciation, as of June 30, 2022, is \$5,410. The investment in capital assets includes office furniture and equipment, and computer equipment. The total decrease in capital assets for the current fiscal year was approximately 26.2%. Depreciation expense accounted for the decrease.

The Institute had no long-term debt outstanding at year-end. However, there are long-term liabilities related to other postemployment benefits, pensions, and compensated absences.

BUDGET ANALYSIS

A comparison of budget to actual operations is a required supplemental schedule and is presented in the accompanying supplementary information. Total expenditures were \$301,184 less than budgeted amounts.

ECONOMIC OUTLOOK

The Institute's fiscal year 2023 budget was approved with no change from the prior fiscal year and remained at \$1,131,401.

CONTACTING THE LOUISIANA STATE LAW INSTITUTE'S MANAGEMENT

This audit report is designed to provide a general overview of the Institute and to demonstrate the Institute's accountability for its finances. If you have any questions about this report or need additional information, please contact Judge Guy Holdridge, Louisiana State Law Institute, Paul M. Hebert Law Center, Room W127, University Station, Baton Rouge, Louisiana 70803-1016.

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>General Fund</u>	<u>Adjustments*</u>	<u>Statement of Net Position</u>
ASSETS:			
Cash in bank	\$ 1,581,670	\$ -	\$ 1,581,670
Prepaid expenses	12,132	-	12,132
Capital assets (net of accumulated depreciation)	-	5,410	(1) 5,410
Total Assets	<u>\$ 1,593,802</u>	<u>5,410</u>	<u>1,599,212</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows of resources related to pensions	-	168,400	(2) 168,400
Deferred outflows of resources related to OPEB	-	202,378	(2) 202,378
Total deferred outflows of resources	-	370,778	370,778
Total Assets	<u>\$ 1,593,802</u>		
LIABILITIES:			
Accounts payable	3,495	-	3,495
Accrued salaries and related benefits	34,984	-	34,984
OPEB liability	-	1,032,999	1,032,999
Compensated absences:			
Current portion	-	8,143	8,143
Noncurrent portion	-	32,571	32,571
Net pension liability	-	871,279	871,279
Total liabilities	<u>38,479</u>	<u>1,944,992</u>	<u>1,983,471</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows of resources related to pensions	-	252,636	(2) 252,636
Deferred inflows of resources related to OPEB	-	193,005	(2) 193,005
Total deferred inflows of resources	-	445,641	445,641
FUND BALANCE/NET POSITION:			
Unassigned	<u>1,555,323</u>	<u>(1,555,323)</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,593,802</u>		
NET POSITION:			
Net investment in capital assets		5,410	5,410
Unrestricted		(464,532)	(464,532)
TOTAL NET POSITION (DEFICIT)		<u>\$ (459,122)</u>	<u>\$ (459,122)</u>

***Explanations:**

- (1) Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the General Fund.
- (2) Long-term liabilities, such as compensated absences, pension liabilities, other postemployment benefits, and 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 these financial statements.

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES
AND CHANGES IN THE FUND BALANCE/STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>General Fund</u>	<u>Adjustments*</u>	<u>Statement of Activities</u>
EXPENDITURES/EXPENSES:			
Personnel services	\$ 642,373	\$ (174,711) (1)	\$ 467,662
Travel	26,155	-	26,155
Operating services	18,626	-	18,626
Supplies	74,260	-	74,260
Professional services	64,500	-	64,500
Other fees and services	13,242	-	13,242
Capital outlay	1,467	(1,467) (2)	-
Depreciation	-	3,387 (2)	3,387
Total expenditures/expenses	840,623	(172,791)	667,832
GENERAL REVENUES:			
State appropriations	1,131,401	-	1,131,401
Total revenues	1,131,401	-	1,131,401
Excess (deficiency) of general revenues over expenditures/expenses	290,778	(290,778)	-
Change in net position	-	463,569	463,569
Fund Balance/Net Position (Deficit):			
Beginning of Year	1,264,545	(2,187,236)	(922,691)
End of Year	\$ 1,555,323	\$ (2,014,445)	\$ (459,122)

***Explanations:**

- (1) Revenues and expenses of long-term obligations for compensated absences, pension plans and other postemployment benefits reported in 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 accompanying notes are an integral part of these financial statements.

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NATURE OF OPERATIONS:

The Louisiana State Law Institute, State of Louisiana (the Institute) domiciled at the Law School of Louisiana State University, is chartered, created, and organized as an official advisory law revision commission, law reform agency, and legal research agency of the State of Louisiana and a part of the legislative branch of government. The Institute was created in accordance with Title 24: Chapter 4 of the Louisiana Revised Statutes of 1950.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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 the Governmental Accounting and Reporting Guidelines*. The accompanying financial statements have been prepared in accordance with such principles.

Financial Reporting Entity:

The application of Section 2100 of the GASB Codification defines the governmental reporting entity (in relation to the Louisiana State Law Institute) to be the State of Louisiana. The accompanying financial statements of the Louisiana State Law Institute 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 State Law Institute has no fiduciary funds or component units.

Fund Accounting:

The Louisiana State Law Institute uses fund accounting (separate set of self-balancing accounts) to reflect the sources and uses of available resources and the budgetary restrictions placed on those funds by the Louisiana Legislature. The Institute has only a General Fund, supported by an appropriation from the State of Louisiana and self-generated funds. The General Fund is used to account for all of the Louisiana State Law Institute's activities, including the acquisition of capital assets and the servicing of long-term liabilities.

Basis of Accounting:

Within the accompanying statements, the General Fund column of the Statement of Net Position and the Statement of Activities reports all activities of the Institute, using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. Management considers revenues to be available if they are

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Accounting: (Continued)

collected within 45 days of the end of the current fiscal period. Using this methodology, the legislative appropriation is recorded during the year, and for the year, the appropriation is made, and interest and other revenues are recorded when earned. Expenditures are recorded when incurred, as in accrual accounting. However, compensated absences, pension costs, and other postemployment benefits (OPEB) costs are recorded when payment is due.

The General Fund column is adjusted to create a Statement of Net Position and a Statement of Activities. Within this column, amounts 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.

Cash In Bank:

Under state law, the Institute may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana. Federal deposit insurance or the pledge of securities owned by the fiscal agent bank must secure these public deposits. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank.

Deferred Outflows of Resources and Deferred Inflows of Resources:

Deferred outflows of resources represent 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.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

Capital Assets:

The accompanying statements reflect furniture, fixtures, and equipment used by the Institute and funded by legislative appropriation, in daily operations. Those assets are recorded at cost.

The accompanying statements do not include the value of land and buildings provided without cost to the Institute by the State of Louisiana. Those assets are recorded with the annual financial statements of the State of Louisiana.

Furniture, fixtures, and equipment with acquisition costs of \$1,000 or greater are capitalized and depreciated using the straight-line method of allocating asset costs over the following useful lives:

Computer equipment	5 years
Office furniture and equipment	7 years

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Capital Assets: (Continued)

Depreciation is charged to expense over the estimated useful lives of the assets and is determined using the straight-line method. Expenditures for maintenance and repairs, which do not materially extend the useful life of the asset, are charged to expense as incurred.

Budgetary Practices:

The budget of the General Fund is prepared on the budgetary (legal) basis of accounting. The Institute is required to submit to the Legislative Budgetary Control Council an estimate of the financial requirements of the ensuing fiscal year. The General Fund appropriation is enacted into law by the Legislature and sent to the Governor for his signature. The Institute is authorized to transfer budget amounts between accounts in the General Fund. Revisions that alter total appropriations must be approved by the Legislature. The level of budgetary responsibility is by total appropriation. All annual appropriations lapse at fiscal year-end, and require that any amount not expended or encumbered at the close of the fiscal year be returned to the State General Fund, unless otherwise re-appropriated by subsequent legislative action. Current appropriation legislation authorizes such re-appropriation of prior funds.

The budget of the General Fund is prepared on the budgetary (legal) basis of accounting. In compliance with budgetary authorization, the Institute includes the prior year's fund balance represented by appropriate liquid assets remaining in the fund as a budgeted revenue in the succeeding year. The result of operations on a GAAP basis does not recognize the fund balance allocation as revenue as it represents prior period's 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.

Compensated Absences:

Accumulated unpaid annual and compensatory leave is reported in the Statement of Net Position and Statement of Activities within the accompanying financial statements. The Institute's employees accrue unlimited amounts of annual and sick leave at varying rates, as established by the Institute's personnel manual. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to employees at the employee's current rate of pay. Upon retirement, annual leave in excess of 300 hours and unused sick leave are credited as earned service in computing retirement benefits.

Furthermore, employees earn compensatory leave for hours worked in excess of 40 hours per work week. 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.

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Postemployment Benefits:

The Institute provides certain healthcare and life insurance benefits for retired employees. Substantially all of the Institute's employees may become eligible for those benefits if they reach normal retirement age while working for the Institute. These benefits for retirees and similar benefits for active employees are provided through the State's Office of Group Benefits Plan whose monthly premiums are paid jointly by the employee and the Institute. The Institute recognizes the cost of providing these benefits as expenditures in the year paid in the General Fund. For the year ended June 30, 2022, those costs totaled \$48,501.

Fund Balance:

Fund balance is classified in the following components:

- a) *Nonspendable* includes fund balance amounts that cannot be spent either because it is in a nonspendable form (such as inventory) 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 grantors, bondholders, and higher levels of government) 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 Institute, itself, using its highest level of decision-making authority. To be reported as *committed*, amounts cannot be used for any other purpose unless the Institute takes the same highest-level action to remove or change the constraint.
- d) *Assigned* includes fund balance amounts that the Institute intends to use for a specific purpose that are neither considered restricted nor committed. Intent can be expressed by the Institute or by an official or body to which the Institute delegates the authority.
- e) *Unassigned* fund balance amounts include the residual amounts of fund balance which do not fall into one of the other components. Positive amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Institute considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the Institute considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Institute has provided otherwise in its commitment or assigned actions. The Institute does not have a formal minimum fund balance policy.

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Noncurrent Liabilities:

Noncurrent liabilities include estimated amounts for accrued compensated absences, other postemployment benefits, and net 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 additions to/deductions from LASERS's fiduciary net position have been determined on the same basis as they are reported by LASERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

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*, consisting of the Institute's total investment in capital assets, net of accumulated depreciation.
- b) *Restricted*, consisting of resources restricted by external sources such as creditors, grantors, contributors, or by law.
- c) *Unrestricted*, consisting of resources derived from state appropriations. These resources are used for transactions relating to general operations of the Institute and may be used at its discretion to meet current expenses and for any purpose.

New Accounting Standards:

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*. This Statement outlines a single model for certain leases based on the foundational principle that leases are financings of the right to use an underlying asset. Other than short term leases, under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Institute has analyzed the provisions of GASB Statement No. 87, *Leases*, and has concluded that there are no leasing arrangements which qualify for adjustment or disclosure under the new statement. Therefore, no restatement of prior periods or cumulative effect adjustment recorded in the year of adoption, was considered necessary.

LOUISIANA STATE LAW INSTITUTE
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

New Accounting Standards: (Continued)

The following GASB statements were also effective but did not impact the financial statements of the Louisiana State Law Institute: GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*; GASB Statement No. 92, *Omnibus 2020*; GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code 457 Deferred Compensation Plans*; and GASB Statement No. 98, *The Annual Comprehensive Financial Report*.

2. CASH IN BANK:

At June 30, 2022, the carrying amount of the Institute's cash account was \$1,581,670, and the bank balance was \$1,635,421. These balances are entirely secured from risk by federal depository insurance or by pledged securities held by the Institute's custodial bank in the name of the Institute.

3. PENSION PLAN:

Plan Description:

Employees of the Institute are members of a statewide, public employee retirement system, the Louisiana State Employees' Retirement System (LASERS). The plan is administered by a separate board of trustees and is a cost-sharing, multiple-employer defined benefit pension plan. The State of Louisiana guarantees benefits granted by the retirement system by provisions of the Louisiana Constitution of 1974. Article 10, Section 29 of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The system issues an annual, publicly available financial report that includes financial statements and required supplementary information for the system. The report for LASERS may be obtained at www.lasersonline.org.

Benefits Provided:

Retirement Benefits

LASERS administers a plan to provide retirement, disability, and survivor benefits to eligible state employees and their beneficiaries as defined in R.S. 11:411-414. The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. The rank-and-file members hired prior to July 1, 2006, may either retire with full benefits at any age upon completing 30 years of creditable service, at age 55 upon completing 25 years of creditable service, and at age 60 upon completing ten years of creditable service depending on their plan.

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JUNE 30, 2022

3. PENSION PLAN: (Continued)

Benefits Provided: (Continued)

Retirement Benefits (Continued)

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

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

As an alternative to the basic retirement benefits, a member may elect to receive their retirement throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with 12 years of creditable service at age 55, 25 years of creditable service at any age, or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

3. PENSION PLAN: (Continued)

Benefits Provided: (Continued)

Retirement Benefits (Continued)

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

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

Deferred Benefits

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

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

LOUISIANA STATE LAW INSTITUTE
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

3. PENSION PLAN: (Continued)

Benefits Provided: (Continued)

Disability Benefits

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

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

Survivor's Benefits

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased regular member hired before January 1, 2011 who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of 20 years of service credit, regardless of when earned, in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is 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 member hired on or after January 1, 2011, must have a minimum of five years of service credit regardless of when earned in order for a benefit to be paid to a minor child. The aforementioned minimum service credit requirements for a surviving spouse are 10 years, two years being earned immediately prior to death, and in active state service at the time of death, or a minimum of 20 years of service credit regardless of when earned. A deceased member's spouse must have been married for at least one year before death.

Permanent Benefit Increases/Cost-of-Living Adjustments

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

Contributions:

Employee contribution rates are established by La. R.S. 11:62. The employer contribution rates are established annually under La. R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the system's actuary. Each plan pays a separate actuarially-determined employer contribution rate. However, all assets of LASERS are used for the payment of benefits for all classes of members, regardless of their plan membership.

LOUISIANA STATE LAW INSTITUTE
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

3. PENSION PLAN: (Continued)

Contributions: (Continued)

The employee contribution rate for LASERS was 8% of covered payroll, except for LASERS members hired before July 1, 2006, who contribute 7.5% of covered payroll. For the year ended June 30, 2022, the employer contribution rate for LASERS was 39.5%. Employer contributions to LASERS were \$146,198 for the year ended June 30, 2022.

For all Institute employees who are members of LASERS in one of the Regular Plans, contributions are made at the applicable rates based on their hire date. There were no non-employer contributing entity contributions.

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

At June 30, 2022, the Institute reported a liability for LASERS of \$871,279 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of that date. The Institute's proportion of the net pension liability for the retirement system was based on a projection of the Institute's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the Institute's proportion for LASERS was 0.01583%. This reflects a decrease of 0.00138% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Institute recognized pension benefit in the amount of \$8,991, for which there were no forfeitures.

At June 30, 2022, the Institute reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 21,342	\$ -
Differences between expected and actual experience	860	-
Net difference between projected and actual earnings on pension plan investments	-	203,186
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	49,450
Employer contributions subsequent to the measurement date	146,198	-
Total	<u>\$ 168,400</u>	<u>\$ 252,636</u>

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

3. PENSION PLAN: (Continued)

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

During the year ended June 30, 2022, employer contributions totaling \$146,198 were made subsequent to the measurement date. These contributions are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized in pension expense as follows:

Year Ending June 30:	
2023	\$ (62,509)
2024	(31,310)
2025	(46,162)
2026	(90,453)
Total	<u>\$ (230,434)</u>

Actuarial Assumptions:

The total pension liability for LASERS in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurements:

Valuation date	June 30, 2021
Actuarial cost method	Entry Age Normal
Amortization approach	Closed
Actuarial assumptions:	
Expected remaining service lives	2 years
Investment rate of return	7.40% per annum, net of investment expenses
Inflation rate	2.30% per annum
Projected salary increases	Salary increases were projected based on a 2014-2018 experience study of the System's members. The salary increases for specific types of members range from 2.6% - 13.8%.
Cost-of-living adjustments	None, since they are not deemed to be substantively automatic.
Mortality rates	Non-disabled members - Mortality rates based on the RP-2014 Blue Collar (males/females) and White Collar (females) Healthy Annuitant Tables projected on a fully generational basis by Mortality Improvement Scale MP-2018. Disabled members - Mortality rates based on the RP-2000 Disabled Retiree Mortality Table with no projection for improvement.
Termination, disability, and retirement	Termination, disability and retirement assumptions were projected based on a five-year (2014-2018) experience study of the System's members.

LOUISIANA STATE LAW INSTITUTE
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

3. PENSION PLAN: (Continued)

Actuarial Assumptions: (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adjusting for expected inflation of 2.30% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.61%. The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1%	-0.29%
Domestic Equity	31%	4.09%
International Equity	23%	5.12%
Domestic Fixed Income	3%	0.49%
International Fixed Income	18%	3.94%
Alternative Investments	24%	6.93%
Total	<u>100%</u>	5.81%

Discount Rate:

The discount rate used to measure the total pension liability for LASERS was 7.40%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and contributions from participating employers will be made at the actuarially determined rates approved by PRSAC, taking into consideration the recommendation of the pension plan'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.

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

3. PENSION PLAN: (Continued)

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

The following presents the Institute's proportionate share of the net pension liability of LASERS as of June 30, 2022 using the current discount rate of 7.40%, as well as what the Institute'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:

1.00% Decrease	Current Discount Rate	1.00% Increase
6.40%	7.40%	8.40%
\$ 1,180,518	\$ 871,279	\$ 608,156

Pension Plan Fiduciary Net Position:

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

Payable to the Pension Plan:

At June 30, 2022, the payable to LASERS was \$8,853 for June 2022 employee and employer legally required contributions.

4. CAPITAL ASSETS:

Below is a summary of the changes in the capital assets for the year ended June 30, 2022:

	Balance July 01, 2021	Additions	Deletions	Balance June 30, 2022
Computer equipment	\$ 18,938	\$ 1,467	\$ -	\$ 20,405
Office furniture and equipment	20,301	-	-	20,301
Less: accumulated depreciation	(31,909)	(3,387)	-	(35,296)
Total capital assets, net	\$ 7,330	\$ (1,920)	\$ -	\$ 5,410

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

5. LITIGATION, CLAIMS AND SIMILAR CONTINGENCIES:

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, 2022 the Institute was not involved in any lawsuits or threatened litigations.

6. OTHER COSTS:

The State of Louisiana, through other appropriations, provides office space, utilities, and janitorial services for the office facilities, all of which are not included in the accompanying financial statements.

7. USE OF ESTIMATES:

The preparation of financial statements in accordance 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

8. OTHER POSTEMPLOYMENT BENEFITS (OPEB):

Substantially all Institute employees become eligible for postemployment healthcare and life insurance benefits if they reach normal retirement age while working for the Institute. The offering is from the State Office of Group Benefits (OGB) which also offers a life insurance plan. Information about the plan is presented below.

Plan Description:

The Institute's employees may participate in the State of Louisiana's Other Postemployment Benefit Plan (OPEB Plan), a cost-sharing, multiple-employer defined benefit plan but classified as an agent multiple-employer defined benefit OPEB Plan for financial reporting purposes since the plan is not administered as a formal trust. The Office of Group Benefits administers the plan.

There are no assets accumulated in a trust that meets the criteria of paragraph 4 of Government Accounting Standards Board (GASB) Statement No. 75. Effective July 1, 2008, an OPEB trust fund was statutorily established; however, this plan is not administered as a trust and no plan assets have been accumulated as of June 30, 2022.

The Office of Group Benefits does not issue a publicly available financial report of the OPEB Plan; however, it is included in Louisiana Annual Comprehensive Financial Report (ACFR). A copy of the ACFR may be obtained from the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap.

LOUISIANA STATE LAW INSTITUTE
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

8. OTHER POSTEMPLOYMENT BENEFITS (OPEB): (Continued)

Benefits Provided:

The OPEB Plan provides medical, prescription drug, and life insurance benefits to eligible active employees, retirees, disabled retirees, and their 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.

Contributions:

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. The plan is funded on a "pay-as-you-go basis" under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments become due. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving benefits. The retirees contribute to the cost of their postemployment benefits based on a service schedule.

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. Employer contributions to the OPEB plan were \$48,501 during the year ended June 30, 2022. 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 begin participation or rejoin the plan before January 1, 2002, pay approximately 25% of the cost of coverage (except single retirees under age 65, who pay approximately 25% of the active employee cost). For those beginning participation or rejoining on or after January 1, 2002, the percentage of premiums contributed by the employer and retiree is based on the following schedule:

<u>Service</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%

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8. OTHER POSTEMPLOYMENT BENEFITS (OPEB): (Continued)

Contributions: (Continued)

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.

While actuarially determined, the plan rates must be approved by OGB under R.S. 42:851(B). 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.

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

At June 30, 2022, the Institute reported a liability of \$1,032,999 for its proportionate share of the collective total OPEB liability. The collective total OPEB liability was measured as of July 1, 2021, and was determined by an actuarial valuation as of that date. The Institute'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. As of July 1, 2021, the Institute's proportion was 0.0113%, a decrease of 0.0005% since July 1, 2020.

For the year ended June 30, 2022, the Institute recognized OPEB expense of \$27,659. As of June 30, 2022, the Institute reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 75,895	\$ 46,179
Change in proportion	17,797	146,226
Difference between expected and actual experience	20,748	600
Differences between employer contributions and proportionate share of contributions	39,437	-
Employer contributions subsequent to the measurement date	-	-
	48,501	-
Total	<u>\$ 202,378</u>	<u>\$ 193,005</u>

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8. OTHER POSTEMPLOYMENT BENEFITS (OPEB): (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: (Continued)

Deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date of \$48,501 will be recognized as a reduction of the OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (benefit) as follows:

Year ending June 30:	
2023	\$ (29,661)
2024	(21,902)
2025	6,383
2026	6,052
Total	<u>\$ (39,128)</u>

Actuarial Assumptions:

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

Valuation Date	July 1, 2021
Measurement Date	July 1, 2021
Actuarial cost method	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.
Actuarial assumptions:	
Expected remaining service lives	4.5 years
Inflation rate	2.40%
Salary increase rate	Consistent with the pension valuation assumptions disclosed in note 3
Discount rate	2.18% based on June 30, 2021, S&P 20-year municipal bond index rate
Mortality rates	For active lives: the RP-2014 Blue Collar Employee Table, adjusted by 0.978 for males and 1.144 for females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2018. For healthy retiree lives: the RP-2014 Blue Collar Healthy Annuitant Table, adjusted by 1.280 for males and RP-2014 White Collar Healthy Annuitant Table, adjusted by 1.417 for females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2018. For disabled retiree lives: the RP-2000 Disabled Retiree Mortality Table, adjusted by 1.009 for males and 1.043 for females, not projected with mortality improvement.

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NOTES TO FINANCIAL STATEMENTS
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8. OTHER POSTEMPLOYMENT BENEFITS (OPEB): (Continued)

Actuarial Assumptions: (Continued)

Healthcare cost trend rates	7.00% for pre-Medicare eligible employees grading down by .25% each year, beginning in 2023-2024, to an ultimate rate of 4.50% in 2032-2033; 5.50% for post-Medicare eligible employees grading down by .10% each year, beginning in 2023-2024, to an ultimate rate of 4.50% 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.
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Discount Rate:

The discount rate used to measure the total OPEB liability decreased to 2.18% in the July 1, 2021 valuation from 2.66% as of July 1, 2020.

Sensitivity of the Institute's Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate:

The following presents the Institute's proportionate share of the collective total OPEB liability, as well as what the Institute's proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Proportionate Share of the Collective Total OPEB Liability	<u>\$ 1,210,916</u>	<u>\$ 1,032,999</u>	<u>\$ 891,495</u>

Sensitivity of the Institute's Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rates:

The following presents the Institute's proportionate share of the collective total OPEB liability, as well as what the Institute's proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Proportionate Share of the Collective Total OPEB Liability	<u>\$ 885,772</u>	<u>\$ 1,032,999</u>	<u>\$ 1,222,435</u>

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

8. OTHER POSTEMPLOYMENT BENEFITS (OPEB): (Continued)

Payables to the OPEB Plan:

As of June 30, 2022, the Institute reported a payable of \$-0- for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2022.

9. RISK MANAGEMENT:

The Institute 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 Institute transfers the risk of loss from theft, torts, damage to and destruction of assets, workers' compensation, errors and omissions, and natural disasters.

10. CHANGES IN LONG-TERM LIABILITIES:

The following is a summary of the changes in the Institute's long-term liabilities for the year ended June 30, 2022:

	Balance July 01, 2021	Additions	Deletions	Balance June 30, 2022	Amount Due Within One Year
Compensated absences	\$ 39,395	\$ 8,398	\$ (7,079)	\$ 40,714	\$ 8,143
	<u>\$ 39,395</u>	<u>\$ 8,398</u>	<u>\$ (7,079)</u>	<u>\$ 40,714</u>	<u>\$ 8,143</u>

11. DEFICIT NET POSITION:

The Institute reported a deficit unrestricted net position of \$464,532 as of June 30, 2022. This deficit is due to the recording of net pension liability and other postemployment benefits liability on the government-wide financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Actual Amounts			Budgeted Amounts Original and Final	Variance with Final Budget
	GAAP Basis	GAAP to Budget Differences Over (Under)	Budgetary Basis		
REVENUES:					
State appropriations	\$ 1,131,401	\$ -	\$ 1,131,401	\$ 1,131,401	\$ -
Reappropriated fund balance	-	1,289,123 (1)	1,289,123	1,289,123	-
Total revenues	<u>1,131,401</u>	<u>1,289,123</u>	<u>2,420,524</u>	<u>2,420,524</u>	<u>-</u>
EXPENDITURES:					
Personnel services	642,373	(10,406) (2)	631,967	786,503	(154,536)
Travel	26,155	-	26,155	179,277	(153,122)
Operating services	18,626	-	18,626	35,931	(17,305)
Supplies	74,260	-	74,260	13,000	61,260
Professional services	64,500	-	64,500	83,250	(18,750)
Other fees and services	13,242	-	13,242	33,440	(20,198)
Capital outlay	1,467	-	1,467	-	1,467
Total expenditures	<u>840,623</u>	<u>(10,406)</u>	<u>830,217</u>	<u>1,131,401</u>	<u>(301,184)</u>
Net change in fund balance	290,778	1,299,529	1,590,307	1,289,123	301,184
Fund balances - beginning	1,264,545	24,578 (3)	1,289,123	1,289,123	-
Less: reappropriated fund balance	-	(1,289,123) (1)	(1,289,123)	(1,289,123)	-
Fund balances - ending	<u>\$ 1,555,323</u>	<u>\$ 34,984</u>	<u>\$ 1,590,307</u>	<u>\$ 1,289,123</u>	<u>\$ 301,184</u>

The budgetary comparison schedule has been presented on the modified accrual basis of accounting, which is consistent with the accounting principles generally accepted in the United States of America.

Explanation of differences:

- (1) Budgets include 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) 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 for a description of the Louisiana State Law Institute's budgetary accounting method.) This amount differs from the fund balance reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance because of the cumulative effect of transactions such as those described above.

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE
COLLECTIVE TOTAL OPEB LIABILITY
FOR THE SIX YEARS ENDED JUNE 30, 2022

<u>Fiscal Year*</u>	<u>Proportion of the Collective Total OPEB Liability</u>	<u>Proportionate Share of Collective Total OPEB Liability</u>	<u>Employer's Covered Payroll</u>	<u>Proportionate Share of the Collective Total OPEB Liability as a % of Covered Payroll</u>
2022	0.0113%	\$ 1,032,999	\$ 221,959	465%
2021	0.0118%	981,718	257,255	382%
2020	0.0133%	1,024,182	239,451	428%
2019	0.0145%	1,238,419	194,343	637%
2018	0.0128%	1,108,730	313,823	353%
2017	0.0128%	1,157,489	339,039	341%

*The amounts presented for each fiscal year were determined as of the prior fiscal year ended.

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

See accompanying notes.

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE
OF THE COLLECTIVE TOTAL OPEB LIABILITY
JUNE 30, 2022

1. STATE OGB PLAN:

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

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE
OF THE COLLECTIVE TOTAL OPEB LIABILITY
JUNE 30, 2022

1. STATE OGB PLAN:

Changes in Assumptions: (Continued)

- 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 adjusted to reflect 2020 claims and enrollment, 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 all 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.

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FOR THE NINE YEARS ENDED JUNE 30, 2022

Fiscal <u>Year</u>	Employer's Proportion of the Net Pension <u>Liability</u>	Employer's Proportionate Share of the Net Pension <u>Liability</u>	Employer's Covered- <u>Payroll</u>	Employer's Proportionate Share of the Net Pension Liability as a % of its Covered- <u>Payroll</u>	Plan Fiduciary Net Position as a % of the Total Pension <u>Liability</u>
2022	0.01583%	\$ 871,279	\$ 336,055	259.3%	72.8%
2021	0.01721%	1,423,134	358,030	397.5%	58.0%
2020	0.01779%	1,288,508	331,440	388.8%	62.9%
2019	0.01481%	1,009,895	378,684	266.7%	64.3%
2018	0.02270%	1,597,533	421,389	379.1%	62.5%
2017	0.02482%	1,948,846	477,171	408.4%	57.7%
2016	0.02494%	1,695,956	523,052	324.2%	62.7%
2015	0.02354%	1,472,118	289,285	508.9%	65.0%
2014	0.01042%	759,349	202,218	375.5%	58.6%

The schedule is intended to report information for ten years. Additional years will be displayed as they become available.

The amounts presented have a measurement date of the previous fiscal year.

See accompanying notes.

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS
FOR THE NINE YEARS ENDED JUNE 30, 2022

Fiscal Year	Contractually Required <u>Contribution</u>	Contributions in Relation to Contractually Required <u>Contribution</u>	Contribution Deficiency <u>(Excess)</u>	Employer's Covered- <u>Payroll</u>	Contributions as a Percentage of Covered- <u>Payroll</u>
2022	\$ 146,021	\$ 146,198	\$ (177)	\$ 369,673	39.5%
2021	134,758	134,132	626	336,055	39.9%
2020	145,618	145,618	-	358,030	40.7%
2019	125,616	127,322	(1,706)	331,440	38.4%
2018	143,521	142,147	1,374	378,684	37.5%
2017	150,857	151,007	(150)	421,389	35.8%
2016	176,184	176,184	-	477,171	36.9%
2015	194,872	194,872	-	523,052	37.2%
2014	91,123	91,123	-	289,285	37.2%

The schedule is intended to report information for ten years. Additional years will be displayed as they become available.

See accompanying notes.

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY AND SCHEDULE OF
EMPLOYER'S PENSION CONTRIBUTIONS
JUNE 30, 2022

1. CHANGES OF BENEFIT TERMS:

LASERS:

- (a) A 1.5% COLA, effective July 1, 2014, provided by Act 102 of the 2014 Louisiana Regular Legislative Session.
- (b) A 1.5% COLA, effective July 1, 2016, provided by Acts 93 and 512 of the 2016 Louisiana Regular Legislative Session.
- (c) 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.

2. CHANGES IN ASSUMPTIONS:

LASERS:

- (a) Effective July 1, 2017, the LASERS Board reduced the inflation assumption from 3.0% to 2.75%. The inflation rate was reduced to 2.50% for the June 30, 2019 valuation. The inflation rate was reduced from 2.50% to 2.30% effective July 1, 2020.
- (b) 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.
- (c) 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, reduced to 7.65% for the June 30, 2018 valuation, reduced to 7.60% for the June 30, 2019 valuation, and reduced 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%.

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY AND SCHEDULE OF
EMPLOYER'S PENSION CONTRIBUTIONS
JUNE 30, 2022

2. CHANGES IN ASSUMPTIONS: (Continued)

LASERS: (Continued)

- (d) Salary increases used to measure the total pension liability changed from a range of 3.00% to 14.50% in the 2016 valuation to a range of 2.80% to 14.30% in the 2017 valuation. Salary increases used to measure total pension liability changed to a range of 2.80% to 14.00% in the June 30, 2019 valuation. Salary increases used to measure the total pension liability changed to a range of 2.60% to 13.80% in the June 30, 2020 valuation.
- (e) 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.
- (f) The inflation assumption was reduced from 2.50% to 2.30% and all salary assumptions were reduced by 0.2%, effective July 1, 2020.
- (g) 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.

SUPPLEMENTARY INFORMATION

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF PROFESSIONAL SERVICES
JUNE 30, 2022

Gay Simpson	\$ 32,000
Andrea B. Carroll	5,000
Mark S. Davis	1,500
Anthony M. DiLeo	1,500
Lloyd "Trey" Drury, III	2,500
Karen Hallstrom	4,500
Harry J. Phillips, Jr.	1,500
Donald W. Price	1,500
Charles S. Weems, III	1,500
Randy Roussel	3,500
Charles M. Thomas	1,500
Ronald J. Scalise, Jr.	5,500
Stephen G. Sklamba	<u>2,500</u>
	<u><u>\$ 64,500</u></u>



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(1919-1990)

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Grady C. Lloyd, III CPA

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Terri L. Kitto, CPA

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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

December 20, 2022

Honorable Clay Schexnayder, Co-Chair
Honorable Patrick Page Cortez, Co-Chair
Louisiana State Law Institute
State of Louisiana
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Louisiana State Law Institute, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Louisiana State Law Institute's basic financial statements, and have issued our report thereon dated December 20, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Louisiana State Law Institute'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 opinion on the financial statements, but not for the purpose of expressing opinions on the effectiveness of the Louisiana State Law Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of the Louisiana State Law Institute'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 have not been identified. We did identify a certain deficiency in internal control, 2022-01, which we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana State Law Institute's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances 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.


New Orleans, Louisiana

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of the Louisiana State Law Institute for the year ended June 30, 2022 was unmodified.
2. Internal Control
Material weaknesses: none noted.
Significant deficiency: See current year finding 2022-01.
3. Compliance and Other Matters
Noncompliance material to financial statements: none noted.

FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:

2022-01 Inadequate Segregation of Duties:

Condition: The Institute is not large enough to permit an adequate segregation of employee duties for effective internal control over the purchasing (invoice approval, processing, and general ledger) and reporting (journal entry preparation, approval, and recordation) cycles.

Criteria: The processing of purchases and journal entries under the control of one person represents a failure to segregate the incompatible accounting activities.

Effect: The effect is such that errors, either intentional or unintentional, in the processing of purchases and journal entries could occur and not be detected in a timely manner and in the ordinary course of operations.

Cause: The size of the Institute and the limited number of employees do not permit an adequate segregation of incompatible duties.

Recommendation: Due to the size of the Institute's operations, it does not have sufficient staff to establish adequate segregation of duties. Management should consider if the cost associated with reducing this deficiency in the design or operation of the internal control is considered to be justified.

Auditee Response: Management has noted this condition and has determined that the cost necessary to establish adequate segregation of duties is not justifiable at this time.

LOUISIANA STATE LAW INSTITUTE
STATE OF LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

SUMMARY OF PRIOR YEAR FINDINGS:

2022-01 Inadequate Segregation of Duties:

Condition: The Institute is not large enough to permit an adequate segregation of employee duties for effective internal control over the purchasing (invoice approval, processing, and general ledger) and reporting (journal entry preparation, approval, and recordation) cycles.

Status: See Finding 2022-01.