

**SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA**

Financial Statements with Supplementary Information

June 30, 2025

(With Independent Auditor's Report Thereon)

**SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA**

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**SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA**

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Independent Auditor's Report

**Board of Commissioners
South Lafourche Levee District
State of Louisiana
Galliano, Louisiana**

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the South Lafourche Levee District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Qualified Opinion on Governmental Activities

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the Governmental Activities of the District, as of June 30, 2025, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion on General Fund and Capital Projects Fund

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund and Capital Projects Fund of the District, as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified 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 District 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.

Matter Giving Rise to the Qualified Opinion of the Governmental Activities

The District is in the process of reviewing capital projects that have occurred since July 1, 2001 to determine if any amounts previously expensed should have been recorded as capital assets. Accordingly, we were unable to form an opinion regarding the amount of capital assets (stated at \$23,004,359) in the accompanying statement of net position or the amount of depreciation expense (stated at \$1,311,799) in the accompanying statement of activities.

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 District'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 Responsibility 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 conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District'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 District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 8 and the 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 part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The Annual Fiscal Report Required by Division of Administration on pages 53 to 63 is presented for 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 District'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 District's internal control over financial reporting and compliance.

Griffin & Furman, LLC

September 30, 2025

Covington, Louisiana

**SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA**

Management's Discussion and Analysis

June 30, 2025

The management's discussion and analysis of the South Lafourche Levee District (the District) financial performance presents a narrative overview and analysis of the District's financial activities for the year ended June 30, 2025. This document focused on the current year's activities, resulting changes and currently known facts. Please read this document in conjunction with the District's financial statements.

Financial Highlights

- Total net position decreased \$1,137,262 to \$42,345,171 at June 30, 2025 from the June 30, 2024 amount of \$43,482,433 – a decrease of 2.6%.
- The District recorded capital grants from federal and state sources in the amount of \$2,506,429.
- The District recognized its proportionate share of its pension liability in fiscal year 2025 in accordance with GASB Statement No. 68. The liability amounted to \$2,114,924 as of June 30, 2025.
- The District recognized its proportionate share of its other post-employment benefits (other than retirement benefits) liability for retirees benefits in fiscal year 2025 in accordance with GASB Statement No. 75. The liability amounted to \$1,724,216 as of June 30, 2025.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's financial statements, which is comprised of government-wide financial statements, fund financial statements, and notes to the financial statements.

The government-wide financial statements present financial information for all activities of the District from an economic resources measurement focus using the accrual basis of accounting. They present governmental activities, such as general government and debt service, separately from business-type activities. The District has only governmental activities. Government-wide financial statements for governmental activities include the Statement of Net Position and the Statement of Activities. They provide information about the activities of the District as a whole and present a longer-term view of the District's finances.

The District has two governmental type funds – the General Fund and the Capital Projects Fund. The fund financial statements are comprised of the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances. These statements report how the District's flood protection services are financed in the short term as well as what remains for future spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's major funds. We describe the relationship (or differences) between the governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds in a reconciliation that follows each respective fund financial statement.

**SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA**

Management's Discussion and Analysis

June 30, 2025

Financial Analysis of the District

The following presents condensed financial information on the operation of the District:

	<u>2025</u>	(Restated) <u>2024</u>	<u>Change</u>
Current assets	\$ 24,770,175	25,988,750	(1,218,575)
Capital assets, net of depreciation	<u>23,004,359</u>	<u>23,893,142</u>	(888,783)
Total assets	47,774,534	48,881,892	(2,107,358)
Deferred outflows of resources	<u>762,898</u>	<u>928,374</u>	(165,476)
Total assets and deferred outflows of resources	<u>\$ 48,537,432</u>	<u>50,810,266</u>	<u>(2,272,834)</u>
Current liabilities	\$ 1,354,904	1,946,305	(591,401)
Long-term liabilities	<u>4,224,035</u>	<u>4,760,414</u>	(536,379)
Total liabilities	5,578,939	6,706,719	(1,127,780)
Deferred inflows of resources	<u>613,322</u>	<u>621,114</u>	(7,792)
Total liabilities and deferred inflows of resources	<u>6,192,261</u>	<u>7,327,833</u>	<u>(1,135,572)</u>
Net position:			
Net investment in capital assets	23,004,359	23,893,142	(888,783)
Restricted	-	1,168,754	(1,168,754)
Unrestricted	<u>19,340,812</u>	<u>18,420,537</u>	920,275
Total net position	<u>42,345,171</u>	<u>43,482,433</u>	<u>(1,137,262)</u>
Total liabilities and net position	<u>\$ 48,537,432</u>	<u>50,810,266</u>	<u>(2,272,834)</u>
Program revenues	\$ 2,533,496	9,169,623	(6,636,127)
General revenues	<u>11,605,000</u>	<u>11,989,250</u>	(384,250)
Total revenues	14,138,496	21,158,873	(7,020,377)
Expenses	<u>15,275,758</u>	<u>19,796,852</u>	(4,521,094)
Change in net position	<u>\$ (1,137,262)</u>	<u>1,362,021</u>	<u>(2,499,283)</u>

Analysis of Individual Funds of the District

The activity in the individual funds is reflected in the Balance Sheet – Governmental Funds and the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds. The total net position and the change in net position as reflected in the government-wide financial statements (which are condensed above) are reconciled with the fund financial statements in statements that follow each respective statement.

**SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA**

Management's Discussion and Analysis

June 30, 2025

Analysis of Budgeted Amounts

A comparison of budget to actual for the general fund is presented as a required supplemental statement. The annual budget is approved by the District of Commissioners each year. The budget is then submitted for approval to the Joint Legislative Committee on the budget no later than 90 days prior to the end of each fiscal year of the succeeding fiscal year for review. The fiscal year ended June 30, 2025's original budget was adopted at the April 2024 meeting and was subsequently amended on June 9, 2025.

The District prepares the original budget for the subsequent year based on estimates of revenues and expenses for the current year. The District makes assumptions about the subsequent year based on various factors available to management at the time the original budget is prepared. Management relies on the estimates and assumptions to determine how revenues and expenses for the subsequent year may fluctuate from the previous year.

The amount budgeted for revenues and expenses was adjusted from the original budgeted amounts due to the fact that the original budget was prepared before the end of the District's fiscal year and due to the timing of projects in which expenses will be shared with the state. The general fund adjusted the following amounts between its original and final budget: tax revenues were increased by \$2,133,434, state intergovernmental revenues were increased by \$25,648, federal intergovernmental revenues were decreased by \$1,008,832, investment income was increased by \$808,533, and expenses were decreased by \$573,896. There were no other significant fluctuations between the original and final budgeted amounts.

Economic Factors and Next Year's Budgets

The District does not expect any significant variances for revenue or expenditure accounts between fiscal years ending June 30, 2025 and June 30, 2026.

Capital Assets

As of June 30, 2025, the District had \$23,004,359 (net of depreciation) invested in a broad range of capital assets including land, building, equipment, and infrastructure (lock system, pump stations, and pumps). The District is currently in the process of reviewing capital projects that occurred since July 1, 2001 to determine if any amounts previously expensed should have been recorded as capital assets. During the current year, the District recorded \$423,019 of capital acquisitions and \$1,311,799 of depreciation.

Long-Term Liabilities

The District has recorded compensated absences payable as of June 30, 2025 in the amount of \$384,895, which represents an increase of \$59,363 from the prior year.

Also included in long-term liabilities is the other postemployment benefits liability for retirees benefits in the amount of \$1,724,216 as required Governmental Accounting Standards Board Statement No. 75 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. See notes to the financial statements for further discussion.

**SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA**

Management's Discussion and Analysis

June 30, 2025

Also included in long-term liabilities is the net pension liability for retirees benefits in the amount of \$2,114,924 as required under Governmental Accounting Standards Board Statement No. 68 – *Accounting and Financial Reporting by Employers for Pensions*. See notes to the financial statements for further discussion.

Contacting the District's Financial Management

This report is designed to provide our citizens, taxpayers and creditors with a general overview of the District's finances. If you have any questions regarding this report, contact the South Lafourche Levee District, Post Office Box 426, Galliano, Louisiana 70354.

**SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA**

Statement of Net Position

June 30, 2025

<u>Assets and Deferred Outflows of Resources</u>		
Assets:		
Cash in banks	\$ 1,561,731	
Investment - LAMP	20,139,302	
Accounts receivable	3,065,757	
Deposits	3,385	
Capital assets, net of depreciation	23,004,359	
Total assets		47,774,534
Deferred outflows of resources:		
Pension-related	351,033	
OPEB-related	411,865	
Total deferred outflows of resources		762,898
Total assets and deferred outflows of resources	\$	<u>48,537,432</u>
<u>Liabilities, Deferred Inflows of Resources, and Net Position</u>		
Liabilities:		
Accounts payable	\$ 698,787	
Contracts payable	281,250	
Retainage payable	218,941	
Due to Terrebonne Levee & Conservation District	155,926	
Accrued compensated absences payable	384,895	
Other postemployment benefits payable	1,724,216	
Net pension liability	2,114,924	
Total liabilities		5,578,939
Deferred inflows of resources:		
Pension-related	261,515	
OPEB-related	351,807	
Total deferred inflows of resources		613,322
Net position:		
Net investment in capital assets	23,004,359	
Unrestricted	19,340,812	
Total net position		42,345,171
Total liabilities, deferred inflows of resources, and net position	\$	<u>48,537,432</u>

See accompanying notes to the financial statements.

**SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA**

Statement of Activities

For the Year Ended June 30, 2025

		<u>Program Revenues</u>		<u>Net (Expense)</u>
	<u>Expenses</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants & Contributions</u>	<u>Revenue & Changes in Net Position</u>
Functions/programs				
Governmental activities:				
Levee maintenance	\$ 15,275,758	27,067	2,506,429	(12,742,262)
Total general government	<u>15,275,758</u>	<u>27,067</u>	<u>2,506,429</u>	<u>(12,742,262)</u>
 General revenues:				
Taxes				10,550,062
Port Commission				75,595
Intergovernmental - State				50,648
Unrestricted investment earnings				907,839
Miscellaneous				<u>20,856</u>
Total general revenues				<u>11,605,000</u>
 Change in net position				<u>(1,137,262)</u>
 Net position - beginning of the year				<u>43,796,041</u>
 Prior period adjustment				<u>(313,608)</u>
 Net position - beginning of the year, as restated				<u>43,482,433</u>
 Net position - end of year				<u>\$ 42,345,171</u>

See accompanying notes to the financial statements.

**SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA**

Governmental Funds

Balance Sheet

June 30, 2025

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Assets:			
Cash in banks	\$ 933,369	628,362	1,561,731
Investment - LAMP	20,139,302	-	20,139,302
Accounts receivable	2,729,326	336,431	3,065,757
Deposits	<u>3,385</u>	<u>-</u>	<u>3,385</u>
Total assets	<u><u>\$ 23,805,382</u></u>	<u><u>964,793</u></u>	<u><u>24,770,175</u></u>
Liabilities and fund balances:			
Liabilities:			
Accounts payable	\$ 63,027	635,760	698,787
Contracts payable	-	281,250	281,250
Retainage payable	-	218,941	218,941
Due to Terrebonne Levee & Conservation District	<u>155,926</u>	<u>-</u>	<u>155,926</u>
Total liabilities	<u>218,953</u>	<u>1,135,951</u>	<u>1,354,904</u>
Fund balances:			
Unassigned	<u>23,586,429</u>	<u>(171,158)</u>	<u>23,415,271</u>
Total fund balances	<u>23,586,429</u>	<u>(171,158)</u>	<u>23,415,271</u>
Total liabilities and fund balances	<u><u>\$ 23,805,382</u></u>	<u><u>964,793</u></u>	<u><u>24,770,175</u></u>

See accompanying notes to the financial statements.

**SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA**

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position**

June 30, 2025

Total Governmental Fund Balances	\$ 23,415,271
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**Amounts reported for governmental activities in the statement
of net position are different because:**

**The purchase of capital assets are reported as expenditures as they
are incurred in the governmental funds. The statement of net position
reports capital outlays as an asset of the District. These capital assets
are depreciated over their estimated useful lives in the statement of
activities and are not reported in the governmental funds.**

23,004,359

**Long-term liabilities that are not due and payable in the current
period are not reported as a liability in the governmental funds.
All liabilities - both current and long-term - are reported in the
statement of net position.**

Compensated absences payable	(384,895)
Net pension liability including deferred outflows and deferred inflows related to pension	(2,025,406)
OPEB liability including deferred outflows and deferred inflows related to OPEB	<u>(1,664,158)</u>

Total Net Position of Governmental Activities	\$ <u><u>42,345,171</u></u>
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See accompanying notes to the financial statements.

**SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA**

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended June 30, 2025

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes	\$ 10,550,062	-	10,550,062
Port Commission	75,595	-	75,595
Intergovernmental:			
Federal	27,067	1,684,959	1,712,026
State	50,648	821,470	872,118
Investment income	906,536	1,303	907,839
Miscellaneous	7,641	-	7,641
	<u>11,617,549</u>	<u>2,507,732</u>	<u>14,125,281</u>
Expenditures:			
Public safety - flood protection	3,520,586	-	3,520,586
Capital outlay	423,016	-	423,016
Levee maintenance	-	10,810,354	10,810,354
	<u>3,943,602</u>	<u>10,810,354</u>	<u>14,753,956</u>
Excess (deficiency) of revenues over expenditures	<u>7,673,947</u>	<u>(8,302,622)</u>	<u>(628,675)</u>
Other financing sources (uses):			
Operating transfers in	-	11,000,088	11,000,088
Operating transfers out	(7,076,291)	(3,923,797)	(11,000,088)
Sale of assets	1,501	-	1,501
	<u>(7,074,790)</u>	<u>7,076,291</u>	<u>1,501</u>
Net change in fund balances	599,157	(1,226,331)	(627,174)
Fund balances, beginning of year	<u>22,987,272</u>	<u>1,055,173</u>	<u>24,042,445</u>
Fund balances, end of year	<u>\$ 23,586,429</u>	<u>(171,158)</u>	<u>23,415,271</u>

See accompanying notes to the financial statements.

**SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA**

**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in
Fund Balances to the Statement of Activities**

For the Year Ended June 30, 2025

Net Change in Fund Balances - Total Governmental Funds	\$ <u>(627,174)</u>
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**Amounts reported for governmental activities in the statement of
activities are different because:**

**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 and reported as
depreciation expense:**

Capital asset additions	423,019
Depreciation expense	(1,311,799)

**Governmental funds report changes in certain liabilities in the
General Long-Term Debt Account Group; however, the changes
affect costs in the statement of activities:**

Personnel cost increase due to compensated absences	59,359
Pension expense net of retirement contributions	309,616
Adjustment for other postemployment benefits	<u>9,717</u>

Change in Net Position of Governmental Activities	\$ <u><u>(1,137,262)</u></u>
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See accompanying notes to the financial statements.

**SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA**

Notes to the Financial Statements

June 30, 2025

(1) Introduction

The District of Levee Commissioners of the South Lafourche Levee District (the “District”) was created by Louisiana Revised Statute 38:291. The District embraces all of Lafourche Parish lying south of the intracoastal canal. The District primarily provides flood protection for those areas in the District and is authorized to construct and maintain levees, levee drainage, pumps, pumping stations, drainage canals, sea wall, jetties, and breakwaters in the district to protect the lands from overflow and particularly from hurricane floodwaters and from inundation from tidewaters from the Gulf of Mexico. The District administers the operations and responsibilities of Louisiana Statutes. Members of the District are appointed by the Governor in accordance with the provisions of Louisiana Revised Statute 38:304.

(2) Summary of Significant Accounting Policies

(a) Reporting Entity

Governmental Accounting Standards District Statement No. 14 established criteria for determining which component units should be considered part of the reporting entity for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization’s governing body, and
 - a. The ability of the State to impose its will on that organization, and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the State.
2. Organizations for which the State does not appoint a voting majority but are fiscally dependent on the State.
3. Organizations for which the reporting entity financial statement would be misleading if the organization’s data is not included because of the nature or significance of the relationship.

Because the State of Louisiana, via the Governor, appoints all of the members of the District’s governing District and has the ability to impose its will on the District, the District was determined to be a component unit of the State of Louisiana. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the State of Louisiana, the general government services provided by that government unit, or the other governmental units that comprise the financial reporting entity.

(b) Basic Financial Statements - Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported

**SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA**

Notes to the Financial Statements

June 30, 2025

separately from business-type activities, which rely on a significant extent on fees and charges for support. There were no activities of the District categorized as business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

(c) Basic Financial Statements - Fund Financial Statements

The District uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain government functions or activities. A fund is defined as a separate accounting entity with a self-balancing set of accounts. Funds are ordered into three major categories: governmental, proprietary, and fiduciary, which are grouped by fund type in the financial statements. Governmental fund types are those through which general governmental functions of the District are financed. The acquisition, use, and balances of the District's expendable financial resources and the related liabilities are accounted for through governmental funds.

(d) Eliminating Internal Activity

Interfund receivables and payables are eliminated in the Statement of Net Position except for the net residual amounts due between governmental and business-type activities. These are presented as internal balances. The District has no business-type activities.

(e) Capital Assets

Assets used in operation with an initial useful life that extends beyond one year are capitalized. Building, equipment, furniture and fixtures, and infrastructure are depreciated over their estimated useful lives using the straight-line method. Depreciation is not calculated on land, land improvements, or construction in progress. Accumulated depreciation is recorded net of depreciable assets in the Statement of Net Position.

(f) Program Revenues

The Statement of Activities presents two categories of program revenues – (1) charges for services and (2) operating/capital grants and contributions.

Charges for services – are revenues from exchanges or exchange like transactions with external parties that purchase, use, or directly benefit from the program's goods, services, or privileges. These revenues include fees charged for specific services, licenses and permits, and operating special assessment and include payments from exchange transactions with other governments. The District receives no fees for services.

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Operating/capital grants and contributions – are resources that are restricted for operating and/or capital purposes of a program at the recipient government’s discretion.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using a 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 to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

(h) Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to various governmental funds according to the purpose for which they may or may not be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The District reports the following major governmental funds:

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in other funds.

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities. The fund is presently being used to account for the construction of the levee system and pumping stations in the District.

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(i) Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon thereafter to be used to pay the liabilities of the current fiscal year. For the District, available means expected to be received within 60 of the fiscal year-end. Under the modified accrual basis, only interest is considered to be both measurable and available at fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving value in return, includes grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements including timing requirements, which specify the year in which resources are required to be used, matching requirements, in which the District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

(j) Revenues - Taxes

Ad valorem taxes are assessed on a calendar year basis, become due on November 15th of each year, and become delinquent on December 31st. Ad valorem taxes are recorded in the year that the taxes are received. If taxes were recorded when assessed, the amount recorded would not be materially different from the amount actually recorded in the financial statements. Sales taxes are recorded as revenue based on the month paid by the taxpayer. Sales taxes received by the District in August are for the month of June and are recorded as a receivable as of June 30th.

(k) Expenses/Expenditures

On an accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

(l) Other Financing Sources (Uses)

In governmental fund accounting, transfers between funds, which are not expected to be repaid, are accounted for as other financing sources (uses). In those cases where repayment is expected, the advances are accounted for through the various "due from" and "due to" accounts. These amounts are eliminated in the government-wide financial statements.

Proceeds from the issuance of bonds are accounted for as other financing sources in the governmental funds. These amounts are recorded as liabilities in the government-wide financial statements.

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(m) Capital Assets

Capital assets are recorded at cost, if purchased or constructed. Assets acquired through contributions are capitalized at their estimated fair value, if available, or at estimated fair value or cost to construct at the date of the contribution. Equipment includes all items valued above \$500 and infrastructure includes the cost to construct and improve the pumps, pump stations, and lock systems. Assets are depreciated using the straight-line method over the useful lives of the assets as follows:

<u>Asset</u>	<u>Years</u>
Buildings	40
Equipment	5-10
Infrastructure	40

The District provides general maintenance to 48 miles of levees, which are not recorded in these financial statements because the District does not own the levees and is not responsible for significant maintenance on them.

(n) Long-Term Liabilities

Long-term liabilities are reported at face value.

(o) Budget Policies

The budget practices of the District are prescribed by Louisiana Revised Statute 38:318. This statute requires the District to submit its annual budget to the Joint Legislative Committee on the Budget, no later than 90 days prior to the end of each fiscal year for the succeeding fiscal year for review.

The District prepares budgets for all its funds. The budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). The budgets were amended once during the fiscal year.

Amendments to the budget must be approved by the District of Commissioners.

Appropriations which are not expended lapse at year-end.

(p) Encumbrances

Encumbrance accounting is not utilized by the District.

(q) Cash, Cash Equivalents, and Investments

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

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

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

(r) Annual and Sick Leave

Employees accumulate annual and sick leave at various rates based on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, an employee is compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is considered in computing the years of service for retirement benefit purposes. The liability for leave privileges at June 30, 2025 is estimated to be \$384,895, which is recorded as a liability in the statement of net position. Compensated absences are computed in accordance with GASB Statement No. 101, *Compensated Absences*, as further detailed in (w).

(s) Compensatory Leave

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid compensatory leave earned. Employees may accumulate up to 360 hours of compensatory leave and any amounts exceeding that are paid to the employee at each year-end. Upon termination or transfer, an employee will be paid for compensatory leave earned based on the employee's hourly rate of pay at termination or transfer.

(t) 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, deferred outflows, liabilities, deferred inflows, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

(u) Fund Balance

In fund financials, fund balance for governmental funds is reported in classifications that comprise a hierarchy-based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components, as follows:

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1. **Nonspendable** - This component consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
2. **Restricted** - This component consists of amounts that have constraints placed on them either externally by third-parties (bond creditors) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the District to assess payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.
3. **Committed** - This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed previously to commit those amounts.
4. **Assigned** - This component consists of amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed.
5. **Unassigned** - This component consists of amounts that have not been restricted, committed, or assigned to specific purposes.

The District has no nonspendable, committed, restricted, or assigned fund balances as of June 30, 2025.

The Board of Commissioners, as the highest level of decision-making authority, can establish, modify, or rescind a fund balance commitment by formal vote at a public District meeting. For assigned fund balance the Board of Commissioners authorizes management to assign amounts for a specific purpose.

When both restricted and unrestricted fund balances are available for use, it is the District's policy to use restricted resources first, then unrestricted as needed. When committed, assigned or unassigned fund balances are available for use, it is the District's policy to use committed resources first, then assigned resources and unassigned resources as they are needed.

(v) Net Position

In accordance with GASB Codification, net position is classified into three components – net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

1. **Net investment in capital assets** – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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2. **Restricted net position** – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. **Unrestricted net position** – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed. As of June 30, 2025, the District did not have any restricted net position.

(w) New Accounting Pronouncements

In June 2022, the GASB issued Statement No. 101, *Compensated Absences* effective for fiscal years beginning after December 15, 2023. The objective of the Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for reporting on outstanding compensated absences. See Note 12 for the effect of the restatement due to the change in accounting principle.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*, effective for fiscal years beginning after June 15, 2024, which the Board implemented in fiscal year ending June 30, 2025. The objective of this Statement is to provide users of government financial statements with information about risks related to a government’s vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. The implementation of this standard did not require any changes to the Board’s financial reporting requirements.

(3) Cash and Cash Equivalents

At June 30, 2025, the District had cash and cash equivalents (book balances) totaling \$1,561,731, which were demand deposits at financial institutions. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2025, the District had \$1,628,561 in deposits (collected bank balances). These deposits were secured from risk by \$500,000 of federal deposit insurance and \$1,128,561 of pledged securities held by custodial banks as of June 30, 2025.

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(4) Investments

At June 30, 2025, the District had investments of \$20,139,302, which is stated at market using published quotes and consist entirely of investments in the Louisiana Asset Management Pool, Inc. (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in a pool of funds and, therefore, not evidenced by securities that exist in physical or book-entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with Louisiana Revised Statute 33:2955.

GASB Statement No. 40 Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments.

LAMP is an investment pool that, to the extent practical, invests in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

- Credit risk: LAMP is rated AAAm by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the five percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM to reset and the WAM to final for LAMP's total investments was 25 days and 55 days, respectively, as of June 30, 2025.
- Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

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LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the District of directors. LAMP is not registered with the SEC as an investment company.

If you have any questions, please feel free to contact the LAMP administrative office at 800-249-5267.

(5) Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are unadjusted quoted prices in active markets for identical assets that the District has the ability to access. Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets and/or based on inputs that are derived principally from or corroborated by observable market data. Level 3 inputs are unobservable and are based on assumptions that market participants would utilize in pricing the asset. The District uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. The asset's fair value measurement level with the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. When available, valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. For the LAMP investment described in Note 4, management categorizes this investment as Level 2 based on quoted prices for similar instruments with consideration of actively quoted interest rates, credit ratings and spreads, prepayment models, and collateral data.

(6) Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2025 for the District is as follows:

	Balance July 1, <u>2024</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2025</u>
Capital assets not being depreciated				
Land	\$ 1,266,828	-	-	1,266,828
Capital assets being depreciated				
Buildings	955,961	-	-	955,961
Equipment	2,126,769	423,019	(6,403)	2,543,385
Leon Theriot Lock	27,508,098	-	-	27,508,098
Pump Station No. 1	3,239,585	-	-	3,239,585
Pump Station No. 8	700,953	-	-	700,953
Pump Station No. 2	3,692,087	-	-	3,692,087
Pump Station No. 6	5,060,286	-	-	5,060,286
Pump Station No. 4	3,544,102	-	-	3,544,102
Pump Station No. 7	2,902,317	-	-	2,902,317
Total capital assets being depreciated	49,730,158	423,019	(6,403)	50,146,774

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Less accumulated depreciation	<u>(27,103,847)</u>	<u>(1,311,799)</u>	<u>6,403</u>	<u>(28,409,243)</u>
Total capital assets being depreciated, net	<u>22,626,311</u>	<u>(888,780)</u>	<u>-</u>	<u>21,737,531</u>
Total capital assets, net	<u>\$ 23,893,139</u>	<u>(888,780)</u>	<u>-</u>	<u>23,004,359</u>

The District recorded \$1,311,799 of depreciation expense on its capital assets for the year ended June 30, 2025.

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

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

There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement 75. Effective July 1, 2008, an OPEB trust fund was statutorily established; however, this plan is not administered as a trust and no plan assets have been accumulated as of June 30, 2025. The plan is funded on a "pay-as-you-go basis" under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments become due.

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

- BCBS Pelican HRA
- BCBS Magnolia Local/Local Plus
- BCBS Magnolia Open Access

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

- BCBS Pelican HRA
- BCBS Magnolia Local/Local Plus
- BCBS Magnolia Open Access
- People's Medicare Advantage HMO
- BCBS Medicare Advantage HMO (varies by region)
- Humana Medicare Advantage HMO (varies by region)
- Via Benefits HRA

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

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

Monthly rates effective January 1, 2025 are as follows:

<u>Medical Plan</u>	<u>Pre-Medicare Member</u>				<u>Medicare Member</u>		
	<u>Active Single</u>	<u>Member Only</u>	<u>Pre-65 Spouse</u>	<u>Medicare Spouse</u>	<u>Member Only</u>	<u>Pre-65 Spouse</u>	<u>Medicare Spouse</u>
People's MA HMO	\$ N/A	N/A	N/A	N/A	175	N/A	175
BCBS Pelican HRA	\$ 581	1,013	828	218	351	947	280
BCBS Mag. Local Plus	\$ 930	1,735	1,329	363	574	1,524	455
BCBS Magnolia OA	\$ 966	1,798	1,377	362	585	1,576	466
BCBS MA HMO Reg. 1	\$ N/A	N/A	N/A	N/A	204	N/A	204
BCBS MA HMO Reg. 2	\$ N/A	N/A	N/A	N/A	232	N/A	232
BCBS MA HMO Reg. 3-4	\$ N/A	N/A	N/A	N/A	208	N/A	208
BCBS MA HMO Reg. 5-8	\$ N/A	N/A	N/A	N/A	259	N/A	259
BCBS MA HMO Reg. 9	\$ N/A	N/A	N/A	N/A	244	N/A	244
Humana MA HMO Reg. 1	\$ N/A	N/A	N/A	N/A	83	N/A	83
Humana MA HMO Reg. 2	\$ N/A	N/A	N/A	N/A	229	N/A	229
Humana MA HMO Reg. 3	\$ N/A	N/A	N/A	N/A	193	N/A	193
Humana MA HMO Reg. 4	\$ N/A	N/A	N/A	N/A	194	N/A	194
Humana MA HMO Reg. 5	\$ N/A	N/A	N/A	N/A	190	N/A	190
Humana MA HMO Reg. 6	\$ N/A	N/A	N/A	N/A	242	N/A	242
Humana MA HMO Reg. 7	\$ N/A	N/A	N/A	N/A	252	N/A	252
Humana MA HMO Reg. 8	\$ N/A	N/A	N/A	N/A	252	N/A	252
Humana MA HMO Reg. 9	\$ N/A	N/A	N/A	N/A	227	N/A	227

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

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

	<u>Basic</u>	<u>Supplemental Maximum</u>
Under age 65	\$ 5,000	50,000
Ages 65 to 70	4,000	38,000
After age 70	3,000	25,000

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

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

At June 30, 2025, the Board reported a liability of \$1,724,216 for its proportionate share of the total collective OPEB liability. The total collective OPEB liability was measured as of July 1, 2024 and was determined by an actuarial valuation as of that date.

The Board's proportionate share percentage is based on the employer's individual OPEB actuarial accrued liability in relation to the total OPEB actuarial accrued liability for all participating entities included in the State of Louisiana reporting entity. At July 1, 2024, the Board's proportion was 0.0221%.

Actuarial Assumptions:

Valuation Date: July 1, 2024.

Measurement Date: July 1, 2024.

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

Discount Rate: The discount rate used as of July 1, 2024 is 3.93% based on the Bond Buyer 20 Index rate as of June 30, 2024.

Inflation Rate: 2.40%

Salary Increases: The rates of salary increases are consistent with the assumption used in the June 30, 2024 Louisiana State Employees' Retirement System Actuarial Valuation.

Healthcare Cost Trend Rates: The combined effect of price inflation and utilization on gross eligible medical and prescription drug charges is according to the table below. The initial trend rate was developed using our National Health Care Trend Survey. The survey gathers information on trend expectations for the coming year from various insurers and PBMs. These trends are broken out by drug and medical, as well as type of coverage (e.g. PPO, HMO, POS). We selected plans that most

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closely match the State of Louisiana's benefits to set the initial trend. The ultimate trend is developed based on a building block approach which considers CPI, GDP, and Technology growth. The healthcare cost trend rates applicable to medical and prescription drug benefits are as follows:

<u>Year</u>	<u>Medical and Drug Pre-65</u>	<u>Medical and Drug Post-65</u>
2024-2025	8.50%	7.50%
2025-2026	8.25%	7.00%
2026-2027	8.00%	6.50%
2027-2028	7.75%	6.30%
2028-2029	7.50%	6.10%
2029-2030	7.00%	6.00%
2030-2031	6.50%	5.75%
2031-2032	6.00%	5.50%
2032-2033	5.50%	5.25%
2033-2034	5.00%	5.00%
Thereafter	4.50%	4.50%

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

Healthcare Claim Cost: Per capita costs for the self-insured plans administered by BCBS were based on medical and prescription drug claims and enrollment for retired participants for the period January 1, 2023 through December 31, 2024. The claims experience was trended to the valuation date.

Per capita costs for the fully insured HMO and Medicare Advantage plans were based on calendar year 2025 premiums adjusted to the valuation date using the Medicare trend reflecting IRA assumption on the prior page.

Per capita costs were adjusted for expected age-related differences in morbidity applicable to retirees, except for costs for the Via Benefits HRA plan, which provides a flat monthly subsidy. Details regarding the Age Morbidity Curve are found under Age-related Morbidity assumptions below.

The table below indicates the assumed 2024 per capita costs normalized to male retiree age 65:

<u>Plan</u>	<u>Without Medicare Retirement Date</u>	<u>With Medicare Before 3/1/15</u>	<u>Without Medicare Retirement Date</u>	<u>With Medicare After 3/1/15</u>
People's MA HMO	N/A	1,646	N/A	1,646
BCBS MA HMO	N/A	2,277	N/A	2,277
Humana MA HMO	N/A	1,665	N/A	1,665
Via Benefits HRA	N/A	2,400	N/A	2,400
BCBS Pelican HRA	15,446	3,356	15,446	3,356
BCBS Magnolia Local/Local Plus	22,146	4,166	21,623	4,095
BCBS Magnolia Open Access	22,963	3,809	22,642	3,745

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

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

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

Basis for Demographic Assumptions: The actuary relied upon the assumptions used in the June 30, 2023 Louisiana State Employees' Retirement System (LASERS) pension valuation for the mortality, retirement, termination, disability, and salary scale assumptions.

The assumptions used in the June 30, 2024 LASERS pension valuation were revised as of the June 30, 2014 valuation based on an experience study for the period July 1, 2018 through June 30, 2023.

Mortality: For General active lives: the PubG-2010 Employee Table, adjusted by 1.055 for males and 1.034 for females, projected from 2020 on a fully generational basis by Mortality Improvement Scale MP-2021.

For General healthy retiree lives: the PubG-2010 Retiree Table, adjusted by 1.215 for males and 1.277 for females, projected from 2020 on a fully generational basis by Mortality Improvement Scale MP-2021.

For General disabled retiree lives: the RP-2000 Disabled Retiree Mortality Table, adjusted by 0.936 for males and 1.065 for females, not projected with mortality improvement.

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For Public Safety active lives: the PubS-2010 Below Median Employee Table, adjusted by 1.050 for males and 0.974 for females, projected from 2020 on a fully generational basis by Mortality Improvement Scale MP-2021.

For Public Safety healthy retiree lives: the PubS-2010 Below Median Retiree Table, adjusted by 1.049 for males and 1.020 for females, projected from 2020 on a fully generational basis by Mortality Improvement Scale MP-2021.

For Public Safety disabled retiree lives: the RP-2000 Disabled Retiree Mortality Table, adjusted by 0.978 for males and 1.002 for females, not projected with mortality improvement.

For survivors: the PubG-2010 Contingent Survivor Table, adjusted by 1.264 for males and 1.326 for females, projected from 2020 on a fully generational basis by Mortality Improvement Scale MP-2021.

Rates of Retirement: The rates of retirement are consistent with the assumptions used in the June 30, 2024 pension valuations. The retirement rates for LASERS include DROP rates. Sample rates are shown below.

<u>Age</u>	<u>Regular Members</u> <u>Years of Service</u>				
	<u><10</u>	<u>10-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30+</u>
55	0%	12%	12%	60%	48%
60	17%	35%	35%	28%	28%
62	14%	17%	17%	17%	17%
65	18%	18%	18%	18%	18%
70	16%	19%	19%	19%	19%
72	16%	19%	19%	19%	19%
75+	100%	100%	100%	100%	100%

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

<u>Age</u>	<u>Rate</u>
40	0.070%
45	0.110%
50	0.150%
55	0.250%
60	0.000%

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

<u>Age</u>	<u><1</u>	<u>1</u>	<u>2-3</u>	<u>4-6</u>	<u>7-9</u>	<u>10+</u>
20	50.0%	33.3%	22.5%	20.0%	13.0%	5.3%
30	30.0%	22.0%	18.0%	13.0%	7.3%	5.3%
40	25.0%	18.5%	14.0%	10.5%	7.3%	4.3%
45	25.0%	18.5%	12.0%	10.5%	7.3%	4.3%
50	25.0%	18.5%	12.0%	10.5%	6.5%	4.3%
55	25.0%	15.5%	12.0%	8.5%	6.5%	4.3%
60	25.0%	15.5%	12.0%	8.5%	6.5%	4.3%

Participation Rate - Medical: Active employees who do not have current medical coverage are assumed not to participate in the medical plan as retirees. The percentage of employees and their dependents who are currently covered for medical coverage that are assumed to participate in the retiree medical plan is outlined in the table below. This assumption is based on a review of plan experience from July 1, 2021 through June 30, 2024.

<u>Years of Service</u>	<u>Participation %</u>
<10	33%
10 - 14	60%
15 - 19	80%
20+	88%

Participation Rate - Life Insurance: 36% of future retirees are assumed to participate in the life insurance. This assumption is based on a review of plan experience from July 1, 2021 through June 30, 2024. Future retirees are assumed to elect a total of \$45,000 in basic life insurance and supplemental life insurance coverage, before any age reductions. Spouses are assumed to elect \$2,000 of coverage.

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

<u>Medical Plan</u>	<u>Pre-Medicare %</u>	<u>Medicare %</u>
BCBS Pelican HRA	13%	6%
BCBS Magnolia L/LP	80%	73%
BCBS Magnolia OA	7%	15%
People's MA HMO	N/A	1%
BCBS MA HMO	N/A	3%
Humana MA HMO	N/A	1%
Via Benefits HRA	N/A	1%

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

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

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

No divorce or remarriage after widowhood was reflected.

These assumptions are based on a review of plan experience from July 1, 2021 through June 30, 2024.

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

<u>Turns Age 65 by</u>	<u>Medicare Eligibility %</u>
7/1/2024	93%
7/1/2025	94%
7/1/2026	95%
7/1/2027	96%
7/1/2028	97%
7/1/2029	98%
After 7/1/2030	99%

Retirees over age 65 are valued according to their reported Medicare status, which is assumed to never change. All current spouses are assumed to be Medicare eligible at age 65. Medicare eligibility assumptions for future spouses are consistent with the assumptions for future retirees. These assumptions are based on a review of experience from July 1, 2021 through June 30, 2024.

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

60% of retirements in the first year of normal retirement eligibility are assumed to be DROPS. 50% of DROPS are assumed to return to active employment at the end of the DROP period.

The following changes in actuarial assumptions have been made since the prior measurement date:

- The discount rate has decreased from 4.13% to 3.93%.
- Baseline per capita costs (PCCs) were updated to reflect 2024 claims and enrollment.
- Medical plan election percentages were updated based on the coverage elections of recent retirees.
- The mortality, retirement, termination, disability, and salary increase rates for the LASERS group were updated.
- The healthcare cost trend was updated.

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Required Supplementary Information

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

	1% Decrease <u>(2.93%)</u>	Current Discount Rate <u>(3.93%)</u>	1% Increase <u>(4.93%)</u>
Proportionate Share of the Total Collective OPEB liability	\$ <u>2,059,080</u>	<u>1,724,216</u>	<u>1,462,854</u>

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

	1% Decrease <u>(7.50%)</u>	Current Healthcare Cost Trend Rate <u>(8.50%)</u>	1% Increase <u>(9.50%)</u>
Proportionate Share of the Total Collective OPEB liability	\$ <u>1,440,614</u>	<u>1,724,216</u>	<u>2,097,743</u>

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

For the year ended June 30, 2025, the Board recognized an OPEB expense of \$51,003. At June 30, 2025, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 128,253	(197,988)
Changes in experience	29,550	-
Changes in proportionate share of collective OPEB expense	193,341	(94,596)
Difference in proportionate share of employer payments and actual payments	-	(59,223)

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Contributions made subsequent to measurement date	<u>60,721</u>	<u>-</u>
	<u>\$ 411,865</u>	<u>(351,807)</u>

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, 2026	\$ (76,104)
June 30, 2027	\$ 2,575
June 30, 2028	\$ 61,652
June 30, 2029	\$ 11,214

(8) Retirement System

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

Benefits Provided

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

Retirement Benefits

The age and years of creditable service required in order for a member to retire with full benefits are established by statute and vary depending on the member's hire date, employer, and job classification. Our rank and file members hired prior to July 1, 2006 may either retire with full benefits at any age upon completing 30 years of creditable service or at age 60 upon completing 10 years of creditable service depending on their plan. Those members hired between July 1, 2006 and June 30, 2015 may retire at age 60 upon completing five years of creditable service and those hired on or after July 1, 2015 may retire at age 62 upon completing five years of creditable service. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount

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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.

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 annually earned compensation for the highest 60 consecutive months of employment. Members in the regular plan will receive a 2.5% accrual while judges receive a 3.5% accrual rate, with the extra 1.0% accrual rate based on all years of service as a judge.

Members of the Harbor Police Retirement System who were members prior to July 1, 2014 may retire after 25 years of creditable service at any age, 12 years of creditable service at age 55, 20 years of creditable service at age 45, and 10 years of creditable service at age 60. Average compensation for the plan is the member's average annual earned compensation for the highest 36 consecutive months of employment with a 3.33% accrual rate.

A member leaving employment before attaining minimum retirement age but after completing certain minimum service requirements becomes eligible for a benefit provided that 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.

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Deferred Retirement Benefits

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

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

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

Disability Benefits

Generally, active members with 10 or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

Upon reaching age 60, the disability retiree may receive a regular retirement benefit by making an application to the Board of Trustees.

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

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

Survivor's Benefits

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased regular member hired before January 1, 2011 who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of 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, 2 years earned immediately prior to death and in active state service at the time of death, or a minimum of 20 years of service credit regardless of when earned. A deceased member's spouse must have been married for at least one year before death.

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

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

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Cost-of-Living Adjustments

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

Employer Contributions

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

The District's contractually required composite contribution rate for the year ended June 30, 2025 was 41.3% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the District were \$336,249 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of \$2,114,924 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2024 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The District's proportion of the Net Pension Liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the District's proportion was 0.0950%, which was a decrease of 0.0922% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized pension expense of 217,271 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$261,515.

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At June 30, 2025, the District 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>
Differences between expected and actual experience	\$ -	(9,354)
Net difference between projected and actual earnings on pension plan investments	-	(252,161)
Changes in proportion and differences between Employer contributions and proportionate share of contributions	-	-
Change in proportion and assumption of contribution	14,784	-
Employer contributions subsequent to measurement date	<u>336,249</u>	<u>-</u>
	<u>\$ 351,033</u>	<u>(261,515)</u>

\$336,249 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2026. 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, 2026	\$ (151,638)
June 30, 2027	\$ 65,152
June 30, 2028	\$ (97,186)
June 30, 2029	\$ (63,059)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2024 are as follows:

Valuation Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal

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Actuarial Assumptions:

Expected Remaining Service Lives	2 years																					
Investment Rate of Return	7.25% per annum, net of investment expenses																					
Inflation Rate	2.40% per annum																					
Mortality	Non-disabled members – The PubG-2010 Healthy Retiree on a fully generational basis by Mortality Improvement Scale MP-2021. Disabled members – Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.																					
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five year (2019-2023) experience study of the System’s members.																					
Salary Increases	Salary increases were projected based on a 2019-2023 experience study of the System's members. The salary increase ranges for specific types of members are: <table><tr><td></td><td>Lower</td><td>Upper</td></tr><tr><td><u>Member Type</u></td><td><u>Range</u></td><td><u>Range</u></td></tr><tr><td>Regular</td><td>3.3%</td><td>14.0%</td></tr><tr><td>Judges</td><td>2.4%</td><td>4.8%</td></tr><tr><td>Corrections</td><td>4.4%</td><td>15.3%</td></tr><tr><td>Hazardous Duty</td><td>4.4%</td><td>15.3%</td></tr><tr><td>Wildlife</td><td>4.4%</td><td>15.3%</td></tr></table>		Lower	Upper	<u>Member Type</u>	<u>Range</u>	<u>Range</u>	Regular	3.3%	14.0%	Judges	2.4%	4.8%	Corrections	4.4%	15.3%	Hazardous Duty	4.4%	15.3%	Wildlife	4.4%	15.3%
	Lower	Upper																				
<u>Member Type</u>	<u>Range</u>	<u>Range</u>																				
Regular	3.3%	14.0%																				
Judges	2.4%	4.8%																				
Corrections	4.4%	15.3%																				
Hazardous Duty	4.4%	15.3%																				
Wildlife	4.4%	15.3%																				
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.																					

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The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.3% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.34% for 2024. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Cash	0.76%
Domestic equity	4.29%
International equity	5.22%
Domestic Fixed Income	2.04%
International Fixed Income	5.24%
Alternative Investments	8.19%
Total Fund	5.61%

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and contributions from participating employers will be made at the actuarially determined rates approved by PRSAC, taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease <u>(6.25%)</u>	Current Discount Rate (7.25%)	1% Increase <u>(8.25%)</u>
Employer's proportionate share of the net pension liability	<u>\$ 2,920,653</u>	<u>2,114,924</u>	<u>1,430,238</u>

**SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA**

Notes to the Financial Statements

June 30, 2025

The information above can be found in the current GASB 68 Schedules of Employer located at <https://lasersonline.org/employers/gasb-68-resources/>.

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

As of June 30, 2025, the District had no amount of employee and employer contributions that were due to the pension plan.

(9) Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2025, was as follows:

	<u>Type of Obligations</u>		
	<u>Compensated absences</u>	<u>Other post employment benefits payable</u>	<u>Net pension liability</u>
Balance at June 30, 2024	\$ 130,650	1,569,801	2,746,355
Restatement due to GASB Statement 101	<u>313,608</u>	<u>-</u>	<u>-</u>
Restated Balance at June 30, 2024	444,258	1,569,801	2,746,355
Additions (Reductions)	<u>(59,363)</u>	<u>154,415</u>	<u>(631,431)</u>
Balance at June 30, 2025	\$ <u>384,895</u>	<u>1,724,216</u>	<u>2,114,924</u>
Amounts Due Within One Year	\$ <u>-</u>	<u>-</u>	<u>-</u>

(10) Cooperative Endeavor Agreements

On August 2010, the District signed a Cooperative Endeavor Agreement with the North Lafourche Conservation, Levee and Drainage District, and the Terrebonne Levee and Conservation District to provide flood protection to Lafourche and Terrebonne Parishes where there is a need to work across parish, district, and other political boundaries and a need for the pooling of resources between these three districts to achieve mutually beneficial goals. Projects shall require a supplemental agreement to this Cooperative Endeavor Agreement executed by each party's authorized representative. Amendments to this agreement are as follows:

**SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA**

Notes to the Financial Statements

June 30, 2025

- Amendment No. 1 - Point Aux Chenes Tie In Levee Project, Phase 2
- Amendment No. 2 - Point Aux Chenes Tie In Levee Project, Phase 1
- Amendment No. 3 – Permitting and environmental clearance for Morganza to the Gulf, Phase 1
- Amendment No. 4 – Permitting and environmental clearance for Morganza to the Gulf, Phase 2
- Amendment No. 5 – Bayou Point Aux Chenes Clean Out Lafourche and Terrebonne Parish
- Amendment No. 6 – Permitting and environmental clearance for Morganza to the Gulf, Phase 3

(11) Commitments and Contingencies

The District has three open contracts for flood protection as of June 30, 2025. The total commitment under these contracts is \$14,103,395. Through June 30, 2025, the District has been billed \$9,882,799, leaving a remaining commitment of \$4,220,596.

(12) Prior Period Adjustments

Net position as of June 30, 2024 has been restated as follows for implementation of GASB Statement No. 101, *Compensated Absences*, as amended.

	<u>Governmental Activities</u>
Net position as previously reported at June 30, 2024	\$ 43,796,041
Prior period adjustment - implementation of GASB No. 101	
Change in compensated absences payable	<u>(313,608)</u>
Total prior period adjustment	<u>(313,608)</u>
Net position as restated, June 30, 2024	<u><u>\$ 42,482,433</u></u>

(13) Subsequent Events

The District evaluated subsequent events through September 30, 2025, the date on which the financial statements were available to be issued

**SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA**

**Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund**

For the Year Ended June 30, 2025

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ 8,000,000	10,133,434	10,550,062	416,628
Port Commission	200,000	200,000	75,595	(124,405)
Intergovernmental:				
Federal	1,100,000	91,168	27,067	(64,101)
State	25,000	50,648	50,648	-
Investment income	16,500	825,033	906,536	81,503
Miscellaneous	2,800	5,745	7,641	1,896
Total revenues	<u>9,344,300</u>	<u>11,306,028</u>	<u>11,617,549</u>	<u>311,521</u>
Expenditures:				
Public safety - flood protection:				
Personal services	1,512,000	1,348,064	1,338,869	9,195
Related benefits	1,000,000	723,667	504,191	219,476
Travel	18,000	20,822	21,158	(336)
Professional services	115,000	74,932	61,170	13,762
Operating supplies and services	1,457,300	1,486,367	1,595,198	(108,831)
Capital outlay	245,000	119,552	423,016	(303,464)
Total expenditures	<u>4,347,300</u>	<u>3,773,404</u>	<u>3,943,602</u>	<u>(170,198)</u>
Excess of revenues over expenditures	4,997,000	7,532,624	7,673,947	141,323
Other financing sources (uses):				
Operating transfers out	(21,997,000)	(28,519,895)	(7,076,291)	21,443,604
Bond proceeds	<u>-</u>	<u>-</u>	<u>1,501</u>	<u>1,501</u>
Total other financing sources (uses)	(21,997,000)	(28,519,895)	(7,074,790)	21,445,105
Net change in fund balance	(17,000,000)	(20,987,271)	599,157	21,586,428
Fund balance, beginning	<u>19,000,000</u>	<u>22,987,272</u>	<u>22,987,272</u>	<u>-</u>
Fund balance, ending	\$ <u>2,000,000</u>	<u>2,000,001</u>	<u>23,586,429</u>	<u>21,586,428</u>

**SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA**

Schedule of Employer's Proportionate Share of Net Pension Liability

Last 10 Fiscal Years

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Employer's proportion of net pension liability	0.04774%	0.04789%	0.05048%	0.06150%	0.05191%	0.04894%	0.04657%	0.04304%	0.04103%	0.03889%
Employer's proportionate share of net pension liability	\$ 3,246,973	3,760,587	3,553,060	4,439,568	3,761,052	4,047,582	2,563,091	3,253,335	2,746,355	2,114,924
Employer's covered-employee payroll	\$ 805,029	941,913	970,625	996,478	1,019,341	1,048,515	1,065,935	926,534	926,360	931,189
Employer's proportionate share of net pension liability as a percentage of its covered-employee payroll	403%	399%	366%	446%	369%	386%	240%	351%	296%	227%
Plan fiduciary net position as a percentage of the total pension liability	63%	58%	63%	64%	63%	58%	73%	64%	64%	64%

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

See accompanying notes to required supplementary information.

**SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA**

Schedule of Employer's Pension Contributions

Last 10 Fiscal Years

<u>Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
2016	350,392	350,392	-	941,913	37.2%
2017	347,245	347,245	-	970,625	35.8%
2018	377,665	377,665	-	996,478	37.9%
2019	386,330	386,330	-	1,019,341	37.9%
2020	426,806	426,806	-	1,048,515	40.7%
2021	427,440	427,440	-	1,065,935	40.1%
2022	365,796	365,796	-	926,534	39.5%
2023	374,169	374,169	-	926,360	40.4%
2024	384,581	384,581	-	931,189	41.3%
2025	336,249	336,249	-	967,880	34.7%

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

See accompanying notes to required supplementary information.

**SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA**

**Notes to Required Supplementary Information – Schedule of Employer’s Proportionate Share of Net
Pension Liability and Schedule of Employer’s Pension Contributions**

Last 10 Fiscal Years

Changes in Benefit Terms:

Measurement Date: June 30, 2014:

- 1. A 1.5% COLA, effective July 1, 2014, provided by Act 102 of the Louisiana Regular Legislative System.**
- 2. Improved benefits for certain members employed by the Office of Adult Probation and Parole within the Department of Public Safety and Corrections as established by Act 852 of 2014.**

Measurement Date: June 30, 2016:

- 1. A 1.5% COLA, effective July 1, 2016, provided by Acts 93 and 512 of the 2016 Louisiana Regular Legislative Session.**
- 2. Added benefits for members of the Harbor Police Retirement System which was merged with LASERS effective July 1, 2015 by Act 648 of 2014.**

Measurement Date: June 30, 2019:

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

Measurement Date: June 30, 2021:

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

Changes in Assumptions:

Measurement Date: June 30, 2017:

- 1. The District adopted a plan to gradually reduce the discount rate from 7.75% to 7.50% in .05% annual increments, beginning July 1, 2017. Therefore, the discount rate was reduced from 7.75% to 7.70% for the June 30, 2017 valuation. A 7.65% discount rate was used to determine the projected contribution requirements for fiscal year 2018/2020.**
- 2. The District reduced the inflation assumption from 3.0% to 2.75%, effective July 1, 2017. Since the inflation assumption is a component of the salary increase assumption, all salary increase assumptions decreased by .25%.**

**SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA**

**Notes to Required Supplementary Information – Schedule of Employer’s Proportionate Share of Net
Pension Liability and Schedule of Employer’s Pension Contributions**

Last 10 Fiscal Years

3. The projected contribution requirement for fiscal year 2018/2020 includes direct funding of administrative expenses, rather than a reduction in the assumed rate of return, per Act 94 of 2016.

Measurement Date: June 30, 2018:

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

Measurement Date: June 30, 2019:

1. In rate was reduced from 7.7% to 7.60%.
2. The District reduced the inflation assumption from 2.75% to 2.50%, effective July 1, 2019. Since the inflation assumption is a component of the salary increase assumption, all salary increase assumptions decreased by .25%.

Measurement Date: June 30, 2020:

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

Measurement Date: June 30, 2021:

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

Measurement Date: June 30, 2022:

1. In accordance with the District's adopted a plan to gradually reduce the discount rate beginning July 1, 2017, the discount rate was reduced from 7.4% to 7.25%.

Measurement Date: June 30, 2023:

1. The expected long-term real rates of return were decreased from 5.91% to 5.75%

Measurement Date: June 30, 2024:

1. The Board increased the inflation assumption from 2.30% to 2.40%, effective July 1, 2024. Since the inflation assumption is a component of the salary increase assumption, all salary increase assumptions increased by .10%.
2. The Board conducted an experience study for the observation period of July 1, 2018 through June 30, 2023. The results of the study impacted actuarial assumptions, mortality assumptions, disability assumption, retirement/DROP assumption, termination assumption, salary growth, and converted leave.

**SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA**

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

Last 10 Fiscal Years

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Employer's proportion of total collective OPEB liability	0.0182%	0.0186%	0.0201%	0.0206%	0.0213%	0.0181%	0.0220%	0.0221%
Employer's proportionate share of total collective OPEB liability	\$ 1,580,958	1,590,922	1,548,695	1,710,240	1,951,800	1,218,740	1,569,801	1,724,216
Employer's covered-employee payroll	\$ 941,126	917,185	943,958	1,049,095	1,027,672	932,227	938,360	1,140,471
Employer's proportionate share of total collective OPEB liability as a percentage of its covered employee payroll	168.0%	173.5%	164%	163%	190%	131%	167%	151%
Measurement date	7/1/2017	7/1/2018	7/1/2019	7/1/2020	7/1/2021	7/1/2022	7/1/2023	7/1/2024

See accompanying notes to required supplementary information.

**SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA**

**Notes to Required Supplementary Information – Schedule of Employer’s Proportionate Share of Total
Collective OPEB Liability**

Last 10 Fiscal Years

No assets are accumulated in a trust that meets the criteria in GASBS No. 75, paragraph 4, to pay-related benefits.

Changes-in-Benefit Terms:

There were no changes-in-benefit terms for the OPEB Plan during any of the years presented.

Changes in Assumptions:

Measurement Date: July 1, 2017:

1. The discount rate increased from 2.71% to 3.13%.

Measurement Date: July 1, 2018:

1. The discount rate decreased from 3.13% to 2.98%.
2. Baseline per capita costs were updated to reflect 2018 claims and enrollment and retiree contributions were updated based on 2020 premiums. The impact of the High Cost Excise Tax was revisited, reflecting updated plan premiums.
3. The mortality assumption for the Louisiana State Employees' Retirement System was updated from the RP-2014 Healthy Annuitant and Employee tables for males and females with generational projections using projection scale MP-2017 to the RP-2014 Healthy Annuitant and Employee tables for males and females using projection scale MP-2018.
4. The percentage of future retirees assumed to elect medical coverage was modified based on recent plan experience.

Measurement Date: July 1, 2019:

1. The discount rate decreased from 2.98% to 2.79%.
2. Baseline per capita costs (PCCs) were updated to reflect 2019 claims and enrollment and retiree contributions were updated based on 2020 premiums. In addition, the estimate of future EGWP savings was increased, based on an analysis of recent EGWP experience.
3. Life insurance contributions were updated based on updated schedules for 2020 monthly premium rates.
4. The impact of the High Cost Excise Tax was removed. The High Cost Excise Tax was repealed in December 2019.
5. Demographic assumptions for the Louisiana State Employee Retirement System (LASERS) were updated based on a recent experience study performed by LASERS.

**SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA**

**Notes to Required Supplementary Information – Schedule of Employer’s Proportionate Share of Total
Collective OPEB Liability**

Last 10 Fiscal Years

Measurement Date: July 1, 2020:

1. The discount rate decreased from 2.79% to 2.66%.
2. Baseline per capita costs (PCCs) were updated to reflect 2020 claims and enrollment for the prescription drug costs and retiree contributions were updated based on 2021 premiums. 2020 medical claims and enrollment experience were reviewed but not included in the projection of expected 2021 plan costs. Due to the COVID-19 pandemic, the actuaries do not believe this experience is reflective of what can be expected in future years. Plan claims and premiums increased less than had been expected, which decreased the Plan’s liability. In addition, the estimate of future EGWP savings was increased, based on an analysis of recent EGWP experience. This further reduced the Plan’s liability.
3. The actuaries rely upon the economic assumptions used in the June 30, 2020 actuarial valuations for the four Statewide Retirement Systems. Two of these systems, the Louisiana State Employee Retirement System (LASERS) and the Teachers’ Retirement System of Louisiana (TRSL) have adopted new salary scale assumptions for the June 30, 2020 valuation. Economic assumptions were updated to reflect the updated salary scale assumptions.
4. Several demographic assumptions were updated based on a review of OPEB experience from July 1, 2017 through June 30, 2020.
 - a. Medical participation rates have been decreased as follows:

<u>Years of Service</u>	<u>From</u>	<u>To</u>
<10	52%	33%
10-14	73%	60%
15-19	84%	80%
20+	88%	88%

- b. The life participation rate has been decreased from 52% to 36% since the previous valuation, which decreased the Plan’s liability.
- c. The age difference between future retirees and their spouses was changed from three years for all retirees to three years for male retirees and two years for female retirees.
- d. The assumed percent of participants assumed to be Medicare-eligible upon reaching age 65 was changed from 95% to 99%.
- e. Medical plan election percentages decreased as follows: Towers Extend HIX – 3% to 0%; BCBS MA HMO – 0% to 2%; Humana MA HMO – 0% to 1%.

Measurement Date: July 1, 2021:

1. The discount rate was decreased from 2.66% to 2.18%.
2. Baseline per capita costs were updated to reflect 2021 claims and enrollment.
3. Medical plan election percentages were updated based on the coverage elections of recent retirees.
4. The healthcare cost trend rate assumption was revised based on updated National Health Care Trend Survey information.

**SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA**

**Notes to Required Supplementary Information – Schedule of Employer’s Proportionate Share of Total
Collective OPEB Liability**

Last 10 Fiscal Years

Measurement Date: July 1, 2022:

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

Measurement Date: July 1, 2023:

- 1. The discount rate has increased from 4.09% to 4.13%.**
- 2. Baseline per capita costs (PCCs) were updated to reflect 2023 claims and enrollment.**
- 3. Medical plan election percentages were updated based on the coverage elections of recent retirees.**
- 4. The mortality, retirement, termination, disability, and salary increase rates for the TRSL, LSERS, and LSPRS groups were updated. Additionally, all TRSL assumptions that were based on the Regular plan assumptions only have been updated to vary by sub-plan as applicable (Regular, Higher Ed, and Lunch).**
- 5. The healthcare cost trend was updated.**

Measurement Date: June 30, 2024:

- 1. The discount rate decreased from 4.13% based on the S&P Municipal Bond 20-Year High Grade Rate Index as of June 30, 2023 to 3.93% based on the Bond Buyer 20 Index as of June 30, 2024.**
- 2. Baseline per capita costs (PCCs) and medical plan election percentages were updated to reflect 2024 claims and enrollment. Plan claims and premiums increased more than had been expected, which increased the Plan’s liability.**
- 3. The mortality, retirement, termination, disability, and salary increase rates for the LASERS groups were updated to be consistent with the pension valuation assumptions.**
- 4. The healthcare cost trend was updated.**

ANNUAL FISCAL REPORT (AFR)
FOR 2025

AGENCY: 20-14-19 - South Lafourche Levee District
PREPARED BY: Robert Furman
PHONE NUMBER: 985-727-9924
EMAIL ADDRESS: rfurman@griffinandco.com
SUBMITTAL DATE: 09/30/2025 03:19 PM

STATEMENT OF NET POSITION

ASSETS

CURRENT ASSETS:

CASH AND CASH EQUIVALENTS	1,561,731.00
RESTRICTED CASH AND CASH EQUIVALENTS	0.00
INVESTMENTS	20,139,302.00
RESTRICTED INVESTMENTS	0.00
DERIVATIVE INSTRUMENTS	0.00
OTHER DERIVATIVE INSTRUMENTS	0.00
RECEIVABLES (NET)	3,065,757.00
PLEDGES RECEIVABLE (NET)	0.00
LEASES RECEIVABLE (NET)	0.00
P3 RECEIVABLE (NET) (Only relates to Transferor)	0.00
AMOUNTS DUE FROM PRIMARY GOVERNMENT	0.00
DUE FROM FEDERAL GOVERNMENT	0.00
INVENTORIES	0.00
PREPAYMENTS	0.00
NOTES RECEIVABLE	0.00
OTHER CURRENT ASSETS	3,385.00
TOTAL CURRENT ASSETS	\$24,770,175.00

NONCURRENT ASSETS:

RESTRICTED ASSETS:

CASH	0.00
INVESTMENTS	0.00
RECEIVABLES (NET)	0.00
NOTES RECEIVABLE	0.00
OTHER	0.00
INVESTMENTS	0.00
RECEIVABLES (NET)	0.00
NOTES RECEIVABLE	0.00
PLEDGES RECEIVABLE (NET)	0.00
LEASES RECEIVABLE (NET)	0.00
P3 RECEIVABLE (NET) (Only relates to Transferor)	0.00
CAPITAL ASSETS (NET OF DEPRECIATION & AMORTIZATION)	
LAND	1,266,828.00
BUILDINGS AND IMPROVEMENTS	587,551.00
MACHINERY AND EQUIPMENT	687,197.00
INFRASTRUCTURE	20,462,783.00
OTHER INTANGIBLE ASSETS	0.00
CONSTRUCTION IN PROGRESS	0.00
INTANGIBLE RIGHT-TO-USE ASSETS:	
LEASED LAND	0.00
LEASED BUILDING & OFFICE SPACE	0.00
LEASED MACHINERY & EQUIPMENT	0.00
SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)	0.00
PUBLIC-PRIVATE AND PUBLIC-PUBLIC PARTNERSHIP ARRANGEMENTS (P3) (Only relates to Operator)	0.00
OTHER NONCURRENT ASSETS	0.00
TOTAL NONCURRENT ASSETS	\$23,004,359.00
TOTAL ASSETS	\$47,774,534.00

DEFERRED OUTFLOWS OF RESOURCES

ACCUMULATED DECREASE IN FAIR VALUE OF HEDGING DERIVATIVE INSTRUMENTS	0.00
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ANNUAL FISCAL REPORT (AFR) FOR 2025

AGENCY: 20-14-19 - South Lafourche Levee District

PREPARED BY: Robert Furman

PHONE NUMBER: 985-727-9924

EMAIL ADDRESS: rfurman@griffinandco.com

SUBMITTAL DATE: 09/30/2025 03:19 PM

DEFERRED AMOUNTS ON DEBT REFUNDING	0.00
LEASE RELATED	0.00
P3-RELATED (Only relates to Operator)	0.00
GRANTS PAID PRIOR TO MEETING TIME REQUIREMENTS	0.00
INTRA-ENTITY TRANSFER OF FUTURE REVENUES (TRANSFEREE)	0.00
LOSSES FROM SALE-LEASEBACK TRANSACTIONS	0.00
DIRECT LOAN ORIGATION COSTS FOR MORTGAGE LOANS HELD FOR SALE	0.00
ASSET RETIREMENT OBLIGATIONS	0.00
OPEB-RELATED	411,865.00
PENSION-RELATED	351,033.00
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$762,898.00

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES **\$48,537,432.00**

LIABILITIES

CURRENT LIABILITIES:

ACCOUNTS PAYABLE AND ACCRUALS	698,787.00
ACCRUED INTEREST	0.00
DERIVATIVE INSTRUMENTS	0.00
OTHER DERIVATIVE INSTRUMENTS	0.00
AMOUNTS DUE TO PRIMARY GOVERNMENT	0.00
DUE TO FEDERAL GOVERNMENT	0.00
AMOUNTS HELD IN CUSTODY FOR OTHERS	0.00
UNEARNED REVENUES	0.00
OTHER CURRENT LIABILITIES	374,867.00

CURRENT PORTION OF LONG-TERM LIABILITIES:

CONTRACTS PAYABLE	281,250.00
COMPENSATED ABSENCES PAYABLE	0.00
LEASE LIABILITY	0.00
SBITA LIABILITY	0.00
P3 LIABILITY (Only relates to Operator)	0.00
ESTIMATED LIABILITY FOR CLAIMS	0.00
NOTES PAYABLE	0.00
BONDS PAYABLE	0.00
OPEB LIABILITY	60,721.00
POLLUTION REMEDIATION OBLIGATIONS	0.00
OTHER LONG-TERM LIABILITIES	0.00
TOTAL CURRENT LIABILITIES	\$1,415,625.00

NONCURRENT PORTION OF LONG-TERM LIABILITIES:

CONTRACTS PAYABLE	0.00
COMPENSATED ABSENCES PAYABLE	384,895.00
LEASE LIABILITY	0.00
SBITA LIABILITY	0.00
P3 LIABILITY (Only relates to Operator)	0.00
ESTIMATED LIABILITY FOR CLAIMS	0.00
NOTES PAYABLE	0.00
BONDS PAYABLE	0.00
OPEB LIABILITY	1,663,495.00
NET PENSION LIABILITY	2,114,924.00
POLLUTION REMEDIATION OBLIGATIONS	0.00
OTHER LONG-TERM LIABILITIES	0.00
UNEARNED REVENUE	0.00
TOTAL NONCURRENT LIABILITIES	\$4,163,314.00

**ANNUAL FISCAL REPORT (AFR)
FOR 2025**

AGENCY: 20-14-19 - South Lafourche Levee District
PREPARED BY: Robert Furman
PHONE NUMBER: 985-727-9924
EMAIL ADDRESS: rfurman@griffinandco.com
SUBMITTAL DATE: 09/30/2025 03:19 PM

TOTAL LIABILITIES	\$5,578,939.00
DEFERRED INFLOWS OF RESOURCES	
ACCUMULATED INCREASE IN FAIR VALUE OF HEDGING DERIVATIVE INSTRUMENTS	0.00
DEFERRED AMOUNTS ON DEBT REFUNDING	0.00
LEASE RELATED	0.00
P3-RELATED (Only relates to Transferor)	0.00
GRANTS RECEIVED PRIOR TO MEETING TIME REQUIREMENTS	0.00
SALES/INTRA-ENTITY TRANSFER OF FUTURE REVENUES (TRANSFEROR)	0.00
GAINS FROM SALE-LEASEBACK TRANSACTIONS	0.00
SPLIT INTEREST AGREEMENTS	0.00
POINTS RECEIVED ON LOAN ORIGINATION	0.00
LOAN ORIGINATION FEES RECEIVED FOR MORTGAGE LOANS HELD FOR SALE	0.00
OPEB-RELATED	351,807.00
PENSION-RELATED	261,515.00
TOTAL DEFERRED INFLOWS OF RESOURCES	\$613,322.00
NET POSITION:	
NET INVESTMENT IN CAPITAL ASSETS	23,004,359.00
RESTRICTED FOR:	
CAPITAL PROJECTS	0.00
DEBT SERVICE	0.00
NONEXPENDABLE	0.00
EXPENDABLE	0.00
OTHER PURPOSES	0.00
UNRESTRICTED	\$19,340,812.00
TOTAL NET POSITION	\$42,345,171.00

ANNUAL FISCAL REPORT (AFR)
FOR 2025

AGENCY: 20-14-19 - South Lafourche Levee District
PREPARED BY: Robert Furman
PHONE NUMBER: 985-727-9924
EMAIL ADDRESS: rfurman@griffinandco.com
SUBMITTAL DATE: 09/30/2025 03:19 PM

STATEMENT OF ACTIVITIES

PROGRAM REVENUES				
EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE
15,275,758.00	0.00	27,067.00	2,506,429.00	\$(12,742,262.00)
GENERAL REVENUES				
PAYMENTS FROM PRIMARY GOVERNMENT			50,648.00	
OTHER			11,554,352.00	
ADDITIONS TO PERMANENT ENDOWMENTS			0.00	
CHANGE IN NET POSITION				\$(1,137,262.00)
NET POSITION - BEGINNING				\$43,692,015.00
NET POSITION - RESTATEMENT - ERROR CORRECTION			104,026.00	
NET POSITION - RESTATEMENT - CHANGE IN ACCOUNTING PRINCIPLE			(313,608.00)	
NET POSITION - RESTATEMENT - CHANGE IN REPORTING ENTITY			0.00	
NET POSITION - ENDING				\$42,345,171.00

ANNUAL FISCAL REPORT (AFR)
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DUES AND TRANSFERS

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

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

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SCHEDULE OF BONDS PAYABLE

Series Issue	Date of Issue	Original Issue Amount	Principal Outstanding PFY	Issue (Redeemed)	Principal Outstanding CFY	Interest Outstanding CFY
		0.00	0.00	0.00	\$ 0.00	0.00
		Totals	\$0.00	\$0.00	\$0.00	\$0.00

Series - Unamortized Premiums:

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

Series - Unamortized Discounts:

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

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SCHEDULE OF BONDS PAYABLE AMORTIZATION

Fiscal Year Ending:	Principal	Interest
2026	0.00	0.00
2027	0.00	0.00
2028	0.00	0.00
2029	0.00	0.00
2030	0.00	0.00
2031	0.00	0.00
2032	0.00	0.00
2033	0.00	0.00
2034	0.00	0.00
2035	0.00	0.00
2036	0.00	0.00
2037	0.00	0.00
2038	0.00	0.00
2039	0.00	0.00
2040	0.00	0.00
2041	0.00	0.00
2042	0.00	0.00
2043	0.00	0.00
2044	0.00	0.00
2045	0.00	0.00
2046	0.00	0.00
2047	0.00	0.00
2048	0.00	0.00
2049	0.00	0.00
2050	0.00	0.00
2051	0.00	0.00
2052	0.00	0.00
2053	0.00	0.00
2054	0.00	0.00
2055	0.00	0.00
2056	0.00	0.00
2057	0.00	0.00
2058	0.00	0.00
2059	0.00	0.00
2060	0.00	0.00
Premiums and Discounts	\$0.00	
Total	\$0.00	\$0.00

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Other Postemployment Benefits (OPEB)

If your agency has active or retired employees who are members of the Office of Group Benefits (OGB) Health Plan, please provide the following information: (Note: OGB has a 6/30/2024 measurement date for their OPEB valuation)

Benefit payments made subsequent to the measurement date of the OGB Actuarial Valuation Report until the employer's fiscal year end. (Benefit payments are defined as the employer payments for retirees' health and life insurance premiums). For agencies with a 6/30 year end this covers the current fiscal year being reported. For calendar year end agencies, it covers the period 7/1 to 12/31 for the current year being reported.	60,721.00
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Covered Employee Payroll for the PRIOR fiscal year (not including related benefits)	1,140,471.00
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For calendar year-end agencies only: Benefit payments or employer payments for retirees' health and life insurance premiums made for the next year's valuation reporting period (7/1/2024 - 6/30/2025). This information will be provided to the actuary for the valuation report early next year.	0.00
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For agencies that have employees that participate in the **LSU Health Plan**, provide the following information: (Note: The LSU Health Plan has a measurement date of 6/30/2025 for their OPEB valuation report.)

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

ANNUAL FISCAL REPORT (AFR)
FOR 2025

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CERTAIN RISK DISCLOSURES (GASB 102)

A concentration or constraint must meet the following criteria before disclosure is required:

- a. The concentration or constraint is known prior to the issuance of the financial statements.
 - b. The concentration or constraint makes the reporting unit vulnerable to the risk of a substantial impact.
 - c. An event associated with the concentration or constraint that could cause a substantial impact has occurred, has begun to occur, or is more likely than not to begin to occur within 12 months of the date the financial statements are issued.
- Note: The State's financial statements are issued December 31 for the fiscal year ended June 30.

If the concentration or constraint meets all the criteria above, disclose the following for each concentration or constraint.
Note: If the agency has taken mitigation action that causes any of the disclosure criteria not to be met, no disclosure is required.

Do you have any concentrations or constraints to disclose that meet the criteria described above? No

List each event associated with the concentration or constraint that could cause a substantial impact if the event has occurred, has begun to occur, or is more likely than not to begin to occur prior to December 31, 2026.

Disclose the actions taken by the entity to mitigate the risk.

List the concentration or constraint:

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FOR 2025

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FUND BALANCE/NET POSITION RESTATEMENT

ERROR CORRECTIONS

For each beginning net position restatement resulting from a correction of an error, select the SNP account and the SOA account affected by the error. Only material errors should be restated. Immaterial errors should be corrected through current period revenue or expenses, as applicable. In the description field, explain the nature of the error, and its correction, including periods affected by the error.

Account Name/Description	Beginning Net Position Restatement Amount
SNP CURRENT LIABILITIES - ACCOUNTS PAYABLE AND ACCRUALS	
SOA EXPENSES Description: Audit adjustments not finalized until late November 2024 not included in AFR	104,026.00
Total Restatement - Error Corrections	\$104,026.00

CHANGES IN ACCOUNTING PRINCIPLE

For each beginning net position restatement resulting from the application of a new accounting principle, select the SNP account and the SOA account that are affected by the change in accounting principle. In the description field explain the nature of the change in accounting principle and the reason for the change. If the change is due to the implementation of a new GASB pronouncement, identify the pronouncement that was implemented.

Account Name/Description	Beginning Net Position Restatement Amount
SNP NONCURRENT LIABILITIES - COMPENSATED ABSENCES PAYABLE	
SOA EXPENSES Description: PPA due to GASB 101	(313,608.00)
Total Restatement - Changes in Accounting Principle	\$(313,608.00)

CHANGES IN REPORTING ENTITY

Describe the nature and reason for the change to or within the financial reporting entity and list the effect (amount) on beginning net position.

Description	Effect on Beginning Net Position
	0.00
Total Restatement - Changes in Reporting Entity	\$0.00

ANNUAL FISCAL REPORT (AFR) FOR 2025

AGENCY: 20-14-19 - South Lafourche Levee District

PREPARED BY: Robert Furman

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EMAIL ADDRESS: rfurman@griffinandco.com

SUBMITTAL DATE: 09/30/2025 03:19 PM

SUBMISSION

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

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

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

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

**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**

Board of Commissioners
South Lafourche Levee District
State of Louisiana
Galliano, 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 each major fund of the South Lafourche Levee District, (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 30, 2025.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 their purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Griffin & Furman, LLC

September 30, 2025

Covington, Louisiana

**SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA**

Schedule of Findings and Management's Corrective Action Plan

June 30, 2025

Summary of Audit Results:

Financial Statements:

- 1. Type of report issued - Qualified**
- 2. Internal control over financial reporting**
 - a. Significant deficiencies - No**
 - b. Material weaknesses - No**
- 3. Compliance and other matters - No**
- 4. Management letter - No**

**SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA**

Status of Prior Year Findings

June 30, 2025

Not Applicable.