

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Financial Statements with Supplementary Information

June 30, 2025

(With Independent Auditor's Report Thereon)

**LOUISIANA STATE BOARD OF COSMETOLOGY
THE STATE OF LOUISIANA**

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 7
Basic Financial Statements:	
Statement of Net Position	8 - 9
Statement of Revenues, Expenses, and Changes in Net Position	10
Statement of Cash Flows	11
Notes to the Financial Statements	12 - 42
Required Supplementary Information:	
Schedule of Employer's Proportionate Share of Net Pension Liability	43
Schedule of Employer's Contributions	44
Notes to Required Supplementary Information – Schedule of Employer's Proportionate Share of Net Pension Liability and Schedule of Employer's Pension Contributions	45 - 48
Schedule of Employer's Proportionate Share of Total Collective OPEB Liability	49
Notes to Required Supplementary Information – Schedule of Employer's Proportionate Share of Total Collective OPEB Liability	50 - 52
Other Supplementary Information:	
Annual Fiscal Report Required by Division of Administration	53 - 63
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 <i>Government Auditing Standards</i>	64 - 65
Schedule of Findings and Management's Corrective Action Plan	66
Status of Prior Year Findings	67



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

Howard P. Vollenweider, CPA
Jessica S. Benjamin
Racheal D. Alvey
Michael J. Caparotta, CPA

Michael R. Choate, CPA

American Society of Certified Public Accountants
Society of Louisiana CPAs

Independent Auditor's Report

**To the Board Members of
Louisiana State Board of Cosmetology
State of Louisiana
Baton Rouge, Louisiana**

Opinions

We have audited the accompanying financial statements of the business-type activities of the Louisiana State Board of Cosmetology (the Board), a component unit of the State of Louisiana, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Board as of June 30, 2025, and the respective changes in financial position, and its cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Notes 1(f) and 9 to the financial statements, in 2025 the Board adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

205 E. Lockwood St.
Covington LA 70433
(985) 727-9924 Phone
(985) 400-5026 Fax

2915 S. Sherwood Forest Blvd., Suite B
Baton Rouge, LA 70816
(225) 292-7434 Phone
(225) 293-3651 Fax

3711 Cypress St. #2
West Monroe, LA 71291
(318) 397-2472 Phone

www.griffinandco.com

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it 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 Board's basic financial statements. The annual fiscal report required by Division of Administration 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 as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2025, on our consideration of the Board'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 Board'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 Board's internal control over financial reporting and compliance.

Griffin & Furman, LLC

September 26, 2025

Covington, Louisiana

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Management's Discussion and Analysis

June 30, 2025

Management's Discussion and Analysis of the Louisiana State Board of Cosmetology's (the Board) financial performance presents a narrative overview and analysis of the Board's financial activities for the year ended June 30, 2025. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior-year's information. Please read this document in conjunction with the Board's financial statements, which follow this section.

Financial Highlights

The Board's net position increased by \$386,030 from a deficit of \$3,607,408 in 2024 to a deficit of \$3,221,378 in 2025.

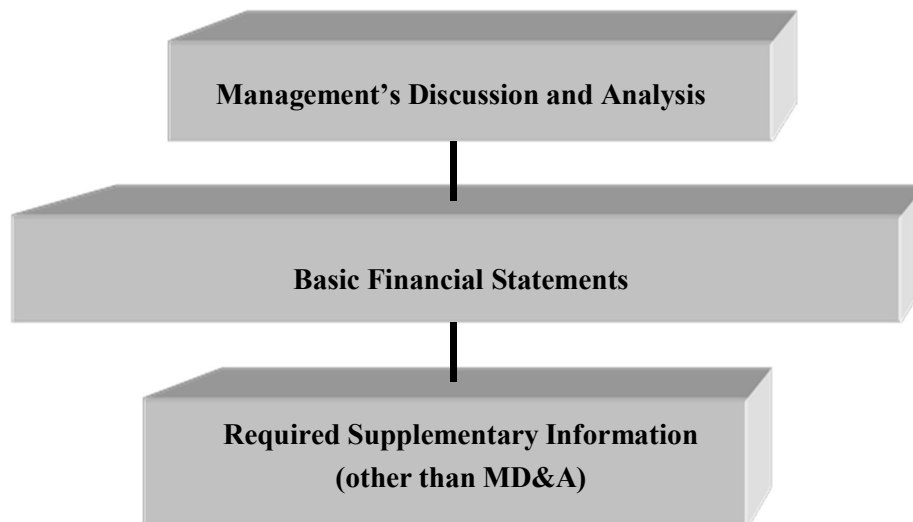
The Board's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at the close of fiscal year 2025 by \$3,221,378.

The Board's operating revenue decreased by \$39,316, or 2.06%, and the net results from operating activities increased by \$936,724 or 166.75%.

The Board has no long-term obligations other than employee-related benefits and compensated absences.

Overview of the Financial Statements

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



These financial statements consist of three sections – Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information (other than Management's Discussion and Analysis). This report also contains supplementary information in addition to the basic financial statements.

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Management's Discussion and Analysis

June 30, 2025

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

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

Basic Financial Statements

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

Statement of Net Position

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

Statement of Revenues, Expenses, and Changes in Net Position

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

Statement of Cash Flows

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, as a component unit of the State of Louisiana, the Board complies with the reporting requirements of the Government Accounting Standards Board. This information is comprised of the Board's Proportionate Share of

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Management's Discussion and Analysis

June 30, 2025

the Net Pension Liability, the Schedules of Board Pension Contributions, and the Schedule of the Employer's Proportionate Share of the Total Collective OPEB Liability required by GASB.

Other Supplementary Information

This report also includes supplementary information that is not required by GASB. This includes the Annual Fiscal Report required by the Division of Administration.

Financial Analysis of the Entity

Condensed statements of net position as of June 30, 2025 and 2024:

	<u>2025</u>	(Restated) <u>2024</u>	<u>Change</u>
Total current assets	\$ 1,382,848	1,533,773	(150,925)
Capital assets, net of depreciation	<u>173,174</u>	<u>178,024</u>	<u>(4,850)</u>
Total assets	1,556,022	1,711,797	(155,775)
Deferred outflows of resources	<u>591,063</u>	<u>854,233</u>	<u>(263,170)</u>
Total assets and deferred outflows of resources	\$ <u>2,147,085</u>	<u>2,566,030</u>	<u>(418,945)</u>
 Total current liabilities	\$ 126,687	153,373	(26,686)
Long-term liabilities	<u>4,524,745</u>	<u>5,132,355</u>	<u>(607,610)</u>
Total liabilities	4,651,432	5,285,728	(634,296)
Deferred inflows of resources	<u>717,031</u>	<u>815,172</u>	<u>(98,141)</u>
Total liabilities and deferred inflows of resources	5,368,463	6,100,900	(732,437)
Net Position			
Invested in capital assets	173,174	178,024	(4,850)
Unrestricted	<u>(3,394,552)</u>	<u>(3,785,432)</u>	<u>390,880</u>
 Total net position	\$ <u>(3,221,378)</u>	<u>(3,607,408)</u>	<u>386,030</u>

Restricted net position represents those assets that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on how these amounts may be spent.

Current assets decreased by \$150,925 or 9.84 %, from June 30, 2024 to June 30, 20245.

The Board's negative unrestricted net position is mainly caused by the following:

- A net pension liability and pension related deferred inflows and outflows for the Board's participation in various defined benefit plans of approximately \$1,905,864.
- A liability for post-employment benefits other than pension and related inflows and outflows of \$2,339,324.

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Management's Discussion and Analysis

June 30, 2025

Condensed statements of activities for the years ended June 30, 2025 and 2024:

	<u>2025</u>	(Restated) <u>2024</u>	<u>Change</u>
Operating revenues	\$ 1,866,254	1,905,570	(39,316)
Operating expenses	<u>1,491,300</u>	<u>2,467,341</u>	<u>976,041</u>
Operating income	374,954	(561,771)	936,725
Non-operating revenues	<u>11,076</u>	<u>150,004</u>	<u>(138,928)</u>
Increase (decrease) in net position	386,030	(411,767)	797,797
Net position – beginning of year	<u>(3,607,408)</u>	<u>(3,195,641)</u>	<u>(411,767)</u>
Net position – end of year	\$ <u><u>(3,221,378)</u></u>	<u><u>(3,607,408)</u></u>	<u><u>386,030</u></u>

Change in net position of the Board increased by \$797,796, or 193.75%, from June 30, 2024 to June 30, 2025.

Capital Assets

For the year ended June 30, 2025, the Board had \$173,174 invested in a broad range of capital assets, including land, machinery and equipment, and buildings and improvement. This amount represents a net decrease (including additions and deductions) of \$4,850, or 2.72%, from last fiscal year.

Variations Between Original and Final Budgets

Revenues were \$321,746 under budget, and expenditures were under budget by \$696,412.

Economic Factors and Next Year's Budgets and Rates

The Board does not expect any economic factors to impact next year's budget.

Contacting the Board Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Steve Young, Executive Director, at (225) 756-3404.

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Statement of Net Position

June 30, 2025

Assets

Current assets:

Cash and cash equivalents	\$ 1,381,803	
Receivables, net	<u>1,045</u>	
Total current assets		1,382,848

Noncurrent assets:

Capital assets, net	<u>173,174</u>	
Total noncurrent assets		<u>173,174</u>

Total assets		<u>1,556,022</u>
--------------	--	------------------

Deferred Outflows of Resources

Deferred outflows of resources related to pensions	342,735	
Deferred outflows of resources related to other post-employment benefits payable	<u>248,328</u>	
Total deferred outflows of resources		<u>591,063</u>

Liabilities

Current liabilities:

Accounts payable and other liabilities	82,637	
Other post-employment benefits payable	<u>44,050</u>	
Total current liabilities		126,687

Non-current liabilities:

Compensated absences payable	449,575	
Other post-employment benefits payable	2,075,591	
Net pension liability	<u>1,999,579</u>	
Total non-current liabilities		<u>4,524,745</u>

Total liabilities		<u>4,651,432</u>
-------------------	--	------------------

See accompanying notes to the financial statements.

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Statement of Net Position

June 30, 2025

Deferred Inflows of Resources

Deferred inflows of resources related to pensions	249,020	
Deferred inflows of resources related to other post-employment benefits payable	<u>468,011</u>	
Total deferred inflows of resources		<u>717,031</u>

Net Position

Net investment in capital assets	173,174	
Unrestricted	<u>(3,394,552)</u>	
Total net position		\$ <u><u>(3,221,378)</u></u>

See accompanying notes to the financial statements.

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended June 30, 2025

Operating revenues:			
Licenses and other fees	\$	1,758,664	
Fines		<u>107,590</u>	
Total operating revenues			<u>1,866,254</u>
Operating expenses:			
Salaries and related benefits		1,130,936	
Meetings, conferences, and travel		62,907	
Professional services		109,857	
General and administrative		182,750	
Depreciation		<u>4,850</u>	
Total operating expenses			<u>1,491,300</u>
Operating income			374,954
Non-operating revenues:			
Non-employer pension contribution		<u>11,076</u>	
Total non-operating revenues			<u>11,076</u>
Increase in net position			<u>386,030</u>
Net position, beginning of year			(3,155,603)
Prior period adjustment - see Note 9			<u>(451,805)</u>
Net position, beginning of year as restated			<u>(3,607,408)</u>
Net position, end of year	\$		<u><u>(3,221,378)</u></u>

See accompanying notes to the financial statements.

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Statement of Cash Flows

For the Year Ended June 30, 2025

Cash flows from operating activities:

Cash received from customers	\$ 1,866,254	
Cash paid to suppliers for goods/services	(353,713)	
Cash paid to employees for services	<u>(1,674,542)</u>	
Net cash used by operating activities		(162,001)

Cash flows from non-capital financing activities:

Non-employer pension contribution	<u>11,076</u>	
Net cash provided by non-capital financing activities		<u>11,076</u>

Net decrease in cash and cash equivalents	(150,925)
---	-----------

Cash and cash equivalents, beginning of year	<u>1,532,728</u>
--	------------------

Cash and cash equivalents, end of year	\$ <u><u>1,381,803</u></u>
--	----------------------------

Reconciliation of operating income to net cash used by operating activities

Operating income	\$ 374,954
------------------	------------

Adjustments to reconcile operating loss

to net cash used by operating activities:

Depreciation	\$ 4,850	
Decrease in deferred outflows related to pensions	236,183	
Decrease in deferred outflows related to other post-employment benefits payable	26,987	
Increase (decrease) in liabilities:		
Accounts payable	1,801	
Compensated absences payable	(93,135)	
Other post-employment benefits payable	53,847	
Net pension liability	(669,347)	
Increase in deferred inflows related to pensions	53,685	
Decrease in deferred inflows related to other post-employment benefits payable	<u>(151,826)</u>	
Total adjustments		<u>(536,955)</u>

Net cash used by operating activities	\$ <u><u>(162,001)</u></u>
---------------------------------------	----------------------------

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Notes to the Financial Statements

June 30, 2025

(1) Summary of Significant Accounting Policies

(a) Nature of Organization

The Louisiana State Board of Cosmetology (Board) is a component unit of the State of Louisiana. It was created by the Louisiana Legislature under the provisions of Louisiana Revised Statute 37:751 and is domiciled in East Baton Rouge Parish. The Board serves as a statewide authority to control and regulate the practice of cosmetology in the State of Louisiana. Operations are funded through self-generated revenues.

The Board is composed of nine members appointed by the Governor of the State of Louisiana and serve at his/her pleasure. Subject to Senate confirmations, the Board is made up of at least one registered cosmetologist of each congressional district that has been actively engaged in the practice of cosmetology, a beauty shop/salon owner, or teacher/instructor of cosmetology for at least five years prior to his/her appointment. Board members, as authorized by Louisiana Administrative Code 46:317(c), may receive a per diem of not more than \$100 per meeting or day spent on Board business in addition to actual expense reimbursement to attend meetings or conduct board-approved business.

(b) Basis of Presentation

The Governmental Accounting Standards Board (GASB) promulgates accounting principles generally accepted in the United States of America and reporting standards for state and local governments. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by GASB. The accompanying financial statements have been prepared in accordance with such principles. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513 and to the guides set forth in the *Louisiana Governmental Audit Guide*.

(c) Financial Reporting Entity

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes the Board is considered a component unit of the State of Louisiana because the State exercises oversight responsibility in that the Governor appoints the board members and the public service is rendered within the State's boundaries. The accompanying financial statements present only the transactions of the Board as authorized by Louisiana statutes and administrative regulations.

Annually, the State of Louisiana issues basic financial statements, which include the activity contained in the financial statements. The State of Louisiana also issues supplementary information to the Annual Comprehensive Fiscal Report, which presents the Board in the combining statement of net position for discrete boards and commissions and the combining statement of activities for discrete boards and commissions. The financial statements and the supplementary information are audited by the Louisiana Legislative Auditor.

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Notes to the Financial Statements

June 30, 2025

(d) Basis of Accounting

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

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

Under the accrual basis, revenues are recognized in the accounting period when they are earned, and expenses are recognized when the related liability is incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and/or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

(e) Assets, Liabilities, and Net Position

Cash and Investments

Cash and cash equivalents include amounts in demand deposits. Under state law, the Board may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less are considered to be cash equivalents.

In accordance with state law, all uninsured deposits of the Board in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Louisiana or political subdivision debt obligations, or surety bonds. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the Board must have a written collateral agreement approved by the board of directors or loan committee. Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments. In accordance with GASB Statement No. 31, investments are recorded at fair value with the corresponding increase or decrease reported in investment earnings. The Board did not have any investments at year-end.

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Notes to the Financial Statements

June 30, 2025

Capital Assets

The Board's assets are recorded at historical cost if purchased or constructed. Assets acquired through contributions are capitalized at their estimated fair market value. Generally, the Board includes all capital acquisitions with a cost of \$5,000 in its fixed asset inventory. However, certain items at a cost below that amount may be capitalized if benefits of the item extend beyond one year and/or the Board wants to monitor the item. Straight-line depreciation is used based on the following estimated useful lives:

Building and Improvements	40 years
Office Equipment	5-10 years

Compensated Absences

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits. Compensated absences are computed in accordance with GASB Statement No. 101, Compensated Absences, as further detailed in (f).

Noncurrent Liabilities - Pensions

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Louisiana State Employees' Retirement System (LASERS) and Louisiana School Employees' Retirement System (LSERS) and additions to/deductions from LASERS' and TRSL's fiduciary net position have been determined on the same basis as they are reported by LASERS and LSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits (OPEB)

For purposes of measuring the OPEB payable, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net positions of the Office of Group Benefits (OGB) and additions to/deductions from the system's fiduciary net position have been determined on the same basis as they are reported by OGB. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Notes to the Financial Statements

June 30, 2025

Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

In the statement of net position, deferred outflows of resources and deferred inflows of resources are reported for amounts related to the Board's pension plan and other post-employment benefit plan that will be amortized as a component of pension and other post-employment benefit expense in future years.

Net Position

In the statement of net position, the difference between a government's assets and deferred outflows of resources and its liabilities and deferred inflows of resources is recorded as net position. The three components of net position are as follows:

Net Investment in Capital Assets - This category records capital assets, net of accumulated depreciation.

Restricted - The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted - The unrestricted component of net position is the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in determination of net investment in capital assets or the restricted components of net position.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(f) Adoption of New Accounting Pronouncement

The Board adopted GASB Statement No. 101, *Compensated Absences*, for the year ended June 30, 2025. The implementation of this accounting standard impacted the financial statements, the notes to the financial statements (Notes 1 and 6), and the disclosures applicable to the standard which have been updated based on the contents of the statement. See Note 9 for the effect of the restatement due to the change in accounting principle.

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Notes to the Financial Statements

June 30, 2025

The Board adopted GASB Statement No. 102, *Certain Risk Disclosures*, effective for fiscal years beginning after June 15, 2024. 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.

(2) Deposits with Financial Institutions and Investments

The following is a summary of cash and cash equivalents at June 30, 2025:

	<u>Book Balance</u>	<u>Bank Balance</u>
Interest-bearing demand deposits	\$ <u>1,381,803</u>	\$ <u>1,450,700</u>

These deposits are stated at cost, which approximates market. Under state law, they 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.

With the adoption of GASB Statement No. 40, only deposits that are considered exposed to custodial credit risk are required to be disclosed. The Board does not have any deposits that fall within this category. Deposits of the Board are secured with insurance through FDIC and collateral pledged by its agent banks.

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Notes to the Financial Statements

June 30, 2025

(3) Capital Assets

A summary of changes in capital assets and related depreciation for the fiscal year ended June 30, 2025 is as follows:

	<u>Balance 6/30/24</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/25</u>
Non-Depreciable Assets				
Land	<u>\$ 165,000</u>	<u>-</u>	<u>-</u>	<u>165,000</u>
Building and improvements	<u>163,149</u>	<u>-</u>	<u>-</u>	<u>163,149</u>
Office equipment	<u>49,019</u>	<u>-</u>	<u>-</u>	<u>49,019</u>
Total capital assets, being depreciated	<u>212,168</u>	<u>-</u>	<u>-</u>	<u>212,168</u>
Less: accumulated depreciation				
Building and improvements	<u>(159,540)</u>	<u>(3,608)</u>	<u>-</u>	<u>(163,148)</u>
Office equipment	<u>(39,604)</u>	<u>(1,242)</u>	<u>-</u>	<u>(40,846)</u>
Total accumulated depreciation	<u>(199,144)</u>	<u>(4,850)</u>	<u>-</u>	<u>(203,994)</u>
Net capital assets, being depreciated	<u>13,024</u>	<u>(4,850)</u>	<u>-</u>	<u>8,174</u>
Net total assets	<u>\$ 178,024</u>	<u>(4,850)</u>	<u>-</u>	<u>173,174</u>

The Board recorded depreciation expense of \$4,850 for the year ended June 30, 2025.

(4) Pensions

Louisiana State Employees Retirement System

Plan Description

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

Benefits Provided

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

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Notes to the Financial Statements

June 30, 2025

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 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

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Notes to the Financial Statements

June 30, 2025

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.

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.

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Notes to the Financial Statements

June 30, 2025

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.

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.

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Notes to the Financial Statements

June 30, 2025

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.

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 Board's contractually required composite contribution rate for the year ended June 30, 2025 was 34.7% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the Board were \$328,757 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 Board reported a liability of \$1,999,579 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 Board's proportion of the Net Pension Liability was based on a projection of the Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the Board's proportion was 0.0368%, which was a decrease of 0.0031% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Board recognized pension expense of \$206,421 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$366,365. Additionally, during the year

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Notes to the Financial Statements

June 30, 2025

ended June 30, 2025, the Board recognized other income totaling \$11,076 for its proportionate share of funds contributed to the System by the State of Louisiana.

At June 30, 2025, the Board 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	\$ -	(8,844)
Changes in assumption	13,978	-
Net difference between projected and actual earnings on pension plan investments	-	(238,409)
Changes in proportion and differences between Employer contributions and proportionate share of contributions	-	-
Employer contributions subsequent to measurement date	<u>328,757</u>	<u>-</u>
	<u>\$ 342,735</u>	<u>(247,253)</u>

\$328,757 reported as deferred outflows of resources related to pensions resulting from the Board'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	\$ (143,368)
June 30, 2027	\$ 61,599
June 30, 2028	\$ (91,886)
June 30, 2029	\$ (59,620)

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

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Notes to the Financial Statements

June 30, 2025

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:

<u>Member Type</u>	<u>Lower Range</u>	<u>Upper 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.

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.

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Notes to the Financial Statements

June 30, 2025

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 <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Employer's proportionate share of the net pension liability	<u>\$ 2,761,365</u>	<u>1,999,579</u>	<u>1,352,235</u>

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.

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Notes to the Financial Statements

June 30, 2025

Payables to the Pension Plan

As of June 30, 2025, the Board owed \$31,680 that is due to the pension plan.

School Employees Retirement System

Plan Description

The State of Louisiana School Employees' Retirement System is the administrator of a cost-sharing multiple-employer defined benefit pension plan and is a component unit of the State of Louisiana and is included in the State's ACFR as a Pension Trust Fund. The System was established and provided for by R.S.11:1001 of the Louisiana Revised Statutes. The accompanying statements present information only as to transactions of the System as authorized by Louisiana Revised Statutes.

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.

Eligibility Requirements

Membership is mandatory for all persons employed by a Louisiana Parish or City School Board who work more than twenty hours per week as a school bus operator, school janitor, school custodian, school maintenance employee, or school bus aide, a monitor or attendant, or any other regular school employee who works on a school bus helping with the transportation of school children. Members are vested after 10 years of service or 5 years if enrolled after June 30, 2010.

All temporary, seasonal and part-time employees as defined in Federal Regulations 26 CFR 31:3121(b)(7)-2 who have less than 10 years of creditable service are not eligible for membership in the System. Any part-time employees who work 20 hours or less per week and who are not vested will be refunded their contributions.

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

Benefit provisions are authorized and amended under Louisiana Revised Statutes. Benefit provisions are dictated by LRS 11:1141 – 11:1153. A member who joined the System on or before June 30, 2010 is eligible for normal retirement if he has at least 30 years of creditable service regardless of age, 25 years of creditable service and is at least age 55, 20 years of creditable service regardless of age with an actuarially reduced benefit, or 10 years of creditable service and is at least age 60. A member who joined the System on or after July 1, 2010 is eligible for normal retirement if he has at least 5 years of creditable service and is at least age 60, or 20 years of creditable service regardless of age with an actuarially reduced benefit. A member who joined

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Notes to the Financial Statements

June 30, 2025

the System on or after July 1, 2015 is eligible for normal retirement if he has at least five years of creditable service and is at least age 62, or 20 years of creditable service regardless of age with an actuarially reduced benefit.

For members who joined the System prior to July 1, 2006, the maximum retirement benefit is an amount equal to 3 1/3% of the average compensation for the three highest consecutive years of membership service, subject to the 10% salary limitation, multiplied by the number of years of service limited to 100% of final average compensation plus a supplementary allowance of \$2.00 per month for each year of service. For members who joined the System on or after July 1, 2006 through June 30, 2010, 3.33% of the average compensation is used to calculate benefits, however, the calculation consists of the five highest consecutive years of membership service, subject to the 10% salary limitation. For members who join the System on or after July 1, 2010, 2.5% of the average compensation is used to calculate benefits and consists of the five highest consecutive years' average salary, subject to the 15% salary limitation. The supplemental allowance was eliminated for members entering the System on or after July 1, 1986. Effective January 1, 1992, the supplemental allowance was reinstated to all members whose service retirement became effective after July 1, 1971.

Disability Benefits

A member is eligible to retire and receive disability benefits if he has at least five years of creditable service, is not eligible for normal retirement and has become totally and permanently disabled and is certified as disabled by the Medical Board. A vested person with 20 or more years of creditable service, who has withdrawn from active service prior to the age at which he is eligible for retirement benefits, is eligible for a disability benefit until normal retirement age. A member who joins the System on or after July 1, 2006, must have at least 10 years of service to qualify for disability benefits.

Survivor Benefits

Upon the death of a member with five or more years of creditable service, the System provides benefits for surviving spouses and minor children. Under certain conditions outlined in the statutes, a spouse is entitled to 75% of the member's benefit.

Deferred Retirement Option Plan

Members of the System may elect to participate in the Deferred Retirement Option Plan, (DROP) and defer the receipt of benefits. The election may be made only one time, and the duration is limited to three years. Once an option has been selected, no change is permitted. Upon the effective date of the commencement of participation in the DROP, active membership in the System terminates. Average compensation and creditable service remain as they existed on the effective date of commencement of participation in the DROP. The monthly retirement benefits that would have been payable had the person elected to cease employment and receive a service retirement allowance are paid into the Deferred Retirement Option Plan Fund Account.

The System maintains subaccounts within this account reflecting the credits attributed to each participant in the System. Interest credited and payments from the DROP account are made in accordance with Louisiana Revised Statutes 11:1152(F)(3). Upon termination of participation in

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Notes to the Financial Statements

June 30, 2025

both the System and employment, a participant may receive his DROP monies either in a lump sum payment from the account or systematic disbursements.

The System also provides for deferred benefits for vested members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable.

Initial Benefit Retirement Plan

Effective January 1, 1996, the state legislature authorized the System to establish an Initial Benefit Retirement Plan (IBRP) program. IBRP is available to members who have not participated in DROP and who select certain benefit options. Thereafter, these members are ineligible to participate in the DROP. The IBRP program provides both a one-time single sum payment of up to 36 months of a regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest credited and payments from IBRP account are made in accordance with Louisiana Revised Statutes 11:1152(F)(3).

Members who enter DROP or IBRP on or after January 1, 2004, are required to participate in LSERS Self - Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP/IBRP participants to choose from a menu of investment options for the allocation of their DROP/IBRP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

Employer Contributions

Contributions for all participating school boards are actuarially determined as required by Act 81 of 1988 but cannot be less than the rate required by the Constitution. The actual employer contribution rate for the year ended June 30, 2024 was 27.60%

The agencies contractually required composite contribution rate for the year ended June 30, 2025 was 27.6% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the Board were \$0 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 Board reported a liability of \$0 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 Board's proportion of the Net Pension Liability was based on a projection of the Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the Board's proportion was 0.00000%, which was a decrease of 0.00042% from its proportion measured as of June 30, 2023.

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Notes to the Financial Statements

June 30, 2025

For the year ended June 30, 2025, the Board recognized a pension benefit of \$32,555 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$0.

At June 30, 2025, the Board 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	\$ -	-
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	-	(1,767)
Differences between proportionate shares of employer contributions and actual contributions	-	-
Employer contributions subsequent to measurement date	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>(1,767)</u>

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, 2025	\$ (883)
June 30, 2026	\$ (884)
June 30, 2027	\$ -
June 30, 2028	\$ -

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Notes to the Financial Statements

June 30, 2025

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
Investment Rate of Return	6.80% net of investment expense
Expected Remaining Service Lives	2024 - Three years 2023 - Two years
Inflation Rate	2.50%
Mortality	Pub-2010 Median Healthy Retiree Tables, Pub-2010 General Below Median Sex Distinct Employee Table, Pub- 2010 Non-Safety Disabled Retiree Sex Distinct Table. Each with full generational MP2021 scales for mortality improvement.
Salary Increases	3.75% based on the 2023 experience study (for the period 2018-2022) of the System's members.
Cost of Living Adjustments	Permanent Benefit Increases (PBI) may be granted from the Permanent Benefit Increase Funding Account provided the balance is sufficient to fully fund the PBI and the plan has met the granting criteria and eligibility requirements outlined by ACT 184 of 2023.

The long-term expected rate of return on pension plan investments was determined using a triangular method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up), and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward-looking basis in equilibrium, in which best-estimates 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 rates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Notes to the Financial Statements

June 30, 2025

Best estimates of arithmetic real rates of return for each major asset class as of June 30, 2024, are summarized in the following table:

<u>Asset Class</u>		<u>Long-Term Expected Real Rate of Return</u>
Fixed income	26%	0.97%
Equity	39%	2.66%
Alternatives	23%	1.81%
Real estate	<u>12%</u>	<u>0.60%</u>
Total fund	<u>100%</u>	6.04%
Inflation		<u>2.40%</u>
Expected arithmetic nominal return		<u>8.44%</u>

Discount Rate

The discount rate used to measure the total pension liability was 6.80%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by Public Retirement Systems Actuarial Committee (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 6.80%, 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 (5.80%) or one percentage-point higher (7.80%) than the current rate:

	1% Decrease <u>(5.80%)</u>	Current Discount Rate (6.80%)	1% Increase <u>(7.80%)</u>
Employer's proportionate share of the net pension liability	\$ <u>-</u>	<u>-</u>	<u>-</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued LSERS 2024 Comprehensive Annual Financial Report at www.lsers.net.

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Notes to the Financial Statements

June 30, 2025

Payables to the Pension Plan

As of June 30, 2024, the Board had no employee and employer contributions that were due to the pension plan.

(5) 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 Comprehensive Annual Financial Report (CAFR). You may obtain a copy of the CAFR on the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap.

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

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Notes to the Financial Statements

June 30, 2025

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

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

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

	<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

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Notes to the Financial Statements

June 30, 2025

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 \$2,119,641 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 0.0271%.

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 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:

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Notes to the Financial Statements

June 30, 2025

<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 Before 3/1/15</u>	<u>With Medicare Retirement Date Before 3/1/15</u>	<u>Without Medicare Retirement Date After 3/1/15</u>	<u>With Medicare Retirement Date 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

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).

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Notes to the Financial Statements

June 30, 2025

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.

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.

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Notes to the Financial Statements

June 30, 2025

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>	Regular Members				
	Years of Service				
	<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%

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Notes to the Financial Statements

June 30, 2025

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.

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Notes to the Financial Statements

June 30, 2025

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.

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Notes to the Financial Statements

June 30, 2025

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.

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 (3.93%)	1% Increase <u>(4.93%)</u>
Proportionate Share of the Total Collective OPEB liability	\$ <u>2,448,828</u>	<u>2,119,641</u>	<u>1,852,698</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 (8.50%)	1% Increase <u>(9.50%)</u>
Proportionate Share of the Total Collective OPEB liability	\$ <u>1,844,283</u>	<u>2,119,641</u>	<u>2,462,779</u>

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Notes to the Financial Statements

June 30, 2025

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 \$26,942. At June 30, 2025, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 157,666	(243,394)
Changes in experience	36,327	-
Changes in proportionate share of collective OPEB expense	-	(190,389)
Difference in proportionate share of employer payments and actual payments	10,285	(34,228)
Contributions made subsequent to measurement date	<u>44,050</u>	<u>-</u>
	<u>\$ 248,328</u>	<u>(468,011)</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	\$ (164,466)
June 30, 2027	\$ (97,425)
June 30, 2028	\$ (1,091)
June 30, 2029	\$ (751)

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Notes to the Financial Statements

June 30, 2025

(6) Long-Term Obligations

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

	<u>Type of Liability</u>		
	<u>Compensated absences</u>	<u>Other post- employment benefits payable</u>	<u>Net pension liability</u>
Balance at June 30, 2024	\$ 90,905	2,065,794	2,668,926
Restatement due to GASB Statement No. 101	<u>451,805</u>	<u>-</u>	<u>-</u>
Restated balance at June 30, 2024	542,710	2,065,794	2,668,926
Additions (Reductions)	<u>(93,135)</u>	<u>53,847</u>	<u>(669,347)</u>
Balance at June 30, 2025	<u>\$ 449,575</u>	<u>2,119,641</u>	<u>1,999,579</u>
Amounts due within one year	<u>\$ -</u>	<u>44,050</u>	<u>-</u>

(7) Related Party Transactions

There were no related party transactions during the year.

(8) Contingent Liabilities

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

There is no pending litigation or claims against the Board at June 30, 2025, which if asserted, in the opinion of the Board's management, would have at least a reasonable probability of an unfavorable outcome or for which resolution would materially affect the financial statements.

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Notes to the Financial Statements

June 30, 2025

(9) Change in Accounting Principle

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

	Governmental Activities
Net position as previously reported at June 30, 2024	\$ (3,155,603)
Prior period adjustment - implementation of GASB No. 101 Change in compensated absences payable	<u>(451,805)</u>
Net position as restated, June 30, 2024	<u><u>\$ (3,607,408)</u></u>

(10) Evaluation of Subsequent Events

The Board has evaluated subsequent events through September 26, 2025, and has determined that there are no subsequent events that require disclosure in the financial statements.

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Schedule of Employer's Proportionate Share of Net Pension Liability

Last Ten 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>
<i>Louisiana State Employees Retirement System (LASERS):</i>										
Employer's proportion of net pension liability	0.04524%	0.04687%	0.04560%	0.04370%	0.04203%	0.03900%	0.04278%	0.03607%	0.03984%	0.03677%
Employer's proportionate share of net pension liability	\$ 3,077,007	3,680,805	3,209,636	2,980,172	3,045,182	3,226,553	2,354,601	2,726,648	2,666,367	1,999,579
Employer's covered-employee payroll	\$ 820,930	858,686	881,297	850,159	845,675	836,006	818,233	869,618	885,258	891,114
Employer's proportionate share of net pension liability as a percentage of its covered-employee payroll	375%	429%	364%	351%	360%	386%	288%	314%	301%	224%
Plan fiduciary net position as a percentage of the total pension liability	63%	58%	62%	64%	63%	58%	73%	64%	68%	75%
Measurement date	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24
<i>Louisiana School Employees Retirement System (LSERS):</i>										
Employer's proportion of net pension liability	0.00868%	0.00931%	0.00934%	0.00972%	0.00972%	0.00965%	0.01064%	0.00958%	0.00042%	0.00000%
Employer's proportionate share of net pension liability	\$ 55,036	70,222	59,750	64,963	68,018	77,550	50,593	63,707	2,559	-
Employer's covered-employee payroll	\$ 27,434	30,523	32,300	26,978	28,267	29,138	32,392	33,360	-	-
Employer's proportionate share of net pension liability as a percentage of its covered-employee payroll	201%	230%	185%	241%	241%	266%	156%	191%	0%	0%
Plan fiduciary net position as a percentage of the total pension liability	74%	70%	75%	74%	73%	70%	83%	64%	78%	82%
Measurement date	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24

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

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Schedule of Employer's Contributions

Last Ten 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>
<i>Louisiana State Employees' Retirement System (LASERS)</i>					
2016	\$ 319,431	325,143	(5,712)	858,686	37.87%
2017	315,504	312,935	2,569	881,297	35.51%
2018	322,210	319,071	3,139	850,159	37.53%
2019	320,511	310,099	10,412	845,675	36.67%
2020	340,279	338,691	1,588	836,066	40.51%
2021	328,111	357,003	(28,892)	818,233	43.63%
2022	341,039	341,039	-	869,618	39.22%
2023	357,646	357,646	-	885,258	40.40%
2024	368,030	368,030	-	891,114	41.30%
2025	328,757	328,757	-	946,482	34.73%
<i>Louisiana School Employees Retirement System (LSERS)</i>					
2016	\$ 8,516	8,802	(286)	30,523	28.8%
2017	9,012	8,854	158	32,300	27.4%
2018	7,355	8,909	(1,554)	26,978	33.0%
2019	7,804	9,342	(1,538)	28,267	33.0%
2020	7,974	9,736	(1,762)	29,138	33.4%
2021	8,541	10,567	(2,026)	32,392	32.6%
2022	9,453	9,108	345	33,360	27.3%
2023	-	-	-	-	0.0%
2024	-	-	-	-	0.0%
2025	-	-	-	-	0.0%

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

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

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

Last 10 Fiscal Years

LASERS:

Changes in Benefit Terms:

Measurement Date: June 30, 2016:

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

Measurement Date: June 30, 2019:

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

Measurement Date: June 30, 2021:

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

Changes in Assumptions:

Measurement Date: June 30, 2017:

1. The Board adopted a plan to gradually reduce the discount rate from 7.75% to 7.50% in .05% annual increments, beginning July 1, 2017. Therefore, the discount rate was reduced from 7.75% to 7.70% for the June 30, 2017, valuation. A 7.65% discount rate was used to determine the projected contribution requirements for fiscal year 2018/2019.
2. The Board reduced the inflation assumption from 3.0% to 2.75%, effective July 1, 2017. Since the inflation assumption is a component of the salary increase assumption, all salary increase assumptions decreased by .25%.
3. The projected contribution requirement for fiscal year 2018/2019 includes direct funding of administrative expenses, rather than a reduction in the assumed rate of return, per Act 94 of 2016.

Measurement Date: June 30, 2018:

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

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

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

Last 10 Fiscal Years

Measurement Date: June 30, 2019:

1. In accordance with the Board's adopted plan to gradually reduce the discount rate beginning July 1, 2017, the discount rate was reduced from 7.70% to 7.60%.
2. The Board reduced the inflation assumption from 2.75% to 2.50%, effective July 1, 2019. Since the inflation assumption is a component of the salary increase assumption, all salary increase assumptions decreased by .25%.

Measurement Date: June 30, 2020:

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

Measurement Date: June 30, 2021:

1. In accordance with the Board's adopted plan to gradually reduce the discount rate beginning July 1, 2017, the discount rate was reduced from 7.55% to 7.40%.

Measurement Date: June 30, 2022:

1. In accordance with the Board's adopted plan to gradually reduce the discount rate beginning July 1, 2017, the discount rate was reduced from 7.40% to 7.25%.
2. The expected long-term real rates of return were increased from 5.81% to 5.91%.

Measurement Date: June 30, 2023:

1. The expected long-term real rates of return 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.

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

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

Last 10 Fiscal Years

LSERS:

Changes in Benefit Terms:

Measurement Date: June 30, 2017:

1. 2017 – A 1.5% COLA, effective July 1, 2016, provided by Acts 93 and 512 of the 2016 Louisiana Regular Legislative Session.

Measurement Date: June 30, 2022:

1. Act 359 of 2022 provided a permanent benefit increase (PBI) payable effective July 1, 2022 to authorized retirees and beneficiaries. The PBI was equal to 1.4% of the benefit being paid to retirees who have attained at least age 60 and who have received benefits for at least one year. The PBI was also paid to non-retiree beneficiaries whose benefits are not paid based on the death of a disability retiree if the retiree would have attained age 60 and if benefits have been paid at least one year. Any disability retiree or person receiving benefits based on the death of a disability retiree who has been paid benefits for at least one year also received the PBI.

Changes in Assumptions:

Measurement Date: June 30, 2017:

1. Mortality rates were projected based on the RP-2000 Mortality Table with projection to 2025 using Scale AA.

Measurement Date: June 30, 2018:

1. The discount rate was reduced from 7.75% to 7.70%.
2. Mortality tables were changed as follows:
 - a. Active members – RP-2014 White Collar Employee tables, adjusted by 1.010 for males and by 0.997 for females.
 - b. Non-Disabled retiree/inactive members – RP-2014 White Collar Healthy Annuitant tables, adjusted by 1.366 for males and by 1.189 for females.
 - c. Disability retiree mortality – RP-2014 Disability tables, adjusted by 1.111 for males and by 1.134 for females.These base tables are adjusted from 2014 to 2018 using the MP-2017 generational improvement table, with continued future mortality improvement projected using the MP-2017 generational mortality improvement tables.

Measurement Date: June 30, 2019:

1. The discount rate was reduced from 7.70% to 7.65%.

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

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

Last 10 Fiscal Years

Measurement Date: June 30, 2020:

- 1. The discount rate was reduced from 7.65% to 7.55%.**

Measurement Date: June 30, 2021:

- 1. The discount rate for the June 30, 2021 valuation was reduced from 7.45% to 7.40%. This change was anticipated in the determination of the projected contribution requirements for Fiscal Year 2021/2022. The Board adopted a further reduction in the discount rate to 7.25% for the purpose of determining the projected contribution requirements for Fiscal Year 2022/2023.**
- 2. Two triggers set by Act 95 of 2016 were met on June 30, 2021. Since the funded ratio reached 70%, the amortization period for changes in assumptions, experience losses, and most experience gains reduced from 30 years to 20 years. Also, the OAB was re-amortized with level-dollar payments to 2029 since this reamortization resulted in annual payments which are less than the FY 2021/2022 payments that would have been required without the re-amortization.**

Measurement Date: June 30, 2022:

- 1. The discount rate was reduced from 6.90% to 6.80%.**

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

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

Last Ten Fiscal Years*

		<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 total collective OPEB liability		0.0340%	0.0340%	0.0341%	0.0324%	0.0302%	0.0313%	0.0295%	0.0289%	0.0271%
Employer's proportionate share of total collective OPEB liability	\$	3,080,991	2,951,206	2,914,278	2,502,258	2,505,159	2,866,405	1,990,076	2,065,794	2,119,641
Employer's covered-employee payroll	\$	742,701	788,727	600,699	637,826	626,102	695,131	622,816	674,506	749,158
Employer's proportionate share of the total collective OPEB liability as a percentage of its covered-employee payroll		415%	374%	485%	392%	400%	412%	320%	306%	283%
Measurement date		7/1/16	7/1/17	7/1/18	7/1/19	7/1/20	7/1/21	7/1/22	7/1/23	7/1/24

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

See the accompanying notes to the required supplementary information.

**LOUISIANA STATE BOARD OF COSMETOLOGY
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 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.

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.

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

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

Last 10 Fiscal Years *

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: June 30, 2021:

1. The discount rate 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.

Measurement Date: June 30, 2022:

1. The discount rate 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: June 30, 2023

1. The discount rate increased from 4.09% to 4.13%.
2. Baseline per capita costs (PCCs) were updated to reflect 2023 claims and enrollment.

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

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

Last 10 Fiscal Years *

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.

Changes in Benefit Terms:

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

ANNUAL FISCAL REPORT (AFR)
FOR 2025

AGENCY: 20-11-16 - Louisiana State Board of Cosmetology
PREPARED BY: Robert Furman
PHONE NUMBER: 985-727-9924
EMAIL ADDRESS: rfurman@griffinandco.com
SUBMITTAL DATE: 08/29/2025 03:30 PM

STATEMENT OF NET POSITION

ASSETS	
CURRENT ASSETS:	
CASH AND CASH EQUIVALENTS	1,381,803.00
RESTRICTED CASH AND CASH EQUIVALENTS	0.00
INVESTMENTS	0.00
RESTRICTED INVESTMENTS	0.00
DERIVATIVE INSTRUMENTS	0.00
OTHER DERIVATIVE INSTRUMENTS	0.00
RECEIVABLES (NET)	1,045.00
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	0.00
TOTAL CURRENT ASSETS	\$1,382,848.00
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	165,000.00
BUILDINGS AND IMPROVEMENTS	0.00
MACHINERY AND EQUIPMENT	8,174.00
INFRASTRUCTURE	0.00
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	\$173,174.00
TOTAL ASSETS	\$1,556,022.00
DEFERRED OUTFLOWS OF RESOURCES	
ACCUMULATED DECREASE IN FAIR VALUE OF HEDGING DERIVATIVE INSTRUMENTS	0.00

ANNUAL FISCAL REPORT (AFR)
FOR 2025

AGENCY: 20-11-16 - Louisiana State Board of Cosmetology
PREPARED BY: Robert Furman
PHONE NUMBER: 985-727-9924
EMAIL ADDRESS: rfurman@griffinandco.com
SUBMITTAL DATE: 08/29/2025 03:30 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	248,328.00
PENSION-RELATED	342,735.00
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$591,063.00

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$2,147,085.00
---	----------------

LIABILITIES

CURRENT LIABILITIES:

ACCOUNTS PAYABLE AND ACCRUALS	82,637.00
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	0.00

CURRENT PORTION OF LONG-TERM LIABILITIES:

CONTRACTS PAYABLE	0.00
COMPENSATED ABSENCES PAYABLE	0.00
LEASE LIABILITY	0.00
SBITA LIABILITY	0.00
P3 LIABILITY (Only relates to Operator)	0.00
ESTIMATED LIABILITY FOR CLAIMS	0.00
NOTES PAYABLE	0.00
BONDS PAYABLE	0.00
OPEB LIABILITY	44,050.00
POLLUTION REMEDIATION OBLIGATIONS	0.00
OTHER LONG-TERM LIABILITIES	0.00
TOTAL CURRENT LIABILITIES	\$126,687.00

NONCURRENT PORTION OF LONG-TERM LIABILITIES:

CONTRACTS PAYABLE	0.00
COMPENSATED ABSENCES PAYABLE	449,575.00
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	2,075,591.00
NET PENSION LIABILITY	1,999,579.00
POLLUTION REMEDIATION OBLIGATIONS	0.00
OTHER LONG-TERM LIABILITIES	0.00
UNEARNED REVENUE	0.00
TOTAL NONCURRENT LIABILITIES	\$4,524,745.00

ANNUAL FISCAL REPORT (AFR)
FOR 2025

AGENCY: 20-11-16 - Louisiana State Board of Cosmetology
PREPARED BY: Robert Furman
PHONE NUMBER: 985-727-9924
EMAIL ADDRESS: rfurman@griffinandco.com
SUBMITTAL DATE: 08/29/2025 03:30 PM

TOTAL LIABILITIES	\$4,651,432.00
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 ORIGATION	0.00
LOAN ORIGATION FEES RECEIVED FOR MORTGAGE LOANS HELD FOR SALE	0.00
OPEB-RELATED	468,011.00
PENSION-RELATED	249,020.00
TOTAL DEFERRED INFLOWS OF RESOURCES	\$717,031.00
NET POSITION:	
NET INVESTMENT IN CAPITAL ASSETS	173,174.00
RESTRICTED FOR:	
CAPITAL PROJECTS	0.00
DEBT SERVICE	0.00
NONEXPENDABLE	0.00
EXPENDABLE	0.00
OTHER PURPOSES	0.00
UNRESTRICTED	\$(3,394,552.00)
TOTAL NET POSITION	\$(3,221,378.00)

ANNUAL FISCAL REPORT (AFR)
FOR 2025

AGENCY: 20-11-16 - Louisiana State Board of Cosmetology
PREPARED BY: Robert Furman
PHONE NUMBER: 985-727-9924
EMAIL ADDRESS: rfurman@griffinandco.com
SUBMITTAL DATE: 08/29/2025 03:30 PM

STATEMENT OF ACTIVITIES

PROGRAM REVENUES				
EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE
1,491,300.00	1,866,254.00	11,076.00	0.00	\$386,030.00
GENERAL REVENUES				
PAYMENTS FROM PRIMARY GOVERNMENT				0.00
OTHER				0.00
ADDITIONS TO PERMANENT ENDOWMENTS				0.00
CHANGE IN NET POSITION				\$386,030.00
NET POSITION - BEGINNING				\$(3,155,603.00)
NET POSITION - RESTATEMENT - ERROR CORRECTION				0.00
NET POSITION - RESTATEMENT - CHANGE IN ACCOUNTING PRINCIPLE				(451,805.00)
NET POSITION - RESTATEMENT - CHANGE IN REPORTING ENTITY				0.00
NET POSITION - ENDING				\$(3,221,378.00)

ANNUAL FISCAL REPORT (AFR)
FOR 2025

AGENCY: 20-11-16 - Louisiana State Board of Cosmetology
PREPARED BY: Robert Furman
PHONE NUMBER: 985-727-9924
EMAIL ADDRESS: rfurman@griffinandco.com
SUBMITTAL DATE: 08/29/2025 03:30 PM

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

ANNUAL FISCAL REPORT (AFR)
FOR 2025

AGENCY: 20-11-16 - Louisiana State Board of Cosmetology
PREPARED BY: Robert Furman
PHONE NUMBER: 985-727-9924
EMAIL ADDRESS: rfurman@griffinandco.com
SUBMITTAL DATE: 08/29/2025 03:30 PM

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

ANNUAL FISCAL REPORT (AFR)
FOR 2025

AGENCY: 20-11-16 - Louisiana State Board of Cosmetology
PREPARED BY: Robert Furman
PHONE NUMBER: 985-727-9924
EMAIL ADDRESS: rfurman@griffinandco.com
SUBMITTAL DATE: 08/29/2025 03:30 PM

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

ANNUAL FISCAL REPORT (AFR)
FOR 2025

AGENCY: 20-11-16 - Louisiana State Board of Cosmetology
PREPARED BY: Robert Furman
PHONE NUMBER: 985-727-9924
EMAIL ADDRESS: rfurman@griffinandco.com
SUBMITTAL DATE: 08/29/2025 03:30 PM

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.	44,050.00
--	-----------

Covered Employee Payroll for the PRIOR fiscal year (not including related benefits)	749,158.00
--	------------

For calendar year-end agencies only: Benefit payments or employer payments for retirees' health and life insurance premiums made for the next year's valuation reporting period (7/1/2024 - 6/30/2025). This information will be provided to the actuary for the valuation report early next year.	0.00
---	------

For agencies that have employees that participate in the **LSU Health Plan**, provide the following information: (Note: The LSU Health Plan has a measurement date of 6/30/2025 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

AGENCY: 20-11-16 - Louisiana State Board of Cosmetology
PREPARED BY: Robert Furman
PHONE NUMBER: 985-727-9924
EMAIL ADDRESS: rfurman@griffinandco.com
SUBMITTAL DATE: 08/29/2025 03:30 PM

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:

ANNUAL FISCAL REPORT (AFR)
FOR 2025

AGENCY: 20-11-16 - Louisiana State Board of Cosmetology
PREPARED BY: Robert Furman
PHONE NUMBER: 985-727-9924
EMAIL ADDRESS: rfurman@griffinandco.com
SUBMITTAL DATE: 08/29/2025 03:30 PM

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
Total Restatement - Error Corrections	\$0.00

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: gasb 101	(451,805.00)
Total Restatement - Changes in Accounting Principle	\$(451,805.00)

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: 20-11-16 - Louisiana State Board of Cosmetology

PREPARED BY: Robert Furman

PHONE NUMBER: 985-727-9924

EMAIL ADDRESS: rfurman@griffinandco.com

SUBMITTAL DATE: 08/29/2025 03:30 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***

To the Board Members of
Louisiana State Board of Cosmetology
State of Louisiana
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Louisiana State Board of Cosmetology (the Board), as of and for the year then ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated September 26, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements amount. 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings as item 2025-1.

The Board's Response to Findings

Government Auditing Standards required the auditor to perform limited procedures on the Board's response to the findings described in the accompanying schedule of findings. The Board's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Board'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 Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Griffin & Furman, LLC

September 26, 2025

Covington, Louisiana

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Schedule of Findings and Management's Corrective Action Plan

June 30, 2025

Summary of Audit Results:

- 1. Type of Report Issued - Unmodified**
- 2. Internal Control Over Financial Reporting**
 - a. Significant Deficiencies - No**
 - b. Material Weaknesses - No**
- 3. Compliance and Other Matters - Yes (2025-1)**
- 4. Management Letter - No**

Finding 2025-1:

Criteria:

In accordance with the Uniform Unclaimed Property Act (Louisiana Revised Statutes 9:151 - 9:182), management is responsible for reporting and remitting unclaimed property to the State after property is determined to be abandoned as defined by the Act.

Condition:

The Board has unclaimed property in the form of 377 outstanding checks totaling \$11,438.38 that have been outstanding for over five years.

Cause:

Management did not implement internal controls—such as periodic reconciliations, system-generated alerts, or compliance reviews—that would ensure timely recognition and remittance of unclaimed property. These control deficiencies contributed to the oversight and noncompliance with state unclaimed property regulations.

Effect:

The Board was not in compliance with the Uniform Unclaimed Property Act.

Recommendation:

We recommend the Board review the provisions of the Uniform Unclaimed Property Act, file the annual report by November 1, 2025, and remit all property meeting the requirements of the Act.

Management Corrective Action:

Gajinder Dhaliwal is our accountant and is responsible for this corrective action. The Louisiana State Board of Cosmetology shall create and implement a Uniform Unclaimed Property Act policy effective November 1, 2025. We anticipate the correction to be completed by November 1, 2025.

**LOUISIANA STATE BOARD OF COSMETOLOGY
STATE OF LOUISIANA**

Status of Prior Year Findings

June 30, 2025

Finding 2024-1:

Criteria:

In accordance with the Uniform Unclaimed Property Act (Louisiana Revised Statutes 9:151 - 9:182), management is responsible for reporting and remitting unclaimed property to the State after property is determined to be abandoned as defined by the Act.

Condition:

The Board has unclaimed property in the form of 525 outstanding checks totaling \$17,430.38 that have been outstanding for over five years.

Cause:

Management did not act on the prior year audit finding.

Effect:

The Board was not in compliance with the Uniform Unclaimed Property Act.

Recommendation:

We recommend the Board review the provisions of the Uniform Unclaimed Property Act, file the annual report by November 1, 2024, and remit all property meeting the requirements of the Act.

Management Corrective Action:

Gajinder Dhaliwal is our accountant and is responsible for this corrective action. The Louisiana State Board of Cosmetology shall create and implement a Uniform Unclaimed Property Act policy effective October 1, 2024. We anticipate the correction to be completed by October 1, 2024.

Status:

Unresolved. See current year finding 2025-1.