LOUISIANA STATE BOARD OF COSMETOLOGY

A DISCRETE COMPONENT UNIT OF THE
STATE OF LOUISIANA

FINANCIAL STATEMENT AUDIT
FOR THE YEAR ENDED JUNE 30, 2019

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INDEPENDENT AUDITORS' REPORT

Board Members of the
Louisiana State Board of Cosmetology
A Discrete Component Unit
of the State of Louisiana
11622 Sunbelt Court
Baton Rouge, Louisiana 70809

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Louisiana State Board of Cosmetology (Board), a discrete component unit of the State of Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2019, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-7, the Schedules of the Board's Proportionate Share of the Net Pension Liability, the Schedule of Board Contributions, and the Schedule of the Employer's Proportionate Share of the Total Collective OPEB Liability on pages 35-40, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The schedules of Per Diem Paid to Board Members; Compensation, Benefits, and Other Payments to Agency Head; the Budgetary Comparison – Proprietary Fund; and the Annual Fiscal Report on pages 41-52 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of Per Diem Paid to Board Members; Compensation, Benefits, and Other Payments to Agency Head; the Budgetary Comparison – Proprietary Fund; and the Annual Fiscal Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 schedules of Per Diem Paid to Board Members; Compensation, Benefits, and Other Payments to Agency Head; the Budgetary Comparison – Proprietary Fund; and the Annual Fiscal Report are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2019, 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

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Baton Rouge, Louisiana
October 25, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

The purpose of Management's Discussion and Analysis (MD&A) of the financial performance of the Louisiana State Board of Cosmetology (hereafter referred to as the Board) presents a narrative overview and analysis of the financial activities of the Board for the year ended June 30, 2019. 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 financial statements of the Board, which begin on page 8.

FINANCIAL HIGHLIGHTS

- The Board's net position increased by $156,648 from a deficit of $4,193,271 in 2018 to a deficit of $4,036,623 in 2019.
- The Board's revenues increased to $1,891,579 (4%) and expenses and transfers decreased to $1,734,931 (7%).
- The Board's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at the close of the fiscal year by $4,036,623, a decrease of 4% from the prior fiscal year.
- The Board has no long-term obligations other than employee-related benefits.

OVERVIEW OF THE FINANCIAL STATEMENTS

The minimum requirements for government entities engaged in business-type activities established by the Governmental Accounting Standards Board (GASB) are comprised of the following:

- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information, other than MD&A (RSI)

This report also contains supplementary information in addition to the basic financial statements.

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 current year 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 current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB Statement No. 34.

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. The index of the notes is found on page 11 with the actual notes beginning immediately afterwards.

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

Supplementary Information

This report also includes supplementary information that is not a part of the basic financial statements or required by the GASB. This information is included for additional analysis and is comprised of the schedules of Per Diem Paid to Board Members; Compensation, Benefits, and Other Payments to Agency Head; the Budgetary Comparison – Proprietary Fund; and the Annual Fiscal Report and are found on pages 41-52.

FINANCIAL ANALYSIS OF THE ENTITY

As noted earlier, net position may serve over time as a useful indicator of the Board's financial position. At the end of the most recent year, the liabilities of the Board exceeded its assets by $4,036,623.

The Board's total assets are composed of $1,827,364 (91%) in cash, $2,045 (less than 1%) in receivables and $186,646 (9%) investment in capital assets (land and buildings and improvements).

The condensed statements of net position consist of the following at June 30:

Comparative Statements of Net Position
June 30, 2019 and 2018

	2019	2018
Assets:		
Current and Other Assets	$ 1,829,409	$ 1,764,076
Capital Assets	186,646	190,253
Total Assets	2,016,055	1,954,329
Deferred Outflows of Resources	497,497	574,463
Total Assets and Deferred Outflows of Resources	$ 2,513,552	$ 2,528,792
Liabilities:		
Current and Other Liabilities	$ 113,208	$ 122,223
Non-Current Liabilities	6,025,214	6,285,129
Total Liabilities	6,138,422	6,407,352
Deferred Inflows of Resources	411,753	314,711
Total Liabilities and Deferred Inflows of Resources	$ 6,550,175	$ 6,722,063
Net Position		
Net Investment in Capital Assets	$ 186,646	$ 190,253
Unrestricted	(4,223,269)	(4,383,524)
Total Net Position	$(4,036,623)	$(4,193,271)

Deferred outflows of resources decreased by $76,966, or 13.40%, from 2018.

Non-Current Liabilities decreased by $259,915, or 4.14%, from 2018.

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 befit plans of approximately $2,798,147.

- A liability for post-employment benefits other than pension and related inflows and outflows of $3,075,522.

A condensed statement of revenues, expenses, and changes in net position consist of the following for the years ended June 30:

Comparative Statement of Changes in Revenues, Expenses, and Net Position
For the Years Ended June 30, 2019 and 2018

	2019	2018
Operating Revenues	$ 1,891,579	$ 1,815,780
Operating Expenses	1,734,931	1,868,697
Operating Income (Loss)	156,648	(52,917)
Increase (Decrease) in Net Position	156,648	(52,917)
Net Position – Beginning	(4,193,271)	(2,585,532)
Prior Period Adjustment	-	(1,554,822)
Net Position – Ending	$(4,036,623)	$(4,193,271)

Revenues increased by $75,799 or 4.17%, from 2018.

Expenses decreased by $133,766, or 7.16%, from 2018.

CAPITAL ASSETS

At June 30, 2019 the Board had $186,646 invested in a broad range of capital assets, including land, buildings, improvements, and office furniture and equipment. This amount represents a decrease from depreciation of $3,607, or 1.90%, from 2018. Further detail on capital assets is presented in Note 3 on page 16.

ECONOMIC FACTORS

Operating revenues increased $75,799 (or 4.17%). The increase is due to an increase in fines and enforcement actions. All other revenues remained relatively consistent compared to the prior year.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Board's finances, comply with finance-related laws and regulations and demonstrate the Board's commitment to public accountability. Any questions or requests for additional information can be obtained by contacting Mr. Steve Young, Executive Director, at 11622 Sunbelt Court, Baton Rouge, LA or (225) 756-3404.

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 following:

- Statement of Net Position
- Statement of Revenues, Expenses, and Changes in Net Position
- Statement of Cash Flows.

This also includes the notes to the financial statements, which provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The index of the notes is found on page 11 with the actual notes beginning immediately afterwards.

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LOUISIANA STATE BOARD OF COSMETOLOGY
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STATEMENT OF NET POSITION
(See Notes to the Financial Statements)
June 30, 2019

	Business-Type Activities
ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 1,827,364
Receivables (net)	2,045
Total Current Assets	1,829,409
Non-Current Assets	
Capital Assets	
Land	165,000
Building & Improvements (Net)	21,646
Total Non-Current Assets	186,646
TOTAL ASSETS	2,016,055
DEFERRED OUTFLOWS OF RESOURCES	
Pension-Related Deferred Outflows of Resources	407,091
OPEB-Related Deferred Outflows of Resources	90,406
TOTAL DEFERRED OUTFLOWS OF RESOURCES	497,497
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 2,513,552
LIABILITIES	
Current Liabilities	
Accounts Payable	$ 15,283
Other Current Liabilities	97,925
Current Portion of Long-Term Liabilities	
OPEB Liability	77,407
Total Current Liabilities	190,615
Non-Current Liabilities	
Non-Current Portion of Long-Term Liabilities	
Compensated Absences Payable	65,801
Net OPEB Obligation	2,836,871
Net Pension Liability	3,045,135
Total Non-Current Liabilities	5,947,807
TOTAL LIABILITIES	6,138,422
DEFERRED INFLOWS OF RESOURCES	
Pension-Related Deferred Inflows of Resources	160,103
OPEB-Related Deferred Inflows of Resources	251,650
TOTAL DEFERRED INFLOWS OF RESOURCES	411,753
NET POSITION	
Net Investment in Capital Assets	186,646
Unrestricted	(4,223,269)
TOTAL NET POSITION	(4,036,623)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 2,513,552

LOUISIANA STATE BOARD OF COSMETOLOGY
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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
(See Notes to the Financial Statements)
For the Year Ended June 30, 2019

	Business-type Activities
OPERATING REVENUES	
Licenses, Permits, & Fees	$ 1,754,219
Fines	137,360
TOTAL OPERATING REVENUES	1,891,579
OPERATING EXPENSES	
Salaries and Related Benefits	1,332,912
Meetings, Conferences, and Travel	66,648
Professional Services	124,648
General and Administrative	207,116
Depreciation	3,607
TOTAL OPERATING EXPENSES	1,734,931
CHANGE IN NET POSITION	156,648
TOTAL NET POSITION, BEGINNING	(4,193,271)
TOTAL NET POSITION, ENDING	$ (4,036,623)

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STATEMENT OF CASH FLOWS
(See the Notes to the Financial Statement)
For the Year Ended June 30, 2019

		Business-type Activities
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$	1,891,579
Cash paid to suppliers for goods/services		(481,533)
Cash paid to employees for services		(1,346,758)
Net Cash Provided by Operating Activities		63,288
Net Increase in Cash and Cash Equivalents		63,288
Cash and Cash Equivalents, beginning of year		1,764,076
Cash and Cash Equivalents, end of year	$	1,827,364
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	$	156,648
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation		3,607
(Increase) decrease in assets:		
Deferred outflows of resources		76,966
Receivables		(2,045)
Increase (decrease) in liabilities:		
Accounts payable		6,095
Other Current Liabilities		(15,110)
Deferred inflows of resources		97,042
Compensated absences payable		1,264
Net OPEB Obligation		(36,928)
Net Pension Liability		(224,251)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$	63,288

INDEX TO THE NOTES TO THE FINANCIAL STATEMENTS

LOUISIANA STATE BOARD OF COSMETOLOGY
A DISCRETE COMPONENT UNIT OF THE STATE OF LOUISIANA
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June 30, 2019

INTRODUCTION

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 9 members that are appointed by the Governor of the State of Louisiana and serve at his/her pleasure. Subject to Senate confirmation, 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 5 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 additional to actual expense reimbursement to attend meetings or conduct board-approved business.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The Government 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*, and to the industry audit guide *Audits of State and Local Governmental Units.*

Financial Reporting Entity – Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) 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 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 Comprehensive Annual 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. Those financial statements and the supplementary information are audited by the Louisiana Legislative auditor.

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.

LOUISIANA STATE BOARD OF COSMETOLOGY
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June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Under the accrual basis, 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 Nonoperating revenues and expenses.

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.

Capital Assets – The Board's assets are recorded at historical cost if purchased or constructed. Assets required 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 will extend beyond one year and/or the Board wants to monitor the item. Straight-line deprecation is used based on the following estimated useful lives:

	Years
Office Equipment	5-10
Building Improvements	5
Buildings	40

LOUISIANA STATE BOARD OF COSMETOLOGY
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June 30, 2019

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences – Employees earn and accumulate vacation and sick leave at varying rates, depending their years of service. The amount of vacation and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees are compensated for up to 300 hours of unused vacation leave at the employee's hourly rate of pay at the time of termination. The cost of current leave is recognized as a current-year expense. The liability is recognized as a long-term obligation. The current portion cannot be reasonably estimated, and accordingly is not reported.

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 the system'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.

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 the 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.

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NOTE 2: DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose deposits that are insured with no custodial credit risk. GASB Statement 40 requires only the separate disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either: 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the state treasurer. The deposits at June 30, 2019, consisted of the following:

	Cash	Nonnegotiable Certificates Of Deposits	Money Market Demand Accounts	Total
Deposits in bank accounts per bank	$ 1,871,431	$ -	$ -	$ 1,871,431
Bank balances exposed to custodial Credit risk:	$ 1,621,431	$ -	$ -	$ 1,621,431
a) Uninsured and uncollateralized	10,779	-	-	10,779
b) Uninsured and collateralized with Securities held by the pledging Institution	1,610,652	-	-	1,610,652
c) Uninsured and collateralized with Securities held by the pledging Institution's trust department or Agent, but not in the entity's name	-	-	-	-

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NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 3: CAPITAL ASSETS

A summary of changes in capital assets and related depreciation for the fiscal year ended June 30, 2019 is as follows:

	Balance 06/30/18	Additions	Retirements	Balance 06/30/19
Non-Depreciable Assets				
Land	$ 165,000	$ -	$ -	$ 165,000
Depreciable Assets				
Buildings and Improvements	163,149	-	-	163,149
Machinery and Equipment	36,603	-	-	36,603
Gross Depreciable Assets	199,752	-	-	199,752
Less: Accumulated Depreciation	(174,499)	(3,607)	-	(178,106)
Net Depreciable Assets	25,253	$ (3,607)	$ -	21,646
Net Capital Assets	$ 190,253			$ 186,646

The Board recorded depreciation expense of $3,607 for the year ended June 30, 2019.

NOTE 4: LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities other than pensions (note 5) and other postemployment benefits (note 6) of the Board for the year ended June 30, 2019:

	Balance 06/30/18	Additions	Reductions	Balance 06/30/19
Compensated Absences	$ 64,537	$ 8,953	$ (7,689)	$ 65,801

As of June 30, 2019, there are no known amounts due within one year for compensated absences.

NOTE 5: PENSIONS

LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM (LASERS)

General Information about the Pension Plan

Plan Descriptions – 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.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 5: PENSIONS (CONTINUED)

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

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. As an alternative to the basic retirement benefits, a member may elect to receive their retirement throughout their life, with certain benefits being paid to their designated beneficiary after their death.

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

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

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NOTE 5: PENSIONS (CONTINUED)

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

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

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

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

Survivor's Benefits - Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased regular member hired before January 1, 2011 who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

NOTE 5: PENSIONS (CONTINUED)

Survivor's Benefits (Continued)

The deceased regular member hired on or after January 1, 2011, must have a minimum of five years of service credit regardless of when earned in order for a benefit to be paid to a minor child. The aforementioned minimum service credit requirements for a surviving spouse are 10 years, 2 years being earned immediately prior to death, and active state service at the time of death, or a minimum of 20 years of service credit regardless of when earned. A deceased member's spouse must have been married for at least one year before death.

Permanent Benefit Increases/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.

Contributions – Contribution requirements of active employees are governed by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) and may be amended by the Louisiana Legislature. Employee and employer contributions are deducted from a member's salary and remitted to LASERS by participating employers. The rates in effect during the year ended June 30, 2019 for the various plans follow:

Plan	Plan Status	Employee Rate	Employer Rate
Regular Employees hired before 7/01/06	Closed	7.50%	37.90%
Regular Employees hired on or after 7/01/06	Closed	8.00%	37.90%
Regular Employees hired on or after 1/01/11	Closed	8.00%	37.90%
Regular Employees hired on or after 7/01/15	Open	8.00%	37.90%

The agency's contractually required composite contribution rate for the year ended June 30, 2018 was 37.90% 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 Agency were $310,099 for the year ended June 30, 2019.

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

At June 30, 2019, the Employer reported a liability of $2,980,172 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Agency's proportion of the Net Pension Liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Agency's proportion was 0.04370%, which was a decrease of 0.00190% from its proportion measured as of June 30, 2017.

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NOTE 5: PENSIONS (CONTINUED)

For the year ended June 30, 2019, the Agency recognized pension expense of $243,297 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of $38,209.

At June 30, 2019, the Agency reported deferred outflows of resources and deferred inflows of resources related to LASERS pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (33,420)
Changes of assumptions	30,326	-
Net difference between projected and actual earnings on pension plan investments	38,643	N/A
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,916	(124,183)
Employer contributions subsequent to the measurement date	310,099	-
Total	$ 387,984	$ (157,603)

$310,099 reported as deferred outflows of resources related to pensions resulting from Agency contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2019. 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:

2020	$	84,621
2021	$	34,666
2022	$	(72,831)
2023	$	(10,907)

NOTE 5: PENSIONS (CONTINUED)

Actuarial Assumptions – A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018 are as follows:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	3 years
Investment Rate of Return	7.65% per annum, net of investment expenses*
Inflation Rate	2.75% per annum
Mortality	*Non-disabled members* - Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015. *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 (2009-2013) experience study of the System's members.
Salary Increases	Salary increases were projected based on a 2009-2013 experience study of the System's members. The salary increase ranges for specific types of members are:

Member Type	Lower Range	Upper Range
Regular	3.8%	12.8%

Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

*The investment rate of return used in the actuarial valuation for funding purposes was 8.05%, recognizing an additional 40 basis points for gain-sharing. The net return available to fund regular plan benefits is 7.83%, which is reasonably close to the 7.65% discount rate. Therefore, we conclude that the 7.65% discount rate is reasonable.

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NOTE 5: PENSIONS (CONTINUED)

Actuarial Assumptions (continued) – The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment 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 3.25% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.83% for 2018. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation[1]	Long-Term Expected Real Rate of Return[1]
Cash	0%	-0.48%
Domestic Equity	25%	4.31%
International Equity	32%	5.26%
Domestic Fixed Income	8%	1.49%
International Fixed Income	6%	2.23%
Alternative Investments	22%	7.67%
Risk Parity	7%	4.96%
	100%	5.40%

[1]*For reference only: The information above can be found in the current Employer Pension Audit Report located at http://lasersonline.org/employers/gasb-68-resources/.*

Discount Rate – The discount rate used to measure the total pension liability was 7.65%. 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 PRSAC taking into consideration the recommendation of the pension plan's actuary. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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NOTE 5: PENSIONS (CONTINUED)

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 7.65%, 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 or one percentage point higher than the current rate:

	1.0% Decrease (6.65%)	Current Discount Rate (7.65%)	1.0% Increase (8.65%)
Employer's proportionate share of the net pension liability	$ 3,761,175	$ 2,980,172	$ 2,307,536

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued LASERS 2018 Comprehensive Annual Financial Report at www.lasersonline.org.

Payables to the Pension Plan – At June 30, 2019 the Board had $11,747 in payables to LASERS for the June 2019 employee and employer legally required contributions.

LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM (LSERS)

General Information about the Pension Plan

Plan Descriptions – The Louisiana School Employees' Retirement System (LSERS) was established as of July 1, 1947, for the purpose of providing retirement allowances and other benefits as described under La. R.S. 11:1001 – 11:1206. LSERS issues a publicly available financial report that can be obtained at www.lsers.net.

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

NOTE 5: PENSIONS (CONTINUED)

Retirement (continued) – 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. For members hired prior to July 1, 2010, the compensation used to determine the final average compensation cannot increase more than 10% per year, unless the raise is due to an increase in compensation by legislative act or city/parish system-wide salary increase. For members hired July 1, 2010 or later, the compensation used to determine the final average compensation cannot increase more than 15% per year, unless the raise is due to an increase in compensation by legislative act or city/parish system-wide salary increase.

Act 94 of the 2016 Louisiana Regular Legislative Session adds the explicit cost of projected noninvestment related administrative expenses to the calculation of the actuarially required contribution for the system. This component shall begin to be included in the calculation in the first fiscal year in which the projected aggregate employer contribution rate, calculated without regard to any changes in the board-approved actuarial valuation rate, will not increase.

Act 93 of the 2016 Louisiana Regular Legislative Session authorizes each state system board of trustees to grant a COLA, payable July 1, 2016, to the retirees and beneficiaries who would qualify for a COLA under prior law and uses the funds from the experience account to fund the COLA. Without regard to the consumer price index, new law provides that the amount of the COLA shall be an amount supported by the funds in the system's experience account, after all required credits and debits to the account under prior law. Act 93 also provides that, in accordance with the funded ratio of each system, the maximum amount payable shall be 2% of the benefit subject to the increase and that the benefit increase shall be paid only on the first $60,000 of a retiree or beneficiary's benefit. Act 93 also provides that any cost of new law not funded by payments made from the system experience account shall be funded with additional employer contributions.

Act 95 of the 2016 Louisiana Regular Legislative Session defines "funded percentage" for state systems and provides that, except as otherwise provided by law, "funded percentage" means valuation assets used to determine contributions divided by accrued liability. The act also states that the funded percentage shall be determined before any allocation to the experience account. The act also reduces from 85% to 72% the trigger which reduces the gain and loss amortization period from 30 to 20 years. The law sets a 10 year period for level amortization of losses resulting from allocating actuarial gains to the experience account beginning with first valuation following June 30, 2015, in which an allocation is made to the experience account. The act requires the review of volatility of amortization payment schedules to be done following the close of fiscal year 2016-2017.

Act 319 of the 2016 Louisiana Regular Legislative Session specifies that the notification to members who terminate from the system shall include information on their right to use the contributions for a transfer of service credit and any rights they may have to receive a retirement allowance pursuant to prior law. Prior law provided that in the event the system does not receive any response to the notification within 90 days of mailing, the contributions shall be credited to the pension accumulation fund. The act removes the requirement to credit contributions to the pension accumulation fund.

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NOTE 5: PENSIONS (CONTINUED)

Retirement (continued) – Act 320 of the 2016 Louisiana Regular Legislative Session allows any person who has been a member of LSERS to purchase credit in the system for service rendered as an employee. Prior law allowed the purchase of service credit if the member does not have service credit in any other public retirement system. New law clarifies that the member may not have credit in any Louisiana public retirement system. The act retains the prior requirement that the member have rendered service as an employee for at least 90 days. New law deletes the requirement that the member purchase a minimum of 90 days service.

Act 321 of the 2016 Louisiana Regular Legislative Session deletes the requirement in the LSERS retirement system that disbursements from the DROP be systematic.

Act 512 of the 2016 Louisiana Regular Legislative Session authorizes, notwithstanding existing law limitations, payment of a COLA for the retirees and beneficiaries of each of the four state retirement systems. The act requires use of experience accounts to fund such payments. It provides that retirees and beneficiaries who would qualify for a COLA under existing law qualify for receipt of the COLA authorized by new law. It further provides and clarifies that a disability retiree or a person who receives benefits from the system based on the death of a disability retiree is eligible for a COLA if benefits have been paid to the retiree or the beneficiary or both combined for at least one year.

Act 512 sets the amount of the COLA at an amount supported by the funds in the system's experience account 2% of the benefit amount of the first $60,000 of a retiree's or beneficiary's benefit.

Members are eligible to retire under the early retirement provisions if they have at least twenty (20) years of service credit regardless of attained age, exclusive of military service and unused annual and sick leave. The early retirement benefit is calculated inclusive of military service credit and allowable unused annual and sick leave, actuarially reduced from the earliest age that the member would normally become eligible for a regular retirement benefit if they had continued in service to that age.

Deferred Retirement Benefits – The State Legislature authorized LSERS 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 eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. The initial benefit is placed in an account called an initial benefit retirement plan account where interest is credited annually and can be withdrawn as a lump-sum payment, monthly payments, or other periodic payments.

NOTE 5: PENSIONS (CONTINUED)

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

Survivor's Benefits – Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased regular member hired before January 1, 2011 who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

The deceased regular member hired on or after January 1, 2011, must have a minimum of five years of service credit regardless of when earned in order for a benefit to be paid to a minor child. The aforementioned minimum service credit requirements for a surviving spouse are 10 years, 2 years being earned immediately prior to death, and active state service at the time of death, or a minimum of 20 years of service credit regardless of when earned. A deceased member's spouse must have been married for at least one year before death.

Permanent Benefit Increases/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.

Contributions – Contribution requirements of active employees are governed by the Louisiana Revised Statutes (La. R.S. 11:1145.1(c) (2)) and may be amended by the Louisiana Legislature. Employee and employer contributions are deducted from a member's salary and remitted to LSERS by participating employers. The rates in effect during the year ended June 30, 2019 for the various plans follow:

The agency's contractually required composite contribution rate for the year ended June 30, 2018 was 27.60% 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 Agency were $9,342 for the year ended June 30, 2019.

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NOTE 5: PENSIONS (CONTINUED)

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

At June 30, 2019, the Employer reported a liability of $64,963 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Agency's proportion of the Net Pension Liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Agency's proportion was 0.009723%, which was an increase of 0.000386% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Agency recognized pension expense of $6,224 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of $10,205.

At June 30, 2019, the Agency reported deferred outflows of resources and deferred inflows of resources related to LSERS pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (1,793)
Changes of assumptions	2,737	-
Net difference between projected and actual earnings on pension plan investments	1,290	N/A
Changes in proportion and differences between Employer contributions and proportionate share of contributions	5,738	(707)
Employer contributions subsequent to the measurement date	9,342	-
Total	$ 19,107	$ (2,500)

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NOTE 5: PENSIONS (CONTINUED)

$9,342 reported as deferred outflows of resources related to pensions resulting from Agency contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2019. 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:

2019	$	3,590
2020	$	2,069
2021	$	(1,962)
2022	$	302

Actuarial Assumptions – A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018 are as follows:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	3 years
Investment Rate of Return	7.0625% per annum, net of pension plan investment expense, including inflation
Inflation Rate	2.50% per annum
Mortality	Mortality rates based on the RP-2014 Health Annuitant Tables, RP-2014 Sex Distinct Employee Tables, and RP-2014 Sex Distinct Disabled Tables
Salary Increases	Salary increases were projected based on a 2013-2017 experience study of the System's members. The salary increase is 3.25%.
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 present value and accrued liabilities include one future COLA, though not yet authorized by the legislature by including the recognition of the existing balance in the Experience Account together with the present value of future contributions to the Account up to the maximum permissible value of the Account based upon the current amount limitations.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up), and an equity building-block method (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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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NOTE 5: PENSIONS (CONTINUED)

Actuarial Assumptions (continued) – The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	30%	2.97%
Equity	51%	7.11%
Alternative Investments	13%	6.37%
Real Assets	6%	7.50%
	100%	5.85%

Discount Rate – The discount rate used to measure the total pension liability was 7.0625%. 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 net pension liability of the participating employers calculated using the discount rate of 7.0625% as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate as of June 30, 2018:

	1.0% Decrease (6.0625%)	Current Discount Rate (7.0625%)	1.0% Increase (8.0625%)
Employer's proportionate share of the net pension liability	$ 89,179	$ 64,963	$ 44,263

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued LSERS 2017 Comprehensive Annual Financial Report at www.lsers.net.

Payables to the Pension Plan – At June 30, 2019, the Board had $360 in payables to LSERS for the June 2019 employee and employer legally required contributions.

NOTE 6: OTHER POSTEMPLOYMENT BENEFITS

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

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, 2018. The plan is funded on a "pay-as-you-go basis" under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments become due.

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

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

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

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

NOTE 6: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED):

Total Collective OPEB Liability and Changes in Total Collective OPEB Liability – At June 30, 2019, the Board reported a liability of $2,914,278 for its proportionate share of the total collective OPEB liability. The total collective OPEB liability was measured as of July 1, 2018 and was determined by an actuarial valuation as of that date. The Board's proportionate share of the total collective OPEB liability at June 30, 2018, totaled $2,951,206.

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 June 30, 2019, the Board's proportion was 0.0341%. Because the beginning balance was restated using a rollback of the July 1, 2018, valuation assuming no experience gains or losses, there is no change to the proportion since the prior measurement date.

The total collective OPEB liability in the July 1, 2018, actuarial valuation was determined using the following actuarial methods, assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Actuarial Cost Method – Entry Age Normal, level percentage of pay
- Estimated Remaining Service Lives – 4.48
- Inflation Rate – Consumer Price Index (CPI) 2.98%
- Salary increase rate – consistent with the State of Louisiana's pension plan
- Discount rate – 2.98% based on June 30, 2018 Standard & Poor's 20-year municipal bond index rate
- Mortality rates – based on the RP-2014 Combined Healthy Mortality Table, or RP-2014 Disabled Retiree Mortality Table; both tables projected on a fully generational basis by Mortality Improvement Scale MP-2017.
- Healthcare cost trend rates – 7% for pre-Medicare eligible employees grading down by 0.25% each year, beginning in 2020-2021, to an ultimate rate of 4.5% in 2029; 5.5% for post-Medicare eligible employees grading down by 0.25% each year, beginning in 2020-2021, to an ultimate rate of 4.5% in 2023-2024 and thereafter; the initial trend was developed using the National Health Care Trend Survey; the ultimate trend was developed using a building block approach which considers Consumer Price Index, Gross Domestic Product, and technology growth.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.13% as of July 1, 2017, to 2.98% as of July 1, 2018.

LOUISIANA STATE BOARD OF COSMETOLOGY
A DISCRETE COMPONENT UNIT OF THE STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 6: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED):

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

	1.0% Decrease (1.98%)	Current Discount Rate (2.98%)	1.0% Increase (3.98%)
Proportionate Share of Total Collective OPEB Liability	$ 3,470,044	$ 2,914,278	$ 2,480,803

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

	1.0% Decrease (6.00%)	Current Healthcare Cost Trend Rates (7.00%)	1.0% Increase (8.00%)
Proportionate Share of Total Collective OPEB Liability	$ 2,461,047	$ 2,914,278	$ 3,508,315

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

For the year ended June 30, 2019, the Board recognized OPEB expense of $88,161. At June 30, 2019, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	$ -	$ (196,344)
Differences between benefit payments and proportionate share of benefit payments	-	(55,306)
Amounts paid by the employer for OPEB subsequent to the measurement date	90,406	-
Total	$ 90,406	$ (251,650)

TWRU
CPAs & Financial Advisors

LOUISIANA STATE BOARD OF COSMETOLOGY
A DISCRETE COMPONENT UNIT OF THE STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 6: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED):

Deferred outflows of resources related to OPEB resulting from the Board's benefit payments subsequent to the measurement date will be recognized as a reduction of the total collective OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

Year Ended	Net Amount Recognized in OPEB Expense
2020	83,485
2021	83,485
2022	56,187
2023	15,494
	$ 238,651

NOTE 7: LEASES

Operating Leases. The Board has no operating leases.

Capital Leases. The Board has no capital leases.

NOTE 8: RELATED PARTY TRANSACTIONS

There were no related party transactions during the year.

NOTE 9: JUDGMENTS, CLAIMS, AND SIMILAR CONTINGENCIES

Obligations and losses arising from judgments, claims, and similar contingencies are paid through the state's self-insurance fund and are not reflected in the accompanying special purpose financial reports. The self-insurance fund is operated by the Office of Risk Management (ORM), the state agency responsible for the state's risk management program.

From time to time, the Board is involved in various legal matters which arise in the ordinary course of its operations.

NOTE 10: SUBSEQUENT EVENTS

The Board has evaluated all subsequent events through October 25, 2019, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule 1: Employer's Share of Net Pension Liability – LASERS

Presents the Board's Net Pension Liability to LASERS

Schedule 2: Board Contributions – LASERS

Presents the amounts of contributions the Board made to the LASERS pension system

Schedule 3: Employer's Share of Net Pension Liability – LSERS

Presents the Board's Net Pension Liability to LSERS

Schedule 4: Board Contributions – LSERS

Presents the amounts of contributions the Board made to the LSERS pension system

Schedule 5: Funding Progress for the Other Postemployment Benefits Plan

Presents certain specific data regarding the employer's proportionate share of the total collective Other Postemployment Benefits liability

LOUISIANA STATE BOARD OF COSMETOLOGY
A DISCRETE COMPONENT UNIT OF THE STATE OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE 1: EMPLOYER'S SHARE OF NET PENSION LIABILITY - LASERS
For the Five Years Ended June 30, 2019

	2019	**2018**	**2017**	**2016**	**2015**
Employer's Proportion of the Net Pension Liability (Asset)	0.04560%	0.04560%	0.04687%	0.04524%	0.04456%
Employer's Proportionate Share of the Net Pension Liability (Asset)	$ 2,980,172	$ 3,209,636	$ 3,680,805	$ 3,077,207	$ 2,786,288
Employer's Covered-Employee Payroll	$ 845,675	$ 850,159	$ 881,297	$ 858,686	$ 820,930
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	352.40%	377.53%	417.66%	358.36%	339.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.30%	62.50%	57.70%	62.70%	65.00%

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

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

LOUISIANA STATE BOARD OF COSMETOLOGY
A DISCRETE COMPONENT UNIT OF THE STATE OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE 2: EMPLOYER CONTRIBUTIONS -LASERS
For the Five Years Ended June 30, 2019

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2019	$ 320,511	$ 310,099	$ 10,412	$ 845,675	36.67%
2018	$ 322,210	$ 319,071	$ 3,139	$ 850,159	37.53%
2017	$ 315,504	$ 312,935	$ 2,569	$ 881,297	35.51%
2016	$ 319,431	$ 325,143	$ (5,712)	$ 858,686	37.87%
2015	$ 305,386	$ 311,786	$ (6,400)	$ 820,930	37.98%

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

LOUISIANA STATE BOARD OF COSMETOLOGY
A DISCRETE COMPONENT UNIT OF THE STATE OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE 3: EMPLOYER'S SHARE OF NET PENSION LIABILITY - LSERS
For the Five Years Ended June 30, 2019

	2019	2018	2017	2016	2015
Employer's Proportion of the Net Pension Liability (Asset)	0.00972%	0.00934%	0.00931%	0.00868%	0.00872%
Employer's Proportionate Share of the Net Pension Liability (Asset)	$ 64,963	$ 59,750	$ 70,222	$ 55,036	$ 50,523
Employer's Covered-Employee Payroll	$ 38,350	$ 26,978	$ 32,300	$ 30,523	$ 27,434
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	169.40%	221.48%	217.41%	180.31%	184.16%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.44%	75.03%	70.09%	74.49%	76.18%

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

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

LOUISIANA STATE BOARD OF COSMETOLOGY
A DISCRETE COMPONENT UNIT OF THE STATE OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE 4: EMPLOYER CONTRIBUTIONS - LSERS
For the Five Years Ended June 30, 2019

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2019	$ 7,804	$ 9,342	$ (1,538)	$ 38,350	24.36%
2018	$ 7,355	$ 8,909	$ (1,554)	$ 26,978	33.02%
2017	$ 9,012	$ 8,854	$ 158	$ 32,300	27.41%
2016	$ 8,516	$ 8,802	$ (286)	$ 30,523	28.84%
2015	$ 7,654	$ 8,317	$ (663)	$ 27,434	30.32%

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

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LOUISIANA STATE BOARD OF COSMETOLOGY
A DISCRETE COMPONENT OF THE STATE OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE 5: SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE TOTAL COLLECTIVE OPEB LIABILITY
For the Three Years Ended June 30, 2019

	Fiscal Year		
	2019	**2018**	**2017**
Employer's proportion of the total collective OPEB liability	0.0341%	0.0340%	0.0340%
Employer's proportionate share of the total collective OPEB liability	2,914,278	2,951,206	3,080,991
Employer's covered-employee payroll	600,699	788,727	741,701
Employer's proportionate share of the total collective OPEB liability as a percentage of the covered-employee payroll	485.15%	374.17%	415.40%

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

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2019

LASERS

Changes of Benefit Terms
There were no changes of benefit terms for the four years ended June 30, 2019.

Changes of Assumptions
There were no changes of benefit assumptions for the four years ended June 30, 2019.

LSERS

Changes of Benefit Terms
There were no changes of benefit terms for the four years ended June 30, 2019.

Changes of Assumptions
The investment rate and inflation rate increased from the July 30, 2018 valuation.

SUPPLEMENTARY INFORMATION

Schedule 6: Per Diem Paid to Board Members

Presents amounts paid to board members

Schedule 7: Compensation, Benefits, and Other Payments to Agency Head

Presents amounts paid to agency head

Schedule 8: Budgetary Comparison – Proprietary Fund

Presents amounts and variances for budget and actual

Annual Fiscal Report

Presents amounts reported to the Office of Statewide Reporting and Accounting Policy

LOUISIANA STATE BOARD OF COSMETOLOGY
A DISCRETE COMPONENT UNIT OF THE STATE OF LOUISIANA
SUPPLEMENTARY INFORMATION

SCHEDULE 6: PER DIEM PAID TO BOARD MEMBERS
June 30, 2019

Board Members	Amount
Mella Brown	$ 2,375
Deidre Delpit	300
William Grayson	2,003
Eliza Hebert	600
Kevin Martin	325
Melinda Tilley	1,450
James Williams	1,500
Total Per Diem Paid to Board Members	$ 8,553

In compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature, this schedule of per diem paid to board members is presented for the year ended June 30, 2019.

SCHEDULE 7: COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
June 30, 2019

Agency Head: Stephen Young, Executive Director

Purpose	Amount
Salary	$ 75,005
Benefits – Retirement	28,427
Benefits – Health Insurance	6,081
Total Compensation, Benefits, and Other Payments to Agency Head	$ 109,513

LOUISIANA STATE BOARD OF COSMETOLOGY
A DISCRETE COMPONENT UNIT OF THE STATE OF LOUISIANA
SUPPLEMENTARY INFORMATION

SCHEDULE 8: BUDGETARY COMPARISON - PROPRIETARY FUND
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Fnal Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Licenses, Permits, & Fees	$ 1,765,000	$ 1,765,000	$ 1,754,219	$ (10,781)
Fines	135,000	135,000	137,360	2,360
Total Operating Revenues	1,900,000	1,900,000	1,891,579	(8,421)
OPERATING EXPENSES				
Salaries and Related Benefits	1,532,000	1,532,000	1,332,912	(199,088)
Meetings, Conferences, and Travel	65,000	65,000	66,648	1,648
Professional Services	165,000	165,000	124,648	(40,352)
General and Administrative	260,000	260,000	207,116	(52,884)
Depreciation	-	-	3,607	3,607
Total Operating Expenses	2,022,000	2,022,000	1,734,931	(287,069)
Operating Income (Loss)	(122,000)	(122,000)	156,648	278,648
Net Position, Beginning	(4,193,271)	(4,193,271)	(4,193,271)	-
Net Position, Ending	$ (4,315,271)	$ (4,315,271)	$ (4,036,623)	$ 278,648

ANNUAL FISCAL REPORT (AFR)
FOR 2019

AGENCY: 20-11-16 - Louisiana State Board of Cosmetology
PREPARED BY: Sara Downing
PHONE NUMBER: 225-926-1050
EMAIL ADDRESS: sara@twru.com
SUBMITTAL DATE: 10/16/2019 03:32 PM

STATEMENT OF NET POSITION

ASSETS	
CURRENT ASSETS:	
CASH AND CASH EQUIVALENTS	1,827,364.00
RESTRICTED CASH AND CASH EQUIVALENTS	0.00
INVESTMENTS	0.00
RESTRICTED INVESTMENTS	0.00
DERIVATIVE INSTRUMENTS	0.00
RECEIVABLES (NET)	2,045.00
PLEDGES RECEIVABLE (NET)	0.00
LEASES RECEIVABLE (NET)	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	**$1,829,409.00**
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
CAPITAL ASSETS (NET OF DEPRECIATION & AMORTIZATION)	
LAND	165,000.00
BUILDINGS AND IMPROVEMENTS	21,646.00
MACHINERY AND EQUIPMENT	0.00
INFRASTRUCTURE	0.00
INTANGIBLE ASSETS	0.00
CONSTRUCTION IN PROGRESS	0.00
OTHER NONCURRENT ASSETS	0.00
TOTAL NONCURRENT ASSETS	**$186,646.00**
TOTAL ASSETS	**$2,016,055.00**
DEFERRED OUTFLOWS OF RESOURCES	
ACCUMULATED DECREASE IN FAIR VALUE OF HEDGING DERIVATIVES	0.00
DEFERRED AMOUNTS ON DEBT REFUNDING	0.00
ADJUSTMENT OF CAPITAL LEASE OBLIGATIONS	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 ORIGINATION COSTS FOR MORTGAGE LOANS HELD FOR SALE	0.00
ASSET RETIREMENT OBLIGATIONS	0.00
OPEB-RELATED DEFERRED OUTFLOWS OF RESOURCES	90,406.00
PENSION-RELATED DEFERRED OUTFLOWS OF RESOURCES	407,091.00

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TOTAL DEFERRED OUTFLOWS OF RESOURCES	**$497,497.00**
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$2,513,552.00**
LIABILITIES	
CURRENT LIABILITIES:	
ACCOUNTS PAYABLE AND ACCRUALS	15,283.00
ACCRUED INTEREST	0.00
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	97,925.00
CURRENT PORTION OF LONG-TERM LIABILITIES:	
CONTRACTS PAYABLE	0.00
COMPENSATED ABSENCES PAYABLE	0.00
CAPITAL LEASE OBLIGATIONS	0.00
ESTIMATED LIABILITY FOR CLAIMS	0.00
NOTES PAYABLE	0.00
BONDS PAYABLE	0.00
OPEB LIABILITY	77,407.00
POLLUTION REMEDIATION OBLIGATIONS	0.00
OTHER LONG-TERM LIABILITIES	0.00
TOTAL CURRENT LIABILITIES	**$190,615.00**
NONCURRENT PORTION OF LONG-TERM LIABILITIES:	
CONTRACTS PAYABLE	0.00
COMPENSATED ABSENCES PAYABLE	65,801.00
CAPITAL LEASE OBLIGATIONS	0.00
ESTIMATED LIABILITY FOR CLAIMS	0.00
NOTES PAYABLE	0.00
BONDS PAYABLE	0.00
TOTAL OPEB LIABILITY	2,836,871.00
NET PENSION LIABILITY	3,045,135.00
POLLUTION REMEDIATION OBLIGATIONS	0.00
OTHER LONG-TERM LIABILITIES	0.00
UNEARNED REVENUE	0.00
TOTAL LONG-TERM LIABILITIES	**$5,947,807.00**
TOTAL LIABILITIES	**$6,138,422.00**
DEFERRED INFLOWS OF RESOURCES	
ACCUMULATED INCREASE IN FAIR VALUE OF HEDGING DERIVATIVES	0.00
DEFERRED AMOUNTS ON DEBT REFUNDING	0.00
ADJUSTMENT OF CAPITAL LEASE OBLIGATIONS	0.00
GRANTS RECEIVED PRIOR TO MEETING TIME REQUIREMENTS	0.00
SALES/INTRA-ENTITY TRANSFER OF FUTURE REVENUES (TRANSFEROR)	0.00
GAINS FROM SALE-LEASEBACK TRANSACTIONS	0.00
SPLIT INTEREST AGREEMENTS	0.00
POINTS RECEIVED ON LOAN ORIGINATION	0.00
LOAN ORIGINATION FEES RECEIVED FOR MORTGAGE LOANS HELD FOR SALE	0.00
OPEB-RELATED DEFERRED INFLOWS OF RESOURCES	251,650.00
PENSION-RELATED DEFERRED INFLOWS OF RESOURCES	160,103.00
TOTAL DEFERRED INFLOWS OF RESOURCES	**$411,753.00**

ANNUAL FISCAL REPORT (AFR)
FOR 2019

AGENCY: 20-11-16 - Louisiana State Board of Cosmetology
PREPARED BY: Sara Downing
PHONE NUMBER: 225-926-1050
EMAIL ADDRESS: sara@twru.com
SUBMITTAL DATE: 10/16/2019 03:32 PM

NET POSITION:	
NET INVESTMENT IN CAPITAL ASSETS	186,646.00
RESTRICTED FOR:	
CAPITAL PROJECTS	0.00
DEBT SERVICE	0.00
NONEXPENDABLE	0.00
EXPENDABLE	0.00
OTHER PURPOSES	0.00
UNRESTRICTED	**$(4,223,269.00)**
TOTAL NET POSITION	**$(4,036,623.00)**

ANNUAL FISCAL REPORT (AFR)
FOR 2019

AGENCY: 20-11-16 - Louisiana State Board of Cosmetology
PREPARED BY: Sara Downing
PHONE NUMBER: 225-926-1050
EMAIL ADDRESS: sara@twru.com
SUBMITTAL DATE: 10/16/2019 03:32 PM

STATEMENT OF ACTIVITIES

	PROGRAM REVENUES			
EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	**NET (EXPENSE) REVENUE**
1,734,932.00	1,891,579.00	0.00	0.00	**$156,647.00**

GENERAL REVENUES	
PAYMENTS FROM PRIMARY GOVERNMENT	0.00
OTHER	0.00
ADDITIONS TO PERMANENT ENDOWMENTS	0.00
CHANGE IN NET POSITION	**$156,647.00**
NET POSITION - BEGINNING	**$(4,193,270.00)**
NET POSITION - RESTATEMENT	0.00
NET POSITION - ENDING	**$(4,036,623.00)**

ANNUAL FISCAL REPORT (AFR)
FOR 2019

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PHONE NUMBER: 225-926-1050
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SUBMITTAL DATE: 10/16/2019 03:32 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 2019

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PREPARED BY: Sara Downing
PHONE NUMBER: 225-926-1050
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SUBMITTAL DATE: 10/16/2019 03:32 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 2019

AGENCY: 20-11-16 - Louisiana State Board of Cosmetology
PREPARED BY: Sara Downing
PHONE NUMBER: 225-926-1050
EMAIL ADDRESS: sara@twru.com
SUBMITTAL DATE: 10/16/2019 03:32 PM

SCHEDULE OF BONDS PAYABLE AMORTIZATION

Fiscal Year Ending:	Principal	Interest
2020	0.00	0.00
2021	0.00	0.00
2022	0.00	0.00
2023	0.00	0.00
2024	0.00	0.00
2025	0.00	0.00
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
Premiums and Discounts	**$0.00**	
Total	**$0.00**	**$0.00**

ANNUAL FISCAL REPORT (AFR)
FOR 2019

AGENCY: 20-11-16 - Louisiana State Board of Cosmetology
PREPARED BY: Sara Downing
PHONE NUMBER: 225-926-1050
EMAIL ADDRESS: sara@twru.com
SUBMITTAL DATE: 10/16/2019 03:32 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 6/30/2018 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.	77,407.00
Covered Employee Payroll for the **PRIOR** fiscal year (not including related benefits)	0.00
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 (7/1/2018 - 6/30/2019). 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 6/30/2019 for their OPEB valuation report.)

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

ANNUAL FISCAL REPORT (AFR)
FOR 2019

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PREPARED BY: Sara Downing
PHONE NUMBER: 225-926-1050
EMAIL ADDRESS: sara@twru.com
SUBMITTAL DATE: 10/16/2019 03:32 PM

FUND BALANCE/NET POSITION RESTATEMENT

Account Name/Description		Restatement Amount
	Total	**$0.00**

ANNUAL FISCAL REPORT (AFR) FOR 2019

AGENCY: 20-11-16 - Louisiana State Board of Cosmetology
PREPARED BY: Sara Downing
PHONE NUMBER: 225-926-1050
EMAIL ADDRESS: sara@twru.com
SUBMITTAL DATE: 10/16/2019 03:32 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.

TWRU
CPAs & Financial Advisors

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

Board Members of the
Louisiana State Board of Cosmetology
A Discrete Component Unit
of the State of Louisiana
11622 Sunbelt Court
Baton Rouge, Louisiana 70809

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 (Board), a component unit of the State of Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated October 25, 2019.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

TWRU

CPAs & Financial Advisors
Baton Rouge, Louisiana
October 25, 2019

LOUISIANA STATE BOARD OF COSMETOLOGY
A DISCRETE COMPONENT UNIT OF THE STATE OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2019

SUMMARY OF AUDITORS' REPORTS

Financial Statements:

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified Opinion
Internal control over financial reporting:	
Material weakness(es) identified	No
Significant Deficiency(ies) identified	No
Noncompliance material to financial statements noted	No

FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED *GOVERNMENT AUDITING STANDARDS*

None reported.

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
June 30, 2019

None reported.