STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA

OFFICE OF THE GOVERNOR

STATE OF LOUISIANA

FINANCIAL AUDIT SERVICES

Financial Statement Audit for the Year Ended June 30, 2024
Issued December 26, 2024

LOUISIANA LEGISLATIVE AUDITOR

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MICHAEL J. "MIKE" WAGUESPACK, CPA
LOUISIANA LEGISLATIVE AUDITOR

December 20, 2024

Independent Auditor's Report

STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA
New Orleans, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of the State Board of Certified Public Accountants of Louisiana (Board), an agency within the state of Louisiana (enterprise fund), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Board as of June 30, 2024, 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.

Basis for Opinion

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

Emphasis of Matter

As described in Note 1, the financial statements present only the Board, and do not purport to and do not, present fairly the financial position of the state of Louisiana or the Office of the Governor as of June 30, 2024, and their respective changes in financial position or cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, in fiscal year 2024, the Board adopted Government Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA), for a SBITA placed in service during fiscal year 2024.

As discussed in Note 1 to the financial statements, in fiscal year 2024, the Board adopted Government Accounting Standards Board Statement No. 100, *Accounting Changes and Error Corrections*.

As discussed in Note 9 to the financial statements, the fiscal year 2023 financial statements have been restated for the correction of an error.

Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6 through 13, the Schedule of the Board's Proportionate Share of the Net Pension Liability on page 37, the Schedule of Board Contributions on page 37, and the Schedule of the Board's Proportionate Share of the Total Collective OPEB Liability on page 39 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 an opinion on the financial statements that collectivity comprise the Board's basic financial statements. The Schedule of Per Diem Paid to Board Members on page 41 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Per Diem Paid to Board Members is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2024, 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 other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

Respectfully submitted,

Michael J. "Mike" Waguespack, CPA
Legislative Auditor

LA:CJH:RR:BQD:aa
CPA 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of the State Board of Certified Public Accountants of Louisiana's (the Board) financial performance presents a narrative overview and analysis of the Board's financial activities for the year ended June 30, 2024. 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 additional information contained in the Board's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

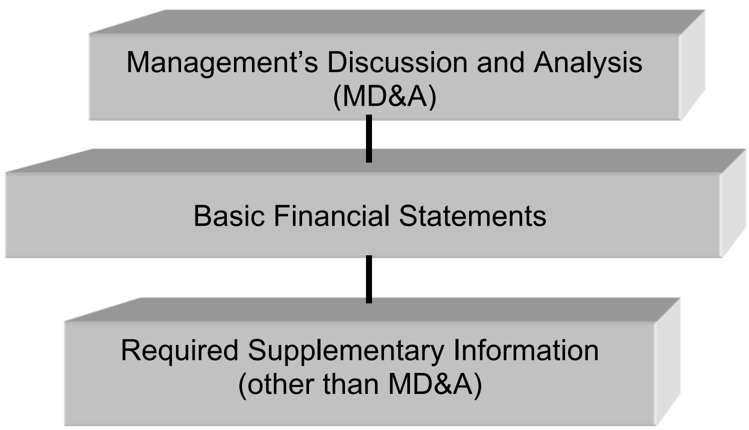
- The net position of the Board increased by $92,620 from June 30, 2023, to June 30, 2024.
- The Board's operating revenue is generated by fees for license and firm permit applications, annual license and permit renewals, and by fines, settlements, and cost recoveries from enforcement related activities.
    - Total operating revenue for the year increased by $80,394, or 7.93%, from 2023 to 2024.
        - Revenue related to annual licensing renewals was up overall $1,770, or 0.20%, from the prior-year renewal revenue.
        - Delinquent and reinstatement fee revenue increased by $30,640, or 63.71%, compared to the prior year. This revenue type fluctuates depending on licensees' compliance with annual renewal deadlines. Also, during fiscal year 2024, the Board went live with a new database that resulted in Board staff having less time to make renewal reminder phone calls than in prior year.
        - Revenue related to enforcement activity is subject to wide fluctuation from year to year. Fines and settlements, which include recoveries of enforcement costs, represent $87,909, or 8.03%, of total operating revenues for the fiscal year 2024. Compared to last fiscal year, revenue from enforcement activity was up $54,861, or 166%.
- The Board's operating expenses are generally ordinary and predictable expenses that do not vary significantly year to year for personnel, office and machinery rental, utilities, audit, legal, and other professional fees, and supplies.

- Total operating expense for the year decreased by $34,323, or 3.10%, from 2023 to 2024.

    - The largest decreases year over year were in four primary areas: expenses for retirement decreased by $71,450, legal fees decreased by $19,618, postage decreased by $13,333, and maintenance property and equipment decreased by $23,440. These decreases were offset by increases in two primary areas: amortization increased by $69,124 and salaries increased by $20,370.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.



These financial statements consist of three parts - Management's Discussion and Analysis (this section), the basic financial statements, and Required Supplementary Information, as may be applicable. The Board also includes a supplemental schedule of Board member compensation.

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.

The Statement of Net Position (Statement A, page 14) presents assets, deferred outflows of resources, liabilities, and deferred inflows of resources separately. The difference between assets plus deferred outflows and liabilities plus deferred inflows is net position, which may provide a useful indicator of whether the financial position of the Board is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position (Statement B, page 15) 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 position are reported when the underlying transactions occur. As a result, transactions are included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (Statement C, page 16) 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 Governmental Accounting Standards Board (GASB) Statement 34.

Required Supplementary Information and Supplementary Information

The Required Supplementary Information presents additional information for the Board as required by GASB.

The supplemental information includes the Schedule of Per Diem Paid to Board Members (Schedule 4, page 41) which presents the compensation received by the Board Members in accordance with the Louisiana Accountancy Act as amended in Act No. 553 of the 2016 Regular Session of the Louisiana Legislature.

FINANCIAL ANALYSIS OF THE ENTITY

The following presents condensed financial information on the operations of the Board:

Statement of Net Position
as of June 30

	Total	
	2024	As Restated 2023
Current and other assets	$1,876,881	$1,986,542
Capital assets, net	4,797	6,854
Right-to-use assets, net	221,026	218,767
Total assets	2,102,704	2,212,163
Total deferred outflow of resources	464,683	771,495
Current liabilities	182,849	192,906
Noncurrent liabilities	1,786,215	2,382,126
Total Liabilities	1,969,064	2,575,032
Total deferred inflow of resources	463,706	366,629
Net position:		
Net investment in capital assets	74,020	6,854
Unrestricted	60,597	35,143
Total net position	$134,617	$41,997

Fiscal year 2023 current and other assets, unrestricted net position, and related totals were restated to correct errors in the prior implementation of GASB 96, as described in Note 9.

The net position of the Board increased by $92,620 from June 30, 2023 to June 30, 2024.

Statement of Revenues, Expenses, and Changes in Net Position for the Years ended June 30

	Total	
	2024	As Restated 2023
Operating revenues	$1,094,604	$1,014,210
Operating expenses	1,071,866	1,106,189
Operating income (loss)	22,738	(91,979)
Net non-operating revenues	69,882	2,063
Net increase (decrease) in net position	$92,620	($89,916)

Fiscal year 2023 operating expenses and related totals were restated to correct errors in the prior implementation of GASB 96, as described in Note 9.

The Board's total operating revenues increased by $80,394. Overall, renewal revenue increased by $1,770 and revenue from delinquent and reinstatement fees increased by $30,640. Gradual fee increases for delinquent renewal reinstatements were adopted a few years ago, and that revenue type fluctuates depending on licensees' compliance with annual renewal deadlines.

Enforcement activities were up from the previous year by $54,861. Enforcement activities fluctuate year to year, however, and are not relied upon as a stable source of income for operating expenses.

The total cost of all programs and services decreased by $34,323. While individual categories of operating expenses fluctuate year to year depending on whether the agency is more fully staffed, health insurance options selected by staff, as well as legal fees incurred due to varying enforcement activity, there were a few notable decreases in the current fiscal year.

The largest decrease in operating expense were in four primary areas: expenses for retirement decreased by $71,450; expenses for legal fees decreased by $19,618; expenses related to postage decreased by $13,333; and maintenance property and equipment expenses decreased by $23,440. The agency expenses its proportional share of retirement costs based on actuarially determined numbers provided to it annually, and the costs, while generally increasing year to year, could increase or decrease annually. Legal fees fluctuate depending on enforcement needs. Implementation of a new online database, Thentia, reduced expenses as postage was not needed for the 2024 license renewal season. After the replacement of the prior licensing database with Thentia, the Board no longer had to pay for the prior database reducing maintenance property and equipment expenses.

These decreases were offset by increases in two primary areas: amortization increased by $69,124 and salaries increased by $20,370. Amortization increased due to the implementation of GASB 96 related to the new database agreement. Salaries increased due to market adjustments.

CAPITAL ASSET, INTANGIBLE ASSETS, AND DEBT ADMINISTRATION

Capital Assets

The Board's investment in capital assets consists of office and computer equipment that is or has been depreciated over periods of five to six years. At the end of fiscal year ended June 30, 2024, most of the Board's capital assets have been fully depreciated. However, a server backup system was purchased for $10,282 in December of 2021; therefore, not all of the Board's capital assets have fully depreciated.

Intangible Assets

The Board executed a 10-year right-to-use lease for office space in August 2016. GASB Statement 87, *Leases*, required the Board to recognize the office lease as an intangible asset and a corresponding lease liability at the beginning of fiscal year 2022. At that time, the value of the stream of rent payments due for the remainder of the lease was calculated at $356,935 by a vendor hired by the state after the lease was determined to meet the materiality threshold. Subsequent monthly rent payments will reduce the lease liability while also reflecting an interest and amortization expense.

The Board adopted GASB Statement 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, in the prior year. The Statement, that was issued in May 2020, provides guidance on the accounting and financial reporting for SBITAs for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures.

The Board executed a three-year right-to-use subscription asset, a cloud-based licensing software with Thentia, Inc. on February 16, 2022. GASB Statement 96 required the Board to recognize the software agreement as an intangible asset when it was placed into service, which was done in November 2023. At June 30, 2024, the Board has prepaid all obligations in relation to the SBITA asset as required by the subscription agreement.

Debt

The Board has not financed purchases or activities through external borrowing or incurring debt, and thus does not have any outstanding bonds or notes for this or the previous fiscal year. Other obligations include compensated absences (accrued vacation and compensatory leave) earned and accumulated by employees, retirement (pension) liabilities, and other postemployment benefits (OPEB) as described in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

License and firm permit fees, the Board's primary sources of revenue, are reviewed annually and set at appropriate levels based on the Board's financial position and anticipated needs. Those charged with governance of the Board considered the following factors and indicators when setting next year's budget:

- The total number of licensees and registrants is expected to be relatively constant.

- License application and annual renewal fees are evaluated yearly by the Board in order to balance its responsibilities as a regulator with its interest in keeping fees at reasonable levels in relation to operating costs. Fees are assessed, in part, based on anticipated use of resources.

- Enforcement of statutes and rules is a significant function of the Board, and having the necessary resources available to investigate cases as they arise as well as having the technology and personnel to monitor those cases effectively is crucial.

- The costs of OPEB are reported in annual actuarial reports, covering all state agencies, which are prepared and issued by an actuary retained by the state of Louisiana to estimate these costs under the applicable actuarial methods. The expense and accrued liability relate to the obligation to pay the employer share of post-employment premiums of employees enrolled in the state health plan through the Office of Group Benefits (OGB) at the time of retirement from state service. The Board monitors the OPEB costs when budgeting for fee considerations.

- The costs of pension benefits are also reported in annual actuarial reports, covering all state agencies, which are prepared and issued by an actuary retained by the state of Louisiana to estimate these costs under the applicable actuarial methods. The expense and accrued liability related to the obligation, in excess of the actual cash payments expensed monthly, of the employer's share of vested retirement benefits of employees retiring from state service is recorded annually. The Board monitors the pension costs and its obligations when budgeting for fee considerations.

The Board projects that revenues will remain stable, while expenses could increase a bit, based on the following:

- Revenues from individual license renewals are expected to remain the same or slightly increase. The new CPA Exam has now been in use since January 1, 2024; therefore, it is anticipated there will be an increase of testing in calendar year 2025.

- Enforcement activities vary from year to year; therefore, both revenues and costs from those activities fluctuate. Conservative estimates expect that enforcement revenue will be less than the most recent fiscal year, and budgeted costs are projected at the contracted amounts for legal services. The Board will monitor this activity for changes throughout the year.

- Retirement and insurance costs continue to represent a significant portion of personnel related expenses, as the employer contribution rates for both the Louisiana State Employees' Retirement System and health insurance premiums consistently increase annually.

- Technology and cybersecurity needs continue to be a focus. The Board takes measures to contain costs and secure best rates, yet continued upgrades are always needed to meet ever-changing demands.

CONTACTING THE BOARD'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, licensees, registrants, examination candidates, individuals and organizations served by CPAs, and other users with a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board's Executive Director at 601 Poydras Street, Suite 1770, New Orleans, Louisiana, 70130 or email: cpaboard.sitemaster@la.gov

Statement A

STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
STATE OF LOUISIANA

Statement of Net Position, June 30, 2024

ASSETS	
Current assets:	
Cash (note 2)	$1,796,590
Receivables	73,836
Prepayments	6,455
Total current assets	1,876,881
Noncurrent assets:	
Capital Assets, net (note 6)	4,797
Right-to-Use Assets, net (note 6)	221,026
Total noncurrent assets	225,823
Total assets	2,102,704
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to other postemployment benefits (note 5)	225,261
Deferred outflows related to pensions (note 3)	239,422
Total deferred outflows of resources	464,683
LIABILITIES	
Current liabilities:	
Accounts payable	52,913
Unearned revenue	1,735
Lease liability (note 4)	69,655
Interest payable	127
Compensated absences payable (note 4)	1,746
Other postemployment benefits (OPEB) payable (note 5)	56,673
Total current liabilities	182,849
Noncurrent liabilities:	
Compensated absences payable (note 4)	50,045
Lease liability (note 4)	82,148
Other postemployment benefits (OPEB) payable (note 5)	588,412
Net pension liability (note 3)	1,065,610
Total noncurrent liabilities	1,786,215
Total liabilities	1,969,064
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to other postemployment benefits (note 5)	272,702
Deferred inflows related to pensions (note 3)	191,004
Total deferred inflows of resources	463,706
NET POSITION	
Net investment in capital assets	74,020
Unrestricted	60,597
Total net position	$134,617

The accompanying notes are an integral part of this statement.

STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
STATE OF LOUISIANA

Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2024

OPERATING REVENUES	
Licenses, permits, and fees	$1,003,055
Fines and settlements	87,909
Other income	3,640
Total operating revenues	1,094,604
OPERATING EXPENSES	
Personal services	724,042
Professional and contractual	55,893
Operating services, supplies, and acquisitions	151,666
Depreciation and amortization (note 6)	140,265
Total operating expenses	1,071,866
OPERATING INCOME	22,738
NONOPERATING REVENUES (EXPENSES)	
Interest earnings	11,963
Nonemployer contributing entity revenue	59,946
Interest expense	(2,027)
Net nonoperating revenues	69,882
Change in net position	92,620
TOTAL NET POSITION AT BEGINNING OF YEAR, AS RESTATED (note 9)	41,997
TOTAL NET POSITION AT END OF YEAR	$134,617

The accompanying notes are an integral part of this statement.

Statement C

STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
STATE OF LOUISIANA

Statement of Cash Flows
For the Year Ended June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from licensees and registrants	$1,058,744
Cash received from customers	3,640
Cash payments to suppliers for goods and services	(212,546)
Cash payments to employees for services	(784,477)
Net cash provided by operating activities	65,361
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments for right-to-use assets	(110,053)
Net cash used by capital and related financing activities	(110,053)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	11,963
NET DECREASE IN CASH	(32,729)
CASH AT BEGINNING OF YEAR	1,829,319
CASH AT END OF YEAR	$1,796,590
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$22,738
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	2,057
Right-to-use amortization	138,208
Nonemployer contributing entity revenue	59,946
Changes in assets and liabilities:	
(Increase) Decrease in receivables	(31,050)
(Increase) Decrease in prepayments	6,523
(Increase) Decrease in deferred outflows related to OPEB	55,135
(Increase) Decrease in deferred outflows related to pensions	251,677
Increase (Decrease) in accounts payable and accruals	(212)
Increase (Decrease) in compensated absences payable	13,018
Increase (Decrease) in OPEB payable	(64,479)
Increase (Decrease) in unearned revenues	(1,140)
Increase (Decrease) in net pension liability	(484,137)
Increase (Decrease) in deferred inflows related to OPEB	(31,476)
Increase (Decrease) in deferred inflows related to pensions	128,553
Total adjustments	42,623
Net cash provided by operating activities	$65,361

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTION

The State Board of Certified Public Accountants of Louisiana (Board), an agency within the state of Louisiana, was created by the Louisiana Legislature in 1908 and is established under the provisions of Louisiana Revised Statute (R.S.) 37:74. The Board is a licensing agency of the state of Louisiana. Effective July 1, 2001, the Board was among those transferred from the Department of Economic Development to the Office of the Governor by the legislature. The Board's enabling legislation, the Louisiana Accountancy Act, is comprised by R.S. 37:71 *et seq*. The Board is composed of seven members who are appointed by the governor - five from designated geographic areas and two at-large. The Board acts in Louisiana's public interest to promote the reliability of public accounting and financial reporting. The Board is charged with the responsibility of regulating the practice of certified public accountants (CPAs) and firms in the state by enforcing the Accountancy Act, promulgating and enforcing rules of conduct, administering examinations of CPA candidates, and issuing and renewing licenses to practice as a CPA or CPA firm. Operations of the Board are funded through self-generated revenues primarily derived from fees for the issuance, application, and annual renewal of CPA certificates and licenses. The Board has eight full-time and two part-time authorized employee positions. As of June 30, 2024, there were 7,200 active (licensed), 2,257 inactive (unlicensed) and 400 retired (unlicensed) CPAs, and 1,783 CPA firms with permits in Louisiana.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting principles and reporting standards. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by GASB. The accompanying financial statements have been prepared on the full accrual basis in accordance with such principles.

B. REPORTING ENTITY

GASB Codification Section 2100 has defined the governmental reporting entity to be the state of Louisiana. The accompanying financial statements present information only as to the transactions and activities of the Board. The Board is a part of the primary government (enterprise fund) of the state of Louisiana.

Annually, the state of Louisiana issues a comprehensive financial report, which includes the activity contained in the accompanying financial statements.

The Louisiana Legislative Auditor audits the basic financial statements of the state of Louisiana.

C. 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.

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 on a flow of 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 full 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.

D. BUDGET PRACTICES

The Board prepares its budget in accordance with the Louisiana Licensing Agency Budget Act, R.S. 39:1331-1342. The budget is prepared on a modified accrual basis of accounting. Although budget amounts lapse at year-end, the Board retains its unexpended net position to fund expenses of the succeeding year.

E. CASH

Cash consists of the amounts in interest-bearing demand deposit accounts, cash on hand, and petty cash. Under state law, the Board may deposit funds within a fiscal agent bank organized under the laws of the state of Louisiana, the laws of any other state in the Union, or the laws of the United States.

F. CAPITAL AND RIGHT-TO-USE ASSETS

Capital assets consist of office and computer equipment as well as right-to-use assets. These assets are capitalized at historical cost. The Board follows the Louisiana Property Assistance Agency and Office of Statewide Reporting and Accounting Policy guidance for capitalizing and reporting these assets.

Only equipment valued at or more than $5,000, computer software valued at or more than $1,000,000, and right-to-use assets at or more than $100,000 are capitalized and depreciated/amortized for financial statement purposes. Depreciation for financial reporting is computed by the straight-line method over an asset's useful life, which is five years for computer equipment and six years for office equipment. Amortization for right-to-use assets is calculated using the straight-line method over the shorter of the agreement term or the useful life of the asset. Equipment, furniture, software acquisitions, and right-to-use assets with costs less than the above thresholds are charged as an expense when incurred.

G. ADOPTION OF NEW ACCOUNTING PRINCIPLES

The Board adopted GASB Statement 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, in the prior fiscal year, however, the Board's lone subscription asset was placed into service in November of 2023. Further information on GASB 96 is presented in Note 6.

The Board adopted GASB Statement No. 100, *Accounting Changes and Error Corrections*, which was issued in June 2022 and is effective for fiscal years beginning after June 15, 2023. The primary objectives of this statement are to enhance accounting and financial reporting requirements for accounting changes and error corrections. The adoption of this statement did have an impact on the Board's financial statements, and the impacts are reflected in Note 9 as a restatement to the Board's June 30, 2023 net position.

H. NONCURRENT LIABILITIES

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 the Teachers' Retirement System of Louisiana (TRSL), and additions to/deductions from each retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Synthetic guaranteed investment contracts are reported at contract value. All other investments are reported at fair value.

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position is based on actuarially determined obligations under GASB 75.

I. EMPLOYEE COMPENSATED ABSENCES

Employees of the Board earn and accumulate annual and sick leave at varying rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

Employees who are considered having nonexempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave (K-time) earned. Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employee's hourly rate of pay at termination or transfer.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as an expense and a liability in the financial statements in the period in which the leave is earned.

J. NET POSITION

Net position comprises the various net earnings from operations, nonoperating revenues, and expenses. The Board's net position is classified in the following components:

- Net investment in capital assets consists of all capital assets, net of accumulated depreciation and related debt.
- Unrestricted net position consists of all assets not included in the other category previously mentioned. Unrestricted net position represents resources derived from the Board's licenses, permits, and fees and is used for transactions related to the Board's general operations. Unrestricted net position may be used at the discretion of the Board to meet current expenses and any other purpose.

K. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH

Custodial credit risk is the risk that in the event of a bank failure the Board's deposits may not be recovered. Under state law, the Board's deposits must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The fair market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the Board or the pledging bank by a holding or custodial bank that is mutually acceptable to both parties. As of June 30, 2024, the Board's total deposits (collected bank balances) were $1,822,206, which was secured from risk by federal deposit insurance plus pledged securities held in the Board's name.

3. PENSION PLAN

The Board is a participating employer in one state public employee retirement systems, LASERS. Prior to October 2020, the Board was also a participating employer in TRSL. During fiscal year 2021, the Board's only employee who participated in TRSL retired. As a result, the Board was, but is no longer, a participating employer in TRSL. Both systems have separate boards of trustees and administer cost-sharing, multiple-employer defined benefit pension plans, including classes of employees with different benefits and contribution rates (sub-plans). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of all sub-plans administered by these systems to the state legislature. Each system issues a public report that includes financial statements and required supplementary information. Copies of these reports for LASERS and TRSL may be obtained at www.lasersonline.org and www.trsl.org, respectively.

General Information about the Pension Plans

Plan Descriptions/Benefits Provided

All full-time Board employees are eligible to participate in LASERS unless an election is made to continue as a member of another retirement system, such as TRSL, for which they remain eligible for membership.

LASERS – LASERS administers a plan to provide retirement, disability, and survivor benefits to eligible state employees and their beneficiaries as defined in R.S. 11:411-417. The age and years of creditable service (service) required in order for a member to receive retirement benefits are established by R.S. 11:441 and vary depending on the member's hire date, employer, and job classification. Act 992 of the 2010 Regular Legislative Session closed existing sub-plans for members hired before January 1, 2011, and created new sub-plans for regular members, hazardous duty members, and judges. Act 226 of the 2014 Regular Legislative Session established new retirement eligibility for members of LASERS hired on or after July 1, 2015, excluding hazardous duty plan members.

Regular plan members hired prior to July 1, 2006, may retire with full benefits at any age upon completing 30 years of service, at age 55 upon completing 25 years of service, or at age 60 upon completing 10 years of service. Regular members hired from July 1, 2006, through June 30, 2015, may retire with full benefits at age 60 upon completing five years of creditable service. Regular members hired on or after July 1, 2015, are eligible to retire at age 62 after 5 years of creditable service. Additionally, all members may choose to retire with 20 years of service at any age, with an actuarially-reduced benefit. Eligibility for retirement benefits and the computation of retirement benefits are provided for in R.S. 11:444. The basic annual retirement benefit for members is equal to a percentage (between 2.5% and 3.5%) of average compensation multiplied by the number of years of service, generally not to exceed 100% of average compensation. 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, or highest 60 consecutive months of employment for members employed after that date. A member leaving service before attaining minimum retirement age but after completing certain minimum service requirements, generally 10 years, becomes eligible for a benefit provided the member lives to the minimum service retirement age and does not withdraw the accumulated contributions.

Eligibility requirements and benefit computations for disability benefits are provided for in R.S. 11:461. All members with 10 or more years of service who become disabled may receive a maximum disability benefit equivalent to the regular retirement formula without reduction by reason of age. Upon reaching retirement age, the disability retiree may receive a regular retirement benefit by making application to the LASERS Board of Trustees.

Provisions for survivor benefits are provided for in R.S. 11:471-478. Under these statutes, the deceased member hired before January 1, 2011, who was in state service at the time of death must have a minimum of five years of service, at least two of which were earned immediately prior to death, or who had a minimum of 20 years of service regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18 or age 23 if the child remains a full-time student. The minimum service requirement is 10 years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child. The deceased member, hired on or after January 1, 2011, must have a minimum of five years of service credit regardless of when earned in order for a benefit to be paid to a minor child. The minimum service credits for a surviving spouse include active service at the time of death and a minimum of 10 years of service credit with two years being earned immediately prior to death, or a minimum of 20 years regardless of when earned. In addition, the deceased member's spouse must have been married for at least one year before death.

LASERS has established a Deferred Retirement Option Plan (DROP). When members enter DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period up to three years. The election is irrevocable once participation begins. During participation, benefits otherwise payable are fixed and deposited in an individual DROP account. Upon leaving DROP, members must choose among available alternatives for the distribution of benefits that have accumulated in their DROP accounts.

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

Cost of Living Adjustments

As fully described in Title 11 of the Louisiana Revised Statutes, LASERS allows for the payment of cost-of-living adjustments, or COLAs, that are funded through investment earnings when recommended by the board of trustees and approved by the Legislature. These ad hoc COLAs are not considered to be substantively automatic.

Contributions

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily-established methods on an annual basis and are constitutionally–required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee.

Employer contributions to LASERS for fiscal year 2024 were $192,254, with active member contributions of 8% and employer contributions of 41.3% of covered payroll. The proportionate share of Legislative Acts contributions to LASERS totaled $59,946, and were recognized as revenue in fiscal year 2024 by the Board. Employer defined benefit plan contributions to TRSL for fiscal year 2024 was $0, as the Board is no longer a participating employer. The Board's contractually-required contribution rates for the fiscal year are actuarially determined as amounts that, when combined with employee contributions, are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability.

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

At June 30, 2024, the Board reported liabilities of $1,065,610 and $0 under LASERS and TRSL, respectively, for its proportionate share of the collective Net Pension Liability (NPL). The NPL for LASERS and TRSL was measured as of June 30, 2023, and the total pension liabilities used to calculate the NPL were determined by actuarial valuations as of that date. The Board's proportions of the NPL were based on projections of the Board's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Board's projected contribution effort was calculated by multiplying the eligible annual compensation of active members in the Plan as of June 30, 2023, by the fiscal year 2024 employer actuarially-required contribution rates. As of June 30, 2023, the most recent measurement date, the Board's proportions and the changes in proportions from the prior measurement date were 0.015920%, or a decrease of 0.00458%, for LASERS and remained constant at 0.0% for TRSL. During fiscal year 2021, the Board's only employee who participated in TRSL retired so the Board's proportionate share for the TRSL liability is zero for the fiscal year 2024 reporting period.

For the year ended June 30, 2024, the Board recognized a total pension expense of $148,292, or $164,652 and ($16,360) for LASERS and TRSL, respectively. The Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows			**Deferred Inflows**		
	LASERS	TRSL	Total	LASERS	TRSL	Total
Differences between expected and actual experience	$23,067		$23,067			
Changes of assumptions						
Net difference between projected and actual earnings on pension plan investments	6,092		6,092			
Changes in proportion and differences between employer contributions and proportionate share of contributions	16,816	$1,193	18,009	($155,555)	($35,449)	($191,004)
Employer contributions subsequent to the measurement date	192,254		192,254			
Total	$238,229	$1,193	$239,422	($155,555)	($35,449)	($191,004)

Deferred outflows of resources related to pensions resulting from the Board's contributions subsequent to the measurement date will be recognized as a reduction of the LASERS and TRSL NPL in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

Year ended June 30,	LASERS	TRSL	Total
2025	($109,611)	($17,129)	($126,740)
2026	(38,483)	(17,127)	(55,610)
2027	52,485		52,485
2028	(13,971)		(13,971)
	($109,580)	($34,256)	($143,836)

Actuarial Assumptions

The total pension liabilities for LASERS in the June 30, 2023, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

	LASERS
Valuation Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Amortization Approach	Closed
Expected Remaining Service Lives	2 years
Investment Rate of Return (discount rate)	7.25% per annum, net of investment exp.
Inflation Rate	2.30% per annum
Mortality - Non-disabled	RP-2014 Blue Collar Annuitant Table for males and RP-2014 White Collar Annuitant Table for females, improvement projected using MP-2018 Mortality Improvement Scale
Mortality - Disabled	RP-2000 Disabled Retiree Mortality Table, no projection for improvement
Mortality - Active Members	RP-2014 Blue Collar Employee Table, adjusted for gender
Termination, Disability, Retirement	2014-2018 experience study
Salary Increases	2014-2018 experience study, ranging from 2.6% to 13.8%
Cost of Living Adjustments	Not substantively automatic

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

There were no changes in assumptions in the June 30, 2023 valuations.

For LASERS, the long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.30% for LASERS, and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.19% for LASERS. Best estimates of geometric real rates of return for each major asset class included in LASERS' target asset allocation as of June 30, 2023, are summarized in the following table:

	Target Allocation	Long-term Expected Real Rate of Return
LASERS (geometric)		
Cash	0.00%	0.80%
Domestic equity	34.00%	4.45%
International equity	18.00%	5.44%
Domestic fixed income	3.00%	2.04%
International fixed income	17.00%	5.33%
Alternative investments	28.00%	8.19%
Total	100.00%	5.75%

<u>Discount Rate</u>. The discount rate used to measure the total pension liability was 7.25% for LASERS. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at contractually-required rates, actuarially determined. 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 active and inactive 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.

<u>Sensitivity of the proportionate share of the NPL to changes in the discount rate</u>. The following presents the Board's proportionate share of the NPL for LASERS using the current discount rate as well as what the Board's proportionate share of the NPL 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 7.25%:

	1.0% Decrease	Current Discount Rate	1.0% Increase
	6.25%	7.25%	8.25%
LASERS	$1,395,153	$1,065,610	$786,170

Pension plan fiduciary net position. Detailed information about LASERS and TRSL fiduciary net position is available in the separately-issued financial reports at www.lasersonline.org and www.trsl.org, respectively.

Payables to the Pension Plan. At June 30, 2024, the Board had $26,839 and $0 in payables to LASERS and TRSL, respectively, for the June 2024 employee and employer legally-required contributions.

4. CHANGES IN LONG-TERM LIABILITIES (CURRENT AND NONCURRENT PORTION)

The following is a summary of long-term liability transactions of the Board for the year ended June 30, 2024:

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Amounts Due Within One Year
Compensated absences payable	$38,773	$33,996	($20,978)	$51,791	$1,746
Lease liability	220,765		(68,962)	151,803	69,655
Total long-term liabilities*	$259,538	$33,996	($89,940)	$203,594	$71,401

*Information about changes in the net pension liability and the OPEB liability are contained in notes 3 and 5, respectively.

5. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

Plan Description and Benefits Provided

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 32:3.301. 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, employers, 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. 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 through Vantage Medical Home HMO. The Vantage HMO and Vantage Medicare Advantage plans termed effective December 31, 2023. Effective January 1, 2024, no fully insured health plan is available to Non-Medicare Retirees. In addition, retirees who have Medicare Part A and Part B coverage also have access to three fully insured Medicare Advantage plans through People's Health, Humana, and Blue Cross, and an Individual Medicare Market Exchange product through Via Benefits that provides monthly health reimbursement arrangement credits.

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

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 spousal coverage. Effective January 1, 2018, the total monthly premium for retirees varies according to age group.

Total Collective OPEB Liability and Changes in Total Collective OPEB Liability

At June 30, 2024, the Board reported a liability of $645,085 for its proportionate share of the total collective OPEB liability. The total collective OPEB liability was measured as of July 1, 2023, and was determined by an actuarial valuation as of that date.

The Board's proportionate share percentage is based on the employer's individual Total OPEB Liability (TOL) in relation to the combined TOL for all participating entities included in the state of Louisiana reporting entity. As of July 1, 2023, the most recent measurement date, the Board's proportion and the change in proportion from the prior measurement date was 0.0090%, or a decrease of 0.0015%.

The total collective OPEB liability in the July 1, 2023, 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. Service costs are attributed through all assumed ages of exit from active service. For current DROP participants, assumed exit from active service is the date at which DROP ends.

- Estimated Remaining Service Lives – 4.5 years

- Inflation rate – Consumer Price Index (CPI) 2.40%

- Salary increase rate – consistent with the pension valuation assumptions disclosed in Note 3

- Discount rate – 4.13% based on June 30, 2023, Standard & Poor's 20-year municipal bond index rate

- Mortality rates – consistent with pension valuation assumptions disclosed in Note 3

- Healthcare cost trend rates – The baseline trend was updated to more accurately reflect the current medical cost environment. Pre-Medicare trend has been revised to 7.0% for the first two years trending down 25 basis points per year to an ultimate rate of 4.5%. Medicare trend has been revised to 6.5% for the first two years trending down 25 basis points per year to an ultimate rate of 4.5%. The Medicare trend, reflecting Inflation Reduction Act (IRA), has been revised to 6.5% increasing to 13.0% in 2024-2025, decreasing to 12.0% in 2025-2026 and 4.35% from 2026-2027 through 2032-2033, increasing to 4.43% in 2033-2034, and 4.50% thereafter. The initial trend was developed using the actuary's National Heath Care Trend Survey. The ultimate trend was developed using a building block approach which considers Consumer Price Index, Gross Domestic Product, and technology growth.

- Healthcare claim cost - Per capita costs for the self-insured plans were based on medical and prescription drug claims for retired participants for the period January 1, 2022, through December 31, 2023. The claims experience was trended to the valuation date. Per capita costs for fully-insured plans were based on calendar year 2024 premiums adjusted to the valuation date using the Medicare trend reflecting IRA assumption.

Per capita costs were adjusted for expected age-related differences in morbidity, where applicable.

- Participation rates – Active employees who do not have current medical coverage are assumed not to participate in the medical plan as retirees. The percentage of employees and their dependents who are currently covered for medical coverage that are assumed to participate in the retiree medical plan is outlined in the table below. Active participants who have been covered continuously under the medical plan since before January 1, 2002, are assumed to participate at a rate of 88%. This rate assumes that a one-time irrevocable election to participate is made at the time of retirement.

Years of Service	Participation Percentage
Under 10 years	33%
10 - 14 years	60%
15 - 19 years	80%
20+ years	88%

Future retirees are assumed to participate in the life insurance benefit at a 36% rate and elect a total of $45,000 in basic and supplemental life insurance coverage, before any age reductions. Spouses are assumed to elect $2,000 of coverage.

The actuarial assumptions related to mortality, retirement, termination, disability, and salary increases are based on experience studies used in the pension valuations disclosed in Note 3. The actuarial assumption for plan election coverage is based on a review of experience for the period July 1, 2020, through June 30, 2023. Other actuarial demographic assumptions are based on an experience study of OPEB plan experience for the period July 1, 2017, through June 30, 2020.

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

- The discount rate increased from 4.09% to 4.13%

- Baseline per capita costs were updated to reflect 2023 claims and enrollment.

- Medical plan election percentages were updated based on the coverage elections of recent retirees.

- The mortality, retirement, termination, disability, and salary increase rates for the TRSL, LSERS and LSPRS groups were updated. Additionally, all TRSL assumptions that were based on the Regular plan assumptions only have been updated to vary by sub-plan as applicable (Regular, Higher Ed, and Lunch).

- The healthcare cost trend was updated to more accurately reflect the current medical cost environment.
- The Medicare trend was further adjusted to reflect the impact of certain provisions of the Inflation Reduction Act (IRA).

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	Current Discount Rate	1.0% Increase
	3.13%	4.13%	5.13%
Proportionate Share of Total Collective OPEB Liability	$740,183	$645,085	$568,278

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	Current Healthcare Cost Trend Rates	1.0% Increase
Post-65 Rates	(5.5% decreasing to 3.5%)	(6.5% decreasing to 4.5%)	(7.5% decreasing to 5.5%)
Pre-65 Rates	(6.0% decreasing to 3.5%)	(7.0% decreasing to 4.5%)	(8.0% decreasing to 5.5%)
Proportionate Share of Total Collective OPEB Liability	$569,997	$645,085	$737,272

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

For the year ended June 30, 2024, the Board recognized OPEB expense of $15,852. At June 30, 2024, 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
Difference between expected and actual experience	$13,019	
Changes of assumptions or other inputs	40,667	($134,913)
Changes in proportion and differences between benefit payments and proportionate share of benefit payments	114,902	(137,789)
Amounts paid by the employer for OPEB subsequent to the measurement date	56,673	
Total	$225,261	($272,702)

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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	Net Amount Recognized in OPEB Expense
2025	($9,231)
2026	(42,809)
2027	(44,720)
2028	(7,354)
	($104,114)

6. CAPITAL AND RIGHT-TO-USE ASSETS

A summary of changes in capital and right-to-use lease assets follows:

	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024
Capital Assets:				
Machinery & Equipment	$61,887			$61,887
Accumulated depreciation	(55,033)	($2,057)		(57,090)
Total Machinery & Equipment	6,854	(2,057)		4,797
Right-To-Use Assets:				
Leased Office Space	356,935			356,935
Accumulated amortization	(138,168)	(69,084)		(207,252)
Total Leased Office Space	218,767	(69,084)		149,683
SBITAs		140,467		140,467
Accumulated amortization		(69,124)		(69,124)
Total SBITAs		71,343		71,343
Total right-to-use assets	218,767	2,259		221,026
Total Capital and Right-To-Use Assets, net	$225,621	$202	None	$225,823

In fiscal year 2022, the Board entered a cloud hosting and cloud support services contract with Thentia Cloud. The contract has an initial term of three years, renewing annually for another year unless terminated 90 days prior to the end date of the subsequent years. The contract will enable the Board to use a new cloud-based database with external web portal access. The annual payment due is based on the number of Active CPAs and Firms registered in Louisiana in February of each year, with a maximum amount after three years of $150,000.

The Board executed the 3-year right-to-use subscription asset for licensing software on February 16, 2022. As of June 30, 2024, the asset has been placed into service, and in accordance with the subscription contract, the Board prepaid the final year of the subscription in February 2024. At June 30, 2024, the Board has no SBITA liability.

The Board entered into an agreement to lease office space. The term of the lease is from September 1, 2016, through August 31, 2026. The lease provides for a monthly payment of $5,905. The implicit interest rate on the GASB 87, *Leases*, transition date was 1%. The following schedule summarizes the future principal and interest requirements for the lease office space at June 30, 2024:

Future Minimum Lease Payments

Fiscal Year Ending	Principal	Interest	Total
2025	$69,655	$1,199	$70,854
2026	70,354	500	70,854
2027	11,794	15	11,809
Total:	**$151,803**	**$1,714**	**$153,517**

7. RISK MANAGEMENT

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

There is no pending litigation or claims against the Board at June 30, 2024, which if asserted, in the opinion of the Board's legal advisors, would have at least a reasonable probability of an unfavorable outcome or for which resolution would materially affect the financial statements.

8. DEFERRED COMPENSATION PLAN

Employees of the Board may participate in the Louisiana Deferred Compensation Plan adopted under the provisions of Internal Revenue Code Section 457. Disclosures relating to this plan are available in the Plan's separate audit report, which is available from the Louisiana Legislative Auditor's website at www.lla.la.gov.

9. RESTATEMENT OF NET POSITION

For fiscal year ended June 30, 2023, the Board overstated the operating services, supplies, and acquisitions expenses for SBITA-related payments and understated prepayments. The SBITA relates to the Board's new licensing database for which the original contract date was February 16, 2022. However, the database did not go live (or was not placed into service) until November 2023. Per the requirements of GASB Statement No. 96, costs/expenses incurred prior to the database being placed into service should have been recorded as prepayments until the asset was operational, at which point they should have been reclassified as a capital asset and amortized.

Additionally, in accordance with GASB Statement No. 96, the Board has elected to restate for those capitalizable outlays (prepayments) associated with the initial implementation stage that were initially recorded as operating services, supplies, and acquisitions expenses totaling $23,117 for the fiscal year ended June 30, 2022.

As a result, a restatement of the beginning net position for the Board, as reflected on Statement B, was needed to correct prior errors noted and capitalize prior SBITA implementation costs.

Net Position at June 30, 2023	($30,600)
Correction of errors in prepayments	49,480
GASB 96 implementation restatement for prepayments	23,117
Net Position at June 30, 2023, as restated	$41,997

Had the correction noted above, affecting fiscal year 2023, been included in the June 30, 2023, Statement of Revenues, Expenses, and Changes in Net Position, the previously reported change in net position of ($139,396) would have been ($89,916).

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Board's Proportionate Share of the Net Pension Liability

Schedule 1 presents the Board's Net Pension Liability.

Schedule of Board Contributions

Schedule 2 presents the amount of contributions the Board made to the pension system.

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

Schedule 3 presents certain specific data regarding the Board's share of the total collective OPEB liability.

STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
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Schedule of the Board's Proportionate Share of the Net Pension Liability — **Schedule 1**

Fiscal Year*	Board's proportion of the net pension liability (asset)	Board's proportionate share of the net pension liability (asset)	Board's covered payroll	Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
Louisiana State Employees' Retirement System					
2015	0.017977%	$1,124,082	$326,527	344%	65.0%
2016	0.017310%	$1,177,341	$340,446	346%	62.7%
2017	0.016830%	$1,321,584	$355,555	372%	57.7%
2018	0.021320%	$1,500,677	$368,563	407%	62.5%
2019	0.018920%	$1,290,194	$363,636	355%	64.3%
2020	0.017930%	$1,299,013	$376,020	346%	62.9%
2021	0.019370%	$1,601,863	$393,048	408%	58.0%
2022	0.015920%	$876,233	$396,830	221%	72.8%
2023	0.020500%	$1,549,747	$396,946	390%	63.7%
2024	0.015920%	$1,065,610	$442,933	241%	68.4%
Teachers' Retirement System of Louisiana					
2015	0.000865%	$88,415	$36,050	245%	63.7%
2016	0.000880%	$94,620	$37,492	252%	62.5%
2017	0.000910%	$106,807	$38,995	274%	59.9%
2018	0.000910%	$93,292	$39,374	237%	65.6%
2019	0.000870%	$85,503	$39,654	216%	68.2%
2020	0.000910%	$90,017	$41,705	216%	68.6%
2021	0.000910%	$100,668	$43,297	233%	65.6%
2022	0.000000%	$0	$11,197	0%	83.9%
2023	0.000000%	$0	$0	0%	72.4%
2024	0.000000%	$0	$0	0%	74.3%

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

Schedule of Board Contributions — **Schedule 2**

Fiscal Year*	(a) Statutorily-Required Contribution	(b) Contributions in relation to the statutorily-required contribution	(a-b) Contribution Deficiency (Excess)	Board's covered payroll	Contributions as a percentage of covered payroll
Louisiana State Employees' Retirement System					
2015	$125,965	$125,965	NONE	$340,445	37.0%
2016	$132,266	$132,266	NONE	$355,555	37.2%
2017	$131,946	$131,946	NONE	$368,563	35.8%
2018	$137,818	$137,818	NONE	$363,636	37.9%
2019	$142,702	$142,702	NONE	$376,020	37.9%
2020	$159,906	$159,906	NONE	$393,048	40.7%
2021	$159,059	$159,059	NONE	$396,830	40.1%
2022	$156,929	$156,929	NONE	$396,946	39.5%
2023	$179,069	$179,069	NONE	$442,933	40.4%
2024	$192,254	$192,254	NONE	$463,313	41.5%
Teachers' Retirement System of Louisiana					
2015	$10,498	$10,498	NONE	$37,492	28.0%
2016	$10,256	$10,256	NONE	$38,995	26.3%
2017	$10,040	$10,040	NONE	$39,374	25.5%
2018	$10,548	$10,548	NONE	$39,654	26.6%
2019	$11,130	$11,130	NONE	$41,705	26.7%
2020	$11,255	$11,255	NONE	$43,297	26.0%
2021	$2,889	$2,889	NONE	$11,197	25.8%
2022	$0	$0	NONE	$0	0.0%
2023	$0	$0	NONE	$0	0.0%
2024	$0	$0	NONE	$0	0.0%

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

Notes to Required Supplementary Information (Schedules 1 and 2)

Changes of Benefit Terms include:

LASERS

A 1.5% COLA, effective July 1, 2014, provided by Act 102 of the 2014 Louisiana Regular Legislative Session.

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

Act 656 of the 2022 Louisiana Regular Legislative Session provided a one-time supplemental payment to eligible retirees and beneficiaries equal to the lesser of the retiree's or beneficiary's monthly benefit, or $2,000.

TRSL

A 1.5% COLA, effective July 1, 2014, provided by Act 204 of the 2014 Louisiana Regular Legislative Session.

A 1.5% COLA, effective July 1, 2016, provided by Acts 93 and 512 of the 2016 Louisiana Regular Legislative Session, and Regular Plan members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after July 1, 2015, may retire with a 2.5% benefit factor after attaining age 62, with at least five years of service credit and are eligible for an actuarially-reduced benefit with 20 years of service at any age.

Changes of Assumptions include:

LASERS

The Board adopted a plan to gradually reduce the discount rate from 7.75% to 7.50% in .05% increments, beginning July 1, 2017. Therefore, the discount rate was reduced from 7.75% to 7.70% for the June 30, 2017 valuation. The Board also reduced the inflation assumption from 3.0% to 2.75%, effective July 1, 2017. Since the inflation assumption is a component of the salary increase assumption, all salary increase assumptions decreased by .25%.

A 7.65% discount rate was used to determine the projected contribution requirments for fiscal year 2018/2019 and a 7.60% rate was used for the 2019/2020 fiscal year. Beginning July 1, 2018, the projected contribution requirement includes direct funding of administrative expenses, rather than a reduction in the assumed rate of return, per Act 94 of 2016.

Demographic and salary assumptions were updated beginning with the July 1, 2019 valuation to reflect the results of the most recent experience study observed for the period July 1, 2013 - June 30, 2018. The Board of Trustees adopted a change in the inflation assumption from 2.50% to 2.30% effective July 1, 2020. Since the inflation assumption is a component of the salary increase assumption, all salary increase assumptions decreased by .2% in the June 30, 2020 valuation. A 7.55% discount rate was used to determine the fiscal year 2020/2021 valuation, while a 7.40% discount rate was used for the fiscal year 2021/2022 valuation. The rate was reduced to a 7.25% discount rate for the fiscal year 2022/2023 valuation.

TRSL

The Board adopted a plan to gradually reduce the discount rate from 7.75% to 7.50% in .05% increments, beginning July 1, 2017. Therefore, the discount rate was reduced from 7.75% to 7.70% for the June 30, 2017 valuation.

A 7.65% discount rate was used to determine the projected contribution requirements for fiscal year 2018/2019. Demographic and salary assumptions were updated beginning with the June 30, 2018 valuation to reflect the results of the most recent experience study observed for the period July 1, 2012 - June 30, 2017. On November 1, 2018, the TRSL board accelerated the discount rate reduction plan by one year and a 7.55% rate was used to determine the projected contribtuion requirements for the 2019/2020 fiscal year. Beginning July 1, 2018, the projected contribution requirement includes direct funding of administrative expenses, rather than a reduction in the assumed rate of return, per Act 94 of 2016.

Effective July 1, 2020, the TRSL Board reduced the inflation from 2.5% to 2.3%. Since the inflation assumption is a component of the salary increase assumption, all salary increase assumptions decreased by .2% in the June 30, 2020 valuation. A 7.45% discount rate was used to determine the fiscal year 2020/2021 valuation, while a 7.40% discount rate was used for the fiscal year 2021/2022 valuation.

Changes in Size or Composition of the Population include:

As of fiscal year 2021/2022, the Board is no longer a TRSL participant.

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

Schedule 3

Fiscal Year*	Board's proportion of the total collective OPEB liability	Board's proportionate share of the total collective OPEB liability	Board's covered-employee payroll	Board's proportionate share of the total collective OPEB liability as a percentage of the covered-employee payroll
2017	0.0095%	$862,438	$355,800	242.39%
2018	0.0095%	$826,108	$357,930	230.80%
2019	0.0100%	$850,652	$364,123	233.60%
2020	0.0094%	$726,965	$364,344	199.50%
2021	0.0090%	$742,574	$432,009	171.90%
2022	0.0113%	$1,033,055	$292,112	353.70%
2023	0.0105%	$709,564	$393,531	180.30%
2024	0.0090%	$645,045	$357,047	180.70%

*Amounts presented for each fiscal year were determined as of the beginning of the fiscal year (on the measurement date).

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

Notes to Schedule 3 (Required Supplementary Information)

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

Changes of Assumptions include:

1. The discount rate was changed from 2.71% as of July 1, 2016, to 3.13% as of July 1, 2017.

   The discount rate was changed from 3.13% as of July 1, 2017, to 2.98% as of July 1, 2018.

   The discount rate was changed from 2.98% as of July 1, 2018, to 2.79% as of July 1, 2019.

   The discount rate was changed from 2.79% as of July 1, 2019, to 2.66% as of July 1, 2020.

   The discount rate was changed from 2.66% as of July 1, 2020, to 2.18% as of July 1, 2021.

   The discount rate was changed from 2.18% as of July 1, 2021, to 4.09% as of July 1, 2022.

   The discount rate was changed from 4.09% as of July 1, 2022, to 4.13% as of July 1, 2023.
2. Baseline per capita costs were updated to reflect 2022 claims and enrollment, as of July 1, 2022.

   Baseline per capita costs were updated to reflect 2023 claims and enrollment, as of July 1, 2023.
3. The July 1, 2022 and July 1, 2023 valuation reflect medical plan election percentages were updated based on the coverage elections of recent retirees and a review of the past three years of experience.
4. The July 1, 2023 valuation reflects the healthcare cost trend was updated to more accurately reflect the current medical cost environment. The Medicare trend was further adjusted to reflect the impact of certain provisions of the Inflation Reduction Act.

SUPPLEMENTARY INFORMATION

Schedule of Per Diem Paid to Board Members
For the Year Ended June 30, 2024

The Schedule of Per Diem Paid to Board Members (Schedule 4) presents the per diem paid to board members for the year ended June 30, 2024. Officers of the Board receive compensation of $250 per month, and other members receive $200 per month in accordance with the Louisiana Accountancy Act (as amended by Act 553 of the 2016 Regular Session of the Louisiana Legislature).

STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
STATE OF LOUISIANA

Schedule of Per Diem Paid to Board Members
For the Year Ended June 30, 2024

Name	Title	Amount
Lynn V. Hutchinson, CPA	Chair (July 2023 - June 2024)	$3,000
Nicholas J. Langley, CPA	Member (July 2023 - June 2024)	2,400
Desireé Honoré Thomas, CPA	Member (July 2023 - June 2024)	2,400
Grady R. Hazel, CPA	Member (July 2023) Secretary (August 2023 - June 2024)	2,950
Suemarie S. Alizadeh, CPA	Secretary (July 2023) Treasurer (August 2023 - June 2024)	3,000
Michael D. Bergeron, CPA	Treasurer (July 2023) Member (August 2023 - June 2024)	2,450
Lettie Lowe-Ardoin, CPA	Member (July 2023 - June 2024)	2,400
Total		$18,600

OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

Exhibit A

The following pages contain our report on internal control over financial reporting and on compliance with laws, regulations, and other matters as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. The report is based solely on the audit of the financial statements and includes, where appropriate, any significant deficiencies and/or material weaknesses in internal control or compliance and other matters that would be material to the presented financial statements.

LOUISIANA LEGISLATIVE AUDITOR

MICHAEL J. "MIKE" WAGUESPACK, CPA
LOUISIANA LEGISLATIVE AUDITOR

December 20, 2024

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*

Independent Auditor's Report

STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
STATE OF LOUISIANA
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*, the financial statements of the business-type activities of the State Board of Certified Public Accountants of Louisiana (Board), an agency within the state of Louisiana (enterprise fund), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated December 20, 2024. Our report was modified to include an emphasis of matter section regarding the implementation of certain accounting standards and a restatement for the correction of an error.

Report on Internal Control over Financial Reporting

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

Michael J. "Mike" Waguespack, CPA
Legislative Auditor

LA:CJH:RR:BQD:aa

CPA 2024