R E P O R T

STATE OF LOUISIANA

SCHOOL EMPLOYEES' RETIREMENT SYSTEM

JUNE 30, 2026 AND 2025

STATE OF LOUISIANA

SCHOOL EMPLOYEES' RETIREMENT SYSTEM

INDEX TO REPORT

JUNE 30, 2026 AND 2025

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 – 4
MANAGEMENT'S DISCUSSION AND ANALYSIS	5 – 12
FINANCIAL STATEMENTS:	
Statements of Fiduciary Net Position	13
Statements of Changes in Fiduciary Net Position	14
Notes to Financial Statements	15 – 50
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Changes in Net Pension Liability	51 – 52
Schedule of Employers' Net Pension Liability	53
Schedule of Employer Contributions	54
Schedule of Investment Returns	55
Schedule of the Proportionate Share of the Collective Total OPEB Liability	56
Notes to Required Supplementary Information	57 – 63
OTHER SUPPLEMENTARY INFORMATION:	
Schedule of Per Diem Paid to Trustees	64
Schedule of Administrative Expenses	65
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*	66 – 67
SUMMARY SCHEDULE OF FINDINGS	68

DHHM
certified public accountants

Duplantier
Hrapmann
Hogan &
Maher, LLP

A.J. Duplantier, Jr., CPA
(1919-1985)
Felix J. Hrapmann, Jr., CPA
(1919-1990)
William R. Hogan, Jr., CPA
(1920-1996)
James Maher, Jr., CPA
(1921-1999)

INDEPENDENT AUDITOR'S REPORT

Lindsay J. Calub, CPA, LLC
Michelle H. Cunningham, CPA
Grady C. Lloyd, III, CPA
Robynn P. Beck, CPA
J. Patrick Butler, III, CPA
Wesley D. Wade, CPA

Heather M. Jovanovich, CPA
Terri L. Kitto, CPA
Gregory J. Binder, IT Director
Colleen A. Casey, CPA
Jason C. Montegut, CPA
J. Michael Flynn, III CPA
Dennis W. Dillon, CPA

Metairie
3510 N, Causeway Blvd.
Suite 500
Metairie, LA 70002
Phone: (504) 586-8866
Fax: (504) 525-5888

Covington
220 Park Place
Suite 101
Covington, LA 70433
Phone: (985) 892-8776
Fax: (985) 892-0952

Houma
1340 W. Tunnel Blvd.,
Suite 412
Houma, LA 70360
Phone: (985) 868-2630
Fax: (985) 872-3833

Slidell
1290 Seventh Street
Slidell, LA 70458
Phone: (985) 641-1272
Fax: (985) 781-6497

September 29, 2026

Board of Trustees
State of Louisiana
School Employees' Retirement System
Baton Rouge, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the State of Louisiana School Employees' Retirement System (the System), a component unit of the State of Louisiana, which comprise the statements of fiduciary net position as of June 30, 2026 and 2025, the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the index to report.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the State of Louisiana School Employees' Retirement System as of June 30, 2026 and 2025, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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 System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Emphasis of Matter — Total Pension Liability

As disclosed in Note 4 to the financial statements, the total pension liability for the State of Louisiana School Employees' Retirement System was $2,860,908,859 and $2,830,433,598 as of June 30, 2026 and 2025, respectively. The actuarial valuations were based on various assumptions made by the System's actuary. Because actual experience may differ from the assumptions used in the actuarial valuation, there is a risk that the total pension liability at June 30, 2026 and 2025 could be understated or overstated. Our opinion is not modified with respect to this matter.

Emphasis of Matter — Fair Value of Investments

As disclosed in Note 6 to the financial statements, the financial statements include investments that are not listed on national exchanges or for which quoted market prices are not available. These investments include private equities and investments in real assets. Where a publicly-listed price is not available, the management of the System uses alternative sources of information including audited financial statements, unaudited interim reports, independent appraisals, and similar evidence to determine the fair value of investments. Our opinion is not modified with respect to this matter.

Required Supplementary Information

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

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Louisiana School Employees' Retirement System's basic financial statements. The other supplementary information, as listed in the index, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2026 on our consideration of the State of Louisiana School Employees' Retirement System'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 System'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 internal control over financial reporting and compliance of the State of Louisiana School Employees' Retirement System.

Duplantier, Hrapmann, Hogan and Maher, LLP

Metairie, Louisiana

The following Management's Discussion and Analysis (MD&A) provides management's objective and easily readable analysis of the financial condition and operating results of the Louisiana School Employees' Retirement System (LSERS) (the System) for the fiscal year then ended. MD&A is presented as required supplementary information (RSI) and is intended to assist employers, plan members, and other users of this financial report in understanding the System's financial position, changes in fiduciary net position, and the significant factors contributing to those changes during the current fiscal year. The analysis contained herein is drawn from information presented in the accompanying financial statements, notes to the financial statements, and the supplementary information, and should be read in conjunction with those components of this report to obtain a complete understanding of the System's financial activities and condition. Management's discussion and analysis is unaudited.

OVERVIEW OF THE FINANCIAL STATEMENTS

The System's financial report contains basic financial statements, which are comprised of three components:

- The Statement of Fiduciary Net Position
- The Statement of Changes in Fiduciary Net Position, and
- The notes to financial statements.

This report also includes required supplementary information (RSI), consisting of the Schedule of Changes in the Net Pension Liability, the Schedule of Employer's Net Pension Liability, the Schedule of Employer Contributions, the Schedule of Investment Returns, the Schedule of Proportionate Share of the Collective Total OPEB liability, and related notes, as well as other supplementary information. The RSI schedules present 10-year trend data that is essential to evaluating the System's funded status and contribution adequacy over time.

The Statement of Fiduciary Net Position presents a snapshot of the System's financial position as of June 30, 2026. It reports all assets held in trust for the benefit of plan members, together with any deferred outflows of resources, liabilities, and deferred inflows of resources. The difference between these elements represents the assets available to pay future benefits to LSERS members and their beneficiaries, referred to as the fiduciary net position restricted for pension benefits.

The Statement of Changes in Fiduciary Net Position explains how the fiduciary net position changed during the fiscal year ended June 30, 2026. It reports additions to the fiduciary net position, deductions from the fiduciary net position, and administrative expenses. The net increase or decrease during the year, when added to the beginning fiduciary net position, results in the ending fiduciary net position reported on the Statement of Fiduciary Net Position. The Statement of Changes in Fiduciary Net Position explains how and why the balance reported on the Statement of Fiduciary Net Position changed from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

The notes to the financial statements are an integral component of the basic financial statements and are essential to a complete understanding of the balances and activity reported. The notes provide critical context not presented on the face of the financial statements, including: the System's significant accounting policies; the actuarial methods and assumptions used to measure the total pension liability; the System's investment policy, asset allocation, and fair value measurements; concentrations and custodial credit risk within the investment portfolio; and other disclosures required by GASB Statement No. 67, *Financial Reporting for Pension Plans*.

FINANCIAL SUMMARY

LSERS provides retirement benefits to all eligible school bus operators, school janitors, school custodians, school maintenance employees, school bus aides, or other regular school employees who work on a school bus helping with the transportation of schoolchildren. Member contributions, employer contributions, and earnings on investments fund these benefits.

Condensed Statements of Fiduciary Net Position
June 30, 2026, 2025 and 2024

	2026	2025	2024
Cash	$ 31,346,567	$ 25,482,298	$ 27,271,534
Receivables	19,091,010	23,189,600	24,934,465
Investments	2,620,489,765	2,368,176,435	2,278,347,550
Collateral held under securities lending	12,316,729	15,241,434	75,068,374
Capital assets, net	2,729,225	2,812,407	2,893,941
Other assets	3,397	15	1,570
Total Assets	2,685,976,693	2,434,902,189	2,408,517,434
Deferred outflows of resources	772,680	940,183	810,406
Total Liabilities	20,752,351	23,198,322	87,584,522
Deferred inflows of resources	741,159	1,093,937	1,776,633
Net Position – Restricted for Pension Benefits	$ 2,665,255,863	$ 2,411,550,113	$ 2,319,966,685

FINANCIAL SUMMARY *(Continued)*

Condensed Statements of Changes in Fiduciary Net Position
For the years ended June 30, 2026, 2025 and 2024

	2026	2025	2024
Additions:			
Member Contributions	$ 31,043,419	$ 30,070,307	$ 29,367,796
Employer Contributions	88,717,835	100,660,869	104,743,357
Net Investment Income	358,619,727	180,816,942	193,131,029
Other Additions	107,180	10,081	177,632
Total Additions	478,488,161	311,558,199	327,419,814
Deductions:			
Retirement Benefits	213,657,074	208,820,967	204,468,049
Refunds of Contributions	5,432,437	5,645,193	5,429,480
Administrative Expenses	4,320,643	4,958,708	3,864,484
Other Expenses	1,372,257	549,903	425,356
Total Deductions	224,782,411	219,974,771	214,187,369
Change in Fiduciary Net Position	$ 253,705,750	$ 91,583,428	$ 113,232,445

DETAILED ANALYSES

Additions to Fiduciary Net Position

Total additions increased by $166,929,962, or 53.6%, from $311,558,199 to $478,488,161 in fiscal years ending June 30, 2025 and June 30, 2026, respectively. The primary factors affecting the additions to fiduciary net position are as follows:

- Member contributions increased by $973,112, or 3.2%, to $31,043,419. Member contribution rates are established by statute at 7.5% of covered payroll for members employed before July 1, 2010 and 8.0% for members employed thereafter. The increase was primarily attributable to growth in covered payroll, which increased from $385,797,891, in fiscal year 2025, to $396,622,132, in fiscal year 2026, together with continued workforce attrition, as departing employees are replaced by newly hired members contributing at the 8.0% rate, increasing the proportion of the active membership subject to the higher rate.
- Employer contributions decreased by $11,943,034, or 11.9%, to $88,717,835. The employer contribution rate is actuarially determined as required by Act 81 of the 1988 Louisiana Legislative Session and approved by the Public Employees' Retirement Systems Actuarial Committee (PRSAC). The decrease resulted from the employer contribution rate decreasing from 25.8% in fiscal year 2025 to 22.0% in fiscal year 2026.

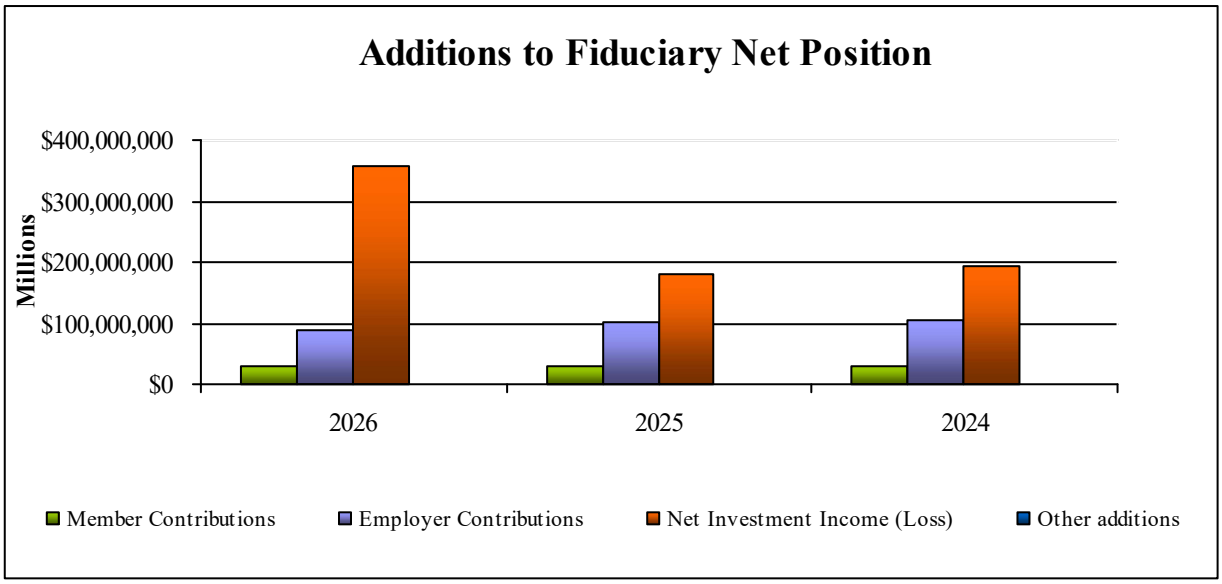
DETAILED ANALYSES *(Continued)*

Additions to Fiduciary Net Position (Continued)

- The System experienced a net investment income of $358.6 million, or an increase of $177.8 million or 98.3%. The increase resulted primarily from stronger market performance across the System's diversified investment portfolio. Total fund return increased to approximately 14.3% in fiscal year 2026 compared with 7.3% in fiscal year 2025. Public equity and alternative investment strategies generated a significant portion of returns during the year, while gains were broadly distributed across multiple asset classes.

Total additions decreased by $15,861,615, or 4.8%, from $327,419,814 to $311,558,199 in fiscal years ending June 30, 2024 and June 30, 2025, respectively. The primary factors affecting the additions to fiduciary net position are as follows:

- Member contributions increased by $702,511, or 2.4%, to $30,070,307. The increase was primarily attributable to growth in covered payroll, which increased from $377,217,964 in fiscal year 2024 to $385,797,891 in fiscal year 2025, together with continued workforce turnover resulting in a greater proportion of members contributing at the 8.0% rate.
- Employer contributions decreased by $4,082,488, or 3.9%, to $100,660,869. The decrease is a result of a lower employer contribution rate in fiscal year 2025 of 25.8%, over the 2024 contribution rate of 27.6%.
- The System experienced a net investment income of $180.8 million during the fiscal year ending June 30, 2025, a decrease of $12,314,087 or 6.4%. The decrease resulted primarily from a decline in market performance across the System's diversified investment portfolio. Total fund return decreased to approximately 7.3% in fiscal year 2025 compared with 8.1% in fiscal year 2024.



DETAILED ANALYSES *(Continued)*

Deductions from Fiduciary Net Position

Total deductions increased by $4,807,640, or 2.2%, from $219,974,771 to $224,782,411 in fiscal years ending June 30, 2025 and June 30, 2026, respectively. The primary factors affecting the deductions from fiduciary net position are as follows:

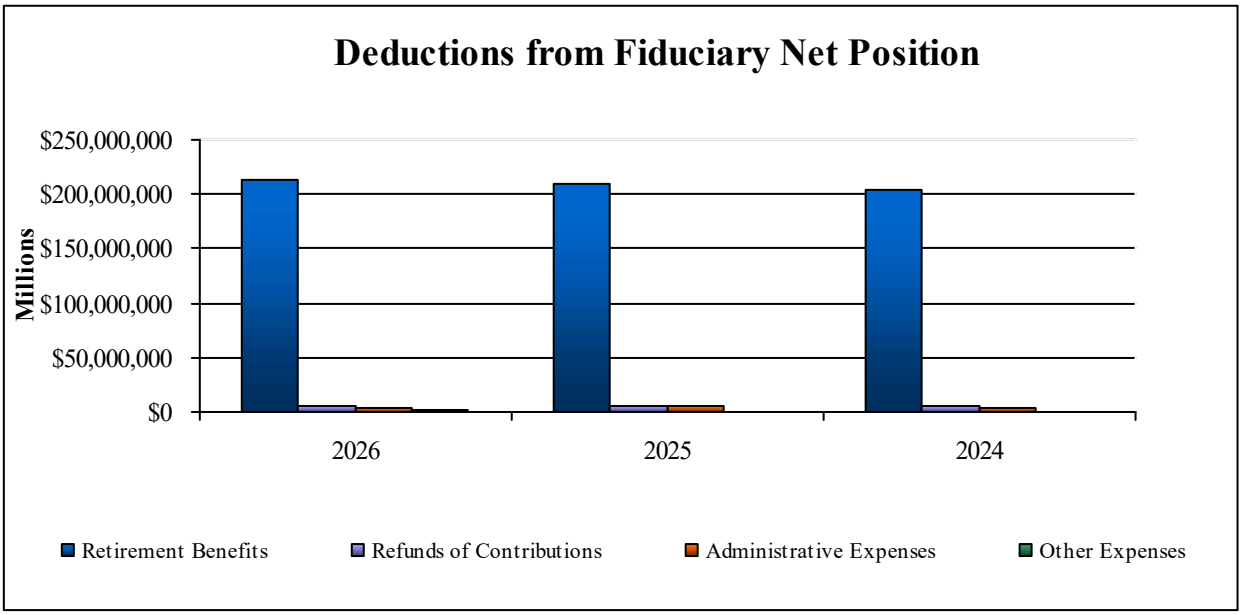
- Retirement benefits increased by $4,836,107 during the current year, or 2.3%, to $213,657,074 as retirees and beneficiaries receiving benefits increased from 13,983 to 14,130.
- Administrative expenses decreased by $638,065, or 12.9%, to $4,320,643 during the current fiscal year. Administrative expenses for the fiscal year ended June 30, 2025, increased due to the implementation of GASB Statement No. 101, *Compensated Absences*. As a result, current year expenses declined as administrative costs returned to levels more consistent with those reported in the fiscal year ended June 30, 2024.
- Other expenses increased by $822,354 during the current year, or 149.5%, to $1,372,257. In the current year a larger number of members transferred to other systems resulting in an increase in transfers of employee and employer contributions and related interest to other retirement systems of $825,295, or 227.93%.

Total deductions increased by $5,787,402, or 2.7%, from $214,187,369 to $219,974,771 in fiscal years ending June 30, 2024 and June 30, 2025, respectively. The primary factors affecting the deductions from fiduciary net position are as follows:

- Retirement benefits increased by $4,352,918 during the fiscal year ending June 30, 2025, or 2.1%, to $208,820,967 as retirees and beneficiaries receiving benefits increased from 13,929 to 13,983.
- Administrative expenses increased by $1,094,224 during the fiscal year ending June 30, 2025, or 28.3%, to $4,958,708 as implementation of GASB Statement No. 101, *Compensated Absences*, contributed to $886,338 of additional administrative expense during fiscal year ended June 30, 2025.
- Other expenses increased by $124,547 during the fiscal year ending June 30, 2025, or 29.3%, to $549,903. During the fiscal year ending June 30, 2025, a larger number of members transferred to other systems resulting in an increase in transfers of employee and employer contributions and related interest to other retirement systems.

DETAILED ANALYSES *(Continued)*

Deductions from Fiduciary Net Position (Continued)



Investments

Total investments increased by $252,313,330, or 10.7%, from $2,368,176,435 to $2,620,489,765 in fiscal years ending June 30, 2025 and June 30, 2026, respectively. The primary factors affecting the increase in total investments are as follows:

The System experienced a net investment income of $358,619,727 as of June 30, 2026; this is an increase of $177,802,785 relative to the net investment income of $180,816,942 at June 30, 2025. Similar to fiscal year 2025, gains were broad based across most asset classes. In fiscal year 2026, the System achieved an annual return of 14.3%, as compared to 7.3% for fiscal year 2025. The largest drivers of return were public and private equity strategies.

Additionally, changes in investment categories occurred during the first year of the System's revised asset allocation policy. Funds are invested to maximize the probability of achieving the actuarially required rate of return without exposing retirement assets to unacceptable risks. The 2026 target allocation included 25% fixed income, 25% public equity, 25% private equity, 10% risk mitigating, 8% real estate, and 7% real assets. Investments remained within the allowable ranges specified by the System's investment policy at June 30, 2026.

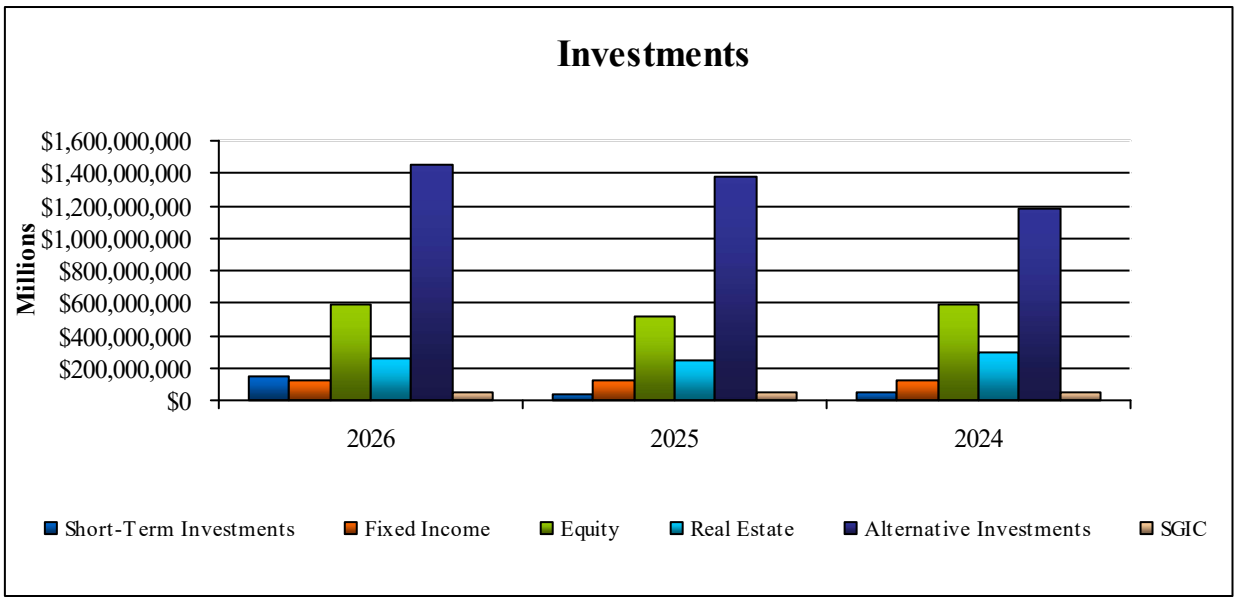
The System experienced a net investment income of $180,816,942 for the fiscal year ending June 30, 2025 as compared to net investment income of $193,131,029 for fiscal year ending June 30, 2024. In fiscal year 2025, the System achieved an annual return of 7.3%, as compared to 8.1% for fiscal year 2024. The largest drivers of return were public and private equity strategies.

DETAILED ANALYSES *(Continued)*

Investments (Continued)

LSERS' investments in various asset classes at the end of the 2026, 2025, and 2024 fiscal years are indicated in the following table:

Investments - Fair Value	2026	2025	2024
Short-Term Investments	$ 142,791,282	$ 41,603,172	$ 49,670,958
Fixed Income	125,059,387	125,478,375	120,348,224
Equities	589,913,076	517,182,809	587,746,609
Real Estate	254,009,373	249,375,369	279,755,043
Alternative Investments	1,456,694,971	1,384,251,393	1,193,894,929
	2,568,468,089	2,317,891,118	2,231,415,763
Investments - Contract Value			
Synthetic Guaranteed Investment Contract (SGIC)	52,021,676	50,285,317	46,931,787
Total Investments	$ 2,620,489,765	$ 2,368,176,435	$ 2,278,347,550



SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

Capital Assets

Net capital assets decreased by $83,182, or 3.0%, from $2,812,407 to $2,729,225 in fiscal years ending June 30, 2025 and June 30, 2026, respectively. The primary factors affecting capital asset activity during fiscal year 2026 are as follows:

- Additions to the capital assets that are not being depreciated totaled $43,400 due to the System beginning to develop an internally generated mobile application for its members.
- Additions to the capital assets being depreciated totaled $59,130, while depreciation and amortization expense totaled $184,880 during fiscal year ending June 30, 2026.

Total capital asset activity was not significant in relation to the System's total assets.

Long-term Financing Activity

The System reported no bonded debt or other long-term financing activity at June 30, 2026 or 2025. Obligations under the securities lending program are reported as liabilities corresponding to cash collateral held and are not long-term financing obligations.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The System continues to operate under statutory member and employer contribution provisions and an actuarially determined funding structure. The actuarially determined employer contribution rate decreased from 22.0% in fiscal year 2026 to 19.5% in fiscal year 2027. Future contribution requirements will continue to be influenced by investment performance, payroll growth, demographic experience, actuarial experience, and statutory funding requirements. Management will continue to monitor these factors and their effect on future funding requirements.

The System's investment portfolio remains diversified across fixed income, public equity, alternative investments, real estate, and real asset investments in accordance with Board-approved asset allocation policies. Future annual investment performance will continue to affect the System's fiduciary net position and funding measures.

The Permanent Benefit Increase Funding Account, established by Act 184 of 2023, reported a balance of $22,502,332 at June 30, 2026. No permanent benefit increase may be granted from the account unless the balance is sufficient to fully fund the increase on an actuarial basis and applicable statutory criteria are satisfied. Management will continue monitoring the account balance and applicable legislative requirements.

Management is not aware of any other currently known facts, decisions, or conditions that are expected to have a significant effect on the System's fiduciary net position or that are expected to produce significant differences from current-period operating results.

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2026 AND 2025

ASSETS	2026	2025
Cash	$ 31,346,567	$ 25,482,298
Receivables:		
Member contributions	3,454,909	3,467,750
Employer contributions	13,069,208	15,014,778
Privatization receivable	129,292	176,711
Accrued interest and dividends	1,598,456	1,383,727
Investment receivable	-	2,240,510
Other receivables	839,145	906,124
Total receivables	19,091,010	23,189,600
Other current assets	3,397	15
Capital assets (Net of accumulated depreciation and amortization of $4,442,428 in 2026 and $4,257,648 in 2025)	2,729,225	2,812,407
Investments, at fair value:		
Short-term	142,791,282	41,603,172
Fixed income securities	125,059,387	125,478,375
Equities	589,913,076	517,182,809
Alternative investments	1,456,694,971	1,384,251,393
Real estate	254,009,373	249,375,369
Total investments, at fair value	2,568,468,089	2,317,891,118
Investments, at contract value:		
Synthetic guaranteed investment contracts	52,021,676	50,285,317
Total investments, at contract value	52,021,676	50,285,317
Total investments	2,620,489,765	2,368,176,435
Collateral held under securities lending program	12,316,729	15,241,434
Total assets	2,685,976,693	2,434,902,189
DEFERRED OUTFLOWS OF RESOURCES	772,680	940,183
LIABILITIES:		
Accounts payable	1,262,187	1,084,088
Accrued payroll expenses and benefits	165,513	116,136
Compensated absences	1,389,654	1,239,614
Obligations under securities lending program	12,316,729	15,241,434
Investment payable	283,075	-
Refunds payable	25,175	28,909
Benefits payable	367,407	347,728
Other postemployment benefits obligation	4,942,611	5,140,413
Total liabilities	20,752,351	23,198,322
DEFERRED INFLOWS OF RESOURCES	741,159	1,093,937
NET POSITION - RESTRICTED FOR PENSION BENEFITS	$ 2,665,255,863	$ 2,411,550,113

The accompanying notes are an integral part of these financial statements.

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
ADDITIONS:		
Contributions:		
Member contributions	$ 31,043,419	$ 30,070,307
Employer contributions	88,717,835	100,660,869
Total contributions	119,761,254	130,731,176
Investment Income:		
Net appreciation in fair value of investments	264,511,032	151,143,437
Interest	7,624,791	6,592,364
Dividends	936,428	2,975,463
Securities lending income	627,451	2,112,376
Alternative investment income	104,804,844	41,240,812
Total investment income	378,504,546	204,064,452
Less Investment Expense:		
Investment advisory fee	(18,924,463)	(20,110,738)
Custodian and bank fees	(325,097)	(320,768)
Securities lending expense	(606,020)	(1,995,475)
Investment taxes	(29,239)	(820,529)
Total investment expense	(19,884,819)	(23,247,510)
Net investment income	358,619,727	180,816,942
Other additions:		
OPEB benefit	107,180	10,081
Total other additions	107,180	10,081
Total additions	478,488,161	311,558,199
DEDUCTIONS:		
Retirement benefits paid	213,657,074	208,820,967
Refunds of contributions	5,432,437	5,645,193
Administrative expenses	4,320,643	4,958,708
Depreciation and amortization expense	184,880	187,821
Transfer to other systems - employee	269,832	71,036
Transfer to other systems - employer and interest	917,545	291,046
Total deductions	224,782,411	219,974,771
NET INCREASE	253,705,750	91,583,428
NET POSITION - RESTRICTED FOR PENSION BENEFITS:		
BEGINNING OF YEAR	2,411,550,113	2,319,966,685
END OF YEAR	$ 2,665,255,863	$ 2,411,550,113

The accompanying notes are an integral part of these financial statements.

The State of Louisiana School Employees' Retirement System (the System) was established and provided for by R.S. 11:1001 of the Louisiana Revised Statutes (LRS) as a cost-sharing multiple employer defined benefit pension plan. The System is administered by a board of trustees made up of twelve members composed of the President of the Louisiana School Bus Operators' Association, the chairman of the House Retirement Committee, the Commissioner of the Division of Administration, the chairman of the Senate Retirement Committee, the Secretary of State, the State Treasurer, two service retirees elected by the retirees of the System, and a resident of each of the four districts of the Retirement System elected by the members of the Retirement System for a term of four years each.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the State of Louisiana School Employees' Retirement System are prepared in accordance with the standards established by the Governmental Accounting Standards Board (GASB).

In addition, these financial statements include the provisions of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (MD&A). This standard provides for the inclusion of a management's discussion and analysis and for supplementary information and other changes. For fiscal year June 30, 2026, the System implemented GASB Statement No. 103, *Financial Reporting Model Improvements,* which amended certain MD&A requirements established by GASB Statement No. 34, including restructuring MD&A into five prescribed sections and placing greater emphasis on explaining the reasons for significant changes in financial position.

The System's basic financial statements were prepared in conformity with the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans*. GASB Statement No. 67 established new standards of financial reporting for defined pension plans. Significant changes included an actuarial calculation of total and net pension liability, increased footnote disclosures regarding the pension liabilities and other related information, and provided for additional required supplementary information schedules.

Financial Reporting Entity:

Governmental Accounting Standards Board (GASB) issued Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, which amends Statement No. 14, *The Financial Reporting Entity*. The definition of the reporting entity is based primarily on the notion of financial accountability.

In determining financial accountability for legally separate organizations, the System considered whether its officials appoint a voting majority of an organization's governing body and whether they are able to impose their will on that organization or there is a potential for the organization to provide specific financial burdens to, or to impose specific financial burdens on, the System. The System also considered whether there are organizations that are fiscally dependent on it. There are no component units of the System.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Financial Reporting Entity: (Continued)

The System is a component unit of the State of Louisiana and its financial statements are included in the financial statements of the State of Louisiana.

Basis of Accounting:

The financial statements are prepared using the accrual basis of accounting. Employer and employee contributions are recognized in the period that the employee is compensated for services performed. Benefits and refunds paid are recognized when due and payable in accordance with the terms of the System. Interest income is recognized when earned and dividends are recognized at the declaration date. Expenditures are recognized in the period incurred.

Investments:

The System's investments are reported at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, which requires investments to be valued at fair value, described as an exit price, using valuation techniques that are appropriate under the circumstances and for which sufficient data is available. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. This statement establishes a hierarchy of inputs to valuation techniques used to measure fair value which includes three levels. Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. Level 2 inputs are inputs – other than quoted prices – that are observable for an asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for an asset or liability.

Synthetic Guaranteed Investment Contracts are carried at contract value as required by GASB Statement No. 53, *Accounting and Financial Reporting of Derivative Instruments*.

Fair value of short-term investments approximates cost. Fair value of securities traded on a national or international exchange is calculated using the last reported sales price at current exchange rates. Fair value of mutual funds not traded on a national or international exchange is calculated using the net asset value reported by the mutual funds. Fair value of investments in partnerships is calculated as the System's percentage of ownership of the partner's capital reported by the partnership.

The System reports securities lent through the securities lending program as assets. Cash received as collateral on securities lending transactions and investments made with that cash are reported as assets. Liabilities resulting from securities lending transactions are reported as well.

The System invests in real estate that consists of the leasing of office space and in real estate funds. The investment in office space is valued at fair market value, which is based upon appraised value. Investment in real estate funds is reported at an estimated fair value.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Investments: (Continued)

The System invests in limited private equity partnerships. These investments are valued at market value, which is estimated by the general partner of each partnership. Because of the inherent uncertainties in estimating fair values, it is at least reasonably possible that the estimates will change in the near term.

Capital Assets:

Land, building, equipment, furniture, computer software, and mobile application are carried at historical cost. Depreciation or amortization is computed by the straight-line method based upon useful lives of 40 years for the building and 10 years for software, equipment and furniture.

Compensated Absences:

The employees of the System accumulate annual and sick leave at varying rates based upon years of state service. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to employees at the employees' rate of pay. Upon retirement, unused annual leave in excess of 300 hours and sick leave may be converted to service credit subject to restrictions of the retirement system to which the employee belongs. The liability for compensated absences is estimated in line with the guidance from the State of Louisiana's Office of Statewide Reporting and Accounting Policy to be in compliance with GASB Statement No. 101, *Compensated Absences*.

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 significantly from those estimates.

Tax Qualifications:

The System is a Tax Qualified Plan under IRS Code Section 401(a).

Per Diem Paid to Trustees:

Per diem paid to board member trustees, as presented as supplementary information, was established at $75 per day in accordance with R.S. 11:181.

Deferred Outflows and Inflows of Resources:

In addition to assets, the statements of fiduciary net position report a separate section for

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Deferred Outflows and Inflows of Resources: (Continued)

deferred outflows of resources that represents a consumption of net position that applies to future period(s) and will not be recognized as an outflow of resources (expense) until then. The System has one item that qualifies for reporting in this category, which includes amounts related to other postemployment benefits.

In addition to liabilities, the statements of fiduciary net position report a separate section for deferred inflows of resources that represents an acquisition of net position that applies to future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The System has one item that meets the criterion for this category, which includes amounts related to other postemployment benefits.

New Accounting Standards:

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 101, *Compensated Absences*, which became effective for the year ended June 30, 2025. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The System has analyzed the provisions of GASB Statement No. 101, *Compensated Absences*, and implemented the standard in fiscal year ending June 30, 2025.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures* which became effective for the year ended June 30, 2025. This Statement requires the System to assess whether a concentration or constraint makes the System vulnerable to the risk of a substantial impact. Additionally, this Statement requires the System to assess whether an event or events associated with a concentration or constraint that could cause substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If these conditions are met, the System should disclose information in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The System has analyzed the provisions of GASB Statement No. 102, *Certain Risk Disclosures* and implemented the standard in the fiscal year ending June 30, 2025.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements* which became effective for the year ended June 30, 2026. This Statement requires that the information presented in the management's discussion and analysis (MD&A) be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

New Accounting Standards: (Continued)

Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that "boilerplate" discussions should be avoided by presenting only the most relevant information, focused on the primary government. The System evaluated all transactions during the year ended June 30, 2026 and identified no unusual or infrequent items requiring separate disclosure. The implementation of GASB Statement No. 103 resulted in changes to the presentation of MD&A only and did not result in a restatement of beginning fiduciary net position, changes in total fiduciary net position, or reclassification of any line items presented in the basic financial statements.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets* which became effective for the year ended June 30, 2026. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. Lease assets recognized under Statement No. 87, intangible right-to-use assets recognized under Statement No. 94, subscription assets recognized under Statement No. 96, and intangible assets other than those three types should be disclosed separately by major class of underlying asset in the capital assets note disclosures. In addition, this Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. The System has analyzed the provisions of GASB Statement No. 104, *Disclosure of Certain Capital Assets* and implemented the standard in the fiscal year ending June 30, 2026.

2. PLAN DESCRIPTION:

The State of Louisiana School Employees' Retirement System is the administrator of a cost-sharing multiple employer defined benefit pension plan and is a component unit of the State of Louisiana and included in the State's ACFR as a Pension Trust Fund. The System was established and provided for by R.S.11:1001 of the Louisiana Revised Statutes (LRS). The accompanying statements present information only as to transactions of the program of the System as authorized by Louisiana Revised Statutes. The local government participating employers consisted of 64 Parish school boards and 34 other agencies for the year ended June 30, 2026 and 64 Parish school boards and 33 other agencies for the year ended June 30, 2025.

The System provides retirement benefits to non-teacher school employees excluding those classified as lunch workers within the public-school system of Louisiana. At June 30, 2026 and 2025, plan membership consisted of:

2. PLAN DESCRIPTION: (Continued)

	2026	2025
Retirees and beneficiaries currently receiving benefits	14,130	13,983
Terminated employees entitled to benefits but not yet receiving them	628	599
Terminated vested employees who have not withdrawn contributions (DROP)	361	387
Fully vested, partially and nonvested active employees	11,442	11,645
Terminated due a refund	6,166	5,858
TOTAL PARTICIPANTS	32,727	32,472

Eligibility Requirements:

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

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

Benefits:

Benefit provisions are authorized and amended under Louisiana Revised Statutes. Benefit provisions are dictated by LRS 11:1141 – 11:1153. A member who joined the System on or before June 30, 2010 is eligible for normal retirement if he has at least 30 years of creditable service regardless of age, 25 years of creditable service and is at least age 55, 20 years of creditable service regardless of age with an actuarially reduced benefit, or 10 years of creditable service and is at least age 60. A member who joined the System on or after July 1, 2010 is eligible for normal retirement if he has at least 5 years of creditable service and is at least age 60, or 20 years of creditable service regardless of age with an actuarially reduced benefit. A member who joined the System on or after July 1, 2015 is eligible for normal retirement if he has at least 5 years of creditable service and is at least age 62, or 20 years of creditable service regardless of age with an actuarially reduced benefit.

For members who joined the System prior to July 1, 2006, the maximum retirement benefit is an amount equal to 3 1/3% of the average compensation for the three highest consecutive years of membership service, subject to the 10% salary limitation, multiplied by the number of years of service limited to 100% of final average compensation plus a supplementary allowance of $2.00 per month for each year of service. For members who joined the System on or after July 1, 2006 through June 30, 2010, 3 1/3% of the average compensation is used to calculate benefits, however, the

2. PLAN DESCRIPTION: (Continued)

Benefits: (Continued)

calculation consists of the five highest consecutive years of membership service, subject to the 10% salary limitation. For members who join the System on or after July 1, 2010, 2 1/2% of the average compensation is used to calculate benefits and consists of the five highest consecutive years' average salary, subject to the 15% salary limitation. The supplemental allowance was eliminated for members entering the System on or after July 1, 1986. Effective January 1, 1992, the supplemental allowance was reinstated to all members whose service retirement became effective after July 1, 1971.

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

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

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

The System maintains subaccounts within this account reflecting the credits attributed to each participant in the System. Interest credited and payments from the DROP account are made in accordance with Louisiana Revised Statutes 11:1152(F)(3). Upon termination of participation in both the System and employment, a participant may receive his DROP monies either in a lump sum payment from the account or systematic disbursements.

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

Effective January 1, 1996, the state legislature authorized the System to establish an Initial Benefit Retirement Plan (IBRP) program. IBRP is available to members who have not participated

2. PLAN DESCRIPTION: (Continued)

Benefits: (Continued)

in DROP and who select certain benefit options. Thereafter, these members are ineligible to participate in the DROP. The IBRP program provides both a one-time single sum payment of up to 36 months of a regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest credited and payments from IBRP account are made in accordance with Louisiana Revised Statutes 11:1152(F)(3).

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

3. CONTRIBUTIONS AND RESERVES:

Contributions:

Contributions for members are established by state statute at 7.5% of their covered salary for members employed prior to July 1, 2010 and 8.0% of their covered salary for members employed subsequent to July 1, 2010. Contributions for all participating school boards are actuarially determined as required by Act 81 of 1988 but cannot be less than the rate required by the Constitution. The actuarial required employer contribution rate for June 30, 2026 and 2025 was 15.8% and 17.3%, respectively. The actual employer contribution rate for the years ended June 30, 2026 and 2025 was 22.0% and 25.8%, respectively.

Administrative costs are included in aggregate normal cost.

Reserves:

Use of the term "reserve" by the System indicates that a portion of the fund balances is legally restricted for a specific future use. The nature and purpose of these reserves are explained below:

A) Administrative:

The Administrative Fund Reserve provides for general and administrative expenses of the System and those expenses not funded through other specific legislative appropriations. Funding consists of transfers from the investment earnings and is made as needed. The Administrative Fund Reserve for each of the years ended June 30, 2026 and 2025 is $-0-. Any excess funds at year end are closed out to the Pension Accumulation Fund per Louisiana Statute.

3. CONTRIBUTIONS AND RESERVES: (Continued)

Reserves: (Continued)

B) PBI Funding Account:

The Permanent Benefit Increase (PBI) Funding Account was created by Act 184 of 2023, replacing the Experience Account Fund and used solely to pre-fund permanent benefit increases (PBI/COLA) for System retirees and survivors. No PBI/COLA may be granted from the account unless the balance is sufficient to fully fund the PBI/COLA on an actuarial basis determined by the System's actuary in agreement with the Legislative Auditor's Actuary. The Permanent Benefit Increase Funding Account is funded by employer contributions. In years where the minimum actuarially recommended employer contribution rate decreases, up to one-half of the decrease may be added to the account funding contribution rate (AFC) not to exceed 2.5%. In no case may the AFC rate be set at a level that when combined with the minimum actuarially recommended employer contribution rate, the combined rate paid by employers will exceed the minimum actuarially recommended employer contribution rate in effect for fiscal 2023 of 27.6%. The PBI Funding Account as of June 30, 2026 and 2025 is $22,502,332 and $11,656,584, respectively.

C) Annuity Savings:

The Annuity Savings was created by state law and is increased by contributions made by members of the System. When a member terminates his service or upon his death before qualifying for a benefit, the refund of his contributions is made from this reserve. If a member dies and there is a survivor who is eligible for a benefit, the amount of the member's accumulated contributions is transferred from the Annuity Savings to the Annuity Reserve. When a member retires, the amount of his accumulated contributions is transferred to Pension Reserve to provide part of the benefits. The Annuity Savings as of June 30, 2026 and 2025 is $214,085,079 and $207,562,801, respectively.

D) Pension Accumulation Fund:

The Pension Accumulation Fund was created by state law and consists of contributions paid by employers, interest earned on investments and any other income not covered by other accounts. This reserve account is charged annually with an amount, determined by the actuary, to be transferred to the Pension Reserve to fund retirement benefits for existing recipients. It is also relieved when expenditures are not covered by other reserves. The Pension Accumulation Fund as of June 30, 2026 and 2025 is $566,595,142 and $362,406,178, respectively.

E) Annuity Reserve:

The Annuity Reserve was created by state law and consists of the reserves for all pensions, excluding cost-of-living increases, granted to retired members and is the reserve account from

3. CONTRIBUTIONS AND RESERVES: (Continued)

Reserves: (Continued)

E) Annuity Reserve: (Continued)

which such pensions and annuities are paid. Survivors of deceased members also receive benefits from this reserve account. The Annuity Reserve as of June 30, 2026 and 2025 is $1,788,540,436 and $1,757,767,992, respectively.

F) DROP / IBRP Reserve:

The Deferred Retirement Option Plan was created by state law and consists of the balances for all members who upon retirement eligibility elect to deposit into this account an amount equal to the member's monthly benefit if he had retired. A member can only participate in the program for three years, and upon termination may receive his/her benefits in a lump sum payment or by a true annuity. The Initial Benefit Retirement Plan was created by state law and consists of the balances for all participants who elect to take a lump sum benefit payment up front and subsequently receive a reduced monthly benefit. The maximum amount a member may receive up front is 36 months times the maximum benefit. The DROP / IBRP Reserve as of June 30, 2026 and 2025 is $73,532,874 and $72,156,558, respectively.

4. NET PENSION LIABILITY OF EMPLOYERS:

The components of the net pension liability of the System's employers determined in accordance with GASB Statement No. 67 as of June 30, 2026 and 2025 is as follows:

	2026	2025
Total Pension Liability	$ 2,860,908,859	$ 2,830,433,598
Plan Fiduciary Net Position	2,665,255,863	2,411,550,113
Employers' Net Pension Liability	$ 195,652,996	$ 418,883,485
Plan Fiduciary Net Position as a % of the Total Pension Liability	93.16%	85.20%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations, and new estimates are made about the future.

The actuarial assumptions used in the June 30, 2026 and 2025 valuations were based on a Plan Experience Study performed in 2023 based on plan data for the period July 1, 2017 through June 30, 2022. The required Schedules of Employers' Net Pension Liability located in required supplementary

4. NET PENSION LIABILITY OF EMPLOYERS: (Continued)

information following the *Notes to the Financial Statements* presents multi-year trend information regarding whether the plan fiduciary net positions are increasing or decreasing over time relative to the total pension liability. The total pension liability as of June 30, 2026 and 2025 is based on actuarial valuations for the same periods, updated using generally accepted actuarial procedures.

Information on the actuarial valuation and assumptions is as follows:

Valuation date	June 30, 2026	June 30, 2025
Actuarial cost method	Entry Age Normal Cost	Entry Age Normal Cost
Investment rate of return	6.80%, net of pension plan investment expense, including inflation	6.80%, net of pension plan investment expense, including inflation
Expected remaining service lives	3 years	3 years
Inflation rate	2.50%	2.50%
Mortality	Mortality assumptions were based on the 2023 experience study (for the period 2018 – 2022). Pub-2010 Median Healthy Retiree Tables, Pub-2010 General Below Median Sex Distinct Employee Table, Pub-2010 Non-Safety Disabled Retiree Sex Distinct Table. All with the full generational RP2021 scale.	Mortality assumptions were based on the 2023 experience study (for the period 2018 – 2022). Pub-2010 Median Healthy Retiree Tables, Pub-2010 General Below Median Sex Distinct Employee Table, Pub-2010 Non-Safety Disabled Retiree Sex Distinct Table. All with the full generational RP2021 scale.
Salary increases	3.75% based on 2023 experience study (For the period 2018-2022)	3.75% based on 2023 experience study (For the period 2018-2022)
Permanent Benefit Increases / Cost-of-Living adjustments	Permanent Benefit Increases (PBI) may be granted from the Permanent Benefit Increase Funding Account provided the balance is sufficient to fully fund the PBI and the plan has met the granting criteria and eligibility requirements outlined by ACT 184 of 2023.	Permanent Benefit Increases (PBI) may be granted from the Permanent Benefit Increase Funding Account provided the balance is sufficient to fully fund the PBI and the plan has met the granting criteria and eligibility requirements outlined by ACT 184 of 2023.

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

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2026 are summarized in the following table:

4. NET PENSION LIABILITY OF EMPLOYERS: (Continued)

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed Income	25%	1.05%
Equities	25%	1.33%
Alternatives	35%	2.05%
Real Estate	8%	0.46%
Real Assets	7%	0.41%
Totals	100%	5.30%
Inflation		2.70%
Expected Arithmetic Nominal Return		8.00%

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2025 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed Income	32%	1.57%
Equities	24%	1.39%
Alternatives	30%	2.15%
Real Estate	8%	0.46%
Real Assets	6%	0.39%
Totals	100%	5.96%
Inflation		2.70%
Expected Arithmetic Nominal Return		8.66%

The discount rate used to measure the total pension liability was 6.80% for each of the years ended June 30, 2026 and 2025. 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 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.

4. NET PENSION LIABILITY OF EMPLOYERS: (Continued)

In accordance with GASB 67, regarding the disclosure of the sensitivity 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 6.80% for each of the years ended June 30, 2026 and 2025, 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.

	Changes in Discount Rate		
	1% Decrease 5.80%	Discount Rate 6.80%	1% Increase 7.80%
2026 Net Pension Liability	$ 458,260,208	$ 195,652,996	$ (29,506,840)

	Changes in Discount Rate		
	1% Decrease 5.80%	Discount Rate 6.80%	1% Increase 7.80%
2025 Net Pension Liability	$ 680,876,564	$ 418,883,485	$ 194,264,565

5. DEPOSITS AND INVESTMENTS:

Deposits:

The System's bank deposits were entirely covered by federal depository insurance and pledged securities. The pledged securities were held at the Federal Reserve in joint custody.

Following are the components of the System's deposits and investments at June 30, 2026 and 2025:

	2026	2025
Deposits (bank balance)	$ 32,464,603	$ 26,209,121
Short-term investments - fair value	142,791,282	41,603,172
Investments - fair value	2,425,676,807	2,276,287,946
Synthetic Guaranteed Investment Contract - contract value	52,021,676	50,285,317
Total	$ 2,652,954,368	$ 2,394,385,556

5. DEPOSITS AND INVESTMENTS: (Continued)

Short-Term Investments:

For the years ended June 30, 2026 and 2025, short-term investments in the amount of $142,791,282 and $41,603,172, respectively, consisted of commercial paper, agency discount notes, repurchase agreements, time deposits, U.S. Treasury bills, certificates of deposit, bank notes, corporate obligations and agency bonds. The funds are managed and held by a separate money manager and are in the name of the System. At June 30, 2026, foreign currency included in short-term investments, which includes foreign currency futures contracts, of $(18,967) is not covered by federal depository insurance or pledged collateral. At June 30, 2025, foreign currency included in short-term investments of $2,401,942 is not covered by federal depository insurance or pledged collateral.

Synthetic Guaranteed Investment Contract:

The System provides a fully benefit-responsive Synthetic Guaranteed Investment Contract (SGIC) option for members of DROP / IBRP participating in the Self-Directed Plan. The primary objective of the SGIC is to seek to provide safety of principal while earning as high a level of return as possible. The SGIC includes a wrap contract providing book value protection for participant withdrawals prior to maturity. The SGIC seeks consistency of returns with minimal volatility, while maintaining a stable credited rate of interest. This investment is reported at contract value in the amount of $52,021,676 and $50,285,317, respectively, as of June 30, 2026 and 2025. Market value approximates cost.

Investments:

In accordance with LRS 11:263, the System is authorized to invest under the Prudent-Man Rule. The Prudent-Man Rule means that, in investing, the governing authorities of the System "shall exercise the judgment and care under the circumstances then prevailing that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the permanent disposition of funds considering probable safety of capital as well as probable income." Notwithstanding the Prudent-Man Rule, the System shall not invest more than sixty-five percent of the total portfolio in equity investments.

The System's policy regarding the allocation of invested assets is established and amended by the System's Board. The System shall be managed at all times in accordance with Louisiana statutes and any other applicable law. The policy states that the investment of the System's assets shall be for the exclusive purpose of providing benefits for the participants and their beneficiaries, and paying the System's administrative expenses. The System's investment shall be prudently selected and properly diversified so as to minimize the risk of large losses.

The following was the System's asset allocation policy as of June 30, 2026 and 2025:

5. DEPOSITS AND INVESTMENTS: (Continued)

Investments: (Continued)

	Asset Type	Target Allocation 2026	Target Allocation 2025
Fixed Income	Core Fixed Income	10%	12%
	Opportunistic Fixed Income	15%	20%
Equities	Public Equity	25%	24%
Alternative	Risk Mitigating Strategies	10%	10%
	Private Equity	25%	20%
	Real Assets - Oil & Gas	7%	6%
Real Estate		8%	8%
Total		100%	100%

Interest Rate Risk:

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. As of June 30, 2026 and 2025, the System had the following investments in debt securities and maturities:

	June 30, 2026				
Investment Type	Fair Value	Less Than 1 Year	1 to 5	6 to 10	10+ Years
Government mortgage backed securities and U.S. Treasury & Govt Agency Obligations	$ 50,348,321	$ 1,500,765	$ 972,803	$ 9,776,143	$ 38,098,610
Domestic fixed income	74,711,066	857,636	45,162,975	25,453,764	3,236,691
Total	$ 125,059,387	$ 2,358,401	$ 46,135,778	$ 35,229,907	$ 41,335,301
Collateral held under securities lending	$ 12,316,729	$ 12,316,729	$ -	$ -	$ -

	June 30, 2025				
Investment Type	Fair Value	Less Than 1 Year	1 to 5	6 to 10	10+ Years
Government mortgage backed securities and U.S. Treasury & Govt Agency Obligations	$ 57,668,153	$ 4,121,985	$ 1,529,861	$ 12,081,872	$ 39,934,435
Domestic fixed income	67,810,222	3,361,403	31,008,668	30,806,900	2,633,251
Total	$ 125,478,375	$ 7,483,388	$ 32,538,529	$ 42,888,772	$ 42,567,686
Collateral held under securities lending	$ 15,241,434	$ 15,241,434	$ -	$ -	$ -

5. DEPOSITS AND INVESTMENTS: (Continued)

Interest Rate Risk: (Continued)

The System invests in collateralized mortgage obligations. These securities are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates. The System has no formal investment policy regarding interest rate risk.

Custodial Credit Risk:

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investments held in a trust in the name of the System or in external investment pools are not exposed to custodial credit risk. External investment pools are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

At June 30, 2026 and 2025, for collateral held under securities lending in the amounts of $12,316,729 and $15,241,434, respectively, and noncash collateral received under the securities lending program in the amounts of $4,494,571 and $-0-, respectively, the System is exposed to custodial credit risk since these investments are not in the name of the System. The System has no formal investment policy regarding custodial credit risk.

Concentration of Credit Risk:

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer or market exposure.

The System's investment policy specified the following investment parameters:

	June 30, 2026	June 30, 2025
Equities	15 - 35%	20 - 35%
Fixed income	10 - 40%	20 - 35%
Real estate	5 - 15%	5 - 15%
Alternative investments	25 - 65%	25 - 55%

At June 30, 2026 and 2025, the components of the System's investment portfolio fell within the allowable ranges.

The System has no investments of any single organization that represent 5% or more of the System's investments, nor does the System hold more than 5% of any individual corporation's stock. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

5. DEPOSITS AND INVESTMENTS: (Continued)

Credit Risk:

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The System's investment policy limits its investments to no more than 10% of fixed income securities rated below investment grade by Moody's Investor Services, Standard & Poor's, Fitch Investor Services, or Duff & Phelps. Securities that are downgraded below the policy standard must be sold within a reasonable amount of time. In addition, the System may invest in debt instruments of the U.S. Government or its agencies. The following is a schedule of bonds and bond funds with their applicable ratings and exposure to credit risk.

June 30, 2026

Rating	Government Mortgage Backed Securities and U.S. Treasury & Govt Agency Obligations	Domestic Fixed Income	Total
AAA	$ -	$ 2,795,343	$ 2,795,343
AA+	50,348,321	19,961,169	70,309,490
AA	-	3,422,948	3,422,948
AA-	-	4,066,565	4,066,565
A+	-	4,088,770	4,088,770
A	-	7,027,948	7,027,948
A-	-	13,423,676	13,423,676
BBB+	-	2,920,567	2,920,567
BBB	-	13,233,049	13,233,049
BBB-	-	4,907,835	4,907,835
Not Rated	-	(1,136,804)	(1,136,804)
Total	$ 50,348,321	$ 74,711,066	$ 125,059,387

June 30, 2025

Rating	Government Mortgage Backed Securities and U.S. Treasury & Govt Agency Obligations	Domestic Fixed Income	Total
AAA	$ -	$ 3,245,617	$ 3,245,617
AA+	57,668,153	18,147,402	75,815,555
AA	-	3,460,456	3,460,456
A+	-	3,929,357	3,929,357
A	-	6,407,400	6,407,400
A-	-	12,203,128	12,203,128
BBB+	-	1,700,691	1,700,691
BBB	-	17,190,100	17,190,100
BBB-	-	1,319,475	1,319,475
Not Rated	-	206,596	206,596
Total	$ 57,668,153	$ 67,810,222	$ 125,478,375

5. DEPOSITS AND INVESTMENTS: (Continued)

Credit Risk: (Continued)

Cash collateral invested under the securities lending program may be invested in regulated investment companies, U.S. or Eurodollar deposits, commercial paper rated A2, P2 or higher at the time of investment, repurchase agreements, bankers' acceptances or similar quality money market or short-term investments. The System is in compliance with the investment policy regarding cash collateral invested under the securities lending program.

Foreign Currency Risk:

The System adopted a new investment policy for the fiscal year ended June 30, 2025 which does not segregate a target of total investments in foreign marketable securities.

Foreign currency risk is defined as the risk that changes in exchange rates will adversely affect the fair value of an investment. Foreign currency risk by currency for the years ended June 30, 2026 and 2025 are as follows:

June 30, 2026:

Currency	Foreign Equities	Alternative Investments	Cash and Other	Total
Australian dollar	$ -	$ -	$ (80,475)	$ (80,475)
Canadian dollar	1,635,005	-	(21,764)	1,613,241
Danish krone	-	-	-	-
Euro	11,054,652	16,892,718	(150,356)	27,797,014
Hong Kong dollar	2,871,831	-	209,572	3,081,403
Japanese yen	4,828,913	-	54,468	4,883,381
Pound sterling	1,100,314	-	(30,412)	1,069,902
Swiss franc	1,596,836	-	-	1,596,836
Total	$ 23,087,551	$ 16,892,718	$ (18,967)	$ 39,961,302

5. DEPOSITS AND INVESTMENTS: (Continued)

Foreign Currency Risk: (Continued)

June 30, 2025:

Currency	Foreign Equities	Alternative Investments	Cash and Other	Total
Australian dollar	$ 1,318,323	$ -	$ -	$ 1,318,323
Canadian dollar	1,272,939	-	193,075	1,466,014
Danish krone	1,673,797	-	-	1,673,797
Euro	7,650,314	21,771,954	2,208,865	31,631,133
Hong Kong dollar	2,505,702	-	-	2,505,702
Japanese yen	3,797,040	-	-	3,797,040
Pound sterling	3,450,989	-	2	3,450,991
Swiss franc	2,157,131	-	-	2,157,131
Total	$ 23,826,235	$ 21,771,954	$ 2,401,942	$ 48,000,131

Money-Weighted Rate of Return:

For the years ended June 30, 2026 and 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 14.30% and 7.32%, respectively. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

6. FAIR VALUE MEASUREMENT:

Investment Valuation and Fair Value Hierarchy:

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as described in Note 1.

6. FAIR VALUE MEASUREMENT: (Continued)

Investment Valuation and Fair Value Hierarchy: (Continued)

The System has the following recurring fair value measurements as of June 30, 2026 and 2025, respectively:

		Fair Value Measurements Using		
	June 30, 2026	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
Short-term investments	$ 142,791,282	$ -	$ 5,000,000	$ 137,791,282
Fixed Income Securities:				
U.S. Treasury and Government Obligations	7,480,923	7,480,923	-	-
Mortgage backed securities	42,867,398	-	42,867,398	-
Corporate bonds - domestic	75,847,870	-	75,847,870	-
Total fixed income securities	126,196,191	7,480,923	118,715,268	-
Equity Securities:				
Domestic equities	51,644,030	51,644,030	-	-
Foreign equities	30,020,731	30,020,731	-	-
Total equity securities	81,664,761	81,664,761	-	-
Real Estate	2,839,687	-	2,839,687	-
Total investments by fair value level	353,491,921	89,145,684	126,554,955	137,791,282
Investments measured at Net Asset Value (NAV):				
Equities:				
Equity funds - domestic	506,903,940			
Equity funds - foreign	-			
Alternative investments:				
Private equity & private credit funds	1,266,322,580			
Real asset funds	190,372,391			
Real estate funds	251,169,686			
Total investments at NAV	2,214,768,597			
Investments derivatives:				
Domestic equity index futures - long	891,753	891,753	-	-
Foreign equity index futures - long	452,622	452,622	-	-
Fixed income index futures - long	(1,136,804)	(1,136,804)	-	-
Total investment derivatives	207,571	207,571	-	-
Total investments at fair value	$ 2,568,468,089			

6. FAIR VALUE MEASUREMENT: (Continued)

Investment Valuation and Fair Value Hierarchy: (Continued)

		Fair Value Measurements Using		
	June 30, 2025	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
Short-term investments	$ 41,603,172	$ -	$ 6,036,542	$ 35,566,630
Fixed Income Securities:				
U.S. Treasury and Government Obligations	11,688,829	11,688,829	-	-
Mortgage backed securities	45,979,324	-	45,979,324	-
Corporate bonds - domestic	67,603,626	-	67,603,626	-
Total fixed income securities	125,271,779	11,688,829	113,582,950	-
Equity Securities:				
Domestic equities	47,464,990	47,464,990	-	-
Foreign equities	27,200,936	27,200,936	-	-
Total equity securities	74,665,926	74,665,926	-	-
Real Estate	2,816,709	-	2,816,709	-
Total investments by fair value level	244,357,586	86,354,755	122,436,201	35,566,630
Investments measured at Net Asset Value (NAV):				
Equities:				
Equity funds - domestic	428,693,649			
Equity funds - foreign	13,102,134			
Alternative investments:				
Private equity & private credit funds	1,165,417,530			
Real asset funds	218,833,863			
Real estate funds	246,558,660			
Total investments at NAV	2,072,605,836			
Investments derivatives:				
Domestic equity index futures - long	550,604	550,604	-	-
Foreign equity index futures - long	170,496	170,496	-	-
Fixed income index futures - long	206,596	206,596	-	-
Total investment derivatives	927,696	927,696	-	-
Total investments at fair value	$ 2,317,891,118			

Fixed income and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Derivative instruments classified in Level 1 are valued using prices quoted in active markets for those derivatives. Fixed income securities classified in Level 2 of the fair value hierarchy are valued using matrix and market-corroborated

6. FAIR VALUE MEASUREMENT: (Continued)

Investment Valuation and Fair Value Hierarchy: (Continued)

pricing techniques and inputs such as yield curves and indices. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Investments classified in Level 3 of the fair value hierarchy are valued using unobservable inputs and are not directly corroborated with market data.

The unfunded commitments and redemption terms, if applicable, for investments measured at the net asset value (NAV) per share (or its equivalent) as of June 30, 2026 are presented in the following table.

	2026	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Real estate funds - Lock Up	$ 251,169,686	$ 60,027,069	N/A	N/A
Private credit & private equity	1,266,322,580	441,615,164	N/A	N/A
Real asset	190,372,391	75,311,741	N/A	N/A
Equity funds - Domestic	506,903,940	-	Daily, Weekly or Monthly	1-30 days
Equity funds - Foreign	-	-	Daily, Weekly or Monthly	1-30 days
Total investments at the NAV	$ 2,214,768,597			

The unfunded commitments and redemption terms, if applicable, for investments measured at the net asset value (NAV) per share (or its equivalent) as of June 30, 2025 are presented in the following table.

	2025	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Real estate funds - Lock Up	$ 246,558,660	$ 66,947,506	N/A	N/A
Private credit & private equity	1,165,417,530	293,376,416	N/A	N/A
Real asset	218,833,863	107,080,796	N/A	N/A
Equity funds - Domestic	428,693,649	-	Daily, Weekly or Monthly	1-30 days
Equity funds - Foreign	13,102,134	-	Daily, Weekly or Monthly	1-30 days
Total investments at the NAV	$ 2,072,605,836			

6. FAIR VALUE MEASUREMENT: (Continued)

Private Equity:

The System commits capital to private equity partnerships. This type includes funds that invest diversely across private equity sub-strategies including buyouts, venture capital, growth equity, and special situations via primary partnerships, co-investments, and secondary transactions. The fair values of the investments in these types have been determined using the NAV per share of the System's ownership interest in partners' capital. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated approximately 10 to 15 years from the commencement of the fund.

Private Credit:

Private credit funds include investments in limited partnerships which primarily invest in municipal, corporate, or asset-backed debt. The funds seek to achieve income generation and capital appreciation through opportunistic credit investments. The fair values of the investments in this type have been determined using the NAV per share (or equivalent). Distributions from each fund will be received as the underlying investments produce income and are liquidated. By their nature, these investments are illiquid and typically not redeemed. It is expected that the underlying assets of the funds will be liquidated approximately 5 to 7 years from the commencement of the fund.

Real Estate Funds:

The System commits capital to real estate funds which invest in real estate domiciled in North America and Europe. These funds invest primarily in major property types including office, residential, retail, industrial, and hotel properties. The fair values of the investments in this type have been determined using the NAV per share of the System's ownership interest in partners' capital. Returns are generated by capital appreciation and income from lease agreements. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated approximately 10 to 15 years from the commencement of the fund.

Real Assets:

Real asset funds include investments in limited partnerships or commingled funds with underlying investment in natural resources and global infrastructure. These include direct or indirect investment in oil and gas, agriculture, timber, mining, and other various real asset strategies. The investment objectives of the funds are to achieve income and capital appreciation from partnership interests over the long-term. The fair values of the investments in this type have been determined using the NAV per share (or equivalent). Distributions from each fund will be received as the underlying investments produce income and are liquidated. By their nature, these investments are illiquid and typically not redeemed. It is expected that the underlying assets of the funds will be liquidated approximately 10 to 15 years from the commencement of the fund.

6. FAIR VALUE MEASUREMENT: (Continued)

Equity Funds:

The System allocates capital to funds which invest in common and preferred stocks globally across all major regional, industry, and market cap segments. These investments are valued at per unit net asset value, with subscription and redemption available at the fund's stated NAV at a daily, weekly or monthly frequency depending on the fund's terms. Net asset value is derived from quoted market prices unless otherwise specified in the fund's governing documents. Requirements for redemption of units range from advanced notice of 1 to 30 days.

7. SECURITY LENDING TRANSACTIONS:

State statutes and Board of Trustees' policies permit the System to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The System entered into a contract with a company which acts as its third-party securities lending agent. The lending agent has access to the System's lendable portfolio or available assets. The agent lends available assets such as U.S. and non-U.S. equities, corporate bonds, and U.S. Government and Government Agency Securities. Securities are loaned versus collateral that may include cash, U.S. Government securities, and irrevocable letters of credit. U.S. securities are loaned versus collateral valued at 102% of the market value of the securities plus any accrued interest. At June 30, 2026 and 2025, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceed the amounts the borrowers owe the System. The contract with the System's agent requires it to provide borrower indemnification. The custodian's responsibility includes performing appropriate borrower and collateral investment credit analyses, demanding adequate types and levels of collateral and complying with applicable Department of Labor and Federal Financial Institutions Examination Council regulations concerning securities lending.

All security loans can be terminated on demand by either the System or the borrower, although the average term of securities on loan as of June 30, 2026 is 67 days and as of June 30, 2025, is 39 days. Cash collateral is invested in the lending agent's short-term investment pool, which at each of the years ended June 30, 2026 and 2025 has a weighted-average maturity of 1 day. Cash collateral may also be invested separately in "term loans", in which the investments match the loan term. These loans can be terminated on demand by either lender or borrower. The relationship between the maturities of the investment pool and the System's loans is affected by the maturities of the security loans made by other entities that use the agent's pool, which the System cannot determine. The System cannot pledge or sell collateral securities received unless the borrower defaults. There were no significant violations of legal or contractual provisions and no borrower or lending agent default losses are known to the securities lending agent.

7. SECURITY LENDING TRANSACTIONS: (Continued)

The System has the following securities on loan:

Security Type	Fair Value of Securities on Loan June 30, 2026	Fair Value of Securities on Loan June 30, 2025
Corporate bonds - domestic	$ 10,372,014	$ 10,767,860
Equities - domestic	3,441,301	2,900,770
Treasury notes	2,612,693	1,220,983
Total	$ 16,426,008	$ 14,889,613

Securities on loan at June 30, 2026 and 2025 are collateralized by cash collateral in the amount of $12,316,729 and $15,241,434, respectively, and noncash collateral in the amount of $4,494,571 and $-0-, respectively.

The term to maturity of the securities loaned is matched with the term to maturity of the investment of the cash collateral at June 30, 2026 and 2025. Such matching did not necessarily exist since loans may be terminated on demand.

8. CAPITAL ASSETS:

Changes in capital assets for the year ended June 30, 2026 are as follows:

	Beginning Balance June 30, 2025	Additions	Deletions	Ending Balance June 30, 2026
Capital assets not being depreciated:				
Land	$ 1,010,225	$ -	$ -	$ 1,010,225
Internally generated mobile application in progress	-	43,400	-	43,400
Total capital assets not being depreciated:	$ 1,010,225	$ 43,400	$ -	$ 1,053,625
Capital assets being depreciated and amortized:				
Building	$ 4,585,447	$ 49,191	$ -	$ 4,634,638
Furniture and equipment	768,161	9,939	(932)	777,168
Software	141,826	-	-	141,826
Internally generated computer software	564,396	-	-	564,396
Total capital assets being depreciated and amortized	6,059,830	59,130	(932)	6,118,028
Less accumulated depreciation and amortization:				
Building	(2,968,851)	(134,858)	-	(3,103,709)
Furniture and equipment	(598,444)	(43,980)	100	(642,324)
Software	(125,957)	(6,042)	-	(131,999)
Internally generated computer software	(564,396)	-	-	(564,396)
Total accumulated depreciation and amortization	(4,257,648)	(184,880)	100	(4,442,428)
Capital assets, net	$ 2,812,407	$ (82,350)	$ (832)	$ 2,729,225

8. CAPITAL ASSETS: (Continued)

Changes in capital assets for the year ended June 30, 2025 are as follows:

	Beginning Balance June 30, 2024	Additions	Deletions	Ending Balance June 30, 2025
Capital assets not being depreciated:				
Land	$ 1,010,225	$ -	$ -	$ 1,010,225
Total capital assets not being depreciated:	1,010,225	-	-	1,010,225
Capital assets being depreciated and amortized:				
Building	4,544,280	$ 41,167	$ -	$ 4,585,447
Furniture and equipment	720,147	65,120	(17,106)	768,161
Software	141,826	-	-	141,826
Internally generated computer software	564,396	-	-	564,396
Total capital assets being depreciated and amortized	5,970,649	106,287	(17,106)	6,059,830
Less accumulated depreciation and amortization:				
Building	(2,838,637)	(130,214)	-	(2,968,851)
Furniture and equipment	(572,477)	(43,073)	17,106	(598,444)
Software	(111,423)	(14,534)	-	(125,957)
Internally generated computer software	(564,396)	-	-	(564,396)
Total accumulated depreciation and amortization	(4,086,933)	(187,821)	17,106	(4,257,648)
Capital assets, net	$ 2,893,941	$ (81,534)	$ -	$ 2,812,407

Depreciation expense for the years ended June 30, 2026 and 2025 was $184,880 and $187,821, respectively. Amortization expense for the years ended June 30, 2026 and 2025 was $-0-.

Reclassification of Capital Asset Disclosures:

As discussed in Note 1, the System implemented GASB Statement No. 104, *Disclosure of Certain Capital Assets*, during the year ended June 30, 2026. Accordingly, the classifications presented above have been revised to provide additional detail required by the newly implemented standard. These revisions affected only the presentation and classification of capital assets within the note disclosure and did not affect total capital assets, net position, or changes in net position. Therefore, no material impact resulted from the implementation of GASB Statement No. 104.

9. OFFICE LEASE:

The System leases office space recorded as real estate held for investment with a lease that was renewed beginning July 1, 2026 and expires June 30, 2031. The cost and fair value of the real estate held for investments is $2,619,523 and $2,839,687, respectively, for the year ended June 30, 2026. The cost and fair value of the real estate held for investment was $2,596,545 and $2,816,709, respectively, for the year ended June 30, 2025. The lease income reported was $373,020 and $369,459 for the years ended June 30, 2026 and 2025 respectively, and was included in investment income on the statement of changes in fiduciary net position.

9. OFFICE LEASE: (Continued)

Minimum future rentals to be received on the office lease for the next five years and in the aggregate are:

June 30	Amount
2027	$ 401,332
2028	409,167
2029	417,179
2030	425,370
2031	433,561
	$ 2,086,609

The lease may be terminated under various circumstances by both parties.

10. OTHER POSTEMPLOYMENT BENEFITS:

Substantially all System employees become eligible for postemployment health care and life insurance benefits if they reach normal retirement age while working for the System. These benefits for retirees and similar benefits for active employees are provided through an agent multi-employer OPEB Plan whose premiums are paid jointly by the employee and the System. For each of the years ended June 30, 2026 and 2025, 30 and 31 retirees, respectively, were receiving postemployment benefits.

Plan Description:

Employees may participate in the State of Louisiana's Other Postemployment Benefit Plan (OPEB Plan), an agent multiple employer defined benefit OPEB Plan that provides medical and life insurance to eligible active employees, retirees and their beneficiaries. The state administers the plan through the Office of Group Benefits (OGB). LRS 42:801-883 assigns the authority to establish and amend benefit provisions of the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board (GASB) Statement No. 75 to pay related benefits.

The plan does not issue a stand-alone financial report.

Benefits Provided:

The OPEB Plan provides benefits such as: death benefits, life insurance, disability, and long-term care that are paid in the period after employment and that are provided separately from a pension plan, as well as healthcare benefits paid in the period after employment. The OPEB plan does not provide termination benefits or termination payments for sick leave.

10. OTHER POSTEMPLOYMENT BENEFITS: (Continued)

Contributions:

The contribution requirements of plan members and the System are established and may be amended by LRS 42:801-883. The OPEB Plan is currently funded on a pay-as-you-go basis through a combination of retiree and System contributions. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving post-employment benefits. The retirees contribute to the cost of their postemployment benefits based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. Employer contributions to the OPEB Plan from the System were $275,900 and $274,900 for the years ended June 30, 2026 and 2025, respectively.

Employer contributions are based on plan premiums and the employer contribution percentage. This percentage is based on the date of participation in an OGB plan (before or after January 1, 2002) and employee years of service at retirement. Employees who began participation or rejoined 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 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 retiree and spouses of retirees, subject to maximum values. Effective January 1, 2018, the total monthly premium for retirees varies according to age group. The employer pays 50% of the individual retiree's premium. The retiree is responsible for 100% of the premium for dependents.

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

At June 30, 2026 and 2025, the System reported a liability of $4,942,611 and $5,140,413, respectively, for its proportionate share of the collective total OPEB liability. The collective total OPEB liability was measured as of July 1, 2025 and 2024, respectively, and the total OPEB liability used to calculate the OPEB liability was determined by an actuarial valuation as of that date. The System's proportion of the total OPEB liability was based on a projection of the System's total OPEB liability relative to the projected total OPEB liability of all participating employers, actuarially determined. As of July 1, 2025, and 2024, the System's proportion was 0.0654% and 0.0658%, respectively.

10. OTHER POSTEMPLOYMENT BENEFITS: (Continued)

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

For the year ended June 30, 2026 and 2025, the System recognized OPEB benefit of $107,180 and $10,081, respectively.

As of June 30, 2026 and 2025, the System 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
June 30, 2026		
Changes of assumptions	$ 226,356	$ 478,184
Differences between expected and actual experience	114,237	-
Changes in employer's proportionate share	56,904	262,975
Differences between employer contributions and proportionate share of contributions	99,283	-
Employer contributions subsequent to the measurement date	275,900	-
Total	$ 772,680	$ 741,159

	Deferred Outflows of Resources	Deferred Inflows of Resources
June 30, 2025		
Changes of assumptions	$ 382,362	$ 590,263
Differences between expected and actual experience	88,097	-
Changes in employer's proportionate share	116,050	502,527
Differences between employer contributions and proportionate share of contributions	78,774	1,147
Employer contributions subsequent to the measurement date	274,900	-
Total	$ 940,183	$ 1,093,937

Deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date of $275,900 will be recognized as a reduction of the collective total OPEB liability in the year ended June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (benefit) as follows:

Year Ended June 30	Amount
2027	$ (251,267)
2028	36,780
2029	5,947
2030	(35,839)
	$ (244,379)

10. OTHER POSTEMPLOYMENT BENEFITS: (Continued)

Actuarial Assumptions:

The actuarial valuations as of July 1, 2025 and July 1, 2024, to determine the total OPEB liability, used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40% for 2025 and 2024
Salary Increases	Consistent with the pension valuation assumptions
Investment Rate of Return	5.20% based on the June 30, 2025 Bond Buyer 20 Index Rate 3.93% based on the June 30, 2024 Bond Buyer 20 Index Rate
Healthcare Cost Trend	8.25% – 4.50% for 2025 8.50% – 4.50% for 2024
Mortality Rates	For active lives: 125% and 135% of the Pub-2010 General Below Median Employee Table for males and females, respectively, projected from 2010 on a fully generational basis by Mortality improvement Scale MP-2021. For healthy retiree and contingent survivor lives: 125% and 135% of the Pub-2010 General Below Median Healthy Retiree Table for males and females, respectively, projected from 2010 on a fully generational basis by Mortality Improvement Scale MP-2021. For disabled retiree lives: 125% and 135% of the Pub-2010 Non-Safety Disabled Retiree Table for males and females, respectively, projected from 2010 on a fully generational basis by Mortality Improvement Scale MP-2021.

10. OTHER POSTEMPLOYMENT BENEFITS: (Continued)

Discount Rate:

The discount rate used to measure the total OPEB liability was 5.20% as of July 1, 2025 and 3.93% as of July 1, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at contractually required rates. Based on this assumption and as the OPEB Plan is unfunded, the OPEB plan's fiduciary net position was not projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was determined using a discount rate that reflects the 20-year tax-exempt municipal bond yield or index rate.

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

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

June 30, 2026	1.0% Decrease (4.20%)	Current Discount Rate (5.20%)	1.0% Increase (6.20%)
System's Proportionate share of Collective Total OPEB Liability	$ 5,613,353	$ 4,942,611	$ 4,392,507

June 30, 2025	1.0% Decrease (2.93%)	Current Discount Rate (3.93%)	1.0% Increase (4.93%)
System's Proportionate share of Collective Total OPEB Liability	$ 5,897,499	$ 5,140,413	$ 4,526,802

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

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

10. OTHER POSTEMPLOYMENT BENEFITS: (Continued)

Sensitivity of the System's Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: (Continued)

June 30, 2026	1.0% Decrease	Current Healthcare Cost Trend Rates	1.0% Increase
System's Proportionate share of Collective Total OPEB Liability	$ 4,396,054	$ 4,942,611	$ 5,612,565

June 30, 2025	1.0% Decrease	Current Healthcare Cost Trend Rates	1.0% Increase
System's Proportionate share of Collective Total OPEB Liability	$ 4,535,564	$ 5,140,413	$ 5,889,399

Payables to the OPEB Plan:

As of June 30, 2026 and 2025, the System did not have payables for outstanding contributions to the OPEB Plan.

11. DERIVATIVES:

The System reports derivatives in accordance with Governmental Accounting Standards Board (GASB) Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which requires investment derivatives to be recorded at fair value and requires certain disclosures.

The System's investment derivative instruments include domestic and foreign equity index futures contracts and fixed income futures contracts. Futures contracts are commitments to purchase or sell a specific amount of an asset at a specified date for a predetermined price. Gains and losses on futures contracts are settled daily based on a notional (underlying) principal value and do not involve an actual transfer of the specific instrument. The exchange assumes the risk that the counterparty will not pay and generally requires margin payments to minimize such risk. Futures are used primarily as a tool to increase or decrease market exposure to various asset classes. These derivative securities are used to improve yield, adjust the duration of the fixed income portfolio, protect against changes in interest rates or replicate an index. At June 30, 2026 and 2025, the System has the following derivative instruments categorized as futures contracts:

11. DERIVATIVES: (Continued)

June 30, 2026		Fair Value		Changes in Fair Value	
Futures:	Notional Amount	Classification	Amount	Classification	Amount
Domestic Equity Index Futures - Long	$ 14,657,095	Equity	$ 891,753	Net App (Dep) in Fair Value	$ 341,149
Foreign Equity Index Futures - Long	$ 29,065,098	Equity	$ 28,337	Net App (Dep) in Fair Value	$ (140,368)
Fixed Income Futures - Long	$ 173,652,007	Fixed Income	$ (1,136,804)	Net App (Dep) in Fair Value	$ (1,343,400)
Foreign Currency Futures - Long	$ (53,230,861)	Equity	$ 424,285	Net App (Dep) in Fair Value	$ 422,494
Total Futures	$ 164,143,339		$ 207,571		$ (720,125)

June 30, 2025		Fair Value		Changes in Fair Value	
Futures:	Notional Amount	Classification	Amount	Classification	Amount
Domestic Equity Index Futures - Long	$ 15,634,375	Equity	$ 550,604	Net App (Dep) in Fair Value	$ 496,335
Foreign Equity Index Futures - Long	$ 8,729,714	Equity	$ 168,705	Net App (Dep) in Fair Value	$ 153,081
Fixed Income Futures - Long	$ 11,337,336	Fixed Income	$ 206,596	Net App (Dep) in Fair Value	$ 126,662
Foreign Currency Futures - Long	$ 515,760	Equity	$ 1,791	Net App (Dep) in Fair Value	$ 1,791
Total Futures	$ 36,217,185		$ 927,696		$ 777,869

Derivative Counterparty Credit Risk:

All futures contracts held by the System at June 30, 2026 and 2025, respectively, were exchange-traded, thereby minimizing counterparty credit risk through the use of a futures

11. DERIVATIVES: (Continued)

Derivative Counterparty Credit Risk: (Continued)

clearing merchant. The clearing merchant acts as an intermediary who contracts with the buyer and seller to facilitate trades. The National Securities Clearing Corporation (NSCC), a subsidiary of the Depository Trust Clearing Corporation (DTCC), oversees the responsibilities and laws governing the clearing merchants.

Derivative Foreign Currency Risk:

For the fiscal year ended June 30, 2026, the System's futures contracts are exposed to foreign currency risk through foreign currency positions as described in the Short-Term Investments section of Note 5 to the financial statements. For the fiscal year ended June 30, 2025, all futures contracts were denominated in U.S. dollars; therefore, the System's futures contracts were not exposed to foreign currency risk.

Derivative Interest Rate Risk:

At June 30, 2026 and 2025, the System was exposed to interest rate risk on its investments in futures. The table below illustrates the maturity periods of these derivative instruments.

	June 30, 2026				
Investment Type	Fair Value	Less Than 1 Year	1 to 5	6 to 10	10+ Years
Fixed income futures - long	$(1,136,804)	$(1,136,804)	$ -	$ -	$ -
Total	$(1,136,804)	$(1,136,804)	$ -	$ -	$ -

	June 30, 2025				
Investment Type	Fair Value	Less Than 1 Year	1 to 5	6 to 10	10+ Years
Fixed income futures - long	$ 206,596	$ 206,596	$ -	$ -	$ -
Total	$ 206,596	$ 206,596	$ -	$ -	$ -

Derivative Credit Risk:

The System's investments in futures contracts were not rated by any of the three rating agencies (Standard & Poor's, Moody's Investors Service, and Fitch), as of June 30, 2026 and 2025.

12. COMPENSATED ABSENCES:

During fiscal year ended June 30, 2025, the System adopted GASB Statement No. 101, *Compensated Absences*, which established new guidance by updating the recognition and measurement for compensated absences by including salary-related payments that are directly and incrementally associated with leave liabilities.

A summary of changes in compensated absences for the year ended June 30, 2026:

Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
$ 1,239,614	$ 396,323	$ 246,283	$ 1,389,654	$ 246,283

13. CHANGE IN ACCOUNTING PRINCIPLE:

Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, was implemented as of the beginning of the year ended June 30, 2025. The requirements change the way compensated absences are estimated by the System in addition to the related disclosure requirements. The implementation of GASB Statement No. 101 requires retroactive implementation to the earliest period presented in the comparative financial statements during the year of implementation. Due to immateriality, the System did not restate the Statements of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position as of June 30, 2024 for the increase in Compensated Absences Liability from GASB 101 implementation which resulted in $886,338 additional administrative expenses on the Statements of Changes in Fiduciary Net Position for the Period Ended June 30, 2025.

14. CONCENTRATIONS AND CONSTRAINTS:

In accordance with Governmental Accounting Standards Board Statement No. 102, *Certain Risk Disclosures*, the System has evaluated known concentrations and constraints that could significantly affect the ability to continue providing benefits or meet financial obligations.

Known Concentrations:

Geographic Concentration: All participating employers operate within the State of Louisiana. The System is therefore subject to risks associated with statewide economic downturns, natural disasters, or legislative actions affecting public finance.

Known Constraints:

Statutory Funding Structure: Under Louisiana Revised Statute 11:1001, contribution rates and benefit provisions are determined by statute and actuarial recommendations. Any changes require board action, which may limit the System's ability to respond swiftly to financial or demographic fluctuations.

14. CONCENTRATIONS AND CONSTRAINTS: (Continued)

Known Constraints: (Continued)

Plan Design: The System is legally structured as a cost-sharing, multiple-employer defined benefit plan governed by specific statutory rules. These plan design parameters may limit the System's flexibility in modifying benefits or funding policies.

Investment Custodian: The System maintains a custodial relationship with a single financial institution for the majority of its investment assets. A disruption in that institution's services could temporarily delay access to funds or reporting capabilities.

Risk Management Policies & Governance:

The System's investment policy is approved by the Board of Trustees and guides diversification, manager style limits, and liquidity targets. The System maintains liquidity reserves and short-term investment holdings to meet benefit payments and capital calls.

The Board is assisted by investment staff and external consultants in monitoring compliance, risk exposures, and performance.

The majority of the System's investment assets are externally managed by qualified investment firms selected for their expertise in specific asset classes.

The investment policy includes additional specific constraints, which are designed to mitigate risk. See footnote 5 for specific investment risks addressed in detail.

Management regularly monitors these risks and believes that current governance, actuarial funding methods, and investment diversification strategies mitigate the impact of such concentrations and constraints.

15. RECLASSIFICATION:

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

The implementation of GASB Statement No. 104, *Disclosure of Certain Capital Assets*, resulted in reclassification and additional disaggregation of intangible capital asset categories within the capital asset note disclosure (see Note 8). The prior year beginning balance column was adjusted to reflect these reclassifications. The implementation did not affect total capital assets, fiduciary net position, or changes in fiduciary net position for any period presented.

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
FOR THE TEN YEARS ENDED JUNE 30, 2026

	2026	2025	2024	2023	2022
Total Pension Liability					
Service cost	$ 54,415,631	$ 54,324,455	$ 51,125,009	$ 47,062,712	$ 45,130,304
Interest	188,859,499	188,796,041	187,671,738	187,111,033	183,844,863
Changes of benefit terms	-	-	-	-	20,813,663
Differences between expected and actual experience	5,802,443	(26,233,885)	18,484,907	24,320,337	15,907,288
Changes of assumptions	-	-	(32,508,701)	(45,723,414)	24,236,466
Benefit payments	(213,657,074)	(208,820,967)	(204,468,049)	(202,881,154)	(197,999,051)
Refunds of member contributions	(5,432,437)	(5,645,193)	(5,429,480)	(5,852,970)	(5,720,102)
Other	487,199	896,547	521,117	910,407	2,185,637
Net change in total pension liability	30,475,261	3,316,998	15,396,541	4,946,951	88,399,068
Total pension liability - beginning	2,830,433,598	2,827,116,600	2,811,720,059	2,806,773,108	2,718,374,040
Total pension liability - ending (a)	2,860,908,859	2,830,433,598	2,827,116,600	2,811,720,059	2,806,773,108
Plan Fiduciary Net Position					
Contributions - member	30,829,809	29,936,691	29,230,446	26,932,186	25,033,915
Contributions - employer	87,256,869	99,535,856	104,112,158	96,194,424	93,114,029
Net investment income (loss)	358,619,727	180,816,942	193,131,029	153,418,063	(13,709,631)
Benefit payments	(213,657,074)	(208,820,967)	(204,468,049)	(202,881,154)	(197,999,051)
Administrative expenses	(4,398,343)	(4,250,110)	(3,864,776)	(3,762,409)	(4,186,253)
Refunds of member contributions	(5,432,437)	(5,645,193)	(5,429,480)	(5,852,970)	(5,720,102)
Other	487,199	896,547	521,117	910,407	2,185,637
Net change in plan fiduciary net position	253,705,750	92,469,766	113,232,445	64,958,547	(101,281,456)
Plan fiduciary net position - beginning	2,411,550,113	2,319,966,685	2,206,734,240	2,141,775,693	2,243,057,149
Cumulative effect of change in accounting principle		(886,338)	-	-	-
Plan fiduciary net position - ending (b)	2,665,255,863	2,411,550,113	2,319,966,685	2,206,734,240	2,141,775,693
Net pension liability - ending (a) - (b)	$ 195,652,996	$ 418,883,485	$ 507,149,915	$ 604,985,819	$ 664,997,415
Plan fiduciary net position as a percentage of total pension liability	93.16%	85.20%	82.06%	78.48%	76.31%
Covered payroll	$ 396,622,132	$ 385,797,891	$ 377,217,964	$ 348,530,522	$ 324,439,125
Net pension liability as a percentage of covered payroll	49.33%	108.58%	134.44%	173.58%	204.97%

(Continued)

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
FOR THE TEN YEARS ENDED JUNE 30, 2026
(Continued)

	2021	2020	2019	2018	2017
Total Pension Liability					
Service cost	$ 43,775,376	$ 43,447,024	$ 43,432,578	$ 45,867,897	$ 46,810,714
Interest	181,783,980	181,154,463	180,942,769	179,235,346	176,703,036
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	15,421,605	(20,719,787)	(17,895,179)	(16,556,084)	(22,200,508)
Changes of assumptions	23,492,565	-	14,364,127	32,157,641	20,126,949
Benefit payments	(192,699,081)	(191,516,165)	(190,583,243)	(185,260,310)	(179,085,508)
Refunds of member contributions	(3,465,564)	(4,460,650)	(5,711,862)	(4,843,590)	(4,231,413)
Other	989,429	719,506	1,651,761	1,016,485	2,352,235
Net change in total pension liability	69,298,310	8,624,391	26,200,951	51,617,385	40,475,505
Total pension liability - beginning	2,649,075,730	2,640,451,339	2,614,250,388	2,562,633,003	2,522,157,498
Total pension liability - ending (a)	2,718,374,040	2,649,075,730	2,640,451,339	2,614,250,388	2,562,633,003
Plan Fiduciary Net Position					
Contributions - member	23,814,272	23,098,769	22,382,628	22,140,933	21,874,930
Contributions - employer	88,807,324	88,488,996	82,068,712	80,258,243	78,768,502
Net investment income (loss)	483,947,437	(7,060,043)	88,335,369	118,140,167	239,412,332
Benefit payments	(192,674,689)	(191,516,165)	(190,583,243)	(185,260,310)	(179,085,508)
Administrative expenses	(3,979,954)	(4,041,093)	(3,866,830)	(4,104,342)	(3,954,563)
Refunds of member contributions	(3,465,564)	(4,460,650)	(5,711,862)	(4,843,590)	(4,231,413)
Other	989,429	719,506	1,651,760	746,551	2,111,471
Net change in plan fiduciary net position	397,438,255	(94,770,680)	(5,723,466)	27,077,652	154,895,751
Plan fiduciary net position - beginning	1,845,618,894	1,940,389,574	1,946,113,040	1,922,705,998	1,767,810,247
Cumulative effect of change in accounting principle	-	-	-	(3,670,610)	-
Plan fiduciary net position - ending (b)	2,243,057,149	1,845,618,894	1,940,389,574	1,946,113,040	1,922,705,998
Net pension liability - ending (a) - (b)	$ 475,316,891	$ 803,456,836	$ 700,061,765	$ 668,137,348	$ 639,927,005
Plan fiduciary net position as a percentage of total pension liability	82.51%	69.67%	73.49%	74.44%	75.03%
Covered payroll	$ 309,433,185	$ 300,982,980	$ 293,102,543	$ 290,790,736	$ 288,529,311
Net pension liability as a percentage of covered payroll	153.61%	266.94%	238.85%	229.77%	221.79%

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY
FOR THE TEN YEARS ENDED JUNE 30, 2026

Fiscal Year End	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability	Plan Fiduciary Net Position as a Percentage of Total Pension Liability	Covered Payroll	Employers' Net Pension Liability as a Percentage of Covered Payroll
2017	$ 2,562,633,003	$ 1,922,705,998	$ 639,927,005	75.03%	$ 288,529,311	221.79%
2018	2,614,250,388	1,946,113,040	668,137,348	74.44%	290,790,736	229.77%
2019	2,640,451,339	1,940,389,574	700,061,765	73.49%	293,102,543	238.85%
2020	2,649,075,730	1,845,618,894	803,456,836	69.67%	300,982,980	266.94%
2021	2,718,374,040	2,243,057,149	475,316,891	82.51%	309,433,185	153.61%
2022	2,806,773,108	2,141,775,693	664,997,415	76.31%	324,439,125	204.97%
2023	2,811,720,059	2,206,734,240	604,985,819	78.48%	348,530,522	173.58%
2024	2,827,116,600	2,319,966,685	507,149,915	82.06%	377,217,964	134.44%
2025	2,830,433,598	2,411,550,113	418,883,485	85.20%	385,797,891	108.58%
2026	2,860,908,859	2,665,255,863	195,652,996	93.16%	396,622,132	49.33%

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE TEN YEARS ENDED JUNE 30, 2026

Fiscal Year End	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Liability	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	$ 78,768,502	$ 78,768,502	$ -	$ 288,529,311	27.3%
2018	80,258,243	80,258,243	-	290,790,736	27.6%
2019	82,068,712	82,068,712	-	293,102,543	28.0%
2020	88,488,996	88,488,996	-	300,982,980	29.4%
2021	88,807,324	88,807,324	-	309,433,185	28.7%
2022	93,114,029	93,114,029	-	324,439,125	28.7%
2023	96,194,424	96,194,424	-	348,530,522	27.6%
2024	104,112,158	104,112,158	-	377,217,964	27.6%
2025	92,591,494	99,535,856	(6,944,362)	385,797,891	25.8%
2026	77,341,316	87,256,869	(9,915,553)	396,622,132	22.0%

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
FOR THE TEN YEARS ENDED JUNE 30, 2026

Fiscal Year End	Annual Money-Weighted Rate of Return*
2017	13.82%
2018	6.13%
2019	4.29%
2020	(1.71%)
2021	26.36%
2022	(0.94%)
2023	7.36%
2024	8.05%
2025	7.32%
2026	14.30%

* Annual money-weighted rates of return are presented net of investment expense.

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PROPORTIONATE SHARE
OF THE COLLECTIVE TOTAL OPEB LIABILITY
FOR THE TEN YEARS ENDED JUNE 30, 2026

Fiscal Year*	System's Proportion of the Collective Total OPEB Liability	System's Proportionate Share of the Collective Total OPEB Liability	System's Covered Payroll	System's Proportionate Share of the Collective Total OPEB Liability as a % of its Covered Payroll
2017	0.0815%	$ 7,397,645	$ 1,666,297	443.96%
2018	0.0815%	7,086,024	1,484,579	477.31%
2019	0.0746%	6,369,148	1,539,687	413.67%
2020	0.0789%	6,092,726	1,725,058	353.19%
2021	0.0747%	6,187,057	1,916,809	322.78%
2022	0.0785%	7,183,438	1,794,400	400.33%
2023	0.0703%	4,743,639	1,734,678	273.46%
2024	0.0645%	4,612,921	1,876,924	245.77%
2025	0.0658%	5,140,413	1,826,126	281.49%
2026	0.0654%	4,942,611	2,053,257	240.72%

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

1. SCHEDULE OF CHANGES IN NET PENSION LIABILITY:

The total pension liability contained in this schedule was provided by the System's actuary, Curran Actuarial Consulting, Ltd. The net pension liability is measured as the total pension liability less the amount of the fiduciary net position of the System.

2. SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY:

The schedule of employers' net pension liability shows the percentage of the System's employers' net pension liability as a percentage of covered payroll. The employers' net pension liability is the liability of contributing employers to members for benefits provided through the System. Covered payroll is the payroll on which contributions to the System are based.

3. SCHEDULE OF EMPLOYER CONTRIBUTIONS:

The difference between the actuarially determined employer contributions and employer contributions received, and the percentage of employer contributions received to covered payroll is presented in this schedule.

4. SCHEDULE OF INVESTMENT RETURNS:

The annual money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. This expresses investment performance adjusted for the changing amounts actually invested throughout the year, measured using monthly inputs with expenses measured on an accrual basis.

5. SCHEDULE OF THE SYSTEM'S PROPORTIONATE SHARE OF THE COLLECTIVE TOTAL OTHER POSTEMPLOYMENT BENEFIT LIABILITY:

This schedule reflects the participation of the System's employees in the State of Louisiana Postemployment Benefits Plan and its proportionate share of the collective total other postemployment liability, and the proportionate share of the collective total other postemployment benefits liability as a percentage of its covered payroll. The employers' collective total other postemployment benefit liability is the liability of the System's employees for benefits provided through the State of Louisiana Postemployment Benefits Plan. Covered payroll is the payroll of all employees that are provided with benefits through the plan. The amounts in the schedule for each fiscal year were determined as of the prior fiscal year end.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of the Governmental Accounting Standards Board Statement No. 75 to pay related benefits.

6. ACTUARIAL ASSUMPTIONS – NET PENSION LIABILITY:

The information presented in the required supplementary schedules was used in the actuarial valuation for purposes of determining the actuarially determined contribution rate. The

6. ACTUARIAL ASSUMPTIONS – NET PENSION LIABILITY: (Continued)

actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported. The assumptions and methods used for the actuarial valuation were recommended by the actuary and adopted by the Board.

The current year actuarial assumptions are based on the assumptions used in the June 30, 2026 actuarial funding valuation, which were based on a plan experience study performed in 2023 based on plan data for the period July 1, 2017 through June 30, 2022.

7. CHANGES IN ACTUARIAL ASSUMPTIONS:

Pension Plan:

Valuation Date	Inflation Rate	Investment Rate of Return (Discount Rate)	Salary Increases	Mortality Rate
June 30, 2026	2.50% per annum	6.80% per annum	2017 - 2022 experience study, 3.75%	Pub-2010 Healthy Retiree Tables Pub-2010 Sex Distinct Tables
June 30, 2025	2.50% per annum	6.80% per annum	2017 - 2022 experience study, 3.75%	Pub-2010 Healthy Retiree Tables Pub-2010 Sex Distinct Tables
June 30, 2024	2.50% per annum	6.80% per annum	2017 - 2022 experience study, 3.75%	Pub-2010 Healthy Retiree Tables Pub-2010 Sex Distinct Tables
June 30, 2023	2.50% per annum	6.80% per annum	2017 - 2022 experience study, 3.75%	Pub-2010 Healthy Retiree Tables Pub-2010 Sex Distinct Tables
June 30, 2022	2.50% per annum	6.80% per annum	2013 - 2017 experience study, 3.25%	RP-2014 Healthy Annuitant Tables RP-2014 Sex Distinct Tables
June 30, 2021	2.50% per annum	6.90% per annum	2013 - 2017 experience study, 3.25%	RP-2014 Healthy Annuitant Tables RP-2014 Sex Distinct Tables
June 30, 2020	2.50% per annum	7.00% per annum	2013 - 2017 experience study, 3.25%	RP-2014 Healthy Annuitant Tables RP-2014 Sex Distinct Tables
June 30, 2019	2.50% per annum	7.00% per annum	2013 - 2017 experience study, 3.25%	RP-2014 Healthy Annuitant Tables RP-2014 Sex Distinct Tables
June 30, 2018	2.50% per annum	7.0625% per annum	2013 - 2017 experience study, 3.25%	RP-2014 Healthy Annuitant Tables RP-2014 Sex Distinct Tables
June 30, 2017	2.625% per annum	7.125% per annum	2008 - 2012 experience study, ranging from 3.075% to 5.375%	RP-2000 Sex Distinct Tables RP-2000 Disabled Lives Table

7. CHANGES IN ACTUARIAL ASSUMPTIONS: (Continued)

OPEB Plan

Valuation Date: July 1, 2025

The discount rate changed from 3.93% as of July 1, 2024 to 5.20% as of July 1, 2025, for the State of Louisiana OPEB Plan.

Other changes in assumptions as of July 1, 2025 were as follows:

1. Baseline per capita costs (PCCs) were updated to reflect 2025 claim and enrollment.
2. Medical plan election percentages were updated based on the coverage elections of recent retirees.
3. The Medicare healthcare cost trend was updated.

Valuation Date: July 1, 2024

The discount rate changed from 4.13% as of July 1, 2023 to 3.93% as of July 1, 2024, for the State of Louisiana OPEB Plan.

Other changes in assumptions as of July 1, 2024 were as follows:

1. Baseline per capita costs (PCCs) were updated to reflect 2024 claim and enrollment.
2. Medical plan election percentages were updated based on the coverage election of recent retirees.
3. The mortality, retirement, termination, disability, and salary increase rates for the LASERS group were updated.
4. The healthcare cost trend was updated.

Valuation Date: July 1, 2023

The discount rate changed from 4.09% as of July 1, 2022 to 4.13% as of July 1, 2023, for the State of Louisiana OPEB Plan.

Other changes in assumptions as of July 1, 2023 were as follows:

1. Baseline per capita costs (PCCs) were updated to reflect 2023 claims and enrollment.
2. Medical plan election percentages were updated based on the coverage election of recent retirees.
3. The mortality, retirement, termination, disability, and salary increase rates were updated.
4. The healthcare cost trend was updated.

7. CHANGES IN ACTUARIAL ASSUMPTIONS: (Continued)

OPEB Plan (Continued)

Valuation Date: July 1, 2022

The discount rate changed from 2.18% as of July 1, 2021 to 4.09% as of July 1, 2022, for the State of Louisiana OPEB Plan.

Other changes in assumptions as of July 1, 2022 were as follows:

1. Baseline per capita costs (PCCs) were updated to reflect 2022 claims and enrollment.
2. Medical plan election percentages were updated based on the coverage election of recent retirees.
3. The withdrawal assumption for LASERS Wildlife participants and the mortality rate assumptions for LASERS Public Safety participants have been updated.

Valuation Date: July 1, 2021

The discount rate changed from 2.66% as of July 1, 2020 to 2.18% as of July 1, 2021, for the State of Louisiana OPEB Plan.

Other changes in assumptions as of July 1, 2021 were as follows:

1. Baseline per capita costs (PCCs) were updated to reflect 2021 claims and enrollment.
2. Medical plan election percentages were updated based on the coverage election of recent retirees.
3. The healthcare cost trend rate assumption was revised based on updated National Health Care Trend Survey information.
4. Inflation rate changed from 2.80% as of July 1, 2020 to 2.40% as of July 1, 2021.

Valuation Date: July 1, 2020

The discount rate changed from 2.79% as of July 1, 2019 to 2.66% as of July 1, 2020, for the State of Louisiana OPEB Plan.

Other changes in assumptions as of July 1, 2020 were as follows:

1. Baseline per capita costs (PCCs) were updated to reflect 2020 claims and enrollment for the prescription drug costs and retiree contributions were updated based on 2021 premiums. Plan claims and premiums increased less than had been expected, which decreased the OPEB Plan's liability. In addition, the estimate of future EGWP savings was increased, based on an analysis of recent EGWP experience. This further reduced the OPEB Plan's liability.

7. CHANGES IN ACTUARIAL ASSUMPTIONS: (Continued)

OPEB Plan (Continued)

Valuation Date: July 1, 2020 (Continued)

2. Economic assumptions were updated to reflect the updated salary scale assumptions adopted by LASERS and TRSL. This slightly increased the OPEB Plan's liability.

3. Several demographic assumptions were updated based on a review of OPEB experience from July 1, 2017 through June 30, 2020.

   a) Medical participation rates were decreased, decreasing the OPEB Plan's liability.

   b) The life participation rate was decreased from 52% to 36%, decreasing the OPEB Plan's liability.

   c) The age difference between future retirees and their spouses was updated, increasing the OPEB Plan's liability.

   d) The assumed percent of participants assumed to be Medicare-eligible upon reaching age 65 was updated, increasing the OPEB Plan's liability.

   e) Medical plan election percentages were updated which contributed to a decrease in the OPEB Plan's liability associated with updating baseline per capita costs (PCCs) and premiums.

Valuation Date: July 1, 2019

The discount rate changed from 2.98% as of July 1, 2018 to 2.79% as of July 1, 2019, for the State of Louisiana OPEB Plan.

Other changes in assumptions as of July 1, 2019 were as follows:

1. Baseline per capita costs were updated to reflect 2019 claims and enrollment and retiree contributions were updated based on 2020 premiums. Plan claims and premiums increased less than had been expected, which decreased the OPEB Plan's liability. In addition, the estimate of future EGWP savings was increased, based on an analysis of recent EGWP experience. This further reduced the OPEB Plan's liability.

2. Life insurance contributions were updated based on updated schedules for 2020 monthly premium rates, which reduced the OPEB Plan's liability.

3. The impact of the High-Cost Excise Tax was removed. The High-Cost Excise Tax was repealed in December 2019. This reduced the OPEB Plan's liability.

4. Demographic assumptions were revised for the Louisiana State Employees' Retirement System to reflect the recent experience study.

7. CHANGES IN ACTUARIAL ASSUMPTIONS: (Continued)

OPEB Plan (Continued)

Valuation Date: July 1, 2018

The discount rate changed from 3.13% as of July 1, 2017 to 2.98% as of July 1, 2018, for the State of Louisiana OPEB Plan.

Other changes in assumptions as of July 1, 2018 were as follows:

1. Baseline per capita costs were updated to reflect 2018 claims and enrollment and retiree contributions were updated based on 2019 premiums. The impact of the High-Cost Excise Tax was revisited, reflecting updated plan premiums.

2. The mortality assumption for the Louisiana State Employees' Retirement System was updated from the RP-2014 Healthy Annuitant and Employee tables for males and females with generational projections using projection scale MP-2017 to the RP-2014 Healthy Annuitant and Employee tables for males and females using projection scale MP-2018.

Valuation Date: July 1, 2017

The discount rate changed from 2.71% as of July 1, 2016 to 3.13% as of July 1, 2017, for the State of Louisiana OPEB Plan.

8. CHANGES OF BENEFIT TERMS:

Pension Plan:

Effective July 1, 2022, eligible retirees, beneficiaries and survivors received a 1.4% permanent benefit increase (PBI):

1. Regular retirees who have been retired for at least one year and who attained the age of sixty years.

2. Disability retirees who have been retired at least one year regardless of age.

3. Beneficiaries of retirees who would have met the applicable criteria to receive the increase had they survived.

4. Non-retiree beneficiaries who have been receiving benefits for at least one year and whose benefits are derived from service of deceased members who would have attained age sixty.

Effective July 1, 2016, eligible retirees, beneficiaries and survivors received a 1.9% permanent benefit increase (PBI).

Any such permanent benefit increase granted on or after July 1, 2015 shall be limited to and shall be payable based only on an amount not to exceed sixty thousand dollars of the retiree's annual

8. CHANGES OF BENEFIT TERMS: (Continued)

Pension Plan: (Continued)

benefit. Effective on or after July 1, 2015, the sixty-thousand-dollar limit shall be increased each year in an amount equal to any increase in the CPI-U for the twelve-month period ending on the System's valuation date.

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

OPEB Plan:

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

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF PER DIEM PAID TO TRUSTEES
FOR THE YEARS ENDED JUNE 30, 2026 AND 2025

June 30, 2026

TRUSTEE	NUMBER OF MEETINGS	AMOUNT
Andrea Matte	10	$ 750
Colleen Bateman	10	750
Ryan Guthrie	6	450
Kathy Landry	10	750
Eugene Rester, Jr.	10	750
Douglas Stream	3	225
Waylon Mccormick	10	750
Henry Yearby	10	750
Totals		$ 5,175

June 30, 2025

TRUSTEE	NUMBER OF MEETINGS	AMOUNT
Andrea Matte	11	$ 825
Colleen Bateman	11	825
Eugene Rester, Jr.	10	750
Kathy Landry	11	825
Henry Yearby	11	825
Douglas Stream	11	825
Waylon Mccormick	7	525
Penny Brown	4	300
Totals		$ 5,700

The Board holds regular two-day meetings each quarter, and one-day Investment Committee meetings during the months those regular meetings are not held.

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
SALARIES AND RELATED EXPENSES:		
Salaries	$ 2,366,734	$ 2,163,404
Related benefits	933,368	1,803,333
Total salaries and related expenses	3,300,102	3,966,737
OPERATING EXPENSES:		
Compensation - board	5,175	5,700
Professional improvement - Travel (board)	26,249	26,154
Professional improvement - Travel (staff)	46,457	51,567
Total operating expenses	77,881	83,421
OPERATING SERVICES:		
Equipment maintenance	70,438	74,643
Equipment rent	11,794	11,762
Building maintenance	246,375	229,818
Dues and subscriptions	49,940	47,413
Postage and printing	125,096	114,198
Telephone	37,065	36,919
Insurance	90,729	109,693
Legal	655	11,780
Advertising	164	-
Total operating services	632,256	636,226
SUPPLIES:		
Office	10,319	7,004
Computer	1,949	228
Total supplies	12,268	7,232
PROFESSIONAL SERVICES:		
Medical	7,350	3,050
Records imaging	801	845
Actuary	111,555	111,266
Audit	74,255	78,711
Total professional services	193,961	193,872
INTERAGENCY TRANSFERS:		
Civil Service	9,554	9,124
Total interagency transfers	9,554	9,124
OTHER CHARGES:		
Miscellaneous	71,484	41,191
Computer software and network maintenance	23,137	20,905
Total other charges	94,621	62,096
TOTAL ADMINISTRATIVE EXPENSES	$ 4,320,643	$ 4,958,708

DHHM
certified public accountants

Duplantier
Hrapmann
Hogan &
Maher, LLP

A.J. Duplantier, Jr., CPA
(1919-1985)
Felix J. Hrapmann, Jr., CPA
(1919-1990)
William R. Hogan, Jr., CPA
(1920-1996)
James Maher, Jr., CPA
(1921-1999)

Lindsay J. Calub, CPA, LLC
Michelle H. Cunningham, CPA
Grady C. Lloyd, III, CPA
Robynn P. Beck, CPA
J. Patrick Butler, III, CPA
Wesley D. Wade, CPA

Heather M. Jovanovich, CPA
Terri L. Kitto, CPA
Gregory J. Binder, IT Director
Colleen A. Casey, CPA
Jason C. Montegut, CPA
J. Michael Flynn, III CPA
Dennis W. Dillon, CPA

Metairie
3510 N, Causeway Blvd.
Suite 500
Metairie, LA 70002
Phone: (504) 586-8866
Fax: (504) 525-5888

Covington
220 Park Place
Suite 101
Covington, LA 70433
Phone: (985) 892-8776
Fax: (985) 892-0952

Houma
1340 W. Tunnel Blvd.,
Suite 412
Houma, LA 70360
Phone: (985) 868-2630
Fax: (985) 872-3833

Slidell
1290 Seventh Street
Slidell, LA 70458
Phone: (985) 641-1272
Fax: (985) 781-6497

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

September 29, 2026

Board of Trustees
State of Louisiana School
Employees' Retirement System
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statements of fiduciary net position and the related statements of changes in fiduciary net position of the State of Louisiana School Employees' Retirement System (System), a component unit of the State of Louisiana, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the State of Louisiana School Employees' Retirement System's basic financial statements and have issued our report thereon dated September 29, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System'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 System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System'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 System's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System'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 System'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 System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Board of Trustees, Office of the Legislative Auditor of the State of Louisiana and management, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hagmann, Hogan and Maher, LLP

Metairie, Louisiana

STATE OF LOUISIANA
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEARS ENDED JUNE 30, 2026 AND 2025

SUMMARY OF AUDITOR'S RESULTS:

1. The opinions issued on the financial statements of State of Louisiana School Employees' Retirement System for the years ended June 30, 2026 and 2025 were unmodified.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS:

2. Internal Control over financial reporting

   Material weaknesses – none
   Significant deficiencies – none reported

3. Compliance and other matters

   Noncompliance material to financial statements – none

FINDINGS TO BE REPORTED UNDER GOVERNMENTAL AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA:

None.

MANAGEMENT LETTER COMMENTS:

None.

SUMMARY OF PRIOR YEAR FINDINGS:

None.