
FLORIDA PARISHES JUVENILE JUSTICE DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2017



Postlethwaite & Netterville

A Professional Accounting Corporation

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A Professional Accounting Corporation

INDEPENDENT AUDITORS' REPORT

To the Board of Commission
Florida Parishes Juvenile Justice District, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Florida Parishes Juvenile Justice District (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Florida Parishes Juvenile Justice District, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of funding progress and employer contributions for other post-employment benefit plan, the schedule of the District's proportionate share of the net pension liability, and the schedule of the District's contributions to cost-sharing multiple employer defined benefit plan on pages 3 through 9, page 34, page 35, page 36 and page 37, respectively be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of compensation, benefits and other payments to agency head and schedule of compensation paid board members presented on pages 38 and 39, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The schedules have 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 financial statements or to the statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Audit Standards, we have also issued our report dated December 21, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 21, 2017

FLORIDA PARISHES JUVENILE JUSTICE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

The Florida Parishes Juvenile Justice District (the District) is pleased to present its Financial Statements.

This discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's financial position, (d) identify any significant variations from the District's financial plan, and (e) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts at a summary level, please read it in conjunction with the District's financial statements.

Factors Affecting the District's Operations and Finances

The District operates the Florida Parishes Juvenile Detention Center (FPJDC). The FPJDC is a secure placement for juveniles from within the 21st and 22nd Louisiana Judicial Districts (encompassing 5 parishes) requiring secure, residential, detention. The FPJDC is situated on approximately 40 acres within a rural portion of Tangipahoa Parish [along State Highway 190 East]; 10 acres of which are developed with infrastructure that includes, but not limited to, a private water well, sewer treatment plant, generators for back-up power, fire suppression tanks, multiple building structures, and yards with high fencing – topped with razor ribbon. It is the region's only juvenile detention center.

The FPJDC can house a maximum of 133 juvenile detainees and operates 24 hours a day / 365 days a year; accepting intakes from law enforcement around the clock. There are 4 shifts of Juvenile Detention Staff, implementing the security operations of the FPJDC; averaging 13 staff per shift. Given that the FPJDC is remotely located, it does not have a public water or sewer; hence, establishing the need for its sewer treatment system and water well. The remote location of the FPJDC also dictates the need for back-up power; hence, generator power being critical. Additionally, safety and fire suppression are also key components of a secure facility operation. Therefore, an extensive fire suppression system is in place, along with various locking, lighting, and surveillance controls.

Regardless of the FPJDC's detainee population at any given time, the FPJDC must maintain a staff to detainee ratio promulgated by Louisiana Juvenile Detention Standards for licensure. Licensure is a requirement for operation, as well as being accredited and monitored by the Louisiana Department of Children and Family Services. Given the staffing of the FPJDC being proportional, the FPJDC has been able to operate with reduced staffing during periods of reduced detainee population. Historically, [for the past 5 fiscal years], the District has elected to roll the assessed millage rate backwards to a taxing rate of 2.75 Mills. Hence, accepting less than the allotted 3 Mil taxing rate. This action sought to be appropriate during periods of operation that would generate excess revenue. Conversely, the District must also stand ready to accept the full authorized millage rate; in the event of detainee population increases, additional public safety and juvenile service ventures, and/or unforeseen circumstances (i.e. capital emergencies) that would promulgate such.

FLORIDA PARISHES JUVENILE JUSTICE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights

- At June 30, 2017, the District's assets plus deferred outflows of resources exceeded its liabilities plus deferred inflows of resources by \$16,801,004 (net position). Of this amount, \$5,584,793 (unrestricted net position) may be used to meet the District's ongoing obligations.
- For the year ended June 30, 2017, the District's total net position increased by \$1,838,813.
- At June 30, 2017, the District's general fund reported an ending fund balance of \$17,331,773, an increase of \$2,811,183 for the year.

Overview of the Annual Financial Report

The annual report consists of four parts- management's discussion and analysis (this section), the financial statements, required supplemental information, and other supplemental information. The financial statements include two kinds of statements that present different views of the District:

- The first two statements are government wide financial statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund statements that focus on individual parts of the District's government, reporting the District's operations in more detail than the government wide statements and providing a short-term financial picture.
 - The governmental fund statements tell how general government services were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detail data. The statements are followed by a section of required supplemental information that further explains and supports the information in the financial statements.

The MD&A is intended to serve as an introduction to the District's basic financial statements, which consist of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements.

Government - Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on the District's assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets plus deferred outflows and liabilities plus deferred inflows is reported as net position. Over time, the increases or decreases in net position and changes in the components of net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

FLORIDA PARISHES JUVENILE JUSTICE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government - Wide Financial Statements (continued)

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus revenues and expenses are reported in this statement for some items that only result in cash flows in future fiscal periods (e.g., court cost and grant revenue).

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. All of the funds of the District are governmental type funds.

Governmental Funds are used to account for essentially the same functions reported as governmental activities in government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the District's more immediate decisions on the current use of financial resources. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Change in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for its general fund which also includes the court cost and tax revenue funds combined together. A budgetary comparison statement had been provided for the general fund to demonstrate compliance with this budget.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16 through 33 of this report.

FLORIDA PARISHES JUVENILE JUSTICE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the District's net position for the current year as compared to the prior year.

**Statement of Net Position
June 30, 2017 and 2016**

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
Assets		
Current and Other Assets	\$ 17,622,374	\$ 15,036,493
Land	304,579	304,579
Capital Assets	<u>10,911,632</u>	<u>11,013,980</u>
Total Assets	28,838,585	26,355,052
Deferred outflows of resources	<u>2,540,996</u>	<u>2,065,640</u>
Total assets and deferred outflows of resources	<u>31,379,581</u>	<u>28,420,692</u>
Liabilities		
Current Liabilities	290,601	515,903
Long Term Liabilities	<u>13,478,782</u>	<u>12,330,666</u>
Total Liabilities	13,769,383	12,846,569
Deferred inflows of resources	<u>809,134</u>	<u>611,932</u>
Total liabilities and deferred inflows of resources	<u>14,578,517</u>	<u>13,458,501</u>
Net Position		
Net investment in capital assets	11,216,211	11,318,559
Unrestricted	<u>5,584,793</u>	<u>3,643,632</u>
Total Net Position	<u>\$ 16,801,004</u>	<u>\$ 14,962,191</u>

Approximately 67% of the District's net position reflects its net investment in capital assets (land, construction in progress, buildings, equipment, and improvements, net of accumulated depreciation). There is no outstanding debt associated with the capital assets.

The remaining 33% of the District's net position is unrestricted and may be used to meet the District's ongoing obligations.

Cash and cash equivalents comprise 61% of total assets, while capital assets comprise 39%.

Deferred outflows of resources and deferred inflows of resources are directly related to the pension liability.

The District's long-term liabilities are comprised primarily of its net pension liability representing its proportionate share of the Louisiana State Employees Retirement System unfunded liability. That liability was \$12,478,804 and \$11,461,020 at June 30, 2017 and 2016, respectively. The long-term liabilities also include amounts for unpaid leave, retiree health insurance and postemployment benefits.

FLORIDA PARISHES JUVENILE JUSTICE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-Wide Financial Analysis (continued)

In order to further understand what makes up the changes in net position, the following table provides a summary of the results of the District's activities for the current year as compared to the prior year. An analysis of the primary sources of these changes follows the table.

**Statement of Activities
June 30, 2017 and 2016**

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 195,833	\$ 480,092
Intergovernmental	264,250	247,855
General Revenues:		
Ad Valorem Taxes	8,898,192	8,559,281
Court Costs	271,269	283,188
Interest and Other Revenue	668,474	314,002
Total Revenues	<u>10,298,018</u>	<u>9,884,418</u>
Expenses		
Public Safety	<u>8,459,205</u>	<u>8,795,208</u>
Total Expenses	<u>8,459,205</u>	<u>8,795,208</u>
Changes in net position	1,838,813	1,089,210
Net position, beginning	<u>14,962,191</u>	<u>13,872,981</u>
Net position, ending	<u>\$ 16,801,004</u>	<u>\$ 14,962,191</u>

Revenues

Total revenues increased by \$413,600 or approximately 4.2% from the previous year. This increase is due primarily to increases in ad valorem taxes due to re-assessments and one-time revenue of \$453,770 from receiving a large legal settlement. These increases were offset by decreases in charges for services to the state due to a reduction in the number of detainees awaiting long-term placement.

Expenses

Total expenses decreased by \$336,003 or 3.8% from the previous year. The decrease in expenses was due to decreased in salary and benefits costs due to lower staffing levels, and a variation among other types of expenses. Certain other costs of operations, such as legal fees and election costs decreased, while other operating costs such as maintenance expense and professional fees increased.

FLORIDA PARISHES JUVENILE JUSTICE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund Budgetary Highlights

For the general fund, actual revenues were \$695,018 more than the final budgeted amounts of \$9,603,000. Actual expenditures were \$460,685 more than the final budgeted amounts of \$7,026,150. These minimal variances demonstrate how the District operated within its budgetary constraints.

The budget was amended to include an increase in total revenues of \$295,108 and a decrease in expenditures totaling \$1,219,863.

Significant variations from the general fund's final budget amounts and actual amounts are as follows:

- Actual salaries and benefits were \$136,729 less than the final budget amounts.
- Actual operating supplies costs were \$49,661 less than the final budgeted amounts.
- Actual professional services costs were \$28,963 less than final budgeted amounts.
- Actual capital outlay expenditures were \$293,594 more than final budgeted amounts.

The District's budgets for fiscal 2017 were adopted in accordance with Louisiana law and were based upon projections of anticipated available fund balance to begin the year, projected revenues, and anticipated expenditures to carry out operations and for needed capital outlay. The budgets were amended from the original amounts as a clearer picture of how those revenue and expenditure amounts would actually materialize evolved. Property taxes were higher than anticipated, while court costs and fees for service were lower. The budget for salaries and benefit expenditures was lowered due to several fulltime positions not being filled, while that for operating service costs were increased. The budgets for supplies, professional services and capital outlay were reduced as well.

Capital Assets

The District's investment in capital assets as of June 30, 2017 was \$11,216,211 (net of accumulated depreciation). This net investment in capital assets includes land, buildings and improvements, and equipment. The accumulated depreciation was \$7,033,686 with the cost of capital assets being \$18,249,897 as of June 30, 2017. The District has no debt outstanding associated with these capital assets.

FLORIDA PARISHES JUVENILE JUSTICE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

LONG TERM DEBT

The District's long-term debt consists of its other post-employment benefits liabilities, net pension liability, and accrued vacation payable. The District had \$827,122 in other post-employment benefits payable at year end compared to \$722,808 at the previous year end, an increase of \$104,314 or 14.43% as shown in the table below. Accrued vacation liability increased by 17.7% compared to prior year. The net pension liability increased \$1,017,784 primarily as a result of the pension plan's decrease in investment performance. See more information regarding the net pension liability in footnote 6.

Long-Term Debt at Year End

	<u>2017</u>	<u>2016</u>
Other post-employment benefits obligation	\$ 827,122	\$ 722,808
Net pension liability	12,478,804	11,461,020
Accrued vacation payable	<u>172,856</u>	<u>146,838</u>
Total	<u>\$13,478,782</u>	<u>\$12,330,666</u>

Economic Factors and Next Year's Budget

The District is dependent on ad valorem taxes for 86% of its revenues. For the fiscal 2018 year (and calendar 2017), the board levied 2.75 mills which is consistent with the millage levied in recent years. Revenues relating to property taxes are expected increase modestly due to new properties entering the tax rolls and a return to pre-disaster assessment levels as a result of recovery from the 2016 floods. Expenses are expected to be consistent with the amounts from fiscal 2017.

Request for Information

The financial report is designed to provide our citizens and creditors with a general overview of the District's finances and reveal the District's accountability for the money it receives. Questions regarding this report or requests for additional information should be addressed to David Duke, Post Office Box 1179, Bogalusa, Louisiana 70429.

FLORIDA PARISHES JUVENILE JUSTICE DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

ASSETS

Cash and cash equivalents	\$ 17,519,115
Receivables, net	103,259
Capital assets, non-depreciable	304,579
Capital assets, net of depreciation	<u>10,911,632</u>
Total Assets	<u>28,838,585</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflow amounts related to pension liability	<u>2,540,996</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 31,379,581</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

LIABILITIES

Accounts payable	\$ 93,917
Accrued expenses	99,276
Accrued salary payable	97,408
Long term liabilities:	
Accrued vacation payable	172,856
Net pension liability	12,478,804
Postemployment healthcare benefit payable	<u>827,122</u>
Total Liabilities	<u>13,769,383</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflow amounts related to pension liability	<u>809,194</u>
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NET POSITION

Net investment in capital assets	11,216,211
Unrestricted	<u>5,584,793</u>
Total Net Position	<u>16,801,004</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 31,379,581</u>

The accompanying notes are an integral part of this statement.

FLORIDA PARISHES JUVENILE JUSTICE DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Fees for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities:				
Public safety	<u>\$ 8,459,205</u>	<u>\$ 195,833</u>	<u>\$ 264,250</u>	<u>\$ (7,999,122)</u>
Total governmental activities	<u>\$ 8,459,205</u>	<u>\$ 195,833</u>	<u>\$ 264,250</u>	<u>(7,999,122)</u>
General revenues:				
				8,898,192
				271,269
				183,336
				485,138
				<u>9,837,935</u>
				1,838,813
				14,962,191
				<u>\$ 16,801,004</u>

The accompanying notes are an integral part of this statement.

FLORIDA PARISHES JUVENILE JUSTICE DISTRICT

BALANCE SHEET - GOVERNMENTAL FUND

JUNE 30, 2017

ASSETS

Cash and cash equivalents	\$ 17,519,115
Receivables	103,259
TOTAL ASSETS	\$ 17,622,374

LIABILITIES

Accounts payable	\$ 93,917
Accrued expenses	99,276
Accrued salary payable	97,408
TOTAL LIABILITIES	290,601

FUND BALANCE

Unassigned	17,331,773
TOTAL FUND BALANCE	17,331,773

TOTAL LIABILITIES AND FUND BALANCE	\$ 17,622,374
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The accompanying notes are an integral part of this statement.

FLORIDA PARISHES JUVENILE JUSTICE DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Fund balances- Governmental fund		\$ 17,331,773
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred outflow amounts related to pension liability		2,540,996
Capital assets used in governmental activities are not current financial resources and, therefore are not reported in the governmental funds		
Capital assets, cost	18,249,897	
Capital assets, accumulated depreciation	<u>(7,033,686)</u>	11,216,211
Long term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Deferred inflow amounts related to pension liability		(809,194)
Accrued vacation payable	(172,856)	
Net pension liability	(12,478,804)	
Postemployment healthcare benefit payable	<u>(827,122)</u>	<u>(13,478,782)</u>
Net Position of governmental activities		<u>\$ 16,801,004</u>

The accompanying notes are an integral part of this statement.

FLORIDA PARISHES JUVENILE JUSTICE DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Total Governmental Funds</u>
<u>REVENUES</u>	
Ad valorem taxes	\$ 8,898,192
Court costs	271,269
Fees for services	195,833
Medical billings	735
Intergovernmental	264,250
Interest	183,336
Other - Legal settlement	484,403
Total revenues	<u>10,298,018</u>
<u>EXPENDITURES</u>	
Public safety:	
Salaries and benefits	5,291,044
Travel and training	33,745
Operating services	490,526
Operating supplies	372,689
Professional services	788,737
Capital outlay	510,094
Total expenditures	<u>7,486,835</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>2,811,183</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>14,520,590</u>
FUND BALANCE AT END OF YEAR	<u>\$ 17,331,773</u>

The accompanying notes are an integral part of this statement.

FLORIDA PARISHES JUVENILE JUSTICE DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Excess Revenue over Expenditures - Governmental fund \$ 2,811,183

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays were less than depreciation in the current period.

Capital outlays	510,094	
Depreciation expense	<u>(612,442)</u>	(102,348)

In the Statement of Activities accrued vacation payable is accrued, whereas in the governmental fund, this expenditure is reported when due. (26,018)

The net change in the liability for postemployment healthcare benefits is reported in the government-wide statements, but not in the governmental fund statements. (104,314)

Change in net pension liability and deferred inflow/outflows of resources (739,690)

Change in net position of governmental activities \$ 1,838,813

The accompanying notes are an integral part of this statement.

FLORIDA PARISHES JUVENILE JUSTICE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Introduction

The Florida Parishes Juvenile Justice District (hereinafter referred to as "the District") was created by the Louisiana State Legislature under the provisions of the Louisiana Revised Statute 15:1094, as a political subdivision of the state, with territorial jurisdiction throughout the Twenty-First and Twenty-Second Judicial Districts, including the parishes of Livingston, St. Helena, St. Tammany, Tangipahoa and Washington. The District is governed by a Board of Commissioners (Commission) composed of seven commissioners who are residents of the District. Two commissioners are appointed for terms of four years by the judges of the Twenty-First Judicial District; two commissioners are appointed for terms of four years by the judges of the Twenty Second Judicial District; one commissioner is jointly appointed for a term of four years by the judges of the city courts of Bogalusa and Slidell; one commissioner is jointly appointed for a term of four years by the judges of the City Courts of Denham Springs and Hammond and, on an alternating basis, one commissioner shall be appointed for a term of two years by the District Attorney of the Twenty-First Judicial District and by the District Attorney of the Twenty-Second Judicial District. All appointments must be confirmed by the Louisiana Senate. The Board of Commissioners receive no compensation for their services on the board.

The purpose of the District is to assist and afford opportunities to children who enter the juvenile justice system, or who are children in need of care or supervision, to become productive, law-abiding citizens of the community, parish, and state by the establishment of rehabilitative programs within a structured environment and to provide physical facilities and related services for children throughout the parishes of Livingston, St. Helena, St. Tammany, Tangipahoa and Washington.

The Commission has authority to purchase or otherwise acquire, construct, reconstruct, rehabilitate, improve, repair, operate, lease as lessor or lessee, manage, and administer or enter into contracts for the management, administration, and operation of a juvenile detention facility or facilities, shelter care facility or facilities, or such other juvenile justice facilities as are useful, necessary, expedient, or convenient to carry out the plans and purposes of the commission and for the orderly conduct of its business.

The District presently owns and operates the Florida Parishes Juvenile Detention Center, a 133-bed secure detention facility housing juveniles. Management and operation of the detention center is performed by an executive director and 70 plus employees. Funding for the District is provided by: (1) court costs levied on all felony and misdemeanor prosecutions, including traffic offenses by any court in the District, (2) charges for services provided by the detention center (3) grants from the Department of Corrections, State of Louisiana and (4) Ad valorem taxes.

1. Summary of Significant Accounting Policies

Basis of Presentation

The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principals. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513 and to the guides set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

FLORIDA PARISHES JUVENILE JUSTICE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Financial Reporting Entity

As the governing authority of the District, for reporting purposes, the Florida Parishes Juvenile Justice District is the financial reporting entity for the District. The financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The criteria for including organizations as component units within the District's reporting entity, is set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

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

Based on the application of the above criteria, it was determined the Florida Parishes Juvenile Justice District has no potential component units. As a result, this report includes only funds and account groups which are controlled by or dependent on the District. Control by or dependence on the District was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility. Additionally, in application of these criteria, it was determined that the District is not a component unit of any other government.

Fund Accounting

The District uses fund accounting to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

FLORIDA PARISHES JUVENILE JUSTICE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Fund Accounting (continued)

Funds of the District are classified as governmental funds. Governmental funds account for the District's general activities, including the collection and disbursement of specific or legally restricted monies. The funds focus on the sources, uses, and balances of current financial resources. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance programs and operations of the District in the near-term. The following is the District's governmental fund (and major fund):

General Fund - the general operating fund of the District and accounts for all financial resources, except those required to be accounted for in other funds.

Measurement Focus/ Basis of Accounting

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

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of the Florida Parishes Juvenile Justice District. The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from non-exchange transactions are recognized in accordance with the requirements of Section N50 of GASB's Codification of Governmental Accounting and Financial Reporting Standards.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from *general revenues*.

Basic Financial Statements - Governmental Funds

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of Governmental Funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Fund financial statements report detailed information about the Florida Parishes Juvenile Justice District. The focus of governmental funds financial statements is on major funds rather than reporting funds by type. The major fund of the District is the General Fund.

FLORIDA PARISHES JUVENILE JUSTICE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies** (continued)

Basic Financial Statements - Governmental Funds (continued)

The modified accrual basis of accounting is used by Governmental Funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter (generally 60 days) to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. The Governmental Funds use the following practices in recording revenues and expenditures:

Revenues

Revenues from ad valorem taxes, court costs, and other services are recognized when they become measurable and available as net current assets (i.e., when the service is performed). Substantially all other revenues are recorded when received.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid, funds for operating expenses, long-term debt proceeds, etc., are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Budgets

Budgetary procedures applicable to the District are defined in state law, Louisiana Revised Statutes 39: 1301-14. The major requirements of the Local Government Budget Act are summarized as follows:

1. The District must adopt a budget each year for the general fund and each special revenue fund, if applicable.
2. Management works with the District's accountant to prepare a proposed budget and submit the proposed budget to the Board of Commissioners for consideration no later than fifteen days prior to the beginning of each fiscal year. At the same time, if total proposed expenditures are \$500,000 or more, a notice of public hearing on the proposed budget must be published in the official journal in each parish in which the District has jurisdiction. The proposed budget was submitted to the board of commissioners on May 11, 2016. Upon acceptance by the board, the proposed budget was published in the official journal in each parish in which the District has jurisdiction.
3. A public hearing on the proposed budget must be held at least ten days after publication of the call for the hearing. A public hearing was held on the proposed budget on June 15, 2016.

FLORIDA PARISHES JUVENILE JUSTICE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Budgets (continued)

4. After the public hearing, the budget is adopted by ordinance. All action necessary to adopt and implement the budget must be completed prior to the end of the fiscal year in progress. The budget was adopted on June 15, 2016.
5. The District must certify completion of all actions required to adopt and implement the budget by publishing a notice in the official journal in each parish in which the District has jurisdiction.
6. Budgetary amendments involving the transfer of funds from one program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Commissioners.
7. All budgetary appropriations lapse at the end of each fiscal year.

Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Cash also includes amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Inventories and Prepaid Items

The District uses the purchase method for accounting for expendable supplies whereby expenditures are recognized when the items are purchased. The District did not record any inventory at June 30, 2017, as the amount is not material. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The District did not record any prepaid items at June 30, 2017.

Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$1,000 or more for capitalizing.

Capital assets are recorded in the Government-Wide Financial Statements, but are not reported in the Fund Financial Statements. All capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public proposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 15 to 40 years for buildings and improvements, and 5 to 20 years for equipment.

FLORIDA PARISHES JUVENILE JUSTICE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Equity

Government-Wide Net Position:

Equity can be classified as net position and displayed in three components:

1. Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those amounts. At year end, the Florida Parishes Juvenile Justice District did not have any borrowings that were related to capital assets.
2. Restricted net position - net position with constraints placed on the use either by:
 - a. external groups such as creditors, grantors, contributors or laws or regulations of other governments, or
 - b. law through constitutional provisions or enabling legislation.

The District has no restricted net position as of June 30, 2017

3. Unrestricted net position - all other net position that do not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted as they are needed.

In the governmental fund financial statements, fund balances can be classified as follows:

1. Non-spendable fund balance - amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.
2. Restricted fund balance - amounts that can be spent only for specific purposes because of the Constitution of the State of Louisiana, other state and federal laws, or externally imposed conditions by grantors, creditors, or voter approved propositions.
3. Committed fund balance - amounts that can be used only for specific purposes determined by a formal action by the District's board.
4. Assigned fund balance - amounts that are constrained by the District's intent that they will be used for specific purposes. The District's board is the only body authorized to assign amounts for a specific purpose and is the highest level of decision making.
5. Unassigned fund balance - all amounts not included in other spendable classifications.

FLORIDA PARISHES JUVENILE JUSTICE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Fund Equity (continued)

The District considers restricted fund balances to be spent for governmental expenditures first when both restricted and unrestricted resources are available. The District also considers committed fund balances to be spent first when other unrestricted fund balance classifications are available for use.

Use of Estimates

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

Pension Plan

The Florida Parishes Juvenile Justice District is a participating employer in the Louisiana State Employee's Retirement System (LASERS) as described in Note 6. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within the plan.

2. Cash and Cash Equivalents

At June 30, 2017, the carrying amount of the Florida Parishes Juvenile Justice District's Cash and Cash Equivalents, consisting entirely of deposit accounts in financial institutions, totaled \$17,519,115. Cash and Cash Equivalents are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These pledged securities are held by the custodian in the name of the District.

Custodial Credit Risk - Deposits

Custodial credit risk deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2017, the District's bank balance of \$17,518,815 was not exposed to custodial credit risk.

FLORIDA PARISHES JUVENILE JUSTICE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

3. Receivables

The following is a summary of receivables at June 30, 2017:

Intergovernmental:

Louisiana Department of Education	\$	7,360
Department of Corrections		21,760
Court Cost, Various Courts		11,198
Ad valorem		<u>62,941</u>
Total		103,259
Less: Allowances for Uncollectible		-
	\$	<u>103,259</u>

Management considers all receivables at June 30, 2017 to be collectible.

4. Ad Valorem Taxes

The following is a summary of authorized and levied ad valorem taxes:

	<u>2016</u>	
	<u>Authorized</u>	<u>Levied</u>
	<u>Millage</u>	<u>Millage</u>
	3.00	2.75
		<u>Expiration</u>
		2026

Ad valorem taxes attach as an enforceable lien on property as of January 1, of each year. Taxes are levied by the District during the year actually billed to taxpayers and become due in November. Billed taxes become delinquent on December 31 of each year. Revenues from ad valorem taxes are budgeted in the year billed and recognized as revenue when levied for the year budgeted. The taxes are generally levied in June or July of each year. The Tangipahoa Parish, Livingston Parish, St. Helena Parish, Washington Parish and St. Tammany Parish Sheriff's Office bills and collects the property tax using the assessed value determined by the Tax Assessors of Tangipahoa Parish, Livingston Parish, St. Helena Parish, Washington Parish and St. Tammany Parish. The taxes are generally collected in December of the current year and January and February of the ensuing year. For 2016, the District levied 2.75 mills for a tax levy of \$8,935,162 on taxable property valuation totaling \$3,249,124,080 exclusive of homestead exemption.

FLORIDA PARISHES JUVENILE JUSTICE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

5. Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2017 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 304,579	\$ -	\$ -	\$ 304,579
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>304,579</u>	<u>-</u>	<u>-</u>	<u>304,579</u>
Capital assets being depreciated:				
Buildings and improvements	15,803,567	435,823	-	16,239,390
Vehicles	164,810	53,477	-	218,287
Equipment	<u>1,466,847</u>	<u>20,794</u>	<u>-</u>	<u>1,487,641</u>
Total capital assets being depreciated	<u>17,435,224</u>	<u>510,094</u>	<u>-</u>	<u>17,945,318</u>
Less Accumulated Depreciation for:				
Buildings and improvements	5,133,318	522,924	-	5,656,242
Vehicles	137,183	70,445	-	207,628
Equipment	<u>1,150,743</u>	<u>19,073</u>	<u>-</u>	<u>1,169,816</u>
Total accumulated depreciation	<u>6,421,244</u>	<u>612,442</u>	<u>-</u>	<u>7,033,686</u>
Total capital assets being depreciated, net	<u>11,013,980</u>	<u>(102,348)</u>	<u>-</u>	<u>10,911,632</u>
Total capital assets	<u>\$ 11,318,559</u>	<u>\$ (102,348)</u>	<u>\$ -</u>	<u>\$ 11,216,211</u>

Depreciation expense of \$612,442 was charged to the public safety function in the Statement of Activities.

6. Employee Pension Plan

Louisiana State Employees Retirement System (LASERS)

All employees of the Florida Parishes Juvenile Justice District participate in the Louisiana State Employees' Retirement System. The Louisiana State Employees' Retirement System ("LASERS" or the "System") is an agency of the State of Louisiana established under the provisions of Title 11, Section 401, of the Louisiana Revised Statutes of 1950, as amended (the "Statutes"). LASERS is a cost sharing, multiple-employer public employee retirement system which is organized for the purpose of providing retirement and other benefits for employees of the State and its various departments and agencies and their beneficiaries. LASERS is supervised by an eleven-member Board of Trustees and is funded through employee and employer contributions and investment earnings.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 922-0600.

FLORIDA PARISHES JUVENILE JUSTICE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

6. Employee Pension Plan (continued)

Louisiana State Employees Retirement System (LASERS) (continued)

The District applies Government Accounting Standards Board (GASB) Statement 68 on Accounting and Financial Reporting for Pensions and Statement 71 on Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB 68. These standards require the District to record its proportional share of each of the pension plans Net Pension Liability and report the following disclosures:

Funding Policy

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

Contributions

Covered employees are required by state statute to contribute 7.50% while employees hired subsequent to June 30, 2006 must contribute 8.00% of their salary to the plan. The District is required by the same statute to contribute the remaining amounts necessary to pay benefits when due. For the year ended June 30, 2017, each employer was required by statute to contribute 35.8% of each employee's earned compensation to finance participation of its employees in LASERS.

The employer contributions made to the System for the past three years, which equaled the requirement contributions for the past three years, were as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Louisiana State Employees' Retirement System	\$ 979,513	\$ 1,108,732	\$ 1,148,102

FLORIDA PARISHES JUVENILE JUSTICE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

6. Employee Pension Plan (continued)

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

The following schedule lists the District's proportionate share of the Net Pension Liability allocated by the pension plan based on the June 30, 2016 measurement date. The District uses this measurement date to record its Net Pension Liability and associated amounts as of June 30, 2017, in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2016 along with the change compared to the June 30, 2015 rate. The District's proportion of the Net Pension Liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	<u>Net Pension Liability at June 30, 2016</u>	<u>Rate at June 30, 2016</u>	<u>Increase (Decrease) to June 30, 2015 Rate</u>
Louisiana State Employees' Retirement System	\$ 12,478,804	0.1589%	(0.0096%)

The following schedule lists the pension plan's recognized pension expense to the District for the year ended June 30, 2017:

	<u>Pension Expense</u>
Louisiana State Employees' Retirement System	\$ 1,719,203

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 7,225	\$ 115,736
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	1,554,258	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	693,458
Employer contributions subsequent to the measurement date	979,513	-
Total	<u>\$ 2,540,996</u>	<u>\$ 809,194</u>

FLORIDA PARISHES JUVENILE JUSTICE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

6. Employee Pension Plan (continued)

The District reported a total of \$979,513 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2016 which will be recognized as a reduction in Net Pension Liability in the year ended June 30, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	<u>LASERS</u>
2018	\$ (224,102)
2019	1,622
2020	604,015
2021	370,754
	<u>\$ 752,289</u>

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability for the pension plan as of June 30, 2016 are as follows:

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	3 years
Investment Rate of Return	7.75%, per annum
Inflation rate	3.0% per annum
Mortality	Non-disabled members- Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2016. Disabled members- Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System's members.

FLORIDA PARISHES JUVENILE JUSTICE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

6. Employee Pension Plan (continued)

Salary increases

Salary increases were projected based on 2009-2013 experience study. The salary increase range for specific member types are:

<u>Member Type</u>	<u>Lower Range</u>	<u>Upper Range</u>
Regular	4.00%	13.00%
Judges	3.00%	5.50%
Corrections	3.60%	14.50%
Hazardous Duty	3.60%	14.50%
Wildlife	3.60%	14.50%

Cost of Living Adjustments

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 3.25% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.72% for 2016. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	-	-0.24%
Domestic equity	25.0%	4.31%
International equity	32.0%	5.48%
Domestic fixed income	8.0%	1.63%
International fixed income	6.0%	2.47%
Alternatives	22.0%	7.42%
Global asset allocation	7.0%	2.92%
Real assets	-	-
Total	<u>100.0%</u>	5.30%

FLORIDA PARISHES JUVENILE JUSTICE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

6. Employees' Pension Plan (continued)

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for LASERS was 7.75% for the year ended June 30, 2016.

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

The following table presents the District's proportionate share of the Net Pension Liability (NPL) using the discount rate of each Retirement System as well as what the District's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by the System:

Rates	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
	6.75%	7.75%	8.75%
District's Share of NPL	\$ 15,331,366	\$ 12,478,804	\$ 10,055,021

Payables to the Pension Plan

The Florida Parishes Juvenile Justice District recorded accrued liabilities to the System for the year ended June 30, 2017 mainly due to the accrual for payroll at the end of the fiscal year. The amount due is included in liabilities under the amounts reported as accounts, salaries and other payables. The balance due to the System at June 30, 2017 is \$90,533.

7. Compensated Absences

Employees of the District are granted annual leave and sick leave based on the equivalent of years of service for the District and the leave is credited at the end of each regular pay period in accordance with the following schedule:

<u>Years of Service</u>	<u>Accrued Annual Leave Per Year</u>
0-3 Years	96 Hours
3-5 Years	120 Hours
6 Years	126 Hours
7 Years	132 Hours
8 Years	138 Hours
9 Years	144 Hours
Over 10 Years	160 Hours

Sick leave is granted at the rate of 12 days per year.

FLORIDA PARISHES JUVENILE JUSTICE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

7. Compensated Absences (continued)

Annual and sick leave may be accumulated if not used. Accumulated and unused annual leave is paid upon an employee's separation of service up to 240 hours. Accumulated unused sick leave may also be paid upon retirement up to 240 hours. However, absent retirement, unused accumulated sick leave is not paid upon separation of service. As of June 30, 2017, an accrued leave liability of \$172,856 is recorded in the government financial statements all of which is considered to be short-term. Accrued leave amounts earned and used during the year are summarized as follows:

Accrued leave liability June 30, 2016	\$ 146,838
Leave earned	177,261
Leave used or forfeited	<u>(151,243)</u>
	<u>\$ 172,856</u>

8. Litigation and Claims

Various lawsuits are pending against the District. In the opinion of the District's management, the potential loss on lawsuits will not be material to the District's basic financial statements.

9. Post-Employment Benefits

Plan Description – The Florida Parishes Juvenile Justice District's medical benefits are provided through the Louisiana Office of Group Benefits (OGB) and involve several statewide networks and one HMO with a premium structure by region.

The OGB plan is a fully insured, multiple-employer arrangement and has been deemed to be an *agent multiple-employer plan* (within the meaning of paragraph 22 of GASB 45) for financial reporting purposes and for this valuation. Medical benefits are provided to employees upon actual retirement.

Contribution Rates – Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Funding Policy – Until 2008, the Florida Parishes Juvenile Justice District recognized the cost of providing post-employment medical benefits (the Florida Parishes Juvenile Justice District's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2017 and 2016, the Florida Parishes Juvenile Justice District's cost of health care funding for retired employees totaled \$3,772 and \$3,493, respectively.

FLORIDA PARISHES JUVENILE JUSTICE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

10. Post-Employment Benefits (continued)

Annual Required Contribution – The Florida Parishes Juvenile Justice District’s Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

	2017		2016	
Normal cost	\$	<u>77,466</u>	\$	<u>74,487</u>
30-year UAL amortization amount		<u>43,507</u>		<u>41,834</u>
	\$	<u><u>120,974</u></u>	\$	<u><u>116,321</u></u>

Net Post-employment Benefit Obligation (Asset) – The table below shows the Florida Parishes Juvenile Justice District’s Net Other Post-employment Benefit (OPEB) Obligation for fiscal years ending June 30:

	2017		2016	
Beginning Net OPEB Obligation	\$	<u>722,808</u>	\$	<u>621,054</u>
Annual required contribution		120,974		116,321
Interest on Net OPEB Obligation		28,912		24,843
ARC Adjustment		<u>(41,800)</u>		<u>(35,916)</u>
OPEB Cost		108,086		105,248
Contribution to Irrevocable Trust		-		-
Current year retiree premium		<u>(3,772)</u>		<u>(3,493)</u>
Change in Net OPEB Obligation		<u>104,314</u>		<u>101,755</u>
Ending Net OPEB Obligation	\$	<u><u>827,122</u></u>	\$	<u><u>722,808</u></u>

The following table shows the Florida Parishes Juvenile Justice District’s annual other post-employment benefits (OPEB) cost, percentage of the cost contributed, and the net unfunded other post-employment benefits (OPEB) liability for last year and this year:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Liability (Asset)</u>
June 30, 2017	\$ 108,086	3.49%	\$ 827,122
June 30, 2016	\$ 105,248	3.32%	\$ 722,808
June 30, 2015	\$ 93,397	3.92%	\$ 621,054

FLORIDA PARISHES JUVENILE JUSTICE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

10. Post-Employment Benefits (continued)

Funded Status and Funding Progress – In 2017 and 2016, the Florida Parishes Juvenile Justice District made no contributions to its post-employment benefits plan other than payment of retiree premiums. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the July 1, 2016 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year June 30, 2017 was \$782,428 which is defined as that portion, as determined by a particular actuarial cost method (the Florida Parishes Juvenile Justice District uses the Projected Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost.

	<u>2017</u>	<u>2016</u>
Actuarial Accrued Liability (AAL)	\$ 782,428	\$ 752,335
Actuarial Value of Plan Assets (AVP)	-	-
Unfunded Act. Accrued Liability (UAAL)	\$ <u>782,428</u>	\$ <u>752,335</u>
Funded Ratio (AVP/AAL)	0.00%	0.00%
Covered Payroll (active plan members)	\$ 3,035,597	\$ 3,257,631
UAAL as a percentage of covered payroll	25.78%	23.09%

Actuarial Methods and Assumptions – Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the Florida Parishes Juvenile Justice District and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the Florida Parishes Juvenile Justice District and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Florida Parishes Juvenile Justice District and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method – The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

FLORIDA PARISHES JUVENILE JUSTICE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

10. Post-Employment Benefits (continued)

Turnover Rate – An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 40%.

Post-employment Benefit Plan Eligibility Requirements – It is assumed that entitlement to benefits will commence five years after earliest eligibility to enter the D.R.O.P. as described above under the heading "Plan Description". This consists of a three year D.R.O.P. period plus an additional two year delay. Medical benefits are provided to employees upon actual retirement.

Investment Return Assumption (Discount Rate) – GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

Health Care Cost Trend Rate – The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten years out and later.

Mortality Rate - The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

Method of Determining Value of Benefits – The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The OGB medical rates provided are "unblended" rates for active and retired as required by GASB 45 for valuation purposes.

Inflation Rate - Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases - This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-retirement Benefit Increases - The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

REQUIRED SUPPLEMENTAL INFORMATION

FLORIDA PARISHES JUVENILE JUSTICE DISTRICT

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
NON-GAAP BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<u>REVENUES</u>			
Ad valorem taxes	\$ 8,100,000	\$ 8,425,000	\$ 8,526,169 *
Court costs	330,000	275,000	271,269
Fees for services	570,000	231,000	195,833
Medical billings	8,000	1,500	735
Intergovernmental	145,000	145,000	264,250
Interest and other	154,892	525,500	667,739
Total revenues	<u>9,307,892</u>	<u>9,603,000</u>	<u>9,925,995</u>
<u>EXPENDITURES</u>			
Public safety:			
Salaries and benefits	5,898,250	5,055,750	4,919,021 *
Travel and training	30,000	30,000	33,745
Operating services	435,350	483,850	490,526
Operating supplies	556,350	422,350	372,689
Professional services	909,563	817,700	788,737
Capital outlay	416,500	216,500	510,094
Total expenditures	<u>8,246,013</u>	<u>7,026,150</u>	<u>7,114,812</u>
EXCESS OF EXPENDITURES OVER REVENUES	1,061,879	2,576,850	2,811,183
FUND BALANCE AT BEGINNING OF YEAR	<u>12,662,416</u>	<u>13,527,691</u>	<u>14,520,590</u>
FUND BALANCE AT END OF YEAR	<u>\$ 13,724,295</u>	<u>\$ 16,104,541</u>	<u>\$ 17,331,773</u>

* - Amounts do not include \$372,023 of pension contributions withheld from property tax by sheriffs' offices and remitted to pension plans in accordance with LA R.S. 11.82. These amounts are reported as on-behalf contributions (revenue and expense) under generally accepted accounting principals, but are omitted for budgeted purposes.

See independent auditors' report.

FLORIDA PARISHES JUVENILE JUSTICE DISTRICT

**SCHEDULE OF FUNDING PROGRESS FOR OTHER POST EMPLOYMENT BENEFIT PLANS
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Actuarial Accrued Liability (AAL)</u>	<u>(b-a) Unfunded AAL (UAAL)</u>	<u>(a/b) Funded Ratio</u>	<u>(c) Covered Payroll</u>	<u>((b-a/c) UAAL as a Percentage of Covered Payroll</u>
7/1/2015	\$ -	\$ 631,859	\$ 631,859	0%	\$ 3,282,980	19%
7/1/2016	\$ -	\$ 752,335	\$ 752,335	0%	\$ 3,257,631	23%
7/1/2017	\$ -	\$ 782,428	\$ 782,428	0%	\$ 3,035,597	26%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Fiscal Year Ending</u>	<u>(a) Annual Required Contribution</u>	<u>(b) Amount Contributed</u>	<u>(b/a) Percentage of Annual OPEB Costs Contributed</u>	<u>(a-b) Increase (Decrease) to Net OPEB Obligation</u>	<u>(PY + (a-b)) Net OPEB Obligation</u>
6/30/2017	\$ 120,974	\$ 3,772	3.12%	\$ 104,314	\$ 827,122
6/30/2016	\$ 116,321	\$ 3,493	3.00%	\$ 101,755	\$ 722,808
6/30/2015	\$ 102,871	\$ 3,658	3.56%	\$ 89,739	\$ 621,054

See independent auditors' report.

FLORIDA PARISHES JUVENILE JUSTICE DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FOR THE YEARS ENDED JUNE 30, 2017

Louisiana State Employees' Retirement System	2017*	2016*	2015*
Employer's Proportion of the Net Pension Liability (Assets)	0.1589%	0.1685%	0.1772%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 12,478,804	\$ 11,461,020	\$ 11,080,499
Employer's Covered-Employee Payroll	\$ 2,980,464	\$ 3,102,980	\$ 3,080,548
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	418.69%	369.36%	359.69%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	57.70%	62.70%	65.00%

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

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

See independent auditors' report.

FLORIDA PARISHES JUVENILE JUSTICE DISTRICT

**SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO COST-SHARING MULTIPLE EMPLOYER
DEFINED BENEFIT PLAN
FOR THE YEARS ENDED JUNE 30,**

Louisiana State Employees' Retirement System	2017	2016	2015
Contractually required contribution	\$979,513	\$1,108,732	\$1,148,102
Contributions in relation to contractually required contributions	979,513	1,108,732	1,148,102
Contribution deficiency (excess)	-	-	-
Employer's Covered Employee Payroll	2,736,070	2,980,464	3,102,980
Contributions as a % of Covered Employee Payroll	35.8000%	37.2000%	37.0000%

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

See independent auditors' report.

OTHER SUPPLEMENTAL INFORMATION

FLORIDA PARISHES JUVENILE JUSTICE DISTRICT

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS

TO AGENCY HEAD

JUNE 30, 2017

Agency Head Names during July 1, 2016 - June 30, 2017:

Joseph Dominick, Executive Director

	<u>Totals</u>
Salary and Wages	\$ 103,883
Retirement Plan Contributions - Employer	37,654
Health & Other Benefits - Employer	15,838
Life Insurance - Company	670
Dues & Subscriptions	1,125
Continuing Education	4,509
Total	<u>\$ 163,679</u>

See independent auditors' report.

FLORIDA PARISHES JUVENILE JUSTICE DISTRICT
SCHEDULE OF COMPENSATION PAID BOARD MEMBERS
YEAR ENDED JUNE 30, 2017

This schedule of compensation paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Louisiana Revised Statute 15:1094.1 (B) provides that "board members shall serve without salary or per diem but the board may authorize a reasonable travel allowance for its members in the performance of their official duties.

<u>Board Member</u>	<u>Title</u>	<u>Term</u>	<u>Compensation</u>	<u>Travel Allowance</u>
David M Duke	President	06/2015 – 02/2019	-	-
Bo Coxen	Treasurer	06/2013 – 06/2021	-	-
Alton Lewis	Commissioner	06/2013 – 06/2021	-	-
Michael B Forbes	Commissioner	06/2013 – 06/2021	-	-
Joe Harvin	Commissioner	06/2017 – 06/2021	-	-
Judge Salvadore Mule	Commissioner	06/2012 – 02/2019	-	-
Erica Williams	Commissioner	06/2017 – 06/2021	-	\$276.42
Peter J Frey	Commissioner	06/2015 – 06/2019	-	-

See independent auditors' report.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS



Postlethwaite & Netterville

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

To the Board of Commissioners
Florida Parishes Juvenile Justice District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Florida Parishes Juvenile Justice District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Florida Parishes Juvenile Justice District's basic financial statements and have issued our report thereon dated December 21, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Florida Parishes Juvenile Justice District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Florida Parishes Juvenile Justice District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Florida Parishes Juvenile Justice District's internal control.

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

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



Compliance and other matters

As part of obtaining reasonable assurance about whether the Florida Parishes Juvenile Justice District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not the 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 *Governmental Auditing Standards*.

Purpose of this Report

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

Postlethwaite + Netterville

Baton Rouge, Louisiana
December 21, 2017

**FLORIDA PARISHES JUVENILE JUSTICE DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDING JUNE 30, 2017**

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS For the year ending June 30, 2016

None.

FLORIDA PARISHES JUVENILE JUSTICE DISTRICT

STATEWIDE AGREED-UPON PROCEDURES

FOR THE YEAR ENDED JUNE 30, 2017



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FLORIDA PARISHES JUVENILE JUSTICE DISTRICT

STATEWIDE AGREED-UPON PROCEDURES

FOR THE YEAR ENDED JUNE 30, 2017



Postlethwaite & Netterville

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commission
Florida Parishes Juvenile Justice District, Louisiana
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the management of Florida Parishes Juvenile Justice District (the District) and the Louisiana Legislative Auditor (LLA) (the specified parties) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The District's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read "*noted no exception*". If not, then a description of the exception ensues.

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

- a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget

We performed the procedures above and noted no exceptions.

- b) *Purchasing*, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

We performed the procedures above and noted the following exception:

- **No written policies regarding criteria (2) on vendors are added to the vendor list.**

- c) *Disbursements*, including processing, reviewing, and approving

We performed the procedures above and noted no exceptions.

Written Policies and Procedures (continued)

- d) *Receipts*, including receiving, recording, and preparing deposits

We performed the procedures above and noted no exceptions.

- e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

We performed the procedures above and noted no exceptions.

- f) *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

We performed the procedures above and noted the following exceptions:

- **No written policies regarding criteria (2) standard terms and conditions**
- **No written policies regarding criteria (3) legal review.**
- **No written policies regarding criteria (4) approval process**
- **No written policies regarding criteria (5) monitoring process.**

- g) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage

We performed the procedures above and noted no exceptions.

- h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

We performed the procedures above and noted no exceptions.

- i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

We performed the procedures above and noted the following exception:

- **No written policies regarding criteria (3) system to monitor possible ethics violations.**
- **No written policies regarding criteria (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.**

Management's response:

1b) Purchasing: *The District outsources to a third party the administration of its security policy over its accounting software. Current software security systems in place prohibit the Accounts Payable Clerk from adding vendors to the agencies Accounts Payable system.*

While the Florida Parishes Juvenile Detention Center (the Detention Center) does have written policies and procedures relating to the disbursement process, it does not have specific written policies relating to



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Written Policies and Procedures (continued)

Management's response (continued):

1b) Purchasing (continued):

how to add a vendor. Management believes that the existing process of adding a vendor to the A/P system without a request being submitted to an outside third party that performs the actual task of adding the vendor once it is approved by a higher level of management. This process is documented via email request and submissions as well as the corresponding responses from the third party IT Manager.

Management will review the existing written policies and procedures to determine if changes to those documents should be recommended to the Commission of the District for consideration.

1f) Contracts: The policies and procedures of the District requires that procurement of goods and services comply with the Louisiana Bid Law. As part of that bid process, the Detention Center enters into contracts which fall under those guidelines. The bidding process, as followed, provide for the oversight of contracts by a qualified and licensed professional (such as an architect or engineer on construction projects). Additionally, bids are submitted to the Commission (the Commission) for approval or rejection. Legal counsel for the Commission / the District is present at all meetings and is present when the bids are reviewed and discussed. No contract is awarded by the Commission unless done so through a public vote. Once a contract is awarded, the oversight/monitoring process is set forth in the contract (usually either by an Architect or Engineer).

However, given the language contained in the Legislative Auditors Agreed Upon Procedures Audit Document, management will review this exception and propose amendments to the agencies existing Policies and Procedures.

1i) Ethics: The District is committed to ensuring that its employees comply with ethical conduct which prohibits actions as defined under Louisiana Revised Statutes 42:1111-1121. Recognizing the importance of this matter, management will endeavor to amend its Policies and Procedures manual so that a system to monitor possible violations of the law.

Additionally, while the detention center provides annual training relating to ethics and the employees are required to provide signature confirmation that they have received that training, the detention center does not have a "written" provision requiring that training. Management will amend the agencies Policies and Procedures to include that provision.

Board (or Finance Committee, if applicable)

2. Obtain and inspect the board/committee minutes for the fiscal period, and:
- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

We performed the procedures above and noted the following exceptions:

- **No evidence of board meetings noted for November 2016 and December of 2016.**
- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

We performed the procedures above and noted no exceptions.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

We performed the procedures above and noted that the minutes referenced or included non-budgetary financial information and noted no exceptions.

Management's response:

2a) Board: The Commission meets on the second Wednesday of each month. This past year, meetings were called each month, Public Notices of those meetings were properly posted and meetings were held each month the exception of November and December of 2016. During those months, due to conflicts of schedules, the Commission did not have a quorum of members necessary to conduct business.

In the future, the Commission will endeavor to encourage members to be present for its monthly meetings.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

We performed the procedures above and noted no exceptions.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

We performed the procedures above and noted no exceptions.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

We performed the procedures above and noted the following exception:

- **Bank reconciliations did not include evidence that a member of management or a board member reviewed each monthly bank reconciliation for 44 of the 60 months tested.**
- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

We performed the procedures above and noted the following exception:

- **Of the five end of the fiscal period monthly bank reconciliations, three bank reconciliations had reconciling items that have been outstanding for more than 6 months as of the end of year. For all three of these bank reconciliations there was no documentation reflecting that the reconciling items that have been outstanding more than 6 months have been researched.**

Management's response:

4b) Bank reconciliation review: *While a member of the Commission reviewed the banks statements of the Commission each month, he / she did not initial each statement indicating that it was reviewed. A procedure had been put in place to ensure that those bank statements are initialed each month.*

4c) Reconciling items: *The Commission will put in place procedures to ensure that items outstanding greater than six months on the bank reconcilements are researched and addressed appropriately.*

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

We performed the procedures above and noted no exceptions.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

We performed the procedures above and noted the following exception:

- **While the entity has a policy for cash collections that addresses receipt, recording and verification of accuracy involving two different individuals/position, the policy does not require separate individuals to collect, deposit and reconcile.**

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

We performed the procedures above and noted the following exception:

- **No written documentation explicitly stating a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.**

Collections (continued)

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

We performed the procedures above and noted the following exception:

- **Collections of Property Tax remittance from the respective sheriff offices for January 2017 were not deposited within one day of collection for the week selected for testing. The deposits ranged from 6 to 48 days from check date to deposit.**
- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

We performed the procedures above and noted no exceptions.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

We performed the procedures above and noted the following exception:

- **While the entity has a policy for cash collections that addresses receipt, recording and verification of accuracy, involving two different individuals/position, the policy does not explicitly address the completeness of collections.**

Management's response:

6a) Collections: *The Detention Center has only one source of cash, the sale of meals in the Detention Center cafeteria. Each meal is purchased by having the person wishing to purchase meals to buy a token from a single "token" machine located within the detention center. The "token" purchased is then given to the attendant working the front of the serving line in the cafeteria. Because of security restrictions, the agency restricts those who may eat in the cafeteria. Generally, cash collections for the sale of cafeteria meals is between \$100 to \$200 per year.*

Each month, the Director of Facilities accompanied by the Food Services Manager and/or the Executive Director empty the "token" machine, count the money, write out the deposit slip and each initial the deposit slip. The cash funds are then deposited into the detention centers operating account.



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Collections (continued)

Management's response (continued):

6a) Collections (continued): Management believes that the process above provides for adequate internal controls over the collection of cash and the deposit of that cash into the agencies bank accounts. It is managements opinion that the collection of cash for the sale of meal tokens is the responsibility of the Food Services Manager, and that he / she does not deposit those funds into the bank – that function is handled by the Director of Facilities. However, management will review its internal controls over cash collections to determine if improvements can be made while at the same time giving consideration to the cost benefit of the implementation of those controls.

6b) Cash Reconciliation: Management disagrees with this exception. All cash collections are reconciled to the general ledger by the staff member assigned the responsibility of reconciling the bank account each month. That staff member is not responsible for the collection of cash.

6c) Reporting: Currently, management does not maintain a check receipts log which monitors the date those checks are delivered to the agency as opposed to the "date" on the check. Management will establish a system of monitoring the date of receipt of checks, and date of deposit in order to ensure next day deposits.

7) Completeness of collections: While management has in place procedures to monitor the completeness of collections, the policies and procedures does not "specifically" identify those as being in place in order to determine that all revenues of the agencies have been collected.

Management will review its current policies and procedures and identify and amend those that are determined to be part of ensuring the completeness of collections cycle of revenue.



Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

We performed the procedures above and noted no exceptions.

9. Using the disbursement population from #8 above, select 25 disbursements (or select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

We performed the procedures above and noted the following exception:

- **The District's written policies do not require purchase requisitions for recurring monthly expenses; therefore, 5 of the 25 items tested, which were recurring monthly expenses, were not initiated using a purchase requisition. Since the District's policy was followed, these 5 are not considered to be exception.**

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

We performed the procedures above and noted the following exception:

- **The District's written policies do not require purchase requisitions for recurring monthly expenses; therefore, 5 of the 25 items tested, which were recurring monthly expenses, were not initiated using a purchase requisition. Since the District's policy was followed, these 5 are not considered to be exception.**
- **One of the 20 items tested that was a non-recurring expense (and therefore should have had a purchase requisition), was initiated and approved by the same employee. This is considered to be an exception.**

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

We performed the procedures above and noted the following exception:

- **The District's written policies do not require purchase requisitions for recurring monthly expenses; therefore, 5 of the 25 items tested, which were recurring monthly expenses, were not initiated using a purchase requisition. Since the District's policy was followed, these 5 are not considered to be exception.**
- **The District's written policies and procedures do not require receiving reports and none were used for the 25 items tested. Although this is considered to be an exception because no receiving reports are utilized, we did observe an approval signature on the invoice for all 25 items.**



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Disbursements – General, excluding credit card/debit card/fuel card/P-Card purchases or payments (continued)

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

We performed the procedures above and noted the following exception:

- **The District's written policies and procedures do not specify responsibility for processing payments and setting up vendors.**

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

We performed the procedures above and noted no exceptions.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, inspect entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

We performed the procedures above and noted the following exception:

- **Blank check stock is kept locked in the Accounts Payable Clerk's office but the Executive Director, an authorized signor, has a key to the office and access to the blank check stock. The Executive Director asserts that master access to all rooms is needed as part of operating a secure facility.**

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

We performed the procedures above and noted no signature stamp or signature machine is used and no exceptions.

Management's response:

9) Utilization of requisition/purchase order system: The Detention Center utilizes a Purchase Requisition System which separates initiation of the requisition from the approval function. The exception noted by the auditor relates to recurring items such as monthly payments for utilities such as gas and electricity. Each recurring item is approved by an appropriate member of management prior to the payment of the expense. Those expense items are reviewed monthly for during the payment approval process. Additionally, a second review occurs during the monthly review of financial statements by the commission which includes a comparison of the monthly budgeted amount for each expense category with the actual amount incurred.



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***Disbursements – General, excluding credit card/debit card/fuel card/P-Card purchases or payments
(continued)***

Management's response (continued):

9) Utilization of requisition/purchase order system (continued): The Detention Center procedures do include a review of receiving reports (such as verification of the receipt of food items in the detention centers cafeteria). However, the policies and procedures of the detention center do not specify that such are required.

Management will review its policies and procedures and recommend changes in order to provide for a process to verify the receipt of goods prior to payment of invoices.

10) Policies and procedures related to requisition/purchase order system: The Detention Center software provides security restrictions which prohibits the person responsible for processing payments from adding vendors. However, that security system is not specifically identified in the agencies policies and procedures.

Management will amend its policies and procedures to include a specific restriction prohibiting the accounts payable clerk from being able to add vendors to the disbursement system.

12) Blank Check Security: The Detention Center is a secure facility with limited access to its facilities. As a matter of security, and in emergency situations the executive director must have access to all areas of the facility. In response to this exception, management will install key locks in order to provide additional restrictions on the access to the agencies blank check stock.



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Credit Cards/Debit Cards/Fuel Cards/P-Cards

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

We performed the procedures above and noted no exceptions.

15. Using the listing prepared by management, select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

We performed the procedures above and noted the following exception:

- **Individual expenses for the credit cards had approved purchase requisitions; however, there was no evidence that credit card statements were reviewed and approved.**

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

No finance charges or late fees were assessed on the selected statement.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

We performed the procedures above and noted no exceptions.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

We performed the procedures above and noted the following exception:

- **Of the 59 transactions tested, 26 transactions did not have a documented business purpose. These 26 transactions were for fuel purchases, which are normal expenses in the course of operation. However, a business purpose was not explicitly indicated.**



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Credit Cards/Debit Cards/Fuel Cards/P-Cards (continued)

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

We performed the procedures above and noted no exceptions.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

We performed the procedures above and noted no exceptions.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

We performed the procedures above and noted the following exception:

- **Of the 59 transactions tested, 26 transactions did not have a documented business purpose. These 26 transactions were for fuel purchases, which are normal expenses in the course of operation. However, a business purpose was not explicitly indicated.**

Management's response:

15a) Credit Card Statements: *The Detention Center utilizes a Purchase Requisition System Approval Process prior to the payment of all non-recurring expenses. As part of that process all charges and payments go through a process where charges are reviewed, and payments for those charges are approved by someone other than the agency card holder. Evidence of that review process is indicated by signatures on purchase requisitions and/or other submissions attached to each credit card statements prior to review, approval and payment. During that process, the credit card statement is reviewed and each charge or other item is matched with an approved purchase requisition and receipt.*

Management will review its procedures as it relates to the review and approval of credit card payments, and make amendments as appropriate in order to provide for a clearer trail of evidence that credit card statements, not just the individual charges, and other related items are reviewed and approved prior to payment.

16a) Supporting documentation of transactions: *Management will amend its policies and procedures to accommodate the requirement that a business purpose should be included with each purchase of fuel.*

16c) Business/public purpose of transactions: *Management will amend its policies and procedures to accommodate the requirement that a business purpose should be included with each purchase of fuel.*



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Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

We performed the procedures above and noted no exceptions.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

We performed the procedures above and noted no exceptions.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

We performed the procedures above and noted no exceptions.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

We performed the procedures above and noted no exceptions.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

We performed the procedures above and noted the following exception:

- **For two of the three expenses reimbursements selected, there was no documentation of a business purpose.**
- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

We performed the procedures above and noted no exceptions.



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Travel and Expense Reimbursement (continued)

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

We performed the procedures above and noted no exceptions.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

We performed the procedures above and noted no exceptions.

Management's response:

19b) Supporting documentation of transactions: Management will amend its policies and procedures to accommodate the requirement that a business purpose should be documented for each request for reimbursement of travel expenses.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

We performed the procedures above and noted no exceptions.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

We performed the procedures above and noted no exceptions.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

Of the five contracts selected, one contract was subject to the Louisiana Public Bid Law or Procurement Code.

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

We performed the procedures above for the one contract subject to the Louisiana Public Bid Law or Procurement Code and noted no exceptions.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

We performed the procedures above for the four contracts not subject to the Louisiana Public Bid Law or Procurement Code and noted no exceptions.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

We performed the procedures above and noted no exceptions.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

We performed the procedures above and noted no exceptions.

- e) Obtain/inspect contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

We performed the procedures above and noted no exceptions.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Select five employees/officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

We performed the procedures above and noted no exceptions.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

We performed the procedures above and noted no exceptions.

23. Obtain attendance and leave records and select one pay period in which leave has been taken by at least one employee. Within that pay period, select 25 employees/officials (or select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

We performed the procedures above and noted no exceptions.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

We performed the procedures above and noted the following exception:

- **There is no written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees.**

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

We performed the procedures above and noted no exceptions.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

We performed the procedures above and noted no exceptions.



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Payroll and Personnel (continued)

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

We performed the procedures above and noted no exceptions.

Management's response:

23b) Approval of employee attendance and leave: The Detention Center utilizes an automated timekeeper system which automatically maintains electronic payroll time sheets for each employee of the center. Prior to processing payroll, each supervisor reviews those time sheets. However, there is no system in place to reflect an electronically generated signature indicating that the supervisor has completed his/her review.

Management will work with its timekeeper software vendor to put in place an electronic signature system reflecting that time sheets had been reviewed prior to the processing of each payroll cycle.

Ethics

26. Using the five selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

We performed the procedures above and noted no exceptions.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, inspect documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

We performed the procedures above and noted no exceptions.

Debt Service

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

The District did not have any debt issued during the fiscal period.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

The District did not have any outstanding debt during the fiscal period.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

The District did not have any outstanding debt during the fiscal period.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/inspect supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

No misappropriations of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

We performed the procedures above and noted no exceptions.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

We performed the procedures above and noted no exceptions.

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Baton Rouge, Louisiana
December 21, 2017