

WARE YOUTH CENTER  
COUSHATTA, LOUISIANA

ANNUAL FINANCIAL REPORT  
JUNE 30, 2018

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**WARE YOUTH CENTER**  
**COUSHATTA, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2018**

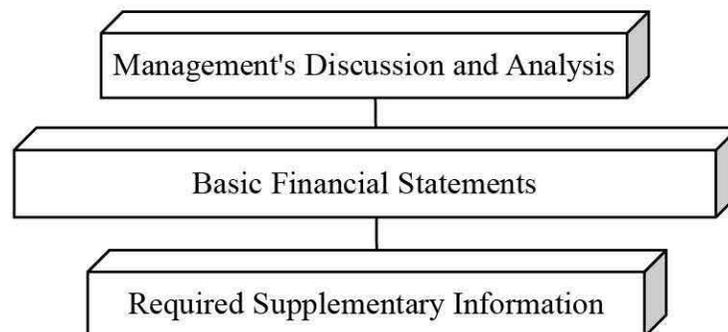
The Management's Discussion and Analysis of the Ware Youth Center's (the Center's) financial performance presents a narrative overview and analysis of the Center's financial activities for the year ended June 30, 2018. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the Center's financial statements, which begin on page 10.

**FINANCIAL HIGHLIGHTS**

- Revenues exceeded expenses by approximately \$547,000 for the year as compared to the prior year when revenues exceeded expenses by approximately \$998,000. This difference was the result of the pension expenses as calculated by the actuarial between the prior and current years.
- The fund level financial statements (see description on page 4) report fund balance of approximately \$2,105,000, an increase of approximately \$668,000 from the prior year. This level of fund balance equals 23.9% of annual expenditures.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The following graphic illustrates the minimum requirements for the Center as established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*.



These financial statements consist of three sections – Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

**BASIC FINANCIAL STATEMENTS**

**Government-Wide Financial Statements**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 10 and 11) provide information about the activities of the Center as a whole and present a longer-term view of the Center's finances. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position and the Statement of Activities report the Center's net position and changes in them. The Center's net position, the difference between assets plus deferred outflows, and liabilities plus deferred inflows, is one way to measure the Center's financial health, or financial position. Over time, increases or decreases in the Center's net position are one indicator of whether its financial health is improving or deteriorating.

### **Fund Financial Statements**

Fund financial statements start on page 13. The Center utilizes only one fund, its general fund, which is considered to be a governmental fund type. All of the Center's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Center's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Center's activities as well as what remains for future spending.

### **FINANCIAL ANALYSIS OF THE ENTITY**

A summary of the basic government-wide financial statements is as follows:

#### Summary of Statement of Net Position As of Year End

	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
Current and other assets	\$ 2,408,886	\$ 1,771,112
Capital assets, net	9,464,740	9,766,133
Total Assets	<u>\$11,873,626</u>	<u>\$11,537,245</u>
<u>Deferred Outflows of Resources</u>	<u>\$ 2,474,697</u>	<u>\$ 2,540,445</u>
<u>Liabilities</u>		
Current liabilities	\$ 303,661	\$ 334,209
Compensated absences payable	214,036	182,152
Net pension liability	11,567,059	11,609,391
Total Liabilities	<u>\$12,084,756</u>	<u>\$12,125,752</u>
<u>Deferred Inflows of Resources</u>	<u>\$ 575,602</u>	<u>\$ 811,438</u>
<u>Net position</u>		
Net investment in capital assets	\$ 9,464,740	\$ 9,766,133
Unrestricted	<u>(7,776,775)</u>	<u>(8,625,633)</u>
Total Net Position	<u>\$ 1,687,965</u>	<u>\$ 1,140,500</u>

Net position of the Ware Youth Center increased by \$547,465 or 48% from the previous fiscal year.

Summary of Statement of Activities  
For the Year Ended

	<u>2018</u>	<u>2017</u>
Program revenues:		
Charges for Services	\$ 2,621,643	\$ 2,442,657
Operating Grants & Contributions	6,759,874	6,172,742
General Revenues	<u>112,107</u>	<u>88,138</u>
Total Revenues	\$ 9,493,624	\$ 8,703,537
Expenses:		
Public Safety	<u>(8,946,159)</u>	<u>(7,705,926)</u>
Change in Net Position	<u>\$ 547,465</u>	<u>\$ 997,611</u>

The Ware Youth center's total revenues increased by \$790,087 or 9.08% from the previous year. The total cost of all programs and services increased by \$1,240,233 or 16.09%.

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

#### Capital Assets

At June 30 2018, the Ware Youth Center had \$9,464,740, net of accumulated depreciation, invested in a broad range of capital assets (see table below). This amount represents a net decrease (including additions and deductions) of \$301,393 or 3.09% from the previous year.

Capital Assets at Year End  
(Net of Accumulated Depreciation)

	<u>2018</u>	<u>2017</u>
Land	\$ 175,017	\$ 175,017
Buildings and building improvements	8,798,793	9,122,382
Automobiles and equipment	<u>490,930</u>	<u>468,734</u>
Total	<u>\$9,464,740</u>	<u>\$9,766,133</u>

#### Long Term Liability

The Center had \$214,036 in compensated absences payable (annual leave) at year end compared to \$182,152 at the previous year end, an increase of \$31,884 or 17.50%. The Center recorded pension liabilities of \$11,567,059 and \$11,609,391 as of June 30, 2018 and 2017, respectively. This liability represents the Center's proportionate share of the Net Pension Liabilities of the Louisiana State Employees Retirement System (LASERS) and the Teachers Retirement System of Louisiana (TRSL). Long term liabilities are summarized below:

Outstanding Long-term Liabilities at Year End

	<u>2018</u>	<u>2017</u>
Compensated absences payable	\$ 214,036	\$ 182,152
Pension liability	<u>11,567,059</u>	<u>11,609,391</u>
Total	<u>\$11,781,095</u>	<u>\$11,791,543</u>

There were no borrowings undertaken during the year.

## **VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS**

Actual revenues were consistent with the final budget, coming in approximately \$20,000 more than the budgeted amounts.

Actual expenditures were consistent with the final budget, coming in approximately \$13,000 more than the budgeted amounts.

The original budget was amended during the year due to increases in shelter fees and an anticipated decrease in capital outlay purchases. The budget was amended to reflect a projected increase of revenues of approximately \$429,000 and a projected decrease of expenditures of \$232,000.

For the year ended June 30, 2018, revenues and expenditures were within the 5% variance allowed.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Center's appointed commissioners considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- 1) Intergovernmental revenue
- 2) Charges for services
- 3) Interest income
- 4) Future expectations of expenditures

The Ware Youth Center does not expect any significant changes in next year's budget as compared to the current year.

## **CONTACTING THE WARE YOUTH CENTER'S MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Joey Cox, Executive Director, 3565 Highway 71, Coushatta, Louisiana 71019.

# Johnson, Thomas & Cunningham

## Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation  
Roger M. Cunningham, CPA – A Professional Corporation  
Jessica H. Broadway, CPA – A Professional Corporation  
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### INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners of  
Ware Youth Center  
Coushatta, Louisiana 71019

#### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Ware Youth Center (the Center) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Center'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 an opinion 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 and the *Louisiana Governmental Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Center as of June 30, 2018, 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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule, Schedule of Employer's Share of Net Pension Liability, and Schedule of Employer Contributions as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is presented for purposes of additional analysis and 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.

The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer and the Reporting Fraud and Misappropriations listed as required supplementary information in the Table of Contents are presented for purposes of additional analysis and are required by Louisiana Revised Statute R.S. 24:513 A.(3). This schedules are not a required part of the basic financial statements.

We have applied certain limited procedures to the Management's Discussion and Analysis 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 it because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Center's basic financial statements. The Budgetary Comparison Schedules, Schedule of Employer's Share of Net Pension Liability, Schedule of Employer Contributions, Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer, and Reporting Fraud and Misappropriation 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. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2018, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Center's internal control over financial reporting and compliance.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Louisiana Legislative Auditor, we have issued a report, dated September 21, 2018, on the results of our state wide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's state wide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

*Johnson, Thomas + Cunningham, CPA's*  
Johnson, Thomas & Cunningham, CPA's

September 21, 2018  
Natchitoches, Louisiana

## BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Ware Youth Center  
Coushatta, Louisiana  
Statement of Net Position  
June 30, 2018

	Governmental <u>Activities</u>
ASSETS:	
Current Assets-	
Cash & Cash Equivalents	\$ 923,244
Investments – government investment pool	1,196,256
Revenue Receivable	244,075
Prepaid Expenses	45,311
Noncurrent Assets-	
Capital Assets, Net of Accumulated Depreciation	<u>9,464,740</u>
Total Assets	<u>\$11,873,626</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 2,474,697</u>
LIABILITIES:	
Current Liabilities-	
Accounts Payable	\$ 70,543
Accrued Payroll Liabilities	233,118
Noncurrent Liabilities-	
Compensated Absences	214,036
Net Pension Liability	<u>11,567,059</u>
Total Liabilities	<u>\$12,084,756</u>
DEFERRED INFLOWS OF RESOURCES	<u>\$ 575,602</u>
NET POSITION:	
Net Investment in Capital Assets	\$ 9,464,740
Unrestricted	<u>(7,776,775)</u>
Total Net Position	<u>\$ 1,687,965</u>

See notes to financial statements.

Ware Youth Center  
Coushatta, Louisiana  
Statement of Activities  
June 30, 2018

Function/Program Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Fines, Fees Commissions and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities: Public Safety	<u>\$8,946,159</u>	<u>\$2,621,643</u>	<u>\$6,759,874</u>	<u>\$0</u>	<u>\$ 435,358</u>
			General Revenues:		
			Nonemployer Pension Revenue		\$ 466
			Interest Earned		29,441
			Royalties and leases		44,150
			Miscellaneous		38,050
			Total General Revenues		<u>\$ 112,107</u>
			Change in Net Position		\$ 547,465
			Net Position July 1, 2017		<u>1,140,500</u>
			Net Position, June 30, 2018		<u>\$1,687,965</u>

See notes to financial statements.

## FUND FINANCIAL STATEMENTS

Ware Youth Center  
Coushatta, Louisiana  
Balance Sheet – Governmental Fund  
June 30, 2018

ASSETS:

Cash & Cash Equivalents	\$ 923,244
Investments – government investment pool	1,196,256
Revenue Receivable	244,075
Prepaid Expenses	<u>45,311</u>
Total Assets	<u>\$2,408,886</u>

LIABILITIES:

Accounts Payable	\$ 70,543
Accrued Payroll Liabilities	<u>233,118</u>
Total Liabilities	<u>\$ 303,661</u>

FUND BALANCES:

Nonspendable- Prepaid Expenses	\$ 45,311
Unrestricted	<u>2,059,914</u>
Total Fund Balances	<u>\$2,105,225</u>
Total Liabilities & Fund Balance	<u>\$2,408,886</u>

See notes to financial statements.

Ware Youth Center  
Reconciliation of the Governmental Fund  
Balance Sheet to the Statement of Net Position  
June 30, 2018

Total Fund Balance for the Governmental Fund at June 30, 2018	\$ 2,105,225
Amounts reported for Governmental Activities in the Statement of Net Position are different because:	
Capital Assets used in Governmental Activities are not current financial resources and, therefore, are not reported in the fund. Those assets consist of:	
Capital Assets	15,832,720
Less, Accumulated Depreciation	(6,367,980)
Deferred Outflows of Resources used in Governmental Activities are not financial resources and therefore are not reported in the Governmental Fund Balance Sheet-	2,474,697
Long-term Liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Fund Balance Sheet-	
Compensated Absences	(214,036)
Net Pension Liability	(11,567,059)
Deferred Inflows of Resources are not due and payable in the current period and, therefore are not reported in the Governmental Fund Balance Sheet-	<u>(575,602)</u>
Total Net Position of Governmental Activities at June 30, 2018	<u>\$ 1,687,965</u>

See notes to financial statements.

Ware Youth Center  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance-Governmental Fund  
For the Year Ended June 30, 2018

REVENUES:

Intergovernmental	\$6,759,874
Charges for Services	2,331,955
Fines, forfeitures and fees	289,688
Miscellaneous-	
Interest	29,441
Royalties and leases	44,150
Other	<u>38,049</u>
Total Revenues	<u>\$9,493,157</u>

EXPENDITURES:

Personnel Services	\$6,607,005
Travel	11,943
Operating Supplies	885,169
Supplies	873,253
Professional Services	238,692
Capital Outlay	<u>208,773</u>
Total Expenditures	<u>\$8,824,835</u>
Excess of Revenues over Expenditures	\$ 668,322
Fund Balance, Beginning of Year	<u>1,436,903</u>
Fund Balance, End of Year	<u>\$2,105,225</u>

See notes to financial statements.

Ware Youth Center  
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, 2018

Net change in Fund Balance - Governmental Funds	\$ 668,322
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 these assets is allocated over their estimated useful lives as depreciation expense. The cost of capital assets recorded in the current period is	208,773
Depreciation expense on capital assets is reported in the Government-wide financial statements, but does not require the use of current financial resources and is not reported in the Fund Financial Statements. Current year depreciation expense is	(510,166)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the Statement of Revenues, Expenditures and Changes in Fund Balance	466
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Change in Accrued Compensated Absences	(31,884)
Change in Pension Expense	<u>211,954</u>
Increase in net position of governmental activities	<u>\$ 547,465</u>

See notes to financial statements.

## NOTES TO FINANCIAL STATEMENTS

Ware Youth Center  
Coushatta, Louisiana  
Notes to Financial Statements  
June 30, 2018

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Ware Youth Center (the Center) was created by Act 833 of the 1986 Legislature, which enacted Part XI-A of Chapter 7 of Title 15 of the Louisiana Revised Statutes of 1950 to be comprised of R.S. 15:1097 through 1097.5 to establish and provide for the purposes and functions of the Ware Youth Center for the parishes of Bienville, Claiborne, DeSoto, Natchitoches, Red River, Sabine, and Webster. The Center's funding is provided by enabling legislation, which grants the power to levy taxes, incur debt and issue bonds, and by R.S. 15:1095.6, which provides for the imposition of court costs in certain juvenile and criminal proceedings in all courts within the area of its jurisdiction. Act 147 of the 1991 Legislature amended and reenacted R.S. 15:1097 through 1097.2 and enacted Subpart G of Part XI of Chapter 7 of Title 15 of the Louisiana Revised Statutes of 1950, comprised of R.S. 15:1099.1 through 1099.7, which authorized any parish governing authority having a youth center and any juvenile detention authority to enter into a lease or lease-purchase contract for construction, operation, and maintenance of a youth center within the parish and authorized other parishes to enter into participation agreements with a parish having a youth center to sublease space and house juveniles at the center.

Act 147 amended the territorial jurisdiction of the Ware Youth Center to include the parishes of Claiborne, DeSoto, Natchitoches, Red River, Sabine and Webster. However, Act 147 allowed Bienville and Claiborne Parishes to withdraw from membership and participate in the Center during the period beginning September 1, 1991 and ending December 31, 1991. These parishes elected to withdraw from participation in the Center. At June 30, 2018, the parishes of DeSoto, Natchitoches, Red River, Sabine and Webster were included in the territorial jurisdiction of the Ware Youth Center.

The Center is the basic level of government which has financial accountability and control over all activities related to the Center operations and services provided. The Center is not included in any other governmental "reporting entity" as defined by GASB pronouncements. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement 14, which are included in the Center's reporting entity.

The purpose of the Center is to assist and afford opportunities to pre-adjudicatory and post-adjudicatory children who enter the juvenile justice system 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 belonging to the Center, including the housing, care, supervision, maintenance and education of juveniles under the age of seventeen years, and for juveniles seventeen years of age and over who were under seventeen years of age when they committed an alleged offense.

B. Basis of Presentation

The Center's financial statements are prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is responsible for establishing

Ware Youth Center  
Coushatta, Louisiana  
Notes to Financial Statements  
June 30, 2018

GAAP for state and local governments through its pronouncements (Statements and Interpretations). The Center's basic financial statements include both government-wide statements and the fund financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Center's functions and programs have been classified as governmental activities.

C. Government-wide Financial Statements

The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities and are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

In the government-wide Statement of Net Position, the governmental type activities column is presented on a consolidated basis by column, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. In the government-wide financial statements, equity is 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 bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets.
- 2) Restricted net position - consists of net resources with constraints placed on their 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.
- 3) Unrestricted - all other net resources that do not meet the definition of "restricted" or "net investment in capital assets."

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies unrestricted resources first, unless a determination is made to use restricted net resources. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

The government-wide statements focus upon the Center's ability to sustain operations and the change in its net position resulting from the current year's activities.

Ware Youth Center  
Coushatta, Louisiana  
Notes to Financial Statements  
June 30, 2018

Fund Financial Statements

Governmental Fund:

The governmental fund financial statements (*the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance*) are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available to fund current operations. The Center considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recognized when the related fund liability is incurred, except for principal and interest on long-term debt which is recognized when due.

The Center uses governmental fund types. The focus of the governmental fund's measurement (in the fund statements) is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than on net income. An additional emphasis is placed on major funds within the governmental fund types. A fund is considered major if it is the primary operating fund of the Center or if its total assets, liabilities, revenues, or expenditures are at least 10% of the corresponding total for all funds of that category or type. As of June 30, 2018, the Center had only one major governmental fund as follows:

- General Fund – accounts for the general operations of the Center that are funded through unrestricted funding sources. The General Fund is always a major fund.

In the fund statements, governmental fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance - amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact.
- b. Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- c. Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- d. Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- e. Unassigned fund balance - amounts that are available for any purpose. Only the General Fund would report positive amounts in unassigned fund balance.

Ware Youth Center  
Coushatta, Louisiana  
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The Board of Commissioners establishes (and modifies or rescinds) fund balance commitments and assignments by passage of an ordinance or resolution. The Center typically uses restricted fund balances first, followed by committed, assigned and unassigned funds when an expenditure is incurred for the purposes for which amounts in any of these fund balance classifications could be used. The Center reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

D. Budgetary Accounting

Formal budgetary accounting is employed as a management control. The Center prepares and adopts a budget prior to July 1 of each year for its general fund in accordance with Louisiana Revised Statutes. The operating budget is prepared based on prior years' revenues and expenditures and the estimated increase there in for the current year, using the modified accrual basis of accounting. The Ware Youth Center amends the budget when projected revenues are expected to be less than budgeted revenues by five percent or more and/or projected expenditures are expected to be more than budgeted amounts by five percent or more. All budget appropriations lapse at year end.

E. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and petty cash. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Cash and cash equivalents are reported at their carrying amounts that equal their fair values.

F. Investments

Investments are limited by Louisiana Revised Statute 33:2955 and the Ware Youth Center's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

G. Receivables

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible.

H. Bad Debts

Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectability of the particular receivable. At June 30, 2018, no amounts were considered to be uncollectible.

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I. Capital Assets

Capital assets are carried at historical costs. Depreciation of all exhaustible capital assets used by the Center is charged as an expense against operations in the Statement of Activities. Capital assets net of accumulated depreciation are reported on the Statement of Net Position. Depreciation is computed using the straight line method over the estimated useful life of the assets, generally 20 to 40 years for buildings and building improvements, and 5 to 10 years for moveable property. Expenditures for maintenance, repairs and minor renewals are charged to expenditures as incurred. Major expenditures for renewals and betterments are capitalized. The Center maintains a threshold of \$1,000 or more for capitalization of assets.

J. Compensated Absences

The Center employees earn annual leave at various rates depending on the number of years in service. The maximum amount of annual leave that may be accumulated by each employee is 160 hours. At June 30, 2018, a total of \$214,036 in annual leave remained unpaid. Upon termination, an employee is compensated for up to 160 hours of unused annual leave at the employee's hourly rate of pay at the time of termination.

K. Deferred Outflows/Inflows of Resources

The statement of net position reports a separate section for deferred outflows and/or deferred inflows of financial resources. *Deferred outflows* of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until the applicable period. *Deferred inflows* of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources until that time.

L. Management's Use of Estimates

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

M. Pension Plans

The Ware Youth Center is a participating employer in two defined benefit pension plans 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 each plan's fiduciary net position have been determined on the same basis as they are reported by each of the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

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2. Deposits with Financial Institutions and Investments

The cash and cash equivalents of the Center are subject to the following risk:

*Custodial Credit Risk:* Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Center will not be able to recover its deposits. 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 or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Commission that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Center's name.

At June 30, 2018, the Center had cash and cash equivalents with bank balances totaling \$922,594. Cash and cash equivalents are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the Sheriff. All of the Center's deposits were properly secured at June 30, 2018. Of the \$923,244 in bank balances, \$250,000 was secured by federal deposit insurance and \$673,244 was secured by pledged securities.

Investments in the Louisiana Asset Management Pool (LAMP), a local government investment pool, total \$1,196,256. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955. Funds invested in LAMP are subject to any limitations or restrictions or transaction fees on withdrawals.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7-like investment pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the five percent disclosure requirement.

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- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days.
- Foreign currency risk: Not applicable to 2a7-like pools.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares. LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

LAMP issues an annual publicly available financial report that includes financial statements and required supplementary information for the pool. These reports may be obtained by contacting LAMP at 228 St. Charles Avenue, Suite 1123, New Orleans, Louisiana 70130.

### 3. Accounts Receivable

The following is a summary of accounts receivable by type of entity at June 30, 2018:

State of Louisiana	\$ 48,628
Police Juries and other local governments	194,045
Other	<u>1,402</u>
Total	<u>\$244,075</u>

### 4. Capital Assets

A summary of Ware Youth Center's changes in capital assets is as follows:

<u>Activities</u>	<u>Balance</u> <u>06-30-17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06-30-18</u>
Capital Assets, not depreciated:				
Land	\$ 175,017	\$ 0	\$ 0	\$ 175,017
Capital Assets Depreciated:				
Buildings and improvements	14,430,035	76,796	0	14,506,831
Automobiles and equipment	<u>1,062,475</u>	<u>131,977</u>	<u>43,580</u>	<u>1,150,872</u>
Total Assets being depreciated	<u>\$15,492,510</u>	<u>\$ 208,773</u>	<u>\$43,580</u>	<u>\$15,657,703</u>
Total Assets	<u>\$15,667,527</u>	<u>\$ 208,773</u>	<u>\$43,580</u>	<u>\$15,832,720</u>

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<u>Activities</u>	<u>06-30-17</u>	<u>Additions</u>	<u>Deletions</u>	<u>06-30-18</u>
Less, Accumulated Depreciation:				
Buildings and improvements	\$ 5,307,653	\$ 400,384	\$ 0	\$ 5,708,037
Automobiles and equipment	<u>593,741</u>	<u>109,782</u>	<u>43,580</u>	<u>659,943</u>
Total Accumulated Depreciation	<u>\$ 5,901,394</u>	<u>\$ 510,166</u>	<u>\$43,580</u>	<u>\$ 6,367,980</u>
Net Capital Assets	<u>\$ 9,766,133</u>	<u>\$(301,393)</u>	<u>\$ 0</u>	<u>\$ 9,464,740</u>

Depreciation expense of \$510,166 was charged to the public safety function within the Statement of Activities.

5. Accounts Payable and Accruals

The following is a summary of accounts payable at June 30, 2018:

<u>Class of Payables</u>	
Vendor	\$ 70,543
Payroll liabilities	<u>233,118</u>
Total	<u>\$303,661</u>

6. Employee Retirement Systems

Substantially all employees of the Center are members of either the Louisiana State Employees' Retirement System or the Teachers' Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

A. General Information about the Plans

*Louisiana State Employees' Retirement System (LASERS)*

*Plan Description*

LASERS was established for the purpose of providing retirement allowances and other benefits as stated under Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401), as amended, for eligible state officers, employees and their beneficiaries. This statute grants to LASERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System, which can be obtained at [www.laseronline.org](http://www.laseronline.org).

*Benefits Provided*

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

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## Retirement

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

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement benefits throughout their life, with certain benefits being paid to their designated beneficiary after their death.

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

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

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compensation for the highest 60 consecutive months of employment. Members in the regular plan will receive 2.5% accrual rate, and judges a 3.5% accrual rate, with the extra 1.0% accrual rate based on all years of service as a judge.

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

#### **Deferred Retirement Benefits**

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

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

#### **Disability Benefits**

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

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

For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation.

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### **Survivor's Benefits**

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

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

### **Permanent Benefit Increases/Cost-of-Living Adjustments**

As fully described in Title 11 of the Louisiana Revised Statutes, the System allows for the payment of permanent benefit increases, also known as cost-of-living adjustments (COLAs), which are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

### *Contributions*

The employer contribution rate is established annually under R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the System's Actuary. Each plan pays a separate actuarially-determined employer contribution rate. However, all assets of LASERS are used for the payment of benefits for all classes of members, regardless of their plan membership. Rates for the year ended June 30, 2017 were as follows:

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<b>Plan</b>	<b>Plan Status</b>	<b>Employer Contribution Rate</b>
Appellate Law Clerks	Closed	35.80%
Appellate Law Clerks hired on or after 7/1/06	Open	35.80%
Alcohol Tobacco Control	Closed	30.70%
Bridge Police	Closed	34.20%
Bridge Police hired on or after 7/1/06	Closed	34.20%
Corrections Primary	Closed	31.10%
Corrections Secondary	Closed	35.30%
Harbor Police	Closed	4.00%
Hazardous Duty	Open	36.10%
Judges hired before 1/1/2011	Closed	38.00%
Judges hired after 12/31/2010	Closed	36.70%
Judges hired on or after 7/1/15	Open	36.70%
Legislators	Closed	39.10%
Optional Retirement Plan (ORP)		
Hired before 7/1/06	Closed	35.80%
Hired on or after 7/1/06	Closed	35.80%
Peace Officers	Closed	34.30%
Regular Employees		
Hired before 7/1/06	Closed	35.80%
Hired on or after 7/1/06	Closed	35.80%
Hired on or after 1/1/2011	Closed	35.80%
Hired on or after 7/1/15	Open	35.80%
Special Legislative Employees	Closed	41.10%
Wildlife Agents	Closed	44.80%
<b>Aggregate Rate</b>		<b>35.80%</b>

The Center's contractually required composite contribution rate for the year ended June 30, 2018 was 35.8% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the Center were \$1,238,027 for the year ended June 30, 2018.

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Teachers' Retirement System of Louisiana (TRSL)

*Plan Description*

TRSL was established for the purpose of providing retirement allowances and other benefits as stated under the provisions of LA R.S. 11:700-999, as amended, for eligible teachers, employees, and their beneficiaries. The projection of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with the benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. TRSL issues a publicly available financial report that can be obtained at [www.trsl.org](http://www.trsl.org).

*Benefits Provided*

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

**Retirement**

Members hired prior to July 1, 1999:

- 2% benefit factor (1) at least age 60 with at least 5 years of service credit, or (2) any age with at least 20 years of service credit.
- 2.5% benefit factor (1) at least age 65 with at least 20 years of service credit, or (2) at least age 55 with at least 25 years of service credit, or (3) any age with at least 30 years of service credit.

Members joining system between July 1, 1999 and December 31, 2010:

- 2.5% benefit factor (1) at least age 60 with at least 5 years of service credit, or (2) at least age 55 with at least 25 years of service credit, or (3) any age with at least 20 years of service credit (actuarially reduced), or (4) any age with at least 30 years of service credit.

Members first eligible to join and hired between January 1, 2011 and June 30, 2015:

- 2.5% benefit factor (1) at least age 60 with at least 5 years of service credit, or (2) any age with at least 20 years of service credit (actuarially reduced).

Members first eligible to join and hired on or after July 1, 2015:

- 2.5% benefit factor (1) at least age 62 with at least 5 years of service credit, or (2) any age with at least 20 years of service credit (actuarially reduced).

Plan A is closed to new entrants. All Plan A members with a 3% benefit factor (1) at least age 60 with at least 5 years of service credit, or (2) at least age 55 with at least 25 years of service credit, or (3) any age with at least 30 years of service credit.

Plan B members hired before July 1, 2015 with 2% benefit factor (1) at least age 60 with at least 5 years of service credit, or (2) at least age 55 with at least 30 years of service credit. Plan B members first eligible to join and hired on or after July 1, 2015 with 2% benefit factor (1) at least age 62 with at least 5 years of service credit, or (2) any age with at least 20 years of service credit (actuarially reduced).

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For all plans, retirements benefits are based on a formula which multiplies the final average compensation by the applicable accrual rate, and by the years of creditable service. For Regular Plan and Lunch Plan B members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after January 1, 2011, final average compensation is defined as the highest average 60-month period. For all other members, final average compensation is defined as the highest average 36-month period.

A retiring member is entitled to receive the maximum benefit payable until the member's death. In lieu of the maximum benefit, the member may elect to receive a reduced benefit payable in the form of a Joint and Survivor Option, or a monthly benefit (maximum or reduced Joint and Survivor Option) with a lump sum that can't exceed 36 months of the members' maximum monthly benefit amount.

Effective July 1, 2009, members may make an irrevocable election at retirement to receive an actuarially reduced monthly benefit which increases 2.5% annually, beginning on the first retirement anniversary date, but not before age 55 or before the retiree would have attained age 55 in the case of a surviving spouse. This option can be chosen in combination with the above options.

#### **Deferred Retirement Benefits**

In lieu of terminating employment and accepting a service retirement, an eligible member can begin participation in the Deferred Retirement Option Program (DROP) on the first retirement eligibility date for a period not to exceed 3 years. A member has a 60 day window from his eligible date to participate in the program in order to participate for the maximum number of years. Delayed participation reduces the three year maximum participation period. During participation, benefits otherwise payable are fixed, and deposited in an individual DROP account.

Upon termination of DROP participation, the member can continue employment and earn additional benefit accruals to be added to the fixed pre-DROP benefit.

Upon termination of employment, the member is entitled to the fixed benefit, an additional benefit based on post-DROP service (if any), and the individual DROP account balance which can be paid in a lump sum or an additional annuity based upon the account balance.

#### **Disability Benefits**

Active members whose first employment makes them eligible for membership in a Louisiana state retirement system before January 1, 2011, and who have five or more years of service credit are eligible for disability retirement benefits if certified by the State Medical Disability Board (SMBD) to be disabled from performing their job. All other members must have at least 10 years of service to be eligible for a disability benefit. Calculation of the disability benefit as well as the availability of a minor child benefit is determined by the plan to which the member belongs and the date on which the member's first employment made them eligible for membership in a Louisiana state retirement system.

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**Survivor's Benefits**

A surviving spouse with minor children of an active member with at least five years of creditable service (2 years immediately prior to death) or 20 years of creditable service is entitled to a benefit equal to the greater of (a) \$600 per month, or (b) 50% of the member's benefit calculated at the 2.5% accrual rate for all creditable service. When a minor child(ren) is no longer eligible to receive survivor benefits, the spouse's benefit reverts to a survivor benefit in accordance with the provisions for a surviving spouse with on minor child(ren). Benefits for the minor children cease when he/she is no longer eligible.

Each minor child (maximum of 2) shall receive an amount equal to the greater of (a) 50% of the spouse's benefit, or (b) \$300 (up to 2 eligible children). Benefits to minors cease at attainment of age 21, marriage, or age 23 if enrolled in an approved institution of higher education.

A surviving spouse with minor children of an active member with at least 10 years of creditable service (2 years immediately prior to death) or 20 years of creditable service is entitled to a benefit equal to the greater of (a) \$600 per month, or (b) the option 2 equivalent of the benefit calculated at the 2.5% benefit factor for all creditable service. If a surviving spouse remarries before the age of 55 and the deceased active member had less than 20 years of creditable service, the surviving spouse's benefit will cease.

**Permanent Benefit Increases/Cost-of-Living Adjustments**

As fully described in Title 11 of the Louisiana Revised Statutes, the System allows for the payment of ad hoc permanent benefit increases, also known as cost-of-living adjustments (COLAs) that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

**Optional Retirement Plan (ORP)**

The Optional Retirement Plan (ORP) was established for academic employees of public institutions of higher education who are eligible for membership in TRSL. This plan was designed to provide certain academic and unclassified employees of public institutions of higher education an optional method of funding for their retirement.

The ORP is a defined contribution pension plan which provides for portability of assets and full and immediate vesting of all contributions submitted on behalf of the affected employees to the approved providers. These providers are selected by the TRSL Board of Trustees. Monthly employer and employee contributions are invested as directed by the employee to provide the employee with future retirement benefits. The amount of these benefits is entirely dependent upon the total contributions and investment returns accumulated during the employee's working lifetime. Employees in eligible positions of higher education can make an irrevocable election to participate in the ORP rather than TRSL and purchase annuity contracts – fixed, variable, or both – for benefits payable at retirement.

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*Contributions*

The employer contribution rate is established annually under R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the System's Actuary. Each sub plan pays a separate actuarially determined employer contribution rate. However, all assets of TRSL are used for the payment of benefits for all classes of members, regardless of their plan.

The normal cost portion of each plan's employer contribution rate varies based upon that plan's benefits, member demographics, and the rate contributed by employees. The Unfunded Accrued Liability (UAL) contribution rate is determined in aggregate for all plans. The UAL resulting from legislation specific to a plan or group of plans will be allocated entirely to that plan or those plans.

For ORP, only the UAL portion of the employer contribution is retained by the plan. Therefore, only the UAL projected rates were used in the projection of future contributions in determining an employer's proportionate share.

Rates for the year ended June 30, 2017 were as follows:

<u>Plan</u>	<u>Employer Contribution Rate</u>
K-12 Regular Plan	25.5%
Higher Ed Regular Plan	24.4%
Plan A	30.7%
Plan B	28.2%
ORP 2017	21.2%

The Center's contractually required composite contribution rate for the year ended June 30, 2018 was 26.6% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the Center were \$15,592 for the year ended June 30, 2018. In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. Non-employer contributions of \$466 are recognized as revenue.

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

At June 30, 2018, the Center reported a total of \$11,567,059 for its proportionate shares of the Net Pension Liabilities of the Plans.

Ware Youth Center  
Coushatta, Louisiana  
Notes to Financial Statements  
June 30, 2018

Plan	Measurement Date	
	June 30, 2017	June 30, 2016
LASERS	\$11,443,729	\$11,472,186
TRSL	123,330	137,205
Total	\$11,567,059	\$11,609,391

The Net Pension Liabilities were measured as of June 30, 2017 and the total pension liability used to calculate the Net Pension Liabilities were determined by an actuarial valuation as of that date. The Center's proportion of the Net Pension Liabilities was based on a projection of the Center's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017 and 2016, the Center's proportions of each were as follows:

Plan	Proportionate Share	
	June 30, 2017	June 30, 2016
LASERS	.162580%	.146100%
TRSL	.003717%	.003750%
Total	.166297%	.149850%

For the year ended June 30, 2018 and 2017, the Center recognized pension expense including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions as follows:

Plan	Measurement Date	
	June 30, 2017	June 30, 2016
LASERS	\$1,175,324	\$652,924
TRSL	(83,387)	(79,739)
Total	\$1,091,937	\$573,185

At June 30, 2018, the Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	LASERS		TRSL		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	209,979	-	4,054	-	214,033
Changes in Assumptions	45,210	-	1,301	-	46,511	-
Net Difference between projected and actual earnings on pension plan	372,128	-	-	3,185	372,128	3,185
Changes in employer's proportion of beg NPL	763,012	124,771	3,023	209,461	766,035	334,232
Differences between employer and proportionate share of contributions	33,640	22,163	2,764	1,989	36,404	24,152
Subsequent Measurement Contributions	1,238,027	-	15,592	-	1,253,619	-
Total	2,452,017	356,913	22,680	218,689	2,474,697	575,602

Ware Youth Center  
Coushatta, Louisiana  
Notes to Financial Statements  
June 30, 2018

The deferred outflows of resources related to pensions resulting from Center contributions subsequent to the measurement date in the amount of \$1,253,619, will be recognized as a reduction of the Net Pension Liabilities in the year June 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 109,522
2020	676,728
2021	92,084
2022	(232,858)
Total	\$ 645,476

*Actuarial Assumptions*

A summary of the actuarial methods and assumptions used in determining the total pension liabilities for the valuation date of June 30, 2017 is as follows:

<u>Assumptions</u>	<u>LASERS</u>	<u>TRSL</u>
Actuarial cost method	Entry age normal cost	Entry age normal cost
Expected remaining service lives	3 years	5 years
Investment rate of return	7.70%	7.70%
Inflation rate	2.75%	2.50%
Salary increases	Varies from 2.8% to 14.3%, depending on member type	Varies from 3.5% to 10.0%, depending on duration of service

Mortality rates for LASERS were based on RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015 for non-disabled members. For disabled members, RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement, was used. The assumptions were based on the results of a five year (2009-2013) experience study.

Mortality rates for TRSL were based on RP-2000 Mortality Table with projection to 2025 using Scale AA. The assumptions were based on the results of a five year (2008-2012) experience study.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

Best estimates of arithmetic real rates of return for each major asset class included in pensions target asset allocation as of June 30, 2017 are summarized in the following table:

Ware Youth Center  
Coushatta, Louisiana  
Notes to Financial Statements  
June 30, 2018

<u>Asset Class</u>	LASERS	TRSL
	Long-Term Expected Portfolio Real Rate of <u>Return</u>	Long-Term Expected Portfolio Real Rate of <u>Return</u>
Cash Equity	-0.24%	0.00%
Domestic Equity	4.31%	4.28%
International Equity	5.35%	4.96%
Domestic Fixed Income	1.73%	1.98%
International Fixed Income	2.49%	2.75%
Alternative Investments	7.41%	0.00%
Global Tactical Asset Allocation	2.84%	0.00%
Private Equity	0.00%	8.47%
Other Private Assets	0.00%	3.51%

The discount rate used to measure the total pension liability was 7.70% for LASERS and 7.70% for TRSL. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, LASERS and TRSL fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the City's proportionate share of the Net Pension Liabilities using the discount rates as shown above, as well as what the City's proportionate share of the Net Pension Liabilities would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	1.0% Decrease	Current Discount Rate	1.0% Increase
LASERS	\$14,366,304	\$11,443,729	\$8,958,848
TRSL	\$ 158,914	\$ 123,330	\$ 93,060

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plans' fiduciary net positions are available in the separately issued financial statements of the Plans.

*Payables to the Pension Plans*

These financial statements include a payables to the pension plans. \$158,741 to LASERS and \$1,709 to TRSL, which are the legally required contributions due at June 30, 2018. These amounts are recorded in accrued expenses.

Ware Youth Center  
Coushatta, Louisiana  
Notes to Financial Statements  
June 30, 2018

7. Risk Management

The Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Center maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Center.

8. Claims and Contingencies

The Center participates in federal and state programs that are fully or partially funded by grants received from other Governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Center may be required to reimburse the grantor government. The Center believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the governmental funds or the overall financial position of the Center.

In the normal course of operations, claims/lawsuits may occur for which insurance has not been obtained. Management believes that such claims/lawsuits, if any, are not expected to have a material impact on the operations of the Center.

9. Compensation Paid to Board Members

The members of the Board of Commissioners of the Center receive no compensation for their services.

10. Deficit Unrestricted Net Position

The net position of \$1,687,965 included an unrestricted net deficit of \$7,776,775. The remainder of the net position includes \$9,464,740 attributable to the Center's net investment in capital assets. The unrestricted net deficit is primarily the result of the net pension liability of \$11,873,626. It is expected that the Center will continue to realize positive improvements to the unrestricted net deficit.

11. Subsequent Events

Management has evaluated events through September 21, 2018, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

REQUIRED SUPPLEMENTARY INFORMATION

Ware Youth Center  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2018

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>REVENUES:</b>				
Intergovernmental	\$6,748,000	\$6,757,718	\$ 6,759,874	\$ 2,156
Charges for Services	1,959,700	2,335,200	2,331,955	(3,245)
Fines, forfeitures and fees	325,000	288,500	289,688	1,188
Miscellaneous-				
Interest	6,500	19,500	29,441	9,941
Royalties and leases	5,000	44,500	44,150	(350)
Other	<u>0</u>	<u>27,500</u>	<u>38,049</u>	<u>10,549</u>
Total Revenues	<u>\$9,044,200</u>	<u>\$9,472,918</u>	<u>\$9,493,157</u>	<u>\$ 20,239</u>
<b>EXPENDITURES:</b>				
Personnel services	\$6,527,500	\$6,457,449	\$6,607,005	\$(149,556)
Travel	33,638	14,023	11,943	2,080
Operating Services	928,033	962,703	885,169	77,534
Supplies	785,565	881,796	873,253	8,543
Professional Services	255,438	241,076	238,692	2,384
Capital Outlay	<u>514,026</u>	<u>255,000</u>	<u>208,773</u>	<u>46,227</u>
Total Expenditures	<u>\$9,044,200</u>	<u>\$8,812,047</u>	<u>\$8,824,835</u>	<u>\$ (12,788)</u>
Excess of Revenues over Expenditures	\$ 0	\$ 660,871	\$ 668,322	\$ 7,451
Fund Balance-Beginning of Year	<u>1,436,903</u>	<u>1,436,903</u>	<u>1,436,903</u>	<u>0</u>
Fund Balance-End of Year	<u>\$1,436,903</u>	<u>\$2,097,774</u>	<u>\$2,105,225</u>	<u>\$ 7,451</u>

See independent auditor's report.

Ware Youth Center  
Schedule of Employer's Share of Net Pension Liability  
For the Year Ended June 30, 2018

Louisiana State Employees' Retirement System

<u>Year</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability</u>
2015	0.15629%	\$ 9,712,332	\$3,114,680	314%	65.0%
2016	0.15156%	\$10,308,096	\$2,865,335	360%	62.7%
2017	0.14610%	\$11,472,186	\$2,975,399	386%	57.7%
2018	0.16258%	\$11,443,729	\$3,266,568	350%	62.5%

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

Teachers' Retirement System of Louisiana

<u>Year</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability</u>
2015	0.00375%	\$383,713	\$157,643	243%	63.7%
2016	0.00372%	\$399,662	\$106,000	377%	62.5%
2017	0.00117%	\$137,205	\$ 51,917	264%	59.9%
2018	0.00120%	\$123,330	\$ 58,615	210%	65.6%

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

Ware Youth Center  
Schedule of the Employer's Contributions  
For the Year Ended June 30, 2018

Louisiana State Employees' Retirement System

<u>Year</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
2015	\$1,070,043	\$1,070,043	\$0	\$3,114,680	34.4%
2016	\$ 983,357	\$ 983,357	\$0	\$2,865,335	34.3%
2017	\$1,148,824	\$1,148,824	\$0	\$2,975,399	38.6%
2018	\$1,238,027	\$1,238,027	\$0	\$3,266,568	37.9%

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

Changes of Assumptions:

- There were no changes of benefit assumptions for the year ended June 30, 2018.

Teachers' Retirement System of Louisiana

<u>Year</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
2015	\$41,460	\$41,460	\$0	\$157,643	26.3%
2016	\$12,750	\$12,750	\$0	\$106,000	12.0%
2017	\$13,810	\$13,810	\$0	\$ 51,917	26.6%
2018	\$15,592	\$15,592	\$0	\$ 58,615	26.6%

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

Changes of Assumptions:

- There were no changes of benefit assumptions for the year ended June 30, 2018.

Ware Youth Center  
Schedule of Compensation, Benefits and Other Payments to  
Agency Head or Chief Executive Officer  
For the Year Ended June 30, 2018

Executive Director: Joey Cox

<u>Purpose</u>	<u>Amount</u>
Salary	\$160,420
Benefits – Insurance	6,106
Benefits – Retirement	60,799
Deferred Compensation	0
Benefits – SS/Medicare	0
Car allowance	0
Vehicle provided by government	0
Cell phone	1,344
Dues	0
Vehicle rental	0
Per diem	0
Reimbursements	0
Travel	0
Conference travel	0
Housing	0
Unvouchered expenses	0
Special meals	0
Other	<u>0</u>
Total	<u>\$228,669</u>

See independent auditor's report.

Reporting Fraud and Misappropriations

Agency Name: Ware Youth Center

Fiscal Year End: June 30, 2018

<u>Element of Finding</u>	<u>Response</u>
1. A general statement describing the fraud or misappropriation that occurred.	A reimbursement check issued to an employee was hacked and altered, then presented to the bank for payment a second time.
2. A description of the funds or assets that were the subject of the fraud or misappropriation (ex., utility receipts, petty cash, computer equipment).	Cash
3. The amount of funds or approximate value of assets involved.	\$1,400.05
4. The department or office in which the fraud or misappropriation occurred.	Operating Bank Account
5. The period of time over which the fraud or misappropriation occurred.	One instance
6. The title/agency affiliation of the person who committed or is believed to have committed the act of fraud or misappropriation.	The bank believes that the image of the check was hacked by an unrelated party after the employee deposited the check into her account in good faith.
7. The name of the person who committed or is believed to have committed the act of fraud or misappropriation, if formal charges have been brought against the person and/or the matter has been adjudicated.	See question number 6.
8. Is the person who committed or is believed to have committed the act of fraud still employed by the agency?	See question number 6.
9. If the person who committed or is believed to have committed the act of fraud is still employed by the agency, do they have access to assets that may be subject to fraud or misappropriation?	See question number 6.
10. Has the agency notified the appropriate law enforcement body about the fraud or misappropriation?	Yes, we have contacted the Red River Parish Sheriff's Office, Louisiana Legislative Auditor, Red River Parish District Attorney and our Independent Auditor.
11. What is the status of the investigation at the date of the auditor's/accountant's report?	The Sheriff's office is still investigating this matter. The bank is also attempting to determine the ownership of the account the funds were deposited into.

Reporting Fraud and Misappropriations  
(continued)

Agency Name: Ware Youth Center

Fiscal Year End: June 30, 2018

<u>Element of Finding</u>	<u>Response</u>
12. If the investigation is complete and the person believed to have committed the act or fraud or misappropriation has been identified, has the agency filed charges against that person?	The investigation is ongoing.
13. What is the status of any related adjudication at the date of the auditor's/accountant's report?	The investigation is ongoing.
14. Has restitution been made or has an insurance claim been filed?	The bank reimbursed the amount stolen.
15. Has the agency notified the Louisiana Legislative Auditor and the District Attorney in writing, as required by Louisiana Revised Statute 24:523 (Applicable to local governments only)	Yes
16. Did the agency's internal controls allow the detection of the fraud or misappropriation in a timely manner?	Yes
17. If the answer to the last questions is "no", described the control deficiency/significant deficiency/material weakness that allowed the fraud or misappropriation to occur and not be detected in a timely manner.	N/A
18. Management's plan to ensure that the fraud or misappropriation does not occur in the future.	We have worked with our bank to implement preventative measures that will protect us in the future.

See independent auditor's report.

## INTERNAL CONTROL AND COMPLIANCE

# Johnson, Thomas & Cunningham

## Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation  
Roger M. Cunningham, CPA – A Professional Corporation  
Jessica H. Broadway, CPA – A Professional Corporation  
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### INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners of  
Ware Youth Center  
Coushatta, Louisiana 71019

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 and the *Louisiana Governmental Audit Guide*, the financial statements of the governmental activities and the major fund of Ware Youth Center (the Center), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated September 21, 2018.

#### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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 over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

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

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 25:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Johnson, Thomas & Cunningham, CPA's*  
Johnson, Thomas & Cunningham, CPA's

September 21, 2018  
Natchitoches, Louisiana

Ware Youth Center  
Schedule of Audit Findings  
Year Ended June 30, 2018

I. SUMMARY OF AUDIT RESULTS

The following summarize the audit results:

1. An unmodified opinion was issued on the financial statements of the Ware Youth Center as of and for the year ended June 30, 2018.
2. The audit did not disclose any material weaknesses in internal control.
3. The audit disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Internal Control-

2018-001 *Misappropriation of Cash*

*Criteria* – During the year ended June 30, 2018, an instance occurred in which a refund check issued to an employee was hacked. The Center's internal control system was properly designed and this misappropriation was detected during the bank reconciliation process. The bank was notified immediately and within 48 hours, the misappropriation was refunded to the Center. The District Attorney and Louisiana Legislative Auditor were notified. Louisiana regulations require that an instance such as this be reported as a finding on the Center's audit. However since the Center's internal control was designed and working, we have no recommendation to make.

II. PRIOR YEAR FINDINGS

None noted.

# Johnson, Thomas & Cunningham

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### INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING STATEWIDE AGREED-UPON PROCEDURES

To the Board Commissioners  
of Ware Youth Center

We have performed the procedures enumerated below, which were agreed to by the Board of Commissioners of the Ware Youth Center and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. Ware Youth Center 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 enumerated below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and associated findings are enumerated below.

#### *Written Policies and Procedures*

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1. We obtained and inspected the entity's written policies and procedures and observed whether those written policies and procedures address each of the following categories and subcategories (or noted that the entity does not have any written policies and procedures), as applicable:
  - **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
  - **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.
  - **Disbursements**, including processing, reviewing, and approving.
  - **Receipts**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or 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.)

- **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- **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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- **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.
- **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

a) Procedures Results - We noted no exceptions.

***Board (or Finance Committee, if applicable)***

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2. We obtained and inspected the board/committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent documents in effect during the fiscal period, and:
  - Observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - Observed that the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternatively, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
  - For governmental entities, obtained the prior year audit report and observed the unrestricted fund balance in the General Fund. If the General Fund had a negative ending unrestricted fund balance in the prior year audit report, observed that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the General Fund.

a) Procedures Results – Not required due to no exceptions in this area in the prior year.

### ***Bank Reconciliations***

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3. We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. We identified the entity's main operating account. We selected the entity's main operating account and randomly selected four additional accounts (or all if less than five). We randomly selected one month from the fiscal period, and obtained and inspected the corresponding bank statement and reconciliation for the selected accounts, and observed that:
  - Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g. initialed and dated, electronically logged);
  - Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g. initialed and dated, electronically logged); and
  - Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.
    - a) Procedures Results – Not required due to no exceptions in this area in the prior year.

### ***Collections***

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4. We obtained a listing of deposit sites for the fiscal period where deposits for cash/check/money order (cash) are prepared and management's representation that the listing is complete. We randomly selected the required amount of deposit sites (up to five).
5. We obtained a listing of collection locations and management's representation that the listing is complete. We randomly selected one collection location for each deposit site selected. We obtained and inspected written policies and procedures relating to employee job duties at each collection location, and observed that job duties were properly segregated at each collection location such that:
  - Employees that are responsible for cash collections do not share cash drawers/registers.
  - Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. We inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. We randomly selected two deposit dates for each of the bank accounts selected for procedure #3 under "Bank Reconciliations" above. We obtained supporting documentation for each of the deposits selected and:

- We observed that receipts are sequentially pre-numbered.
  - We traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - We traced the deposit slip total to the actual deposit per the bank statement.
  - We observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
  - We traced the actual deposit per the bank statement to the general ledger.
- a) Procedures Results – Not required due to no exceptions in this area in the prior year.

***Non-Payroll Disbursements – General (excluding card purchases/payments, travel reimbursements, and petty cash purchases)***

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8. We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. We randomly selected the required amount of disbursement locations (up to five).
  9. For each location selected under #8 above, we obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and we observed that job duties are properly segregated such that:
    - At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
    - At least two employees are involved in processing and approving payments to vendors.
    - The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
    - Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
  10. For each location selected under #8 above, we obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. We randomly selected 5 disbursements for each location, and obtained supporting documentation for each transaction and:
    - We observed that the disbursement matched the related original invoice/billing statement.
    - We observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
- a) Procedures Results - We noted no exceptions.

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

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11. We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing is complete.
12. Using the listing prepared by management, we randomly selected the required amount of cards (up to five) that were used during the fiscal period. We randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), and obtained supporting documentation, and:
  - We observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.
  - We observed that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, we randomly selected the required amount transactions (up to ten) from each statement, and obtained supporting documentation for the transactions. For each transaction, we observed that it is supported by (1) an original itemized receipt that identified precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals.
  - a) Procedures Results – We noted no exceptions.

***Travel and Expense Reimbursement***

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14. We obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. We randomly selected five reimbursements, and obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:
  - If reimbursed using a per diem, we agreed the reimbursement rate to those rates established by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - If reimbursed using actual costs, we observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - We observed that each reimbursement was supported by documentation of the business/public purpose and other documentation required by written policy.
  - We observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.
  - a) Procedures Results – Not required due to no exceptions in this area in the prior year.

***Contracts***

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15. We obtained from management a listing of all agreements/contracts for professional services, materials, and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. We obtained management's representation that the listing is complete. We randomly selected the required amount of contracts (up to five) from the listing, and:
- We observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - We observed that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
  - If the contract was amended (e.g. change order), we observed that the original contract terms provided for such an amendment.
  - We randomly selected one payment from the fiscal period for each of the selected contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.
    - a) Procedures Results – We noted one exception, which is that the contract services do not list the amounts to be paid, instead the amounts paid are based on medical fee schedules.

***Payroll and Personnel***

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16. We obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. We randomly selected five employees/officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
17. We randomly selected one pay period during the fiscal period. For the five employees/officials selected under #16 above, we obtained attendance and leave documentation for the pay period, and:
- We observed that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
  - We observed that supervisors approved the attendance and leave of the selected employees/officials.
  - We observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. We obtained a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. If applicable, we selected the two employees/officials, and obtained related documentation of the hours and pay rates used in management's termination payment calculations. If applicable, we agreed the hours to the employees/officials' cumulative leave records and the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

19. We obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

a) Procedures Results – Not required due to no exceptions in this area in the prior year.

### ***Ethics***

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20. Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, we obtained ethics compliance documentation from management, and:

- We observed that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
- We observed that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

a) Procedures Results – Not required due to no exceptions in this area in the prior year.

### ***Debt Service (excluding nonprofits)***

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21. We obtained a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. We selected all bonds/notes on the listing, obtained supporting documentation, and observed that State Bond Commission approval was obtained for each bond/note issued.

22. We obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. We randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants.

b) Procedures Results – No procedures were performed as there was no outstanding debt or debt issued during this fiscal period.

### ***Other***

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23. We obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. We selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

24. We observed whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

a) Procedures Results – Not required due to no exceptions in this area in the prior year.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

*Johnson, Thomas & Cunningham, CPA's*  
Johnson, Thomas & Cunningham, CPA's

September 21, 2018  
Natchitoches, Louisiana

Ware Youth Center  
Management's Response to Exceptions to  
Statewide Agreed-Upon Procedures  
For the Year Ended June 30, 2018

MANAGEMENT'S RESPONSE TO EXCEPTIONS:

Item 15: Exception – Contract payments made to doctors are done on a fee schedule, which is not included in the contract.

Response – We will amend the contracts to include the fee schedules.