

METROPOLITAN HUMAN SERVICES DISTRICT

FINANCIAL REPORT

JUNE 30, 2020

METROPOLITAN HUMAN SERVICES DISTRICT

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JUNE 30, 2020

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August 31, 2020

Board of Directors
Metropolitan Human Services District
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Metropolitan Human Services District (the District), a component unit of the State of Louisiana, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Metropolitan Human Services District's basic financial statements as listed in the index to the report.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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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 opinion.

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 Metropolitan Human Services District as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Metropolitan Human Services District's basic financial statements. The annual financial report and the schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The annual financial statement reporting packet and the schedule of expenditures of federal awards are the responsibilities of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2020 on our consideration of the Metropolitan Human Services District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Metropolitan Human Services District's internal control over financial reporting and compliance.

Duplantier, Sharpner, Hogan and Oaker, LLP

New Orleans, Louisiana

METROPOLITAN HUMAN SERVICES DISTRICT
MANAGEMENTS' DISCUSSION AND ANALYSIS
JUNE 30, 2020

The Management's Discussion and Analysis of the Metropolitan Human Services District's financial performance presents a narrative overview and analysis of the Metropolitan Human Services District's financial activities for the year ended June 30, 2020. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. This analysis should be read in conjunction with the audited financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The total revenues of the Metropolitan Human Services District were \$24,834,001 which is a decrease of \$683,341. The decrease in revenues was due primarily to a decrease in charges for services and operating grants and contributions.
- The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at the close of fiscal year 2020 by \$34,186,781.
- The total expenses of the Metropolitan Human Services District were \$26,103,802, which is a decrease of \$1,097,893. This is primarily due to a decrease in operating expenses.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of three sections: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. Management's discussion and analysis is intended to serve as an introduction to the Metropolitan Human Services District's basic financial statements. The basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains additional information to supplement the basic financial statements, such as required supplementary information.

Government-wide Financial Statements

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

METROPOLITAN HUMAN SERVICES DISTRICT
MANAGEMENTS' DISCUSSION AND ANALYSIS
JUNE 30, 2020

The Statement of Net Position presents information on all of the Metropolitan Human Services District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The difference between total assets and deferred outflows and total liabilities and deferred inflows is net position and may provide a useful indicator of whether the financial position of the Metropolitan Human Services District is improving or deteriorating. From the data presented, readers of the Statement of Net Position can determine the assets available to continue the operations of the office. The financial statement readers are also able to determine how much the Metropolitan Human Services District owes vendors and others.

The Statement of Activities presents information showing how the Metropolitan Human Services District's net position changed during the most recent fiscal year. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, transactions may be included that will not affect cash until future fiscal periods.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Metropolitan Human Services District uses a single fund to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Metropolitan Human Services District's only fund, the general fund.

The Metropolitan Human Services District uses only one fund type, the governmental fund. The governmental fund is used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Metropolitan Human Services District's near-term financing requirements.

Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both, the Governmental Fund Balance Sheet and the Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between the governmental fund and the governmental activities.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

METROPOLITAN HUMAN SERVICES DISTRICT
MANAGEMENTS' DISCUSSION AND ANALYSIS
JUNE 30, 2020

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Metropolitan Human Services District's proportionate share of the net pension liability, contributions to the pension plan, and proportionate share of the collective total OPEB liability.

Financial Analysis of the Entity

The following is a summary of the Statements of Net Position:

<u>Condensed Statements of Net Position</u>				
<u>June 30, 2020 and 2019</u>				
	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>Percentage Change</u>
ASSETS:				
Current assets	\$ 7,591,893	\$ 8,112,370	\$ (520,477)	(6.42) %
Capital assets	<u>892,580</u>	<u>1,101,285</u>	<u>(208,705)</u>	<u>(18.95)</u>
Total assets	<u>8,484,473</u>	<u>9,213,655</u>	<u>(729,182)</u>	<u>(7.91)</u>
Deferred outflows of resources	6,990,910	7,817,553	(826,643)	(10.57)
LIABILITIES:				
Current liabilities	3,713,208	4,069,330	(356,122)	(8.75)
Noncurrent liabilities	<u>42,128,085</u>	<u>43,943,844</u>	<u>(1,815,759)</u>	<u>(4.13)</u>
Total liabilities	<u>45,841,293</u>	<u>48,013,174</u>	<u>(2,171,881)</u>	<u>(4.52)</u>
Deferred inflows of resources	3,820,871	1,935,014	1,885,857	97.46
Net investment in capital assets	892,580	1,101,285	(208,705)	(18.95)
Unrestricted (deficit)	<u>(35,079,361)</u>	<u>(34,018,265)</u>	<u>(1,061,096)</u>	<u>3.12</u>
Total net position (deficit)	<u>\$ (34,186,781)</u>	<u>\$ (32,916,980)</u>	<u>\$ (1,269,801)</u>	<u>3.86 %</u>

METROPOLITAN HUMAN SERVICES DISTRICT
MANAGEMENTS' DISCUSSION AND ANALYSIS
JUNE 30, 2020

Financial Analysis of the Entity (Continued)

The following is a summary of the Changes in Net Position:

Condensed Statements of Activities
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>Percentage</u> <u>Change</u>
REVENUES:				
Program revenues:				
Charges for services	\$ 507,647	\$ 618,166	\$ (110,519)	(17.88) %
Operating grants and contributions	5,911,854	7,096,996	(1,185,142)	(16.70)
General revenues:				
State of Louisiana appropriations	<u>18,414,500</u>	<u>17,802,180</u>	<u>612,320</u>	<u>3.44</u>
Total revenues	<u>24,834,001</u>	<u>25,517,342</u>	<u>(683,341)</u>	<u>(2.68)</u>
FUNCTION/PROGRAM EXPENSES:				
Administration	9,082,717	8,399,026	683,691	8.14
Adult behavioral health	10,146,031	11,648,403	(1,502,372)	(12.90)
Child and youth behavioral health services	2,174,484	2,282,402	(107,918)	(4.73)
Developmental disabilities	<u>4,700,570</u>	<u>4,871,864</u>	<u>(171,294)</u>	<u>(3.52)</u>
Total expenses	<u>26,103,802</u>	<u>27,201,695</u>	<u>(1,097,893)</u>	<u>(4.04)</u>
Change in net position	<u>\$ (1,269,801)</u>	<u>\$ (1,684,353)</u>	<u>\$ 414,552</u>	<u>(24.61) %</u>

Capital Assets

As of June 30, 2020, the District had \$892,580 invested in capital assets. This amount represents a net decrease of \$208,705 or 19%, over last year. The decrease in capital assets was a result of capital assets disposed of \$113,294 and depreciation expense of \$95,411.

METROPOLITAN HUMAN SERVICES DISTRICT
MANAGEMENTS' DISCUSSION AND ANALYSIS
JUNE 30, 2020

CONTACTING THE DISTRICT'S MANAGEMENT

This audit report is designed to provide a general overview of the District and to demonstrate the District's accountability for its finances. If you have any questions about this report or need additional information, please contact the Metropolitan Human Services District, 3100 General de Gaulle Drive, New Orleans, Louisiana 70114.

METROPOLITAN HUMAN SERVICES DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

ASSETS:	
Cash	\$ 6,741,432
Accounts receivable	850,461
Capital assets, net of depreciation	<u>892,580</u>
Total Assets	<u>8,484,473</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred outflows of resources related to OPEB	1,004,623
Deferred outflows of resources related to pensions	<u>5,986,287</u>
Total Deferred Outflows of Resources	<u>6,990,910</u>
LIABILITIES:	
Accounts payable	2,030,167
Accrued expenses	444,121
Unearned revenues	150,000
Noncurrent liabilities:	
Due within one year	1,088,920
Due in more than one year	<u>42,128,085</u>
Total Liabilities	<u>45,841,293</u>
DEFERRED INFLOWS OF RESOURCES:	
Deferred inflows of resources related to OPEB	2,800,391
Deferred inflows of resources related to pensions	<u>1,020,480</u>
Total Deferred Inflows of Resources	<u>3,820,871</u>
NET POSITION:	
Net investment in capital assets	892,580
Unrestricted (deficit)	<u>(35,079,361)</u>
Total Net Position (deficit)	<u>\$ (34,186,781)</u>

See accompanying notes.

METROPOLITAN HUMAN SERVICES DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Administration	\$ 9,082,717	\$ -	\$ 1,961,352	\$ (7,121,365)
Adult behavioral health services	10,146,031	390,887	3,762,611	(5,992,533)
Child and youth behavioral health services	2,174,484	116,760	187,891	(1,869,833)
Developmental disabilities	4,700,570	-	-	(4,700,570)
Total Governmental Activities	\$ 26,103,802	\$ 507,647	\$ 5,911,854	(19,684,301)
General Revenues:				
				18,414,500
				18,414,500
				(1,269,801)
				(32,916,980)
				\$ (34,186,781)

See accompanying notes.

METROPOLITAN HUMAN SERVICES DISTRICT
GOVERNMENTAL FUND BALANCE SHEET
JUNE 30, 2020

ASSETS:

Cash	\$ 6,741,432
Accounts receivable	<u>850,461</u>
 TOTAL ASSETS	 <u>\$ 7,591,893</u>

LIABILITIES:

Accounts payable	\$ 2,030,167
Accrued expenses	444,121
Unearned revenues	<u>150,000</u>
 Total liabilities	 <u>2,624,288</u>

FUND BALANCE:

Unassigned	<u>4,967,605</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 7,591,893</u>

See accompanying notes.

METROPOLITAN HUMAN SERVICES DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Total fund balance as reflected on the governmental fund balance sheet	\$	4,967,605
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds		892,580
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund balance sheet. All liabilities, current and noncurrent, are recorded in the statement of net position:</p>		
Deferred outflows of resources related to pensions and OPEB are applicable to future reporting periods and, therefore, are not reported in the governmental fund.		6,990,910
Deferred inflows of resources related to pensions and OPEB are applicable to future reporting periods and, therefore, are not reported in the governmental fund.		(3,820,871)
<p>Long-term liabilities at June 30, 2020:</p>		
Other post employment benefits payable		(14,865,787)
Compensated absences		(795,481)
Net pension liability		<u>(27,555,737)</u>
Net position (deficit), as reflected on the statement of net position	\$	<u>(34,186,781)</u>

See accompanying notes.

METROPOLITAN HUMAN SERVICES DISTRICT
STATEMENT OF GOVERNMENTAL FUND REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2020

REVENUES:

State appropriations	\$ 18,414,500
Grants and contributions	5,911,854
Patient services	507,647
Total revenues	24,834,001

EXPENDITURES:

Capital outlay	-
Operating services	1,847,198
Persomnel services	12,529,939
Professional fees	10,243,423
Supplies	196,427
Travel	72,073
Total expenditures	24,889,060

Excess of expenditures over revenues	(55,059)
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Fund balance, beginning of year	5,022,664
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Fund balance, end of year	\$ 4,967,605
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See accompanying notes.

METROPOLITAN HUMAN SERVICES DISTRICT
RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL FUND REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Change in fund balance as reflected on the statement of governmental fund revenues, expenditures, and changes in fund balance. \$ (55,059)

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

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of these assets should be allocated over the estimated useful lives and reported as depreciation expense:

Loss on disposal of capital assets	\$ (113,294)	
Depreciation expense	<u>(95,411)</u>	
		(208,705)

Expenses related to compensated absences do not require the use of current financial resources; therefore, are not reported as expenditures in the governmental fund. (65,813)

Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the statement of activities. (1,558,234)

OPEB benefit, which is the change in the OPEB liability adjusted for changes in deferred outflows and inflows of resources related to OPEB, is reported in the statement of activities. 618,010

Change in net position as reflected on the statement of activities \$ (1,269,801)

See accompanying notes.

METROPOLITAN HUMAN SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Nature of Operations:

The Metropolitan Human Services District (the District) is a component unit of the State of Louisiana created under the provisions of Louisiana Revised Statute 28:862. The District is responsible for directing the operation and management of mental health, addictive disorders and developmental disability services in the parishes of Orleans, Plaquemines, and St. Bernard. In particular, the District serves residents who are uninsured or Medicaid eligible, though developmental disability services do not have income restrictions. Operations of the District are primarily funded by state appropriations. The District also bills Medicaid, Medicare, and some private insurance providers as part of its clinic operations. The District also receives federal and state grants. The District is governed by a board of nine members appointed by the chief executive officer of each respective parish subject to the approval of the parish governing authority.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Financial Reporting Entity:

Due to its fiscal dependency on the State of Louisiana, the District is considered a component unit of the reporting entity of the State of Louisiana. The accompanying financial statements present information only on the fund maintained by the District and do not present information from the State of Louisiana, the general government services provided by that governmental unit, or the other governmental units that comprise the State of Louisiana's financial reporting entity. Annually, the State of Louisiana issues basic financial statements, which includes the activity contained in the accompanying financial statements. The District has no component units.

Basis of Presentation:

The accompanying financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Basis of Accounting:

The financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred or economic asset used, regardless of the timing of the related cash flows. Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The transactions of the District are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the Statement of Net Position.

METROPOLITAN HUMAN SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Government-Wide Financial Statements:

The government-wide financial statements are reported on the full accrual basis of accounting and the economic resources measurement focus. The accounting objective of this measurement focus is the determination of operating income, changes in net position and financial position. All assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources associated with the government's activities are reported. The statement of net position and statement of activities present revenues, expenses, and capital assets as follows: revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property and equipment are accounted for as capital assets. All capital assets are valued at historical cost, except for donated assets which are recorded at their estimated fair value at the date of donation.

In addition, the government-wide statement of activities reports both gross and net cost of each of the District's functions. The functions are supported by general government revenues, including appropriations from the State of Louisiana and government grants. The statement of activities reduces gross expenses by related program revenues and grants, and program revenues must be directly associated with the function. Program revenues include charges for services which report fees and other charges to patients/clients of the District and operating grants and contributions which fund annual operating activities. These revenues may be subject to externally imposed restrictions to these program uses.

Fund Financial Statements:

Fund financial statements are accounted for using the modified accrual basis of accounting and a current financial resources measurement focus. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they become measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Management considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. In addition, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net position. Expenditures are generally recorded when the related liability is incurred. However, compensated absences, pension liability, and other post-employment benefits (OPEB) are recorded when paid. Principal and interest on general long-term debt is recognized when due.

Deferred Outflows of Resources:

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resource (expenditure/expense) until that future time.

METROPOLITAN HUMAN SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Deferred Inflows of Resources:

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

Budget:

The District does not qualify as a political subdivision which is required to adopt a budget as prescribed by Louisiana Revised Statute 39:1301-15.

Cash:

For financial reporting purposes, cash includes demand deposits. Under state law, the District may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Compensated Absences:

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits. Compensated absences are recognized as an expense and liability in the financial statements when incurred in the government-wide statement of net position.

Because accrued compensated absences do not require the use of current financial resources, no liability is recorded within the governmental funds. Only the compensated absences payable to current terminating employees are included in wages and benefits payable.

Accounts Receivable:

Accounts receivable consist of amounts due from the state and federal government for services provided by the District but have not been collected at year-end. Management monitors the receivable balances and assesses the collectability at year-end based upon the historical collections and knowledge of the entity. Management has determined an allowance for doubtful accounts is unnecessary.

METROPOLITAN HUMAN SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Capital Assets:

For the government-wide financial statements, capital assets with a cost of \$5,000 or more are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of 5 to 15 years for leasehold improvements, 5 to 10 years for machinery and equipment. In the fund financial statements, capital assets are recorded as expenditures in the governmental fund at the time purchased. Expenditures for maintenance and repairs, which do not materially extend the useful life of the asset, are charged to expense as incurred.

The State of Louisiana provides four buildings for the District's use in the provision of behavioral health and developmental disabilities services in the three-parish service area. The District has possession and operating control of these four buildings and is responsible for all operating costs and capital improvements.

Pensions:

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Louisiana State Employees' Retirement System (LASERS) and changes in LASERS's fiduciary net position have been determined on the same basis as they are reported by LASERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balance:

Fund balance is classified in the following components:

- *Nonspendable* includes fund balance amounts that cannot be spent either because it is in nonspendable form (such as inventory) or because of legal or contractual constraints.
- *Restricted* includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers (such as grantors, bondholders and higher levels of government) or amounts constrained due to constitutional provisions or enabling legislation.
- *Committed* includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District itself, using its highest level of decision-making authority, the Board of Directors. To be reported as *committed*, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

METROPOLITAN HUMAN SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Fund Balance: (Continued)

- *Assigned* includes fund balance amounts that the District intends to use for specific purposes as determined by the Board of Directors that are neither considered restricted nor committed.
- *Unassigned* fund balance amounts include the residual amounts of fund balance which do not fall into one of the other components. Positive amounts are reported only in the General Fund.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used. The District does not have a formal minimum fund balance policy.

Net Position:

Net position comprises the various net earnings from revenues and expenses. Net position is classified in the following components:

- (a) *Net investment in capital assets* consists of the District's total investment in capital assets, net of accumulated depreciation.
- (b) *Restricted* consists of resources restricted by external sources such as creditors, grantors, contributors, or by law.
- (c) *Unrestricted* consists of all other amounts that do not meet the definition of "restricted" or "net investment in capital assets." These resources are used for transactions relating to general operations of the District and may be used at its discretion to meet current expenses and for any purpose.

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

METROPOLITAN HUMAN SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Use of Estimates:

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

2. CASH:

As June 30, 2020, the District had cash deposits with financial institutions totaling \$6,741,082 (book balances). Deposits in bank accounts are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or collateralized by the pledge of securities owned by the fiscal agent bank. As of June 30, 2020, the District had \$6,018,112 in deposits (bank balances), all of which was insured by the Federal Deposit Insurance Corporation or pledged securities held by the Federal Reserve Bank in joint custody.

3. CAPITAL ASSETS:

The following is a summary of the changes in capital assets during the year ended June 30, 2020:

	Balance July 1, 2019	Additions	Disposals	Balance June 30, 2020
Leasehold improvements	\$ 1,170,347	\$ -	\$ -	\$ 1,170,347
Machinery and equipment	653,407	-	-	653,407
Construction in progress	113,294	-	113,294	-
Less: Accumulated depreciation	(835,763)	(95,411)	-	(931,174)
Capital assets, net	<u>\$ 1,101,285</u>	<u>\$ (95,411)</u>	<u>\$ 113,294</u>	<u>\$ 892,580</u>

Depreciation expense for the year ended June 30, 2020 totaled \$95,411.

METROPOLITAN HUMAN SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

4. DEFINED BENEFIT PENSION PLAN:

Plan Description:

Employees of the District are provided with pension through a cost-sharing, multiple-employer defined benefit plan administered by the Louisiana State Employees' Retirement System (LASERS)'s Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) grants to LASERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan.

Benefits Provided:

LASERS provides retirement, deferred retirement option (DROP), disability, and survivor's benefits. The following is a brief 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 Benefits

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. The substantial majority of members may retire with full benefits at any age upon completing 30 years of creditable service and at age 60 upon completing 10 years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit. 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.

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 under any one of six different options providing for reduced retirement benefits payable throughout their life, with certain benefits being paid to their designated beneficiary after their death.

METROPOLITAN HUMAN SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

4. DEFINED BENEFIT PENSION PLAN: (Continued)

Benefits Provided: (Continued)

Retirement Benefits (Continued)

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 12 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.

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 but generally is ten years of service.

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's 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.

METROPOLITAN HUMAN SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

4. DEFINED BENEFIT PENSION PLAN: (Continued)

Benefits Provided: (Continued)

Deferred Retirement Benefits (Continued)

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 LASER'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

All members with 10 or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

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

Survivor's Benefits

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased member 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 20 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 10 years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

Contributions:

Contribution requirements of active employees are governed by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) and may be amended by the Louisiana Legislature. Members are required by State Statute to contribute 7.5% of their annual covered salaries if hired before July 1, 2006 and 8.0% of their annual covered salaries if hired after July 1, 2006, and the District is required to make employer contributions based on an actuarially determined rate. The employer contribution rate for the fiscal year ended June 30, 2020 was 40.7% of annual covered payroll. The District's contributions to the System for the year ended June 30, 2020 were \$2,942,677.

METROPOLITAN HUMAN SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

4. DEFINED BENEFIT PENSION PLAN: (Continued)

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

As of June 30, 2020, the District reported a liability of \$27,555,737 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of June 30, 2019, the District's proportion was 0.38035%, which was a decrease of 0.02841% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$4,500,911. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 168,988	\$ 57,259
Net difference between projected and actual earnings on pension plan investments	952,014	-
Changes in assumptions	236,126	-
Changes in proportion and differences between employer contributions and proportionate share contributions	1,686,482	963,221
Employer contributions subsequent to the measurement date	2,942,677	-
Total	<u>\$ 5,986,287</u>	<u>\$ 1,020,480</u>

Deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date of \$2,942,677 will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

METROPOLITAN HUMAN SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

4. DEFINED BENEFIT PENSION PLAN: (Continued)

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

Year ending June 30:	
2021	\$ 1,681,421
2022	(277,062)
2023	261,919
2024	356,852
Total	\$ 2,023,130

Actuarial Assumptions:

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry Age Normal
Expected remaining service lives	2 years
Inflation rate	2.5% per annum
Salary Increases	2.8%-14%, including inflation, varies by plan and length of service
Investment rate of return	7.6%, net of pension plan investment expense, including inflation
Mortality rates	Non-disabled members - RP-2014 Healthy Mortality Table with mortality improvement projected using the MP-2018 Mortality Improvement Scale, applied on a fully generational basis Disabled members - RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement
Cost of living adjustments	The present value of future retirement benefits is based on benefits currently being paid by LASERS and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

METROPOLITAN HUMAN SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

4. DEFINED BENEFIT PENSION PLAN: (Continued)

Actuarial Assumptions: (Continued)

Termination, Disability, and Retirements	Termination, disability, and retirement assumptions were based on a five-year (2014-2018) experience study of the LASERS' members
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The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study of the years 2014-2018.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.75% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 9% for 2019.

The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	0%	0.24%
Domestic Equity	23%	4.83%
International Equity	32%	5.83%
Domestic Fixed Income	6%	2.79%
International Fixed Income	10%	4.49%
Alternative Investments	22%	8.32%
Risk Parity	7%	5.06%
Total	100%	

Discount Rate:

The discount rate used to measure the total pension liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at actuarially determined rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

METROPOLITAN HUMAN SERVICES DISTRICT
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

4. DEFINED BENEFIT PENSION PLAN: (Continued)

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

The following presents the District's proportionate share of the net pension liability using the discount rate of 7.60%, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower, 6.60%, or one percentage-point higher, 8.60%, than the current rate:

	1.0% Decrease <u>6.60%</u>	Current Discount Rate <u>7.60%</u>	1.0% Increase <u>8.60%</u>
District's proportionate share of the net pension liability	\$ 34,778,855	\$ 27,555,737	\$ 21,454,628

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's fiduciary net position is available in the separately issued Louisiana State Employees' Retirement System 2019 Comprehensive Annual Financial Report at www.lasersonline.org.

Payables to the Pension Plan:

As of June 30, 2020, the District reported a payable of \$126,287 for the outstanding amount of contributions to the pension plan.

5. OTHER POSTEMPLOYMENT BENEFITS:

Substantially all employees become eligible for postemployment health care and life insurance benefits if they reach normal retirement age while working for the District. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid jointly by the employee and the District. At June 30, 2020, seventy-six retirees and beneficiaries were receiving post-employment benefits.

Plan Description:

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

METROPOLITAN HUMAN SERVICES DISTRICT
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

5. OTHER POSTEMPLOYMENT BENEFITS: (Continued)

Benefits Provided:

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

Contributions:

The contribution requirements of plan members and the District are established and may be amended by LRS 42:801-883. The OPEB Plan is currently funded on a pay-as-you-go basis through a combination of retiree and District contributions. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving post-employment benefits. The retirees contribute to the cost of their postemployment benefits based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. Employer contributions to the OPEB Plan from the District were \$630,256 for the year ended June 30, 2020.

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

OGB <u>Participation</u>	Retiree <u>Share</u>	State <u>Share</u>
Under 10 years	81%	19%
10-14 years	62%	38%
15-19 years	44%	56%
20+ years	25%	75%

In addition to healthcare benefits, retirees may elect to receive life insurance benefits. Basic and supplemental life insurance is available for the individual retiree and spouses of retirees, subject to maximum values. The retiree pays 50% of the Prudential Company of America Premium. The retiree pays 100% of the Prudential Company of America premium for spousal coverage. The employer pays the remaining amount.

METROPOLITAN HUMAN SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

5. OTHER POSTEMPLOYMENT BENEFITS: (Continued)

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

At June 30, 2020 the District reported a liability of \$14,865,787 for its proportionate share of the collective total OPEB liability. The collective total OPEB liability was measured as of July 1, 2019 and was determined by an actuarial valuation as of that date. The District's proportion of the total OPEB liability was based on a projection of the District's total OPEB liability relative to the projected total OPEB liability of all participating employers, actuarially determined. As of July 1, 2019, the District's proportion was 0.1925%.

For the year ended June 30, 2020, the District recognized OPEB expense/(benefit) of \$12,245. As of June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows <u>of Resources</u>	Deferred Inflows <u>of Resources</u>
Difference between expected and actual experience	\$ 179,763	\$ 51,161
Changes in assumptions	-	2,396,388
Changes in proportion and differences between employer contributions and proportionate share contributions	97,636	352,842
Differences between employer contributions and proportionate share of contributions	96,968	-
Employer contributions subsequent to the measurement date	<u>630,256</u>	<u>-</u>
Total	<u>\$ 1,004,623</u>	<u>\$ 2,800,391</u>

Deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date of \$630,256 will be recognized as a reduction of the net OPEB liability during the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (benefit) as follows:

METROPOLITAN HUMAN SERVICES DISTRICT
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

5. OTHER POSTEMPLOYMENT BENEFITS: (Continued)

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

Year ending June 30:	
2021	\$ (906,762)
2022	(779,693)
2023	(535,974)
2024	(203,595)
Total	<u>\$ (2,426,024)</u>

Actuarial Assumptions:

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.80%
Salary Increases	Consistent with the pension valuation assumptions
Investment Rate of Return	2.79%, based on the S&P 20-year municipal bond index rate
Healthcare Cost Trend	7% - 4.5%
Mortality Rates	For healthy retiree lives, the RP-2014 Blue Collar Healthy Annuitant Table, adjusted by 1.280 for males and RP-2014 White Collar Healthy Annuitant Table, adjusted by 1.417 for females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2018. For disabled retirees, the RP-2000 Disabled Retiree Mortality Table, adjusted by 1.009 for males and 1.043 for females, not projected with mortality improvements.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience studies performed for the Statewide Retirement Systems.

METROPOLITAN HUMAN SERVICES DISTRICT
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

5. OTHER POSTEMPLOYMENT BENEFITS: (Continued)

Discount Rate:

The discount rate used to measure the total OPEB liability was 2.79%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at contractually required rates. Based on this assumption and as the OPEB Plan is unfunded, the OPEB plan's fiduciary net position was not projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was determined using a discount rate that reflects the 20-year tax-exempt municipal bond yield or index rate.

The discount rate used to measure the total OPEB liability was decreased to 2.79% from 2.98% in the July 1, 2019 valuation.

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

The following presents the District's proportionate share of the collective total OPEB liability, as well as what the District's proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.79%) or 1% higher (3.79%) than the current discount rate:

	1.0% Decrease	Current Discount Rate	1.0% Increase
	<u>1.79%</u>	<u>2.79%</u>	<u>3.79%</u>
Proportionate Share of the Collective Total OPEB Liability	\$ <u>17,253,478</u>	\$ <u>14,865,787</u>	\$ <u>12,952,151</u>

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

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

METROPOLITAN HUMAN SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

5. OTHER POSTEMPLOYMENT BENEFITS: (Continued)

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

	<u>1.0% Decrease</u>	<u>Current Trend Rate</u>	<u>1.0% Increase</u>
Proportionate Share of the Collective Total OPEB Liability	\$ <u>12,956,942</u>	\$ <u>14,865,787</u>	\$ <u>17,255,506</u>

Payables to the OPEB Plan:

As of June 30, 2020, the District reported a liability of \$-0- for the outstanding amount of contributions to the OPEB plan.

6. LONG-TERM LIABILITIES:

The following is a summary of changes in the District's long-term liabilities for the year ended June 30, 2020:

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>	<u>Amounts due within one year</u>
Compensated absences	\$ 729,666	\$ 520,367	\$ 454,552	\$ 795,481	\$ 458,664
OPEB liability	16,317,009	1,151,310	2,602,532	14,865,787	630,256
Net pension liability	27,876,793	2,606,200	2,927,256	27,555,737	-
	<u>\$ 44,923,468</u>	<u>\$ 4,277,877</u>	<u>\$ 5,984,340</u>	<u>\$ 43,217,005</u>	<u>\$ 1,088,920</u>

7. LEASE AGREEMENTS:

During the year ended June 30, 2020, the District had four operating leases in effect consisting of office space and land. The District also has maintenance and parking agreements leased on a monthly basis or as needed basis. Future minimum lease payments under the non-cancelable operating leases as of June 30, 2020 are as follows:

<u>Year Ending June 30</u>	<u>Lease Payments</u>
2021	\$ 7,578
2022	10
2023	10
2024	10
2025	10
Thereafter	<u>500</u>
Total	<u>\$ 8,128</u>

METROPOLITAN HUMAN SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

7. LEASE AGREEMENTS: (Continued)

Expenditures relating to the District's leases were \$223,322 for the year ended June 30, 2020.

The lease agreements have non appropriation exculpatory clauses that allow for lease cancellation if the Louisiana Legislature does not make an appropriation for their continuation during any future fiscal period.

8. RISK MANAGEMENT:

The Metropolitan Human Services District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District participates in the State of Louisiana's Office of Risk Management Insurance Fund. The District pays insurance premiums to the State of Louisiana, Office of Risk Management to cover risks that may occur in normal operations. The state pays premiums to the state's self-insurance program and to various insurance agencies for stop-loss coverages. Information related to risk management is reported in the State of Louisiana Comprehensive Annual Financial Report.

9. SUBSEQUENT EVENTS:

The District has evaluated subsequent events through August 31, 2020, the date which the financial statements were available to be issued. A novel strain of coronavirus was reported in Louisiana in March 2020 and continues to spread throughout the United States. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which could possibly impact the District. The related financial impact and duration cannot be reasonably estimated at this time.

REQUIRED SUPPLEMENTARY INFORMATION

METROPOLITAN HUMAN SERVICES DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
FOR THE SIX YEARS ENDED JUNE 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.38035%	0.40876%	0.33327%	0.32524%	0.32492%	0.35720%
District's proportionate share of the net pension liability	\$27,555,737	\$27,876,793	\$23,458,097	\$25,539,403	\$22,099,397	\$22,338,079
District's covered - payroll	\$ 7,725,043	\$ 7,511,239	\$ 6,471,499	\$ 5,929,314	\$ 6,913,130	\$ 6,814,043
District's proportionate share of the net pension liability as a percentage of its covered - payroll	356.71%	371.13%	362.48%	430.73%	319.67%	327.82%
Plan fiduciary net position as a percentage of the total pension liability	62.90%	64.30%	62.50%	57.70%	62.70%	65.02%

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

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

METROPOLITAN HUMAN SERVICES DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS TO THE PENSION PLAN
FOR THE SIX YEARS ENDED JUNE 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$2,942,677	\$ 2,915,177	\$ 2,843,332	\$ 2,367,283	\$ 2,212,440	\$ 2,557,954
Contributions in relation to the statutorily required contribution	<u>2,942,677</u>	<u>2,915,177</u>	<u>2,843,332</u>	<u>2,367,283</u>	<u>2,212,440</u>	<u>2,557,954</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered - payroll	\$7,265,421	\$ 7,725,043	\$ 7,511,239	\$ 6,471,499	\$ 5,929,314	\$ 6,913,130
Contributions as a percentage of covered - employee payroll	40.50%	37.74%	37.85%	36.58%	37.31%	37.00%

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

METROPOLITAN HUMAN SERVICES DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
 OF THE COLLECTIVE TOTAL OPEB LIABILITY
FOR THE THREE YEARS ENDED JUNE 30, 2020

<u>Fiscal Year</u>	<u>Percentage of the Collective Total OPEB Liability</u>	<u>District's Proportionate Share of the Collective Total OPEB Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Collective Total OPEB Liability as a % of Covered-Payroll</u>
2020	0.1925%	\$ 14,865,787	\$ 7,067,556	210.34%
2019	0.1911%	16,317,009	6,585,585	247.77%
2018	0.1975%	17,164,564	5,824,774	294.68%

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

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

METROPOLITAN HUMAN SERVICES DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020

1. Schedule of the District's Proportionate Share of the Collective Total Other Post-employment Benefit Liability in the State of Louisiana Post-employment Benefits Plan:

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

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

2. Schedule of the District's Proportionate Share of the Net Pension Liability in the Louisiana State Employees' Retirement System:

This schedule reflects the participation of the District's employees in Louisiana State Employees' Retirement System and its proportionate share of the net pension liability, the proportionate share of the net pension liability as a percentage of its covered employee payroll, and the plan fiduciary net position as a percentage of the total pension liability. The employers' net pension liability is the liability of the District's employees for benefits provided through Louisiana State Employees' Retirement System. Covered employee payroll is the payroll of all employees that are provided with benefits through the plan. The amounts in the schedule for each fiscal year were determined as the prior fiscal year ended.

3. Schedule of the District's Pension Contributions:

The difference between actuarially determined employer contributions and employer contributions received, and the percentage of employer contributions received to covered payroll, is presented in this schedule. The amounts presented in the schedule were determined as of the end of each fiscal year.

4. Changes in Benefit Terms:

Pension Plan

During the reporting period 2017, a Cost of Living Adjustment (COLA) was granted by LASERS of 1.5%.

METROPOLITAN HUMAN SERVICES DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020

4. Changes in Benefit Terms: (Continued)

OPEB Plan

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

5. Changes in Assumptions:

Pension Plan

Louisiana State Employees' Retirement System (LASERS)

Valuation Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Investment Rate of Return	7.60%	7.65%	7.70%	7.75%	7.75%
Inflation Rate	2.50%	2.75%	2.75%	3.00%	3.00%
Expected Remaining Service Lives	2 Years	3 Years	3 Years	3 Years	3 Years
Salary Increases	2.8% - 14.0%	2.8% - 14.3%	2.8% - 14.3%	3.0% - 14.5%	3.0% - 14.5%

OPEB Plan

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

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

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

1. Baseline per capita costs were updated to reflect 2019 claims and enrollment and retiree contributions were updated based on 2020 premiums. Plan claims and premiums increased less than had been expected, which decreased the Plan's liability. In addition, the estimate of future EGWP savings was increased, based on an analysis of recent EGWP experience. This further reduced the Plan's liability.
2. Life insurance contributions were updated based on updated schedules for 2020 monthly premium rates, which reduced the Plan's liability.
3. The impact of the High Cost Excise Tax was removed. The High Cost Excise Tax was repealed in December 2019. This reduced the Plan's liability.
4. Demographic assumptions were revised for the Louisiana State Employees' Retirement System to reflect the recent experience study.



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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

August 31, 2020

Board of Directors
Metropolitan Human Services District
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Metropolitan Human Services District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Metropolitan Human Services District's basic financial statements, and have issued our report thereon dated August 31, 2020.

Internal Control Over Financial Reporting

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

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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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Metropolitan Human Services District's financial statements are free of 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Sharpner, Hogan and Grady, LLP

New Orleans, Louisiana



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY *THE UNIFORM GUIDANCE*

August 31, 2020

Board of Directors
Metropolitan Human Services District
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The Metropolitan Human Services District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the *Uniform Guidance* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Metropolitan Human Services District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Sharpness, Hogan and Grady, LLP

New Orleans, Louisiana

METROPOLITAN HUMAN SERVICES DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

FEDERAL GRANTOR / PASS-THROUGH GRANTOR / <u>PROGRAM TITLE</u>	FEDERAL CFDA <u>NUMBER</u>	PASS-THROUGH IDENTIFYING <u>NUMBER</u>	TOTAL FEDERAL <u>EXPENDITURES</u>
DEPARTMENT OF HEALTH & HUMAN SERVICES			
Passed-through Louisiana Department of Health and Hospitals: Projects for Assistance in Transition from Homelessness	93.150	N/A	\$ 179,552
Community Mental Health Services Block Grant	93.958	N/A	401,733
Substance Abuse, Prevention and Treatment Grant (SAPT)	93.959	N/A	3,491,296 *
Substance Abuse and Mental Health Services Administration: Medication Assisted Treatment	93.243	1H79T1026746-01	239,461
State Targeted Response to the Opioid Crisis	93.788	N/A	21,846
State Opioid Response	93.788	N/A	<u>377,466</u>
Total State Targeted Response to the Opioid Crisis Grant			399,312
Total Department of Health & Human Services			<u>4,711,354</u>
DEPARTMENT OF JUSTICE			
Passed-through Louisiana Office of Behavioral Health Comprehensive Opioid Abuse Program	16.838	N/A	<u>65,094</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Program: Continuum of Care	14.267	N/A	<u>1,138,949</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 5,915,397</u>

* Major program

See accompanying notes to schedule of expenditures of federal awards.

METROPOLITAN HUMAN SERVICES DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

1. BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Metropolitan Human Services District under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Schedule of Expenditures of Federal Awards of the Metropolitan Human Services District has been prepared in conformity with accounting principles generally accepted in the United States of America. Expenditures are recognized when incurred. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (*Uniform Guidance*), wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. INDIRECT COST RATE:

The Metropolitan Human Services District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

4. SUBRECIPIENTS:

There were no awards passed through to sub-recipients.

METROPOLITAN HUMAN SERVICES DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

SUMMARY OF AUDITOR'S RESULTS:

Financial Statements:

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- * Material weakness(es) identified? __yes Xno
- * Control deficiencies identified that are not considered to be material weaknesses? __yes Xno

Noncompliance material to financial statements noted? __yes Xno

Federal Awards:

Internal control over major programs:

- * Material weakness(es) identified? __yes Xno
- * Control deficiencies identified that are not considered to be material weaknesses? __yes Xno

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance: __yes Xno

Identification of major program:

<u>Name of Program</u>	<u>CFDA No.</u>	<u>Expenditures</u>
Substance Abuse, Prevention and Treatment Grant (SAPT)	93.958	\$ 3,491,296
Dollar threshold used to distinguish between Type A and Type B programs:		\$ 750,000
Auditee qualified as low-risk auditee?		<u>X</u> yes <u> </u> no

METROPOLITAN HUMAN SERVICES DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

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

NONE

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

NONE

METROPOLITAN HUMAN SERVICES DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020

STATUS OF PRIOR YEAR AUDIT FINDINGS:

No findings in prior year.

OTHER SUPPLEMENTARY INFORMATION

APPENDIX A

**ANNUAL FISCAL REPORT (AFR)
FOR 2020**

AGENCY: 304 - Metropolitan Human Services Authority

PREPARED BY: Shana Marcelin

PHONE NUMBER: 504-620-2214

EMAIL ADDRESS: shana.marcelin@mhsdla.org

SUBMITTAL DATE: 09/01/2020 09:43 AM

STATEMENT OF NET POSITION

ASSETS

CURRENT ASSETS:

CASH AND CASH EQUIVALENTS	6,741,432.00
RESTRICTED CASH AND CASH EQUIVALENTS	0.00
INVESTMENTS	0.00
RESTRICTED INVESTMENTS	0.00
DERIVATIVE INSTRUMENTS	0.00
RECEIVABLES (NET)	850,461.00
PLEDGES RECEIVABLE (NET)	0.00
LEASES RECEIVABLE (NET)	0.00
AMOUNTS DUE FROM PRIMARY GOVERNMENT	0.00
DUE FROM FEDERAL GOVERNMENT	0.00
INVENTORIES	0.00
PREPAYMENTS	0.00
NOTES RECEIVABLE	0.00
OTHER CURRENT ASSETS	0.00
TOTAL CURRENT ASSETS	\$7,591,893.00

NONCURRENT ASSETS:

RESTRICTED ASSETS:

CASH	0.00
INVESTMENTS	0.00
RECEIVABLES (NET)	0.00
NOTES RECEIVABLE	0.00
OTHER	0.00
INVESTMENTS	0.00
RECEIVABLES (NET)	0.00
NOTES RECEIVABLE	0.00
PLEDGES RECEIVABLE (NET)	0.00
LEASES RECEIVABLE (NET)	0.00
CAPITAL ASSETS (NET OF DEPRECIATION & AMORTIZATION)	
LAND	0.00
BUILDINGS AND IMPROVEMENTS	855,816.00
MACHINERY AND EQUIPMENT	36,764.00
INFRASTRUCTURE	0.00
INTANGIBLE ASSETS	0.00
CONSTRUCTION IN PROGRESS	0.00
OTHER NONCURRENT ASSETS	0.00
TOTAL NONCURRENT ASSETS	\$892,580.00
TOTAL ASSETS	\$8,484,473.00

DEFERRED OUTFLOWS OF RESOURCES

ACCUMULATED DECREASE IN FAIR VALUE OF HEDGING DERIVATIVE INSTRUMENTS	0.00
DEFERRED AMOUNTS ON DEBT REFUNDING	0.00
ADJUSTMENT OF CAPITAL LEASE OBLIGATIONS	0.00
GRANTS PAID PRIOR TO MEETING TIME REQUIREMENTS	0.00
INTRA-ENTITY TRANSFER OF FUTURE REVENUES (TRANSFEREE)	0.00
LOSSES FROM SALE-LEASEBACK TRANSACTIONS	0.00
DIRECT LOAN ORIGINATION COSTS FOR MORTGAGE LOANS HELD FOR SALE	0.00
ASSET RETIREMENT OBLIGATIONS	0.00
OPEB-RELATED DEFERRED OUTFLOWS OF RESOURCES	1,004,623.00

**ANNUAL FISCAL REPORT (AFR)
FOR 2020**

AGENCY: 304 - Metropolitan Human Services Authority

PREPARED BY: Shana Marcelin

PHONE NUMBER: 504-620-2214

EMAIL ADDRESS: shana.marcelin@mhsdla.org

SUBMITTAL DATE: 09/01/2020 09:43 AM

PENSION-RELATED DEFERRED OUTFLOWS OF RESOURCES	5,986,287.00
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$6,990,910.00
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$15,475,383.00

LIABILITIES

CURRENT LIABILITIES:

ACCOUNTS PAYABLE AND ACCRUALS	2,474,288.00
ACCRUED INTEREST	0.00
DERIVATIVE INSTRUMENTS	0.00
AMOUNTS DUE TO PRIMARY GOVERNMENT	0.00
DUE TO FEDERAL GOVERNMENT	0.00
AMOUNTS HELD IN CUSTODY FOR OTHERS	0.00
UNEARNED REVENUES	150,000.00
OTHER CURRENT LIABILITIES	0.00

CURRENT PORTION OF LONG-TERM LIABILITIES:

CONTRACTS PAYABLE	0.00
COMPENSATED ABSENCES PAYABLE	458,664.00
CAPITAL LEASE OBLIGATIONS	0.00
ESTIMATED LIABILITY FOR CLAIMS	0.00
NOTES PAYABLE	0.00
BONDS PAYABLE	0.00
OPEB LIABILITY	630,256.00
POLLUTION REMEDIATION OBLIGATIONS	0.00
OTHER LONG-TERM LIABILITIES	0.00
TOTAL CURRENT LIABILITIES	\$3,713,208.00

NONCURRENT PORTION OF LONG-TERM LIABILITIES:

CONTRACTS PAYABLE	0.00
COMPENSATED ABSENCES PAYABLE	336,817.00
CAPITAL LEASE OBLIGATIONS	0.00
ESTIMATED LIABILITY FOR CLAIMS	0.00
NOTES PAYABLE	0.00
BONDS PAYABLE	0.00
TOTAL OPEB LIABILITY	14,235,531.00
NET PENSION LIABILITY	27,555,737.00
POLLUTION REMEDIATION OBLIGATIONS	0.00
OTHER LONG-TERM LIABILITIES	0.00
UNEARNED REVENUE	0.00
TOTAL LONG-TERM LIABILITIES	\$42,128,085.00
TOTAL LIABILITIES	\$45,841,293.00

DEFERRED INFLOWS OF RESOURCES

ACCUMULATED INCREASE IN FAIR VALUE OF HEDGING DERIVATIVE INSTRUMENTS	0.00
DEFERRED AMOUNTS ON DEBT REFUNDING	0.00
ADJUSTMENT OF CAPITAL LEASE OBLIGATIONS	0.00
GRANTS RECEIVED PRIOR TO MEETING TIME REQUIREMENTS	0.00
SALES/INTRA-ENTITY TRANSFER OF FUTURE REVENUES (TRANSFEROR)	0.00
GAINS FROM SALE-LEASEBACK TRANSACTIONS	0.00
SPLIT INTEREST AGREEMENTS	0.00
POINTS RECEIVED ON LOAN ORIGINATION	0.00
LOAN ORIGINATION FEES RECEIVED FOR MORTGAGE LOANS HELD FOR SALE	0.00
OPEB-RELATED DEFERRED INFLOWS OF RESOURCES	2,800,391.00

**ANNUAL FISCAL REPORT (AFR)
FOR 2020**

AGENCY: 304 - Metropolitan Human Services Authority

PREPARED BY: Shana Marcelin

PHONE NUMBER: 504-620-2214

EMAIL ADDRESS: shana.marcelin@mhsdla.org

SUBMITTAL DATE: 09/01/2020 09:43 AM

PENSION-RELATED DEFERRED INFLOWS OF RESOURCES	1,020,480.00
TOTAL DEFERRED INFLOWS OF RESOURCES	\$3,820,871.00

NET POSITION:

NET INVESTMENT IN CAPITAL ASSETS	892,580.00
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RESTRICTED FOR:

CAPITAL PROJECTS	0.00
DEBT SERVICE	0.00
NONEXPENDABLE	0.00
EXPENDABLE	0.00
OTHER PURPOSES	0.00

UNRESTRICTED	\$(35,079,361.00)
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TOTAL NET POSITION	\$(34,186,781.00)
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STATEMENT OF ACTIVITIES

PROGRAM REVENUES

EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE
26,103,802.00	507,647.00	5,911,854.00	0.00	\$(19,684,301.00)

GENERAL REVENUES

PAYMENTS FROM PRIMARY GOVERNMENT	18,414,500.00
OTHER	0.00
ADDITIONS TO PERMANENT ENDOWMENTS	0.00
CHANGE IN NET POSITION	\$(1,269,801.00)
NET POSITION - BEGINNING	\$(32,916,980.00)
NET POSITION - RESTATEMENT	0.00
NET POSITION - ENDING	\$(34,186,781.00)

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DUES AND TRANSFERS

Account Type		Amount
Amounts due from Primary		
Government	Intercompany (Fund)	
		Total
		\$0.00

Account Type		Amount
Amounts due to Primary		
Government	Intercompany (Fund)	
		Total
		\$0.00

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SCHEDULE OF BONDS PAYABLE

Series Issue	Date of Issue	Original Issue Amount	Principal Outstanding PFY	Issue (Redeemed)	Principal Outstanding CFY	Interest Outstanding CFY
		0.00	0.00	0.00	\$ 0.00	0.00
		Totals	\$0.00	\$0.00	\$0.00	\$0.00

Series - Unamortized Premiums:

Series Issue	Date of Issue	Principal Outstanding PFY	Issue (Redeemed)	Principal Outstanding CFY
		0.00	0.00	\$ 0.00
		Totals	\$0.00	\$0.00

Series - Unamortized Discounts:

Series Issue	Date of Issue	Principal Outstanding PFY	Issue (Redeemed)	Principal Outstanding CFY
		0.00	0.00	\$ 0.00
		Totals	\$0.00	\$0.00

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SCHEDULE OF BONDS PAYABLE AMORTIZATION

Fiscal Year Ending:	Principal	Interest
2021	0.00	0.00
2022	0.00	0.00
2023	0.00	0.00
2024	0.00	0.00
2025	0.00	0.00
2026	0.00	0.00
2027	0.00	0.00
2028	0.00	0.00
2029	0.00	0.00
2030	0.00	0.00
2031	0.00	0.00
2032	0.00	0.00
2033	0.00	0.00
2034	0.00	0.00
2035	0.00	0.00
2036	0.00	0.00
2037	0.00	0.00
2038	0.00	0.00
2039	0.00	0.00
2040	0.00	0.00
2041	0.00	0.00
2042	0.00	0.00
2043	0.00	0.00
2044	0.00	0.00
2045	0.00	0.00
2046	0.00	0.00
2047	0.00	0.00
2048	0.00	0.00
2049	0.00	0.00
2050	0.00	0.00
2051	0.00	0.00
2052	0.00	0.00
2053	0.00	0.00
2054	0.00	0.00
2055	0.00	0.00
Premiums and Discounts	\$0.00	
Total	\$0.00	\$0.00

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Other Postemployment Benefits (OPEB)

If your agency has active or retired employees who are members of the Office of Group Benefits (OGB) Health Plan, please provide the following information: (Note: OGB has a 6/30/2019 measurement date for their OPEB valuation)

Benefit payments made subsequent to the measurement date of the **OGB Actuarial Valuation Report** until the employer's fiscal year end. (Benefit payments are defined as the employer payments for retirees' health and life insurance premiums). For agencies with a 6/30 year end this covers the current fiscal year being reported. For calendar year end agencies, it covers the period 7/1 to 12/31 for the current year being reported. 630,256.00

Covered Employee Payroll for the **PRIOR** fiscal year (not including related benefits) 7,067,556.00

For calendar year-end agencies only: Benefit payments or employer payments for retirees' health and life insurance premiums made for the next year's valuation reporting period (7/1/2019 - 6/30/2020). This information will be provided to the actuary for the valuation report early next year. 0.00

For agencies that have employees that participate in the **LSU Health Plan**, provide the following information: (Note: The LSU Health Plan has a measurement date of 6/30/2020 for their OPEB valuation report.)

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

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FUND BALANCE/NET POSITION RESTATEMENT

Account Name/Description	Restatement Amount
Total	\$0.00

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SUBMISSION

Before submitting, ensure that all data (statements, notes, schedules) have been entered for the agency.

Once submitted no changes can be made to any of the agency data for the specified year.

By clicking 'Submit' below you certify that the financial statements herewith given present fairly the financial position and the results of operations for the year ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board.

Reminder: You must send Louisiana Legislative Auditors an electronic copy of the AFR report in a pdf, tiff, or some other electronic format to the following e-mail address:
LLAFileroom@lla.la.gov.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)
FOR 2020**

AGENCY: 304 - Metropolitan Human Services Authority

PREPARED BY: Shana Marcelin

PHONE NUMBER: 504-620-2214

EMAIL ADDRESS: shana.marcelin@mhsdla.org

SUBMITTAL DATE: 09/01/2020 09:41 AM

SEFA FORM INFORMATION

CFDA Number	Other Identifying Number	Program Name	Federal Awarding Agency	ARRA or COVID-19 ?	Research & Development ?	Direct Award or Pass-through ?	Type of Assistance	Totals	
								Expenditure Amount	Amount Provided to Non-state Subrecipients
								\$5,915,397.00	\$0.00
93.150		Projects for Assistance in Transition from Homelessness (PATH)	Department of Health and Human Services	No	No	Pass-through	Cash Awards	\$179,552.00	\$0.00
93.958		Block Grants for Community Mental Health Services	Department of Health and Human Services	No	No	Pass-through	Cash Awards	\$401,733.00	\$0.00
93.959		Block Grants for Prevention and Treatment of Substance Abuse	Department of Health and Human Services	No	No	Pass-through	Cash Awards	\$3,491,296.00	\$0.00
93.243		Substance Abuse and Mental Health Services Projects of Regional and National Significance	Department of Health and Human Services	No	No	Pass-through	Cash Awards	\$239,461.00	\$0.00
93.788		Opioid STR	Department of Health and Human Services	No	No	Pass-through	Cash Awards	\$399,312.00	\$0.00
16.838		Comprehensive Opioid Abuse Site-Based Program	Department of Justice	No	No	Pass-through	Cash Awards	\$65,094.00	\$0.00
14.267		Continuum of Care Program	Housing and Urban Development	No	No	Direct	Cash Awards	\$1,138,949.00	\$0.00

EXCLUDING LOAN ACTIVITY

	CFDA OR OTHER NUMBER	AMOUNT EXPENDED	AMOUNTS PROVIDED TO NON-STATE SUBRECIPIENTS
HOUSING AND URBAN DEVELOPMENT			
Continuum of Care Program	14.267		
<u>Direct Awards</u>			
Metropolitan Human Services Authority		\$1,138,949.00	
		<hr/>	
		\$1,138,949.00	\$0.00
		<hr/>	
Total for Housing and Urban Development		\$1,138,949.00	\$0.00
DEPARTMENT OF JUSTICE			
Comprehensive Opioid Abuse Site-Based Program	16.838		
<u>Through: Office of Behavioral Health</u>			
Metropolitan Human Services Authority		\$65,094.00	
		<hr/>	
		\$65,094.00	\$0.00
		<hr/>	
Total for Department of Justice		\$65,094.00	\$0.00
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Projects for Assistance in Transition from Homelessness (PATH)	93.150		
<u>Through: Office of Behavioral Health</u>			
Metropolitan Human Services Authority		\$179,552.00	
		<hr/>	
		\$179,552.00	\$0.00
		<hr/>	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		
<u>Through: Office of Behavioral Health</u>			
Metropolitan Human Services Authority		\$239,461.00	
		<hr/>	
		\$239,461.00	\$0.00
		<hr/>	
Opioid STR	93.788		
<u>Through: Office of Behavioral Health</u>			
Metropolitan Human Services Authority		\$399,312.00	
		<hr/>	
		\$399,312.00	\$0.00
		<hr/>	
Block Grants for Community Mental Health Services	93.958		
<u>Through: Office of Behavioral Health</u>			
Metropolitan Human Services Authority		\$401,733.00	
		<hr/>	
		\$401,733.00	\$0.00
		<hr/>	
Block Grants for Prevention and Treatment of Substance Abuse	93.959		
<u>Through: Office of Behavioral Health</u>			
Metropolitan Human Services Authority		\$3,491,296.00	
		<hr/>	
		\$3,491,296.00	\$0.00
		<hr/>	
Total for Department of Health and Human Services		\$4,711,354.00	\$0.00
		<hr/>	
TOTAL EXPENDITURES OF FEDERAL AWARDS EXCLUDING LOAN ACTIVITY		\$5,915,397.00	\$0.00
		<hr/>	

LOAN ACTIVITY

CFDA OR OTHER NUMBER

AMOUNT EXPENDED

**AMOUNTS PROVIDED
TO NON-STATE
SUBRECIPIENTS**

TOTAL EXPENDITURES OF FEDERAL AWARDS INCLUDING LOANS

\$5,915,397.00

\$0.00