FINANCIAL REPORT

SENATE
STATE OF LOUISIANA

JUNE 30, 2018

SENATE
STATE OF LOUISIANA

INDEX TO REPORT

JUNE 30, 2018

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December 26, 2018

Honorable John A. Alario, Jr.
President of the Senate, State of Louisiana
Baton Rouge, Louisiana

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Senate, State of Louisiana, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Senate's basic financial statements as listed in the index to 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.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Senate, State of Louisiana, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As disclosed in Note 11 to the financial statements, for the year ended June 30, 2018, the Senate implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The new standard required the Senate to record its proportionate share of the total collective other postemployment benefits (OPEB) amount related to its participation in two OPEB plans, the Office of Group Benefits Plan and the LSU System Health Plan, restating the earliest year presented. As a result of the implementation, the Senate's net position decreased by $15,857,782, the OPEB liability increased by $16,035,130, and deferred outflows of resources increased by $177,348 as of July 1, 2017.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule, the schedule of employer's proportionate share of the total collective OPEB liability, the schedule of employer's proportionate share of the net pension liability, and the schedule of employer's pension contributions, as listed in the index to report, 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 opinions on the financial statements that collectively comprise the Senate, State of Louisiana's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2018, on our consideration of the Senate, State of Louisiana'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 Senate, State of Louisiana's internal control over financial reporting and compliance.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

Management's discussion and analysis of the Senate, State of Louisiana's (Senate) financial performance presents a narrative overview and analysis of the Senate's financial activities for the year ended June 30, 2018. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. This analysis should be read in conjunction with the basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Senate's increase in net position of $653,887 was due primarily to an increase in the Senate's general revenues, due to an increase in the Senate's State General Fund Appropriation in the current year.

- The general revenues of the Senate were $21,638,467, which is an increase of $1,983,564, or 10.1%.

- The other financing sources of the Senate were $1,549,867, which is an increase of $79,971, or 5.4%.

- The total expenses of the Senate were $22,534,447, which is a decrease of $2,154,385, or 8.7%. Personnel services accounted for the largest portion of this decrease.

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 Senate'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 Senate's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on the Senate's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. This statement is designed to display the financial position of the Senate. Over time, increases or decreases in net position help determine whether the Senate's financial position is improving or deteriorating.

The Statement of Activities presents information showing how the Senate'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 Senate 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 Senate's only fund, the general fund.

The Senate 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 Senate'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 governmental fund Statement of 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.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Senate's budgetary comparison, proportionate share of the total collective other postemployment benefits liability, proportionate share of the net pension liability, and pension contributions.

Following the required supplementary information is other supplementary information concerning the Senate's payments to Senators for per diem and other compensation that further explains and supports the information in the financial statements.

FINANCIAL ANALYSIS OF GOVERNMENT-WIDE ACTIVITIES

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Senate, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $50,106,902 at the close of the most recent fiscal year. Included in the Senate's net position is its net investment in capital assets. These assets are not available for future spending.

The following presents the condensed comparative statements of net positon of the Senate:

COMPARATIVE STATEMENTS OF NET POSITION
JUNE 30, 2018 AND 2017

	2018	(Restated) 2017	Change	Percentage Change
Assets:				
Current assets	$ 10,968,018	$ 9,888,394	$ 1,079,624	10.9%
Capital assets, net	132,581	129,023	3,558	2.8%
Total assets	11,100,599	10,017,417	1,083,182	10.8%
Deferred Outflows of Resources	5,880,097	9,216,456	(3,336,359)	(36.2%)
Liabilities:				
Current liabilities	909,715	785,240	124,475	15.9%
Long-term liabilities	63,985,205	68,840,745	(4,855,540)	(7.1%)
Total liabilities	64,894,920	69,625,985	(4,731,065)	(6.8%)
Deferred Inflows of Resources	2,192,678	368,677	1,824,001	494.7%
Net Position:				
Net investment in capital assets	132,581	129,023	3,558	2.8%
Unrestricted	(50,239,483)	(50,889,812)	650,329	1.3%
Total net position (deficit)	$ (50,106,902)	$ (50,760,789)	$ 653,887	1.3%

Total assets of the Senate increased by $1,083,182, or 10.8%. The increase in assets is due mainly to an increase in the State General Fund appropriation resulting in an approximate 10.9% increase in the Senate's cash balance over the prior year.

Total deferred outflows of resources of the Senate decreased by $3,336,359, or 36.2%. The decrease in deferred outflows of resources is due primarily to the difference between projected and actual earnings on pension plan investments.

Total liabilities of the Senate decreased by $4,731,065, or 6.8%. The decrease in liabilities is due primarily to a decrease in the net pension liability.

Total deferred inflows of resources of the Senate increased by $1,824,001, or 494.7%. The increase in deferred inflows of resources is due to the implementation of GASB Statement No. 75, which requires recognizing deferred inflows of resources for OPEB plans.

The following presents the condensed comparative statements of activities of the Senate:

COMPARATIVE STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017	Change	Percentage Change
General revenues	$ 21,638,467	$ 19,654,903	$ 1,983,564	10.1%
Expenses	22,534,447	24,688,832	(2,154,385)	(8.7%)
Other financing sources (uses)	1,549,867	1,469,896	79,971	5.4%
Change in net position	$ 653,887	$ (3,564,033)	$ 4,217,920	(118.3%)

Because the impact of the implementation of GASB Statement No. 75 on the statement of activities is unknown, the 2017 condensed statement of activities was not restated.

The statement of activities reflects a positive change for the year. Net position increased by $653,887 in 2018, compared to a decrease of $3,564,033 in 2017. Net position increased mainly due to an increase in the State General Fund Appropriation and a decrease in personnel services expenses due primarily to a large decrease in pension expense.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Senate's investment in capital assets, net of accumulated depreciation, as of June 30, 2018, is $132,581. The investment in capital assets includes office furniture and equipment, computer equipment, and vehicles. The total increase in capital assets for the current fiscal year was 2.8%. The increase was due primarily to the acquisition of two x-ray inspection systems during the current year.

The Senate has no long-term debt outstanding at year-end. However, there are long-term liabilities related to other postemployment benefits, net pension liability, and compensated absences.

BUDGET ANALYSIS

A comparison of budget to actual operations is presented in the accompanying required supplementary information. Although the Senate was over budget for personnel services, travel, professional services, telephone, printing, and capital outlay, the total expenditures were still under budget by $902,698. Act 78 of the 2017 Regular Session of the Louisiana Legislature, which made appropriations for the expenses of the legislature for fiscal year 2017-2018, mandated that the appropriations from the State General Fund be reduced by a total of $10,958,870, pursuant to a plan adopted by the Legislative Budgetary Control Council. The Senate's portion of the reduction was $211,098.

ECONOMIC OUTLOOK

The Senate's fiscal year 2019 budget was approved with no change in State General Fund Appropriation from the prior fiscal year. Act 79 of the 2018 Regular Session of the Louisiana Legislature, which made appropriations for the expenses of the legislature for fiscal year 2018-2019, mandated that the appropriations from the State General Fund be reduced by a total of $28,458,090, pursuant to a plan adopted by the Legislative Budgetary Control Council. The Senate's portion of the reduction is to be determined.

CONTACTING THE SENATE'S MANAGEMENT

This audit report is designed to provide a general overview of the Senate and to demonstrate the Senate's accountability for its finances. If you have any questions about this report or need additional information, please contact the Senate, State of Louisiana, P.O. Box 44305, Baton Rouge, Louisiana 70804.

SENATE
STATE OF LOUISIANA
GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET POSITION
JUNE 30, 2018

	General Fund	Adjustments*		Statement of Net Position
ASSETS:				
Cash in bank	$ 10,904,255	$ -		$ 10,904,255
Cash, restricted agency accounts	8,598	-		8,598
Due from other legislative agencies	45,658	-		45,658
Insurance receivable	9,507	-		9,507
Capital assets (net of allowance for depreciation)	-	132,581	(1)	132,581
Total Assets	10,968,018	132,581		11,100,599
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred outflows related to pensions	-	5,560,319	(2)	5,560,319
Deferred outflows related to OPEB	-	319,778	(2)	319,778
Total Deferred Outflows of Resources	-	5,880,097		5,880,097
Total Assets and Deferred Outflows of Resources	$ 10,968,018			
LIABILITIES:				
Accounts payable	$ 79,700	-		79,700
Accrued salaries and related benefits	724,304	-		724,304
Due to restricted agency accounts	8,598	-		8,598
Compensated absences:				
Current portion	-	97,113	(2)	97,113
Noncurrent portion	-	1,668,810	(2)	1,668,810
OPEB payable	-	27,227,617	(2)	27,227,617
Net pension liability	-	35,088,778	(2)	35,088,778
Total Liabilities	812,602	64,082,318		64,894,920
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows related to pensions	-	734,383	(2)	734,383
Deferred inflows related to OPEB	-	1,458,295	(2)	1,458,295
Total Deferred Inflows of Resources	-	2,192,678		2,192,678
FUND BALANCE/NET POSITION:				
Assigned	1,765,923	(1,765,923)		-
Unassigned	8,389,493	(8,389,493)		-
Total Fund Balance	10,155,416			
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 10,968,018			
NET POSITION:				
Net investment in capital assets		132,581		132,581
Unrestricted		(50,239,483)		(50,239,483)
TOTAL NET POSITION (DEFICIT)		$ (50,106,902)		$ (50,106,902)

*Explanations:

(1) Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the General Fund.

(2) Long-term liabilities, such as compensated absences, net pension liability, and other postemployment benefits, and the deferred inflows and deferred outflows related to those long-term liabilities are not due and payable in the current period and, therefore, are not reported in the General Fund.

See accompanying notes.

SENATE
STATE OF LOUISIANA
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES,
AND CHANGES IN THE FUND BALANCE/STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Adjustments*		Statement of Activities
EXPENDITURES/EXPENSES:				
Personnel services	$ 19,925,569	$ 327,576	(1)	$ 20,253,145
Travel	231,037	-		231,037
Operating services	1,591,833	-		1,591,833
Supplies	76,586	-		76,586
Professional services	117,919	-		117,919
Telephone	122,417	-		122,417
Printing	84,489	-		84,489
Capital outlay	60,579	(45,257)	(2)	15,322
Depreciation	-	41,699	(2)	41,699
Total Expenditures/Expenses	22,210,429	324,018		22,534,447
GENERAL REVENUES:				
State appropriations	21,553,400	-		21,553,400
Interest	11,426	-		11,426
Other	72,341	1,300	(1)	73,641
Total General Revenues	21,637,167	1,300		21,638,467
Excess (deficiency) of revenues over (under) expenditures	(573,262)	573,262		-
OTHER FINANCING SOURCES:				
Interagency transfers in	1,549,867	-		1,549,867
Total Other Financing Sources	1,549,867	-		1,549,867
Excess (deficiency) of revenues over (under) expenditures/expenses and other financing sources	976,605	(976,605)		-
CHANGE IN NET POSITION	-	653,887		653,887
FUND BALANCE/NET POSITION (DEFICIT):				
Beginning of year, restated	9,178,811	(59,939,600)		(50,760,789)
End of year	$ 10,155,416	$ (60,262,318)		$ (50,106,902)

*Explanations

(1) Expenses and revenues of long-term obligations for compensated absences, pension plans, and other postemployment benefits reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the General Fund.

(2) Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

See accompanying notes.

NATURE OF OPERATIONS:

The Louisiana State Senate (the Senate) is a part of the legislative branch of government created under Article III of the 1974 Louisiana Constitution.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Governmental Accounting Standards Board (GASB) promulgates accounting principles generally accepted in the United States of America and reporting standards for state and local governments. These principles are found in the *Codification of the Governmental Accounting and Reporting Guidelines*. The accompanying financial statements have been prepared in accordance with such principles.

Financial Reporting Entity:

The application of Section 2100 of the GASB Codification defines the governmental reporting entity (in relation to the Senate, State of Louisiana) to be the State of Louisiana. The accompanying financial statements of the Senate, State of Louisiana, contain sub-account information of the General Fund of the State of Louisiana. Annually, the State of Louisiana issues general purpose financial statements, which include the activity contained in the accompanying financial statements. However, the activity may be presented or classified differently due to perspective differences. The Senate, State of Louisiana, has no fiduciary funds or component units.

Fund Accounting:

The Senate, State of Louisiana, uses fund accounting (separate set of self-balancing accounts) to reflect the sources and uses of available resources and the budgetary restrictions placed on those funds by the Louisiana Legislature. The Senate, State of Louisiana, has only a General Fund supported by an appropriation from the State of Louisiana used to account for all of the Senate, State of Louisiana's activities, including the acquisition of capital assets and the servicing of long-term liabilities.

Basis of Accounting:

Within the accompanying statements, the General Fund column of the Statement of Net Position and the Statement of Activities reports all activities of the Senate, using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collected within the current period or soon enough thereafter 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. However, as management considers it available regardless of when received, the legislative appropriation is recorded during the year, and for the year, the appropriation is made, and interest and other revenues are

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Accounting: (Continued)

recorded when earned. Expenditures are recorded when a liability is incurred, as in accrual accounting. However, compensated absences, pension costs, and other postemployment benefits (OPEB) costs are recorded when payment is due.

The General Fund column is adjusted to create a Statement of Net Position and Statement of Activities. Within this column, amounts are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Cash in Banks:

The Senate defines cash as interest-bearing demand deposits. Under state law, the Senate may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana and designated by the presiding officer of the Senate. These deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The fair market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

Capital Assets:

The accompanying Statement of Net Position reflects furniture, fixtures, and equipment used by the Senate, State of Louisiana, and funded by the legislative appropriation, in daily operations. Those assets are recorded at cost.

The accompanying statements do not include the value of land and buildings provided without cost to the Senate. Those assets are recorded with the annual financial statements of the State of Louisiana.

Capital assets with acquisition costs of $5,000 or greater are capitalized, recorded at cost, and are depreciated using the straight-line method of allocating costs over the following useful lives:

Computer equipment	5 - 7 years
Office furniture and equipment	5 - 7 years
Vehicles	5 years

The costs of normal maintenance and repairs that do not add value to an asset or materially extend the life of an asset are not capitalized.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Deferred Outflows of Resources and Deferred Inflows 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 resources (expenditure/expense) until that future time.

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.

Budgetary Practices:

The Senate is required to submit to the members of the Legislative Budgetary Control Council an estimate of the financial requirements of the ensuing fiscal year. The General Fund appropriation is enacted into law by the legislature and sent to the Governor for his signature. The Senate is authorized to transfer budget amounts between accounts in the General Fund. Revisions that alter total appropriations must be approved by the legislature. The level of budgetary responsibility is by total appropriation. All annual appropriations lapse at fiscal year-end and require that any amounts not expended or encumbered at the close of the fiscal year be returned to the state General Fund unless otherwise reappropriated by subsequent legislative action. Current appropriation legislation authorizes such reappropriation of prior year funds.

The budget of the General Fund is prepared on the budgetary (legal) basis of accounting. In compliance with budgetary authorization, the Senate includes the prior year's fund balance represented by appropriate liquid assets remaining in the fund as a budgeted revenue in the succeeding year. The result of operations on a GAAP basis does not recognize the fund balance allocation as revenue as it represents prior period's excess of revenues over expenditures.

Encumbrance accounting is used during the year to reserve portions of the annual appropriation for unfilled purchase orders. Year-end encumbrances are not charged against the current year appropriation and are carried forward into the next budget year.

Compensated Absences:

Accumulated unpaid annual and compensatory leave is reported in the Statement of Net Position and Statement of Activities within the accompanying financial statements. The Senate, State of Louisiana's employees accrue unlimited amounts of annual and sick leave at varying rates as established by the Senate's personnel practices. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to employees at the employee's current rate of pay. Upon retirement, annual leave in excess of 300 hours and unused sick leave are credited as earned service in computing retirement benefits.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Compensated Absences: (Continued)

Furthermore, employees earn unlimited compensatory leave for hours worked in excess of 40 hours per week. The compensatory leave may be used similarly to annual or sick leave, and any unused compensatory leave of up to 300 hours is paid to the employee upon resignation or retirement at the employee's current rate of pay.

Postemployment Benefits:

The Senate, State of Louisiana, provides certain health care and life insurance benefits for retired employees. Substantially all of the Senate's employees may become eligible for those benefits if they reach normal retirement age while working for the Senate. These benefits for retirees and similar benefits for active employees are provided through the State's Office of Group Benefits Plan and the LSU System Health Plan. Monthly premiums are paid jointly by the employee and the Senate. The Senate recognizes the cost of providing these benefits as expenditures in the year paid in the General Fund. For the year ended June 30, 2018, those costs totaled $624,635, which covered 104 retired employees, funded through the legislative appropriation.

Agency Accounts:

Agency accounts are custodial in nature and are used to account for assets held by the Senate in an agency capacity and are reflected in the accompanying financial statements as an asset "Cash, restricted agency accounts" and a corresponding liability "Due to restricted agency accounts." Management has included the accounts in the financial statements to more accurately reflect the Senate's responsibilities. These funds are managed by Senate personnel, but are restricted to the use by the following commission:

Louisiana Advisory Commission on Intergovernmental Relations:

This account was formed by an initial investment from the Louisiana Municipal Association of $1,000 in February, 1990.

The activity in the restricted agency account for the year ended June 30, 2018, can be summarized as follows:

	Balance July 01, 2017	Additions	Reductions	Balance June 30, 2018
Louisiana Advisory Commission of Intergovernmental Relations	$ 8,598	$ -	$ -	$ 8,598

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Fund Balance:

Fund balance is classified in the following components:

(a) *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.

(b) *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.

(c) *Committed* includes fund balance amounts that are constrained for specific purposes that are imposed by the Senate itself, using its highest level of decision-making authority. To be reported as *committed*, amounts cannot be used for any other purpose unless the Senate takes the same highest level action to remove or change the constraint.

(d) *Assigned* includes fund balance amounts the Senate intends to use for specific purposes that are neither considered restricted nor committed. Intent can be expressed by the Senate or by an official or body to which the Senate delegates the authority.

(e) *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.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Senate considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Senate considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Senate has provided otherwise in its commitment or assignment actions. The Senate does not have a formal minimum fund balance policy.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Noncurrent Liabilities:

Noncurrent liabilities include estimated amounts for accrued compensated absences, other postemployment benefits, and net pension liability that will not be paid within the next fiscal year.

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 Teachers' Retirement System of Louisiana (TRSL) and additions to/deductions from LASERS's and TRSL's fiduciary net position have been determined on the same basis as they are reported by LASERS and TRSL. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

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 Senate'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 resources derived from state appropriations, interest earnings, and other miscellaneous sources. These resources are used for transactions relating to general operations of the Senate and may be used at its discretion to meet current expenses and for any purpose.

Estimates:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Adoption of New Accounting Principles:

During the year ended June 30, 2018, the following statements were implemented: GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and GASB Statement No. 85, *Omnibus 2017*. These statements changed the standards for recognizing and measuring OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. The following GASB statements were also effective but did not impact the financial statements of the Senate: GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, and GASB Statement No. 86, *Certain Debt Extinguishment Issues.*

2. CASH IN BANK:

At June 30, 2018, the carrying amounts of the Senate's cash accounts were $10,904,255 in the operating account and $8,598 in the restricted agency account. The bank balances were $11,027,801 and $8,598, respectively. These balances are entirely secured from risk by federal depository insurance or by pledged securities held by the Senate's custodial bank in the name of the Senate.

3. CAPITAL ASSETS:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Furniture, fixtures, and equipment	$ 615,417	$ 45,257	$ (54,889)	$ 605,785
Less: accumulated depreciation	(486,394)	(41,699)	54,889	(473,204)
Capital assets, net	$ 129,023	$ 3,558	$ -	$ 132,581

4. PENSION PLANS:

Plan Descriptions:

Substantially all employees of the Senate are members of two statewide, public employee retirement systems, the Teachers' Retirement System of Louisiana (TRSL) and the Louisiana State Employees' Retirement System (LASERS). Both plans are administered by separate boards of trustees and are cost-sharing, multiple-employer defined benefit pension plans. The State of Louisiana guarantees benefits granted by the retirement systems by provisions of the Louisiana Constitution of 1974. Article 10, Section 29 of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The systems issue annual, publicly-available financial reports that include financial statements and required supplementary information for the systems. The reports for TRSL and LASERS may be obtained at www.trsl.org and www.lasersonline.org, respectively.

4. PENSION PLANS: (Continued)

Plan Descriptions: (Continued)

TRSL also administers an optional retirement plan (ORP), which was created by R.S. 11:921-931 for academic and administrative employees of public institutions of higher education. The purpose of the optional retirement plan is to provide retirement and death benefits to the participants while affording the maximum portability of these benefits to the participants. The optional retirement plan is a defined contribution plan that provides for full and immediate vesting of all contributions remitted to the participating companies on behalf of the participants. Eligible employees make an irrevocable election to participate in the optional retirement plan rather than the TRSL and purchase retirement and death benefits through contracts provided by designated companies. Benefits payable to participants are not the obligation of the State of Louisiana or the TRSL. Such benefits and other rights of the ORP are the liability and responsibility solely of the designated company or companies to whom contributions have been made.

Benefits Provided:

Retirement Benefits - LASERS:

LASERS administers a plan to provide retirement, disability, and survivor benefits to eligible state employees and their beneficiaries as defined in R.S. 11:411-414.

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 rank and file members hired prior to July 1, 2006, may either retire with full benefits at any age upon completing 30 years of creditable service or at age 60 upon completing 10 years of creditable service depending on their plan. Those members hired between July 1, 2006 and June 30, 2015, may retire at age 60 upon completing five years of creditable service and those hired on or after July 1, 2015 may retire at age 62 upon completing five years of creditable service. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average

4. PENSION PLANS: (Continued)

Benefits Provided: (Continued)

Retirement Benefits - LASERS: (Continued)

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 throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with 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.

Act 226 of the 2014 Louisiana Regular Legislative Session established new retirement eligibility for members of LASERS hired on or after July 1, 2015, excluding hazardous duty plan members. Regular members and judges under the new plan are eligible to retire at age 62 after five years of creditable service and may also retire at any age, with a reduced benefit, after 20 years of creditable service. Average compensation will be based on the member’s average annual earned compensation for the highest 60 consecutive months of employment. Members in the regular plan will receive a 2.5% accrual rate and judges a 3.5% accrual rate, with the extra 1.0% accrual rate based on all years of service as a judge.

Members of the Harbor Police Retirement System who were members prior to July 1, 2014, may retire after 25 years of creditable service at any age, 12 years of creditable service at age 55, 20 years of creditable service at age 45, and 10 years of creditable service at age 60. Average compensation for the plan is the member's average annual earned compensation for the highest 36 consecutive months of employment, with a 3.33% accrual rate.

4. PENSION PLANS: (Continued)

Benefits Provided: (Continued)

Retirement Benefits - LASERS: (Continued)

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.

Retirement Benefits - TRSL:

TRSL administers a plan to provide retirement, disability, and survivor benefits to employees who meet the legal definition of a "teacher" as provided for in R.S. 11:701.

Members of the Regular Plan whose first employment makes them eligible for membership in a Louisiana state retirement system on or after July 1, 2015, may retire with a 2.5% accrual rate after attaining age 62 with at least five years of service credit and are eligible for an actuarially reduced benefit with 20 years of service at any age. Members of the Regular Plan whose first employment makes them eligible for membership in a Louisiana state retirement system on or after January 1, 2011, may retire with a 2.5% accrual rate after attaining age 60 with at least five years of service credit and are eligible for an actuarially reduced benefit with 20 years of service at any age. All other members, if initially hired on or after July 1, 1999, are eligible for a 2.5% accrual rate at the earliest of age 60 with five years of service, age 55 with 25 years of service, or at any age with 30 years of service. Members may retire with an actuarially reduced benefit with 20 years of service at any age. If hired before July 1, 1999, members are eligible for a 2.0% accrual rate at the earliest of age 60 with five years of service, or at any age with 20 years of service and are eligible for a 2.5% accrual rate at the earliest of age 65 with 20 years of service, age 55 with 25 years of service, or at any age with 30 years of service.

Members of the Lunch Plan A may retire with a 3.0% annual accrual rate at age 55 with 25 years of service, age 60 with five years of service or 30 years of service, regardless of age. Plan A is closed to new entrants.

Members of the Lunch Plan B may retire with a 2.0% annual accrual rate at age 55 with 30 years of service, or age 60 (first employed between January 1, 2011 to June 30, 2015) with five years of service, or age 62 (first employed after June 30, 2015) with five years of service, or an actuarially reduced benefit with 20 years of service at any age.

4. PENSION PLANS: (Continued)

Benefits Provided: (Continued)

Retirement Benefits - TRSL: (Continued)

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

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

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

Deferred Retirement Benefits - LASERS:

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account.

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

4. PENSION PLANS: (Continued)

Benefits Provided: (Continued)

Deferred Retirement Benefits - LASERS: (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 less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

For members who are in the Harbor Police Plan, the annual DROP Interest Rate is the three-year average (calculated as the compound average of 36 months) investment return of the plan assets for the period ending the June 30th immediately preceding that given date. The average rate so determined is to be reduced by a "contingency" adjustment of 0.5%, but not to below zero. DROP interest is forfeited if member does not cease employment after DROP participation.

Deferred Retirement Benefits - TRSL:

In lieu of terminating employment and accepting a service retirement, an eligible TRSL member can begin participation in the Deferred Retirement Option Program (DROP) on the first retirement eligibility date for a period not to exceed the three years. A member has a 60-day window from his first eligible date to participate in the program in order to participate for the maximum number of years. Delayed participation reduces the three year participation period. During participation, benefits otherwise payable are fixed, and deposited in an individual DROP account. Upon termination of DROP, the member can continue employment and earn additional accruals to be added to the fixed pre-DROP benefit. Upon termination of employment, the member is entitled to the fixed benefit, an additional benefit based on post-DROP service (if any), and the individual DROP account balance which can be paid in a lump sum or an additional annuity based upon the account balance.

Disability Benefits - LASERS:

Generally, active 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.

4. PENSION PLANS: (Continued)

Benefits Provided: (Continued)

Disability Benefits - LASERS: (Continued)

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

Members of the Harbor Police Retirement System who become disabled may receive a non-line of duty disability benefit after five years or more of credited service. Members age 55 or older may receive a disability benefit equivalent to the regular retirement benefit. Under age 55, the disability benefit is equal to 40% of final average compensation. Line of duty disability benefits are equal to 60% of final average compensation, regardless of years of credited service. If the disability benefit retiree is permanently confined to a wheelchair, or, is an amputee incapable of serving as a law enforcement officer, or the benefit is permanently legally binding, there is no reduction to the benefit if the retiree becomes gainfully employed.

Disability Benefits - TRSL:

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

Survivor’s Benefits - LASERS:

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased regular member hired before January 1, 2011 who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of 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.

4. PENSION PLANS: (Continued)

Benefits Provided: (Continued)

Survivor's Benefits - LASERS: (Continued)

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

Non-line of duty survivor benefits of the Harbor Police Retirement System may be received after a minimum of five years of credited service. Survivor benefits paid to a surviving spouse without children are equal to 40% of final average compensation and cease upon remarriage. Surviving spouse with children under 18 benefits are equal to 60% of final average compensation and cease upon remarriage and children turning 18. No minimum service credit is required for line of duty survivor benefits which are equal to 60% of final average compensation to surviving spouse, regardless of children. Line of duty survivor benefits cease upon remarriage, and then benefit is paid to children under 18.

Survivor's Benefits - TRSL:

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

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

A surviving spouse without minor children of an active member with 10 years of creditable service (2 years immediately prior to death) or 20 years of creditable service is entitled to a benefit equal to the greater of (a) $600 per month, or (b) the option 2 equivalent of the benefit calculated at the 2.5% benefit factor for all creditable service

4. PENSION PLANS: (Continued)

Benefits Provided: (Continued)

Permanent Benefit Increases/Cost-of-Living Adjustments:

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

Contributions:

Employee contribution rates are established by La. R.S. 11:62. The employer contribution rates are established annually under La. R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the system's actuary. Each plan pays a separate actuarially-determined employer contribution rate. However, all assets of each plan are used for the payment of benefits for all classes of members within each system, regardless of their plan membership. Employer contributions to LASERS and TRSL were $3,832,806 and $41,970, respectively, for the year ended June 30, 2018. Contribution rates for the year ended June 30, 2018, are as follows:

4. PENSION PLANS: (Continued)

Contributions: (Continued)

LASERS:

Plan	Plan Status	Employee Contribution Rate	Employer Contribution Rate
Appellate Law Clerks	Closed	7.50%	37.90%
Appellate Law Clerks hired on or after 07/01/06	Open	8.00%	37.90%
Alcohol Tobacco Control	Closed	9.00%	32.70%
Bridge Police	Closed	8.50%	36.50%
Bridge Police hired on or after 07/01/06	Closed	8.50%	36.50%
Corrections Primary	Closed	9.00%	33.20%
Corrections Secondary	Closed	9.00%	37.60%
Harbor Police	Closed	9.00%	6.10%
Hazardous Duty	Open	9.50%	38.30%
Judges hired before 01/01/11	Closed	11.50%	40.10%
Judges hired after 12/31/10	Closed	13.00%	39.60%
Judges hired on or after 07/01/15	Open	13.00%	39.60%
Legislators	Closed	11.50%	41.70%
Optional Retirement Plan (ORP) before 07/01/06*	Closed	7.50%	33.80%
Optional Retirement Plan (ORP) on or after 07/01/06*	Closed	8.00%	33.80%
Peace Officers	Closed	9.00%	36.70%
Regular Employees hired before 07/01/06	Closed	7.50%	37.90%
Regular Employees hired on or after 07/01/06	Closed	8.00%	37.90%
Regular Employees hired on or after 01/01/11	Closed	8.00%	37.90%
Regular Employees hired on or after 07/01/15	Open	8.00%	37.90%
Special Legislative Employees	Closed	9.50%	43.70%
Wildlife Agents	Closed	9.50%	46.60%

*For ORP, the projected employer contribution effort was calculated using the shared UAL portion of the contribution rate of 33.8% for 2018.

The majority of the Senate's employees who are members of LASERS are in one of the Regular Plans and contributions are made at the applicable rates based on their hire date.

4. PENSION PLANS: (Continued)

Contributions: (Continued)

TRSL:

Plan	Employee Contribution Rate	Employer Contribution Rate
Regular Plan (K-12 Teachers)	8.00%	26.60%
Regular Plan (Higher Ed)	8.00%	25.40%
Lunch Plan A	9.10%	26.60%
Lunch Plan B	5.00%	26.60%

Optional Retirement Plan	Contribution Rate
Employee	8.00%
Employer - Normal	6.20%
Employer - UAL	22.20%

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

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

Except for employees in the ORP, all remaining Senate employees who are members of TRSL are in the Regular Plan (K-12 Teachers) and contributions are made at the applicable rates.

4. PENSION PLANS: (Continued)

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

At June 30, 2018, the Senate reported a liability for LASERS and TRSL of $34,744,930 and $343,848, respectively, for its proportionate share of the net pension liability. The net pension liabilities were measured as of June 30, 2017, and the total pension liabilities used to calculate the net pension liability were determined by actuarial valuations as of that date. The Senate's proportion of the net pension liability for each retirement system was based on a projection of the Senate's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, Senate's proportion for LASERS and TRSL was 0.49362% and 0.00335%, respectively. This reflects an increase for LASERS of 0.00095% and a decrease for TRSL of 0.00091%, from its proportions measured as of June 30, 2016.

For the year ended June 30, 2018, the Senate recognized pension expense, for which there were no forfeitures, as follows:

	Pension Expense
LASERS	$ 3,603,928
TRSL	18,336
Total	$ 3,622,264

4. PENSION PLANS: (Continued)

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

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

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	LASERS	**TRSL**	**Total**	**LASERS**	**TRSL**	**Total**
Differences between expected and actual experience	$ -	$ -	$ -	$ 637,527	$ 11,303	$ 648,830
Net difference between projected and actual earnings on pension plan investments	1,129,839	-	1,129,839	-	8,881	8,881
Changes of assumptions	137,265	3,626	140,891	-	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	395,797	19,016	414,813	-	76,672	76,672
Employer contributions subsequent to the measurement date	3,832,806	41,970	3,874,776	-	-	-
Total	$5,495,707	$ 64,612	$5,560,319	$ 637,527	$ 96,856	$ 734,383

During the year ended June 30, 2018, employer contributions totaling $3,832,806 and $41,970 were made subsequent to the measurement date for LASERS and TRSL, respectively. These contributions are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized in pension expense as follows:

Year ending June 30:	**LASERS**	**TRSL**
2019	$ 165,349	$ (16,610)
2020	1,107,381	(10,819)
2021	452,140	(18,454)
2022	(699,496)	(28,331)
Total	$ 1,025,374	$ (74,214)

4. PENSION PLANS: (Continued)

Actuarial Assumptions:

The total pension liabilities for LASERS and TRSL in the June 30, 2017, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

	LASERS	TRSL
Valuation Date	June 30, 2017	June 30, 2017
Actuarial cost method	Entry Age Normal	Entry Age Normal
Actuarial assumptions:		
Expected Remaining Service Lives	3 years	5 years
Investment rate of return	7.70% per annum, net of investment expenses. The investment rate of return used in the actuarial valuation for funding purposes was 8.16%, recognizing an additional 40 basis points for the gain-sharing and 15 basis points to offset administrative expenses.	7.70%, net of investment expenses. The investment rate of return used in the actuarial valuation for funding purposes was 8.20%, recognizing an additional 40 basis points for the experience and 10 basis points to offset administrative expenses.
Inflation rate	2.75% per annum	2.50% per annum
Projected salary increases	Salary increases were projected based on a 2009-2013 experience study of the System's members. The salary increases for specific types of members range from 2.80% - 14.30%.	3.50% - 10.00%, varies depending on duration of service.
Cost-of-living adjustments	None, since they are not deemed to be substantively automatic.	None, since they are not deemed to be substantively automatic.
Mortality	**Non-disabled members -** Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015. **Disabled members -** Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.	Mortality rates were projected based on the RP-2000 Mortality Table with projection to 2025 using Scale AA for both non-disabled and disabled members.
Termination and disability	Termination, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System's members.	Termination, disability, and retirement assumptions were projected based on a five-year (2008-2012) experience study of the System's members.

4. PENSION PLANS: (Continued)

Actuarial Assumptions: (Continued)

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 (LASERS 3.25%; TRSL 2.50%) and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rates of return for LASERS and TRSL are 8.69% and 8.33%, respectively. The target allocation and best estimates of geometric (LASERS) and arithmetic (TRSL) real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017, are summarized in the following table:

	Target Allocation		**Long-Term Expected Real Rate of Return**	
Asset Class	**LASERS**	**TRSL**	**LASERS**	**TRSL**
Cash			-0.24%	
Domestic equity	25.00%	27.00%	4.31%	4.28%
International equity	32.00%	19.00%	5.35%	4.96%
Domestic fixed income	8.00%	13.00%	1.73%	1.98%
International fixed income	6.00%	5.50%	2.49%	2.75%
Alternative investments:	22.00%		7.41%	
Private equity		25.50%		8.47%
Other private assets		10.00%		3.51%
Global tactical asset allocation	7.00%		2.84%	
Total	100.00%	100.00%	5.26%	

Discount Rates:

The discount rate used to measure the total pension liability for LASERS and TRSL was 7.70%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

4. PENSION PLANS: (Continued)

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

The following presents the employer's proportionate share of the net pension liability using the discount rate of 7.70%, 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 (6.70%) or one percentage-point higher (8.70%) than the current rate:

	1.0% Decrease 6.70%	Current Discount Rate 7.70%	1.0% Increase 8.70%
LASERS	$ 43,618,320	$ 34,744,930	$ 27,200,447
TRSL	443,056	343,848	259,454
Total	$ 44,061,376	$ 35,088,778	$ 27,459,901

Support of Non-employer Contributing Entities:

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The Senate recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended June 30, 2018, the Senate recognized revenue as a result of support received from non-employer contributing entities of $1,300 for its participation in TRSL. LASERS does not receive support from non-employer contributing entities and, as a result, no revenue was recorded for the participation in LASERS for the year ended June 30, 2018.

Pension Plan Fiduciary Net Position:

Detailed information about the pension plans' fiduciary net position is available in the separately issued LASERS and TRSL 2017 Comprehensive Annual Financial Reports at www.lasersonline.org and www.trsl.org, respectively.

Payables to the Pension Plans:

At June 30, 2018, payables to LASERS and TRSL were $155,976 and $1,804, respectively, for June 2018 employee and employer legally required contributions.

5. POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS:

Substantially all Senate employees become eligible for postemployment health care and life insurance benefits if they reach normal retirement age while working for the Senate. The Senate offers its employees the opportunity to participate in one of two medical coverage plans. One plan is from the state's Office of Group Benefits (OGB) which also offers a life insurance plan, and the other is with the Louisiana State University (LSU) System Health Plan. Information about each of these two plans is presented on the following pages.

Plan Descriptions:

State OGB Plan:

The Senate, State of Louisiana's employees may participate in the State of Louisiana's Other Postemployment Benefit Plan (OPEB Plan), a cost-sharing, multiple-employer defined benefit plan, but classified as an agent multiple-employer defined benefit OPEB Plan for financial reporting purposes since the plan is not administered as a formal trust. The Office of Group Benefits administers the plan.

There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement 75. Effective July 1, 2008, an OPEB trust fund was statutorily established; however, this plan is not administered as a trust and no plan assets have been accumulated as of June 30, 2018.

The Office of Group Benefits does not issue a publicly available financial report of the OPEB Plan; however, it is included in the State of Louisiana's Comprehensive Annual Financial Report (CAFR). You may obtain a copy of the CAFR on the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/Pages/osrap/Index.asp.

LSU System Health Plan:

The LSU System Health Plan originally began as a pilot program within the State Office of Group Benefits (OGB), the office that provides health benefits to state employees pursuant to the provisions of R.S. 42:851. The plan is identified as a single-employer defined benefit healthcare plan that is not administered as a trust or equivalent arrangement.

The LSU System Health Plan selects claim and pharmaceutical administrators to administer its program. Both claim and pharmacy administrators are selected through a formal Request for Proposals process followed by negotiations between the System and qualified vendors.

There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement 75.

5. POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS: (Continued)

Plan Descriptions: (Continued)

LSU System Health Plan: (Continued)

The Health Plan does not issue a publicly available financial report, but it is included in the LSU System's audited Financial Report. The Financial Report may be obtained from the LSU System's website at http://www.lsu.edu/.

Benefits Provided:

State OGB Plan:

The OPEB Plan provides medical, prescription drug, and life insurance benefits to eligible active employees, retirees, disabled retirees, and their beneficiaries through premium subsidies. Current employees, who participate in an OGB health plan while active, are eligible for plan benefits if they are enrolled in the OGB health plan immediately before the date of retirement and retire under one of the state sponsored retirement systems (Louisiana State Employees' Retirement System, Teachers' Retirement System of Louisiana, Louisiana School Employees' Retirement System, or Louisiana State Police Retirement System) or they retire from a participating employer that meets the qualifications in the Louisiana Administrative Code 32:3.303. Benefit provisions are established under R.S. 42:851 for health insurance benefits and R.S. 42:821 for life insurance benefits.

LSU System Health Plan:

The Health Plan offers eligible employees, retirees, and their beneficiaries the opportunity to participate in comprehensive health and preventive care coverage that gives members a unique, consumer-driven health-care approach to pay routine health expenses and provides coverage for major healthcare expenses. Within the Health Plan, members have a choice of selecting LSU First Option 1 or LSU First Option 2. LSU First Option 1 is more costly, but features both lower yearly deductibles and out-of-network coinsurance requirements.

Contributions:

State OGB Plan:

The obligations of the plan members, employer(s), and other contributing entities to contribute to the plan are established or may be amended under the authority of R.S. 42:802. The plan is funded on a "pay-as-you-go basis" under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments become due.

5. POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS: (Continued)

Contributions: (Continued)

State OGB Plan: (Continued)

Employer contributions are based on plan premiums and the employer contribution percentage. Premium amounts vary depending on the health plan selected and if the retired member has Medicare coverage. OGB offers retirees four self-insured healthcare plans and one fully insured plan. Retired employees who have Medicare Part A and Part B coverage also have access to four fully insured Medicare Advantage plans.

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

Years of Participation	Employer Contribution Percentage	Employee Contribution Percentage
Under 10 years	19.00%	81.00%
10 - 14 years	38.00%	62.00%
15 - 19 years	56.00%	44.00%
20+ years	75.00%	25.00%

In addition to healthcare benefits, retirees may elect to receive life insurance benefits. The life insurance benefits offered by the State OGB Plan are also available to retirees who elect to participate in the LSU System Health Plan. Basic and supplemental life insurance is available for the individual retirees and spouses of retirees subject to maximum values. Employers pay approximately 50% of monthly premiums for individual retirees. The retiree is responsible for 100% of the premium for dependents. Effective January 1, 2018, the total monthly premium for retirees varies according to age group.

LSU System Health Plan:

While actuarially determined, the plan rates must be approved by OGB under R.S. 42:851(B). Plan rates are in effect for one year, and members have the opportunity to switch providers during the open enrollment period, which usually occurs during October.

5. POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS: (Continued)

Contributions: (Continued)

LSU System Health Plan: (Continued)

The plan is financed on a pay-as-you-go basis. The pay-as-you-go expense is the net expected cost of providing retiree benefits. This expense includes all expected claims and related expenses and is offset by retiree contributions. The LSU System Health Plan does not use a trust fund to administer the financing of the plan and the payment of benefits. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule.

Employer participation in contributions to the LSU System Health Plan for retirees follows the same schedule that is used for retirees in the state OGB Plan, which is described previously. Prior participation in the state OGB Plan counts toward service time when determining the employer contribution rate.

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

At June 30, 2018, the Senate reported a liability of $6,157,107 and $21,070,510 for the OGB State Plan and the LSU System Health Plan, respectively, for its proportionate share of the total collective OPEB liability. The total collective OPEB liability for the OGB State Plan was measured as of July 1, 2017, and was determined by an actuarial valuation as of that date. The total collective OPEB liability for the LSU System Health Plan was determined by an actuarial valuation as of January 1, 2018, which was rolled forward to the measurement date of June 30, 2018. The Senate's proportionate share of the restated total collective OPEB liability at June 30, 2017, totaling $6,427,878 and $21,644,753 for the OGB State Plan and the LSU System Health Plan, respectively, was determined using a roll back of the same valuations to the beginning of the year using the discount rate applicable on that date, and assuming no experience gains or losses.

The Senate's proportionate share percentage is based on a projection of the Senate's total OPEB liability in relation to the projected total OPEB liability for all participating entities included in the State of Louisiana reporting entity. At June 30, 2018, the Senate's proportion was 0.0708% and 2.1596% for the OGB State Plan and the LSU System Health Plan, respectively. Because the beginning balance was restated using a roll back of the valuation assuming no experience gains or losses, there is no change to the proportion since the prior measurement date.

5. POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS: (Continued)

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

For the year ended June 30, 2018, the Senate recognized OPEB expense of $1,095,486, or $251,517 and $843,969 for the OGB State Plan and LSU System Health Plan, respectively. At June 30, 2018, the Senate reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	OGB State Plan	LSU System Health Plan	Total	OGB State Plan	LSU System Health Plan	Total
Changes of assumptions or other inputs	$ -	$ -	$ -	$ 325,367	$1,113,355	$1,438,722
Changes in proportion and differences between benefit payments and proportionate share of benefit payments	-	135,469	135,469	19,573	-	19,573
Amounts paid by the employer for OPEB subsequent to the measurement date	184,309	-	184,309	-	-	-
Total	$ 184,309	$ 135,469	$ 319,778	$ 344,940	$1,113,355	$1,458,295

Deferred outflows of resources related to OPEB resulting from the Senate's benefit payments subsequent to the measurement date will be recognized as a reduction of the total collective OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	OGB State Plan	LSU System Health Plan
2019	$ (99,121)	$ (171,559)
2020	(99,121)	(171,559)
2021	(99,121)	(171,559)
2022	(47,577)	(171,559)
2023	-	(171,559)
Thereafter	-	(120,091)
Total	$ (344,940)	$ (977,886)

5. POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS: (Continued)

Actuarial Assumptions:

The total collective OPEB liability in the actuarial valuations were determined using the following actuarial methods, assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	State OGB Plan	**LSU System Health Plan**
Valuation Date	July 1, 2017	January 1, 2018, but rolled forward to the measurement date of June 30, 2018
Actuarial cost method	Entry Age Normal, level percentage of pay	Entry Age Normal, level percentage of pay
Actuarial assumptions:		
Expected Remaining Service Lives	4.48 years	6.7 years
Inflation rate	Consumer Price Index (CPI) 2.80%	2.80%
Salary increase rate	Consistent with the pension valuation assumptions disclosed in note 4	2% per annum
Discount rate	3.13% based on June 30, 2017, Standard & Poor's 20-year municipal bond index	3.90% based on Bond Buyer 20-Bond GO Index
Mortality rates	For healthy lives the RP-2014 Combined Healthy Mortality Table, projected on a fully generational basis by Mortality Improvement Scale MP-2017. For existing disabled lives, the RP-2014 Disabled Retiree Mortality Table, projected on a fully generational basis by Mortality Improvement Scale MP-2017.	*Non-Disabled Lives*: RP-2014 trended back to 2006 using scale MP-14 and projected generationally using scale MP-17, applied on a gender-specific basis. *Disabled Lives*: RP-2014 Disabled Retiree Generational Table trended back to 2006 and scaled forward using scale MP-18, applied on a gender specific basis.
Healthcare cost trend rates	7% for pre-Medicare eligible employees grading down by .25% each year, beginning in 2020-2021, to an ultimate rate of 4.5% in 2029; 5.5% for post-Medicare eligible employees grading down by .25% each year, beginning in 2020-2021, to an ultimate rate of 4.5% in 2023-2024 and thereafter; the initial trend was developed using the National Health Care Trend Survey; the ultimate trend was developed using a building block approach which considers Consumer Price Index, Gross Domestic Product, and technology growth.	The following annual trend rates are applied on a select and ultimate basis. Select trend is reduced 0.5% each year until reaching the ultimate trend. *Pre 65 Medical/Rx Benefits* - 6.5% (Select) and 4.5% (Ultimate) *Post Medicare benefits* - 5.5% (Select) and 4.5% (Ultimate) *Administrative fees* - 4.5% (Select) and 4.5% (Ultimate)

5. POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS: (Continued)

Discount Rate:

The OPEB liability for the State OGB Plan was affected by a change in the discount rate from 2.71% as of July 1, 2016 to 3.13% as of July 1, 2017. The OPEB liability for the LSU System Health Plan was affected by a change in the discount rate from 3.58% to 3.90%; updated plan design changes as of January 1, 2018; updated claim costs for the expected retiree health costs; and census changes since the last valuation.

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

The following presents the Senate's proportionate share of the total collective OPEB liability using the current discount rate as well as what the Senate's proportionate share of the total collective OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
State OGB Plan	$ 7,229,682	$ 6,157,107	$ 5,310,960
LSU System Health Plan	25,572,754	21,070,510	17,615,045
Total Proportionate Share of Total Collective OPEB Liability	$ 32,802,436	$ 27,227,617	$ 22,926,005

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

The following presents the Senate's proportionate share of the total collective OPEB liability using the current healthcare cost trend rates as well as what the Senate's proportionate share of the total collective OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current rates:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
State OGB Plan	$ 5,306,801	$ 6,157,107	$ 7,246,544
LSU System Health Plan	17,691,862	21,070,510	25,368,564
Total Proportionate Share of Total Collective OPEB Liability	$ 22,998,663	$ 27,227,617	$ 32,615,108

6. LITIGATION, CLAIMS, AND SIMILAR CONTINGENCIES:

Losses arising from litigation, claims, and similar contingencies are considered state liabilities and are paid by special appropriations made by the Louisiana Legislature. Any applicable litigation, claims, and similar contingencies are not recognized in the accompanying financial statements.

At June 30, 2018, the Senate, State of Louisiana, was not involved in any lawsuits or threatened litigation.

7. RISK MANAGEMENT:

The Senate limits its exposure to risk of loss through the Office of Risk Management, a statewide insurance program. Through the payment of premiums to the program, the Senate transfers the risk of loss from theft, torts, damage to and destruction of assets, workers' compensation, errors and omissions, and natural disasters.

8. LEASE AGREEMENT:

During the year ended June 30, 2017, the Senate entered into a lease agreement with De Lage Landen Public Finance, LLC for the lease of several copiers. The term of the lease agreement was for 60 months in the amount of $3,684.48 per month. Future minimum lease payments under this non-cancelable operating lease as of June 30, 2018, are as follows:

Year ending June 30:	Lease Payments
2019	$ 44,214
2020	44,214
2021	18,422
Total	$ 106,850

Expenditures relating to this lease were $44,214 for the year ended June 30, 2018.

9. CHANGES IN LONG-TERM LIABILITIES:

The following is a summary of the changes in the Senate's long-term liabilities for the year ended June 30, 2018:

	Balance July 01, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year
Compensated absences	$ 1,656,686	$ 266,208	$ (156,971)	$ 1,765,923	$ 97,113
Total long-term liabilities	$ 1,656,686	$ 266,208	$ (156,971)	$ 1,765,923	$ 97,113

Information about changes in the net pension liability and the OPEB liability are contained in notes 4 and 5, respectively.

10. FUND BALANCE:

As of June 30, 2018, the Senate has an unassigned balance of $8,389,493. The fund balance also includes amounts classified as assigned for the following purposes:

Assigned:	
Compensated absences obligation	$ 1,765,923
Total assigned fund balance	$ 1,765,923

11. CHANGE IN ACCOUNTING PRINCIPLE:

The Senate adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during the fiscal year ended June 30, 2018. As a result, the beginning net position as reflected in the Statement of Net Position has been restated to reflect the following adjustments:

	Net Position
Balance at July 1, 2017, previously reported	$ (34,903,007)
Implementation of GASBS 75:	
Recognition of OPEB liability	(16,035,130)
Recognition of deferred outflows of resources for amounts paid by the employer for OPEB subsequent to the measurement date	177,348
Balance at July 1, 2017, restated	$ (50,760,789)

The Senate did not restate beginning balances relating to all other deferred outflows of resources or deferred inflows of resources related to OPEB as it was not practical to determine these amounts.

12. PROFESSIONAL SERVICES:

Professional services include the following professional fees:

Louisiana Legislative Black Caucus (clerical services)	$ 70,000
Linda Gipson (Bill Room Supervisor and Boards & Commissions Specialist)	46,575
Group Benefits (employee benefits)	1,344
Total professional services	$ 117,919

13. INTERAGENCY TRANSFERS:

Amounts received from other governmental units for the year ended June 30, 2018, consist of the following:

	Capital Outlay	Operating Services	Total
Other agencies	$ -	$ 6,965	$ 6,965
Legislative Budgetary Control Council	45,257	1,497,645	1,542,902
Total interagency transfers	$ 45,257	$ 1,504,610	$ 1,549,867

The amounts due from other agencies and Legislative Budgetary Control Council totaled $45,658 at year-end.

14. OTHER COSTS:

The State of Louisiana, through other appropriations, provides office space, utilities, and janitorial services for the operations in the State Capitol, all of which are not included in the accompanying financial statements.

15. DEFERRED COMPENSATION PLAN:

Certain employees of the Senate, State of Louisiana, participate in the Louisiana Public Employees Deferred Compensation Plan adopted under the provisions of the Internal Revenue Code Section 457. Complete disclosures relating to the plan are included in the separately issued audit report for the plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397.

REQUIRED SUPPLEMENTARY INFORMATION

SENATE
STATE OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Actual Amounts			Budgeted Amounts		
	GAAP Basis	GAAP to Budget Differences Over (Under)	Budgetary Basis	Original	Final	Variance with Final Budget
REVENUES:						
State appropriations	$ 21,553,400	$ -	$ 21,553,400	$ 21,764,498	$ 21,764,498	$ (211,098)
Interest	11,426	-	11,426	-	-	11,426
Other	72,341	-	72,341	-	-	72,341
Reappropriated fund balance (1)	-	9,777,138 (1)	9,777,138	9,777,138	9,777,138	-
Budget reduction (4)	-	-	-	-	(211,098) (4)	211,098
Total revenues	21,637,167	9,777,138	31,414,305	31,541,636	31,330,538	83,767
EXPENDITURES:						
Personnel services (2)	19,925,569	(125,977) (2)	19,799,592	19,760,792	19,760,792	38,800
Travel	231,037	-	231,037	211,586	211,586	19,451
Operating services	1,591,833	-	1,591,833	2,770,870	2,770,870	(1,179,037)
Supplies	76,586	-	76,586	140,000	140,000	(63,414)
Professional services	117,919	-	117,919	107,000	107,000	10,919
Telephone	122,417	-	122,417	120,000	120,000	2,417
Printing	84,489	-	84,489	76,000	76,000	8,489
Capital outlay	60,579	-	60,579	12,000	12,000	48,579
Budget reduction (4)	-	-	-	-	(211,098) (4)	211,098
Total expenditures	22,210,429	(125,977)	22,084,452	23,198,248	22,987,150	(902,698)
Excess (deficiency) of revenues over expenditures	(573,262)	9,903,115	9,329,853	8,343,388	8,343,388	986,465
OTHER FINANCING SOURCES:						
Interagency transfers in	1,549,867	-	1,549,867	-	-	1,549,867
Total other financing sources	1,549,867	-	1,549,867	-	-	1,549,867
Net change in fund balance	976,605	9,903,115	10,879,720	8,343,388	8,343,388	2,536,332
Fund balances - beginning	9,178,811	598,327 (3)	9,777,138	9,777,138	9,777,138	-
Less reappropriated fund balance	-	(9,777,138) (1)	(9,777,138)	(9,777,138)	(9,777,138)	-
Fund balances - ending	$ 10,155,416	$ 724,304	$ 10,879,720	$ 8,343,388	$ 8,343,388	$ 2,536,332

Explanation of differences:

(1) Budgets include reappropriated fund balances carried over from prior years to cover expenditures of the current year. The results of operations on a GAAP basis do not recognize these amounts as revenue since they represent prior period's excess of revenues over expenditures.

(2) Personnel services and related benefits are budgeted only to the extent expected to be paid, rather than on the modified accrual basis.

(3) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the budget. (See Note 1 for a description of the Senate, State of Louisiana's budgetary accounting method.) This amount differs from the fund balance reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance because of the cumulative effect of transactions such as those described above.

(4) The original budget request was approved during a meeting of the Legislative Budgetary Control on April 19, 2017. Act 78 of the 2017 Regular Session of the Louisiana Legislature, which made appropriations for the expenses of the legislature for FY 2017-2018, mandated that appropriations from the State General Fund be reduced by a total of $10,958,870, pursuant to a plan adopted by the Legislative Budgetary Control Council. The Senate's appropriation was reduced by $211,098.

SENATE
STATE OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE
OF THE TOTAL COLLECTIVE OPEB LIABILITY
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

Fiscal Year	Employer's Proportion of the Total Collective OPEB Liability	Employer's Proportionate Share of the Total Collective OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Total Collective OPEB Liability as a % of its Covered Payroll
State OGB Plan				
2018	0.07080%	$ 6,157,107	$ 1,520,038	405.1%
2017	0.07080%	$ 6,427,878	$ 1,458,966	440.6%
LSU System Health Plan				
2018	2.15960%	$ 21,070,510	$ 9,798,446	215.0%
2017	2.14449%	$ 21,644,753	$ 9,744,582	222.1%

The schedule is intended to report information for 10 years. Additional years will be displayed as they become available. The amounts presented for the State OGB Plan have a measurement date of the previous fiscal year while the amounts for the LSU System Health Plan have a measurement date of the current fiscal year.

SENATE
STATE OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEARS ENDED JUNE 30, 2018, 2017, 2016, 2015, AND 2014

Fiscal Year	Employer's Proportionate of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability as a % of its Covered Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
LASERS:					
2018	0.49362%	$ 34,744,930	$ 9,860,823	352.4%	62.5%
2017	0.49267%	$ 38,687,324	$ 10,222,982	378.4%	57.7%
2016	0.48757%	$ 33,162,188	$ 9,955,464	333.1%	62.7%
2015	0.48485%	$ 30,317,145	$ 9,817,735	308.8%	65.0%
2014	0.43286%	$ 31,532,519	$ 9,391,283	335.8%	58.6%
TRSL:					
2018	0.00335%	$ 343,848	$ 163,474	210.3%	65.6%
2017	0.00426%	$ 499,761	$ 181,212	275.8%	59.9%
2016	0.00413%	$ 443,531	$ 180,461	245.8%	62.5%
2015	0.00405%	$ 414,070	$ 174,276	237.6%	63.7%
2014	0.00383%	$ 457,495	$ 165,922	275.7%	56.5%

The schedule is intended to report information for 10 years. Additional years will be displayed as they become available.
The amounts presented have a measurement date of the previous fiscal year.

SENATE
STATE OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS
FOR THE YEARS ENDED JUNE 30, 2018, 2017, 2016, 2015, AND 2014

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
LASERS:					
2018	$ 3,832,806	$ 3,832,806	$ -	$ 10,219,058	37.5%
2017	$ 3,541,955	$ 3,541,955	$ -	$ 9,860,823	35.9%
2016	$ 3,832,464	$ 3,832,464	$ -	$ 10,222,982	37.5%
2015	$ 3,707,658	$ 3,707,658	$ -	$ 9,955,464	37.2%
2014	$ 3,092,402	$ 3,092,402	$ -	$ 9,817,735	31.5%
TRSL:					
2018	$ 41,970	$ 41,970	$ -	$ 155,683	27.0%
2017	$ 42,274	$ 42,274	$ -	$ 163,474	25.9%
2016	$ 50,136	$ 50,136	$ -	$ 181,212	27.7%
2015	$ 50,827	$ 50,827	$ -	$ 180,461	28.2%
2014	$ 51,347	$ 51,347	$ -	$ 174,276	29.5%

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE
TOTAL COLLECTIVE OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2018

1. STATE OGB PLAN:

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

Factors Affecting Trends:

(a) In the June 30, 2018, valuation, the discount rate increased from 2.71% to 3.13%.

2. LSU SYSTEM HEALTH PLAN:

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

Factors Affecting Trends:

(a) In the June 30, 2018, valuation, the discount rate increased from 3.58% to 3.90%.

(b) Updated plan design changes as of January 1, 2018.

(c) Updated claim costs for the expected retiree health costs.

(d) Census changes since the last evaluation.

1. CHANGES OF BENEFIT TERMS:

LASERS:

(a) A 1.5% COLA, effective July 1, 2016, provided by Acts 93 and 512 of the 2016 Louisiana Regular Legislative Session.

(b) Added benefits for members of the Harbor Police Retirement System which was merged with LASERS, effective July 1, 2015, by Act 648 of 2014.

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

(d) Improved benefits for certain members employed by the Office of Adult Probation and Parole within the Department of Public Safety and Corrections, as established by Act 852 of 2014.

(e) There were no changes of benefit terms for any of the remaining years presented.

TRSL:

(a) There were no changes of benefit terms for the year ended June 30, 2018.

(b) A 1.5% COLA, effective July 1, 2016, provided by Acts 93 and 512 of the 2016 Louisiana Regular Legislative Session.

(c) Regular Plan members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after July 1, 2015, may retire with a 2.5% benefit factor after attaining age 62 with at least five years of service credit and are eligible for an actuarially reduced benefit with 20 years of service at any age.

(d) There were no changes of benefit terms for any of the remaining years presented.

2. CHANGES OF ASSUMPTIONS:

LASERS:

(a) The discount rate used to measure the total pension liability changed from 7.75% in the 2016 valuation to 7.70% in the 2017 valuation.

(b) The inflation rate used to measure the total pension liability changed from 3.00% in the 2016 valuation to 2.75% in the 2017 valuation.

(c) Salary increases used to measure the total pension liability changed from a range of 3.00% to 14.50% in the 2016 valuation to a range of 2.80% to 14.30% in the 2017 valuation.

(d) There were no changes of assumptions for any of the remaining years presented.

TRSL:

(a) The discount rate used to measure the total pension liability changed from 7.75% in the 2016 valuation to 7.70% in the 2017 valuation.

(b) There were no changes of assumptions for any of the remaining years presented.

SUPPLEMENTARY INFORMATION

SENATE
STATE OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF SENATORS' PER DIEM AND OTHER COMPENSATION
FOR THE YEAR ENDED JUNE 30, 2018

		Regular Session Per Diem		Special Session Per Diem		Interim Per Diem		Travel Per Diem		Salary and Expense
Senator	Total	Days	Amount	Days	Amount	Days	Amount	Days	Amount	Allowance
Alario, Jr., John A.	$ 60,496	68	$ 11,152	36	$ 5,904	30	$ 4,816	4	$ 624	$ 38,000
Allain II, Robert L.	41,964	68	11,152	36	5,904	10	1,616	3	492	22,800
Appel III, Conrad H.	39,504	58	9,512	36	5,904	8	1,288	-	-	22,800
Barrow, Regina A.	44,664	68	11,152	36	5,904	14	2,280	16	2,528	22,800
Bishop, Wesley T.	44,812	68	11,152	36	5,904	10	1,624	21	3,332	22,800
Boudreaux, Gerald R.	42,104	68	11,152	36	5,904	7	1,132	7	1,116	22,800
Carter, Sr., Troy A.	43,360	68	11,152	36	5,904	2	328	20	3,176	22,800
Chabert, Norbert N.	45,328	68	11,152	36	5,904	32	5,144	2	328	22,800
Claitor, Daniel A.	40,504	68	11,152	36	5,904	4	648	-	-	22,800
Cortez, Patrick P.	41,004	68	11,152	36	5,904	7	1,148	-	-	22,800
Donahue, Jr., John L.	36,740	66	10,824	15	2,460	4	656	-	-	22,800
Dorsey, Yvonne D.	41,284	68	11,152	36	5,904	5	804	4	624	22,800
Erdey, Dale M.	41,644	68	11,152	36	5,904	11	1,788	-	-	22,800
Fannin, James R.	41,644	68	11,152	36	5,904	11	1,788	-	-	22,800
Gatti, Ryan E.	39,028	68	11,152	28	4,592	3	484	-	-	22,800
Hewitt, Sharon W.	44,836	66	10,824	36	5,904	22	3,568	11	1,740	22,800
Johns, Ronald S.	42,136	68	11,152	36	5,904	10	1,624	4	656	22,800
LaFleur, Kenneth Eric	69,300	68	11,152	36	5,904	9	1,444	-	-	50,800
Lambert, Eddie J.	40,840	68	11,152	36	5,904	6	984	-	-	22,800
Long, Gerald	51,560	68	11,152	36	5,904	16	2,600	9	1,404	30,500
Luneau, Wendell Jay	41,792	68	11,152	36	5,904	12	1,936	-	-	22,800
Martiny, Daniel R.	43,440	68	11,152	36	5,904	11	1,780	11	1,804	22,800
Milkovich, John	39,856	68	11,152	36	5,904	-	-	-	-	22,800
Mills, Jr., Fred H.	41,308	68	11,152	36	5,904	9	1,452	-	-	22,800
Mizell, Mary Beth S.	43,360	68	11,152	36	5,904	8	1,296	14	2,208	22,800
Morrell, Jean-Paul J.	40,832	68	11,152	36	5,904	6	976	-	-	22,800
Morrish, Dan W.	45,968	68	11,152	36	5,904	28	4,512	10	1,600	22,800
Peacock, Russell Barrow	42,260	68	11,152	36	5,904	12	1,936	3	468	22,800
Perry, Jonathan W.	39,856	68	11,152	36	5,904	-	-	-	-	22,800
Peterson, Karen Carter	39,856	68	11,152	36	5,904	-	-	-	-	22,800
Price, Edward J.	43,252	68	11,152	36	5,904	14	2,272	7	1,124	22,800
Riser, Neil	40,020	68	11,152	36	5,904	1	164	-	-	22,800
Smith, John R.	43,016	68	11,152	36	5,904	8	1,288	12	1,872	22,800
Smith Jr., Gary L.	42,292	68	11,152	36	5,904	15	2,436	-	-	22,800
Tarver, Gregory W.	41,276	68	11,152	36	5,904	4	640	5	780	22,800
Thompson, Francis C.	43,508	68	11,152	36	5,904	7	1,140	16	2,512	22,800
Walsworth, Michael A.	43,408	68	11,152	36	5,904	19	3,060	3	492	22,800
Ward III, Richard J.	41,620	68	11,152	36	5,904	11	1,764	-	-	22,800
White Jr., Mack A.	43,212	68	11,152	29	4,756	28	4,504	-	-	22,800
	$ 1,692,884		$ 432,632		$ 224,352		$ 66,920		$ 28,880	$ 940,100

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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*

December 26, 2018

Honorable John A. Alario, Jr.
President of the Senate, State of Louisiana
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Senate, State of Louisiana, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Senate, State of Louisiana's basic financial statements, and have issued our report thereon dated December 26, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Senate, State of Louisiana'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 Senate, State of Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Senate, State of Louisiana's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 Senate, State of Louisiana'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, Hrapmann, Hogan, & Maher, LLP

New Orleans, Louisiana

SENATE
STATE OF LOUISIANA
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of the Senate, State of Louisiana, for the year ended June 30, 2018 was unmodified.

2. Compliance and Other Matters
   Noncompliance material to financial statements: none noted

3. Internal Control
   Material weaknesses: none noted
   Significant deficiencies: none noted

FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:

None

SUMMARY OF PRIOR YEAR FINDINGS:

None