

**Jefferson Federation of Teachers
Health & Welfare Fund**

Metairie, Louisiana

August 31, 2021

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Jefferson Federation of Teachers
Health & Welfare Fund

August 31, 2021

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LeGlue & Company, CPAs, L.L.C.

November 2, 2021

To the Trustees
Jefferson Federation of Teachers
Health & Welfare Fund
Metairie, Louisiana

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the Jefferson Federation of Teachers Health & Welfare Fund, which comprise the statement of net assets available for benefits and benefit obligations as of August 31, 2021, the related statement of changes in net assets available for benefits and benefit obligations for the year then ended and the related notes to the financial statements.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above fairly present in all material respects, the status of the Jefferson Federation of Teachers Health & Welfare Fund as of August 31, 2021, and the changes in its financial status for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules of administrative expenses and compensation, benefits and other payments to agency head or chief executive officer are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2021 on our consideration of Jefferson Federation of Teachers Health & Welfare Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the 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 Jefferson Federation of Teachers Health & Welfare Fund's internal control over financial reporting and compliance.

Respectfully submitted,



LeGlue & Company, CPAs, L.L.C.

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
AND BENEFIT OBLIGATIONS

Jefferson Federation of Teachers
Health & Welfare Fund

August 31, 2021

NET ASSETS

Investments, at fair value:

Money market funds	\$ 364,182
Mutual funds	1,729,497
Corporate bonds and notes	<u>100,871</u>
Total investments	<u>2,194,550</u>

Receivables and prepaid expenses:

Contributions receivable	58,815
Accrued interest receivable	431
Prepaid expenses	<u>28,344</u>
Total receivables and prepaid expenses	<u>87,590</u>

Cash 79,306

Property and equipment:

Furniture and equipment	352,339
Less accumulated depreciation	<u>338,089</u>
Total property and equipment	<u>14,250</u>

Total assets 2,375,696

Liabilities

Accounts payable and accrued liabilities 219,459

NET ASSETS AVAILABLE FOR BENEFITS \$ 2,156,237

BENEFIT OBLIGATIONS

Amounts currently payable:

Premiums due to insurers \$ 306,371

STATEMENT OF CHANGES NET ASSETS AVAILABLE FOR BENEFITS
AND BENEFIT OBLIGATIONS

Jefferson Federation of Teachers
Health & Welfare Fund

Year ended August 31, 2021

NET ASSETS AVAILABLE FOR BENEFITS

Additions:

Contributions:

Jefferson Parish School Board	\$ 1,742,660
Voluntary participants	<u>2,288,738</u>
Total contributions	<u>4,031,398</u>

Investment income:

Net increase in fair value of investments	189,717
Interest and dividends	<u>33,011</u>
	222,728
Less investment expenses	<u>23,870</u>
Net investment income	<u>198,858</u>

Other income

Total additions	<u>13,988</u>
	<u>4,244,244</u>

Deductions

Benefit premiums paid	3,756,507
Administrative expenses	<u>289,990</u>
Total deductions	<u>4,046,497</u>

Net increase	197,747
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Net Assets Available for Benefits

Beginning of year	<u>1,958,490</u>
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End of year	<u>\$ 2,156,237</u>
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BENEFIT OBLIGATIONS

Accounts currently payable:

Balance at beginning of the year	\$ 321,464
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Insurance premiums incurred	3,741,414
Insurance premiums paid	<u>(3,756,507)</u>

Balance at end of year	<u>\$ 306,371</u>
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NOTES TO FINANCIAL STATEMENTS

Jefferson Federation of Teachers Health & Welfare Fund

August 31, 2021

Note 1

Fund Description

The Jefferson Federation of Teachers Health & Welfare Fund (the "Fund") was established May 9, 1983 pursuant to a collective bargaining agreement entered into by and between the Jefferson Parish School Board ("Employer") and the Jefferson Federation of Teachers ("Union"), for and on behalf of teachers and other employees engaged in covered employment under the collective bargaining agreement.

The Fund is a voluntary employee beneficiary association ("VEBA") qualified under Section 501 (c) (9) of the Internal Revenue Code and organized and administered under Louisiana State law. Consequently, a trust agreement was adopted May 9, 1983 governing the Fund's administration and a plan of benefits was adopted subsequently thereto specifying the eligibility rules for employee and dependent participation and the benefits extended by the Fund.

Because the Fund has been established for the exclusive benefit of public employees and is funded pursuant to the collective bargaining agreement by contributions of a governmental agency, the Fund is a "governmental plan" exempt from the coverage of ERISA (the Employee Retirement Income Security Act of 1974). The Fund is not regulated by Section 302 (c) (5) of the Labor Management Relations Act, despite its collectively bargained status, since the Act exempts from its purview employers and unions in the public sector.

The Fund is administered by ten Trustees, five of whom are appointed by and represented by the Employer, and five of whom are appointed by and represented by the Union. In the event of an Employer-Union deadlock in the Trustee votes, the Trust Agreement requires the parties to arbitrate any question concerning the Fund's administration. Although authorized by law to offer any benefit sanctioned by Section 501 (c) (9) of the Internal Revenue Code, the Fund paid only dental and vision benefits and does not offer major medical benefits of any kind because the Fund's participants are also eligible participants in the State Employees Group Benefit Program. The Trustees of the Jefferson Federation of Teachers Health & Welfare Fund limit benefit coverage to those excess or non-core benefits not offered by the statewide fund.

Dental and vision benefits were fully insured.

The Fund is self-administered by an Administrative Manager employed directly by the Board of Trustees.

Note 2

Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Fund have been prepared under the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, benefit obligations and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Contributions

All contributions submitted to the Fund are administered by the Board of Trustees pursuant to the Plan of Benefits, as amended from time to time.

Payment of Benefits

Insurance premiums paid by the Plan for dental and vision benefits are recorded as benefit premiums paid in the accompanying statement of changes in net assets available for benefits and benefit obligations.

Depreciation

The Fund depreciates its furniture and equipment over useful lives of three to seven years using the straight-line method. Depreciation expense for the year ended August 31, 2021 was \$4,580.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 5 for discussion of fair value measurements.

Purchases and sales of securities are reported on a trade basis. Interest income is recorded on the accrual basis.

Uninsured Deposits

The Fund maintains cash on deposit with adequately capitalized financial institutions located in southeast Louisiana. At times, deposits may exceed Federal Deposit Insurance Corporation ("FDIC") maximum coverage (\$250,000 per institution). Management monitors the financial condition of the financial institution on a regular basis, along with their balances in cash to minimize the potential risk. At August 31, 2021, the Fund had no uninsured deposits.

Note 2

(Continued)

Accounting Guidance Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled *Leases*. Under this guidance, lessees and lessors are required to recognize a right of use asset and lease liability on the statement of net assets available for benefits and benefit obligations for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of changes in net assets available for benefits and benefit obligations. For nonpublic entities, the standard is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Fund is currently evaluating the impact of the guidance on its financial statements.

Note 3

Funding Policy

The Jefferson Parish School Board contributed \$1,742,660 to the Fund for the year ended August 31, 2021. An employee may voluntarily contribute additional amounts, determined by the Trustees to purchase coverage for the employee's eligible dependents. Employees contributed \$1,510,940 during the year ended August 31, 2021, to obtain dependent coverage.

If eligibility is terminated due to cessation of employment or a reduction in hours, a former employee may pay for extended coverage pursuant to COBRA, state law and Fund rules for limited terms and under the limitations specified in the law and the Fund. In addition, an employee who retires is eligible to continue coverage on a self-pay basis subject to Fund rules. COBRA and retiree self-pay contributions totaled \$777,798 for the year ended August 31, 2021.

Note 4

Investments

The Fund's assets are held by a bank custodian and are invested by a professional investment manager pursuant to investment guidelines issued by the Trustees and pursuant to the bank's written contract with the Board. During the year the Fund's investments (including investments bought, sold, and held during the year) increased in value by \$189,717.

Note 5

Fair Value Measurements

ASC Section 820, Fair Value Measurements and Disclosures, issued by the FASB, establishes a framework of measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC Section 820 are described below:

Note 5

(Continued)

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Fund has the ability to access.
- Level 2 Inputs to the valuation methodology include: (1) quoted market prices for similar assets or liabilities in active markets; (2) quoted prices for identical or similar assets or liabilities in inactive markets; (3) inputs other than quoted prices that are observable for an asset or liability; and (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at August 31, 2021:

Corporate Bonds: Valued at the closing price reported on the active market on which the individual bonds are traded.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Fund are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and transact at that price. The mutual funds held by the Fund are deemed to be actively traded.

Money Market Funds: Valued at the closing price reported on the active market on which the funds are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Fund believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 5

(Continued)

The following table sets forth by level, within the fair value hierarchy, the Fund's assets at fair value as of August 31, 2021:

	Investment Assets at Fair Value			
	As of August 31, 2021			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market funds	\$ 364,182	\$ -	\$ -	\$ 364,182
Mutual funds	1,729,497	-	-	1,729,497
Corporate bonds and notes	<u>100,871</u>	<u>-</u>	<u>-</u>	<u>100,871</u>
Total assets at Fair Value	<u>\$ 2,194,550</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,194,550</u>

Note 6

Tax Status

The Fund is tax-exempt under provisions of Section 501 (c)(9) of the U.S. Internal Revenue Code (IRC). The Fund and the trust are required to operate in conformity with IRC to maintain the tax-exempt status of the trust. The Fund Administrator believes that the Fund is being operated in compliance with the applicable requirements of the IRC and, therefore, believes that the related trust is tax-exempt.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Fund and recognize a tax liability (or asset) if it has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service ("IRS"). Management has reviewed all tax positions taken in filings with the taxing authorities and believes that there would be no resulting adjustments to taxes paid should these positions be examined.

Note 7

Retirement Plan

Employees of the Fund participate in the Louisiana Teachers' Retirement System and therefore, accrue credits in that Fund's defined benefit plan in accordance with its own eligibility rules. No information is available concerning the Louisiana Teachers' Retirement System's actuarial soundness, net assets, or actuarial present value of accumulated vested and non-vested benefits.

Note 8

Leases

The Fund's office facilities were rented under a non-cancelable operating lease through May 31, 2023. Net rent expense for the year ended August 31, 2021 totaled \$14,138.

Note 8

(Continued)

The future minimum lease payments under the non-cancelable operating lease are as follows:

Year ending	Amount
<u>August 31,</u>	
2022	16,081
2023	<u>11,827</u>
Total	<u>\$ 27,908</u>

Note 9

Related Party Activities

When the Fund extended their lease in 2014, they entered in agreement with the Jefferson Federation of Teachers (the "Union") to share adjoining space. The Union agreed to reimburse the Fund \$295 per month for one-half of the common space. The Union also agreed to reimburse the Fund \$90 per month for internet access. Total reimbursement for the year ended August 31, 2021 amounted to \$3,465.

Note 10

Risks and Uncertainties

The Fund invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of net assets available for benefits and benefit obligations.

Note 11

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were issued, November 2, 2021, and determined that no events occurred that require disclosure. No other subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SCHEDULE OF ADMINISTRATIVE EXPENSES

Jefferson Federation of Teachers
Health & Welfare Fund

Year ended August 31, 2021

(See Independent Auditors' Report on Supplementary Information)

Accounting and auditing	\$ 21,772
Banking fees	346
Computer expenses	65,972
Consulting	18,757
Depreciation	4,580
Dues and subscriptions	1,465
Employee benefits	37,227
Insurance	14,207
Legal	15,433
Maintenance	3,137
Meetings	569
Miscellaneous	2,407
Postage	3,698
Printing and publications	157
Rent	14,138
Salaries	78,451
Stationery and supplies	2,695
Telephone	4,101
Utilities	<u>878</u>
Total administrative expenses	<u>\$ 289,990</u>

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER

Jefferson Federation of Teachers
 Health & Welfare Fund

Year ended August 31, 2021

(See Independent Auditors' Report on Supplementary Information)

Agency Head Name: Donna Barrois

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 44,250
Benefits-insurance	8,462
Benefits-retirement	11,371
Car allowance	-
Vehicle provided by government	-
Dues	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
	<u>\$ 64,083</u>

LeGlue & Company, CPAs, L.L.C.

November 2, 2021

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

To the Trustees
Jefferson Federation of Teachers
Health & Welfare Fund
Metairie, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Jefferson Federation of Teachers Health & Welfare Fund, which comprise the statement of benefit obligations and net assets available for benefits as of August 31, 2021, and the related statement of changes in benefit obligations and net assets available for benefits for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 2, 2021.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Jefferson Federation of Teachers Health & Welfare Fund's internal control over financial reporting in order to determine our auditing procedures 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 Jefferson Federation of Teachers Health & Welfare Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control over financial reporting.

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 misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will neither be prevented, nor detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jefferson Federation of Teachers Health & Welfare Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the 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 result of our tests disclosed no instances of noncompliance 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.

Respectfully submitted,



LeGlue & Company, CPAs, L.L.C.

SCHEDULE OF FINDINGS AND RESPONSES

Jefferson Federation of Teachers Health & Welfare Fund

Year ended August 31, 2021

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?

 Yes X No

• Significant deficiency(ies) identified that are not considered to be material weaknesses?

 Yes X None reported

Noncompliance material to financial statements noted?

 Yes X No

Section II – Financial Statement Findings - No findings noted.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Jefferson Federation of Teachers Health & Welfare Fund

Year ended August 31, 2020

Section II – Financial Statement Findings – No findings noted.