Jefferson Federation of Teachers
Health & Welfare Fund

Metairie, Louisiana

August 31, 2017

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Health & Welfare Fund

August 31, 2017

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

November 6, 2017

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 benefit obligations and net assets available for benefits as of August 31, 2017, 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.

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.

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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 benefit obligations and net assets available for benefits of the Jefferson Federation of Teachers Health & Welfare Fund as of August 31, 2017, and the changes in benefit obligations and net assets available for benefits for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was made 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 is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. 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 Schedules of Administrative Expenses and Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer are fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, we have also issued our report dated November 6, 2017 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 grant. 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,

Le Blanc & Company

(A Professional Corporation)

STATEMENT OF BENEFIT OBLIGATIONS AND NET ASSETS AVAILABLE FOR BENEFITS

Jefferson Federation of Teachers
Health & Welfare Fund

August 31, 2017

Benefit Obligations	
Amounts currently payable:	
Premiums due to insurers	$ 248,617
Total benefit obligations	248,617
Net Assets	
Investments, at fair value:	
Money market funds	248,455
Mutual funds	545,046
Corporate bonds and notes	1,027,260
Total investments	1,820,761
Receivables and prepaid expenses:	
Accrued interest receivable	4,295
Prepaid expenses	33,013
Total receivables and prepaid expenses	37,308
Cash	20,100
Property and equipment:	
Furniture and equipment	396,327
Less accumulated depreciation	382,942
Total property and equipment	13,385
Total assets	1,891,554
Liabilities	
Accounts payable and accrued liabilities	129,224
NET ASSETS AVAILABLE FOR BENEFITS	1,762,330
EXCESS OF NET ASSETS AVAILABLE FOR BENEFITS OVER BENEFIT OBLIGATIONS	$ 1,513,713

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN BENEFIT OBLIGATIONS AND NET ASSETS AVAILABLE FOR BENEFITS

Jefferson Federation of Teachers
Health & Welfare Fund

Year ended August 31, 2017

Net Increase in Benefit Obligations	
Insurance premiums incurred	$ 2,974,673
Insurance premiums paid	(2,963,292)
	11,381
Net Decrease in Net Assets Available for Benefits	
Contributions:	
Jefferson Parish School Board	1,584,788
Voluntary participants	1,616,573
Total contributions	3,201,361
Investment income:	
Net increase in fair value of investments	3,728
Interest and dividends	23,926
	27,654
Less investment expenses	5,510
Net investment income	22,144
Total additions	3,223,505
Payments:	
Benefit premiums paid	2,963,292
Administrative expenses	289,726
Total deductions	3,253,018
NET DECREASE	(29,513)
Decrease in Net Assets Available for Benefits Over Benefit Obligations	(40,894)
Excess of Net Assets Available for Benefits Over Benefit Obligations	
Beginning of period	1,554,607
End of period	$ 1,513,713

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Jefferson Federation of Teachers
Health & Welfare Fund

August 31, 2017

Note 1 - FUND DESCRIPTION

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 plan.

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 Plan is a "governmental plan" exempt from the coverage of ERISA (the Employee Retirement Income Security Act of 1974). The Plan 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 and Plan are 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 Plan paid only dental, vision, and death benefits and does not offer major medical benefits of any kind because this Fund's participants are also eligible participants in the State Employees Group Benefit Program. Beginning January 1, 2017, the Plan no longer offered death benefits. 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. Life insurance benefits were fully insured through December 31, 2016.

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

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared using the accrual basis of accounting.

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.

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, 2017 was $9,708.

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.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

At various times during the period, cash on deposit with one banking institution exceeded the $250,000 insured by the Federal Deposit Insurance Corporation. Management monitors the financial condition of the financial institution on a regular basis, along with their balances in cash and cash equivalents to minimize the potential risk.

Note 3 - FUNDING POLICY

The Jefferson Parish School Board contributed $1,584,788 to the Fund for the year ended August 31, 2017. An employee may voluntarily contribute additional amounts, determined by the Trustees to purchase coverage for the employee's eligible dependents. Employees contributed $1,283,756 during the period 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 Plan rules for limited terms and under the limitations specified in the law and the Plan. COBRA and retiree self-pay contributions totaled $332,817 for the year ended August 31, 2017.

Note 4 - INVESTMENTS

The Plan'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 period) increased in value by $3,728.

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:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Organization 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 minimizes 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, 2017:

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 Plan 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 Plan 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 Plan 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 Plan's assets at fair value as of August 31, 2017:

	Investment Assets at Fair Value As of August 31, 2017			
	Level 1	Level 2	Level 3	Total
Investments:				
Money market funds	$ 248,455	$ -	$ -	$ 248,455
Mutual funds	545,046	-	-	545,046
Corporate bonds	1,027,260	-	-	1,027,260
Total assets at Fair Value	$ 1,820,761	$ -	$ -	$ 1,820,761

Note 6 - INCOME TAXES

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

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 - LEASING ARRANGEMENTS

The Fund's office facilities were rented under a non-cancelable operating lease through May 31, 2009. This lease was extended to May 31, 2020. Rent expense for the year ended August 31, 2017 totaled $11,377.

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

Year ending August 31,		Amount
2018		$ 15,044
2019		15,459
2020		11,827
	Total	$ 42,330

Note 9 – RELATED PARTY ACTIVITIES

When the Plan 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 Plan $268 per month for one-half of the common space, and $280 beginning June 1, 2017. Total reimbursement for the year ended August 31, 2017 amounted to $3,252.

Note 10 – RISKS AND UNCERTAINTIES

The Plan 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.

Note 11 – TAX POSITIONS

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. Tax years subject to taxing authority review were August 31, 2014, 2015 and 2016.

Note 12 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were issued, November 6, 2017, 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.

ADMINISTRATIVE EXPENSES

Jefferson Federation of Teachers
Health & Welfare Fund

Year ended August 31, 2017

(See Independent Auditors' Report on Supplementary Information)

Accounting and auditing	$ 23,176
Banking fees	6,250
Computer expenses	40,901
Consulting	19,524
Depreciation	9,708
Dues and subscriptions	1,283
Employee benefits	31,789
Insurance	14,150
Legal	14,950
Maintenance	2,154
Meetings	903
Miscellaneous	7,119
Postage	1,022
Printing and publications	2,345
Rent	11,377
Salaries	90,275
Stationery and supplies	1,856
Telephone	5,342
Training and conferences	4,989
Utilities	613
Total administrative expenses	$ 289,726

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, 2017

(See Independent Auditors' Report on Supplementary Information)

Agency Head Name: Melva Graham

Purpose	Amount
Salary	$ 65,600
Benefits-insurance	-
Benefits-retirement	18,257
Car allowance	-
Vehicle provided by government	-
Dues	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
	$ 83,857

November 6, 2017

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

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

We have audited the financial statements of Jefferson Federation of Teachers Health & Welfare Fund as of and for the year ended August 31, 2017 and have issued our report thereon dated November 6, 2017. 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 Governmental Auditing Standards, issued by the Comptroller General of the United States.

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 not be prevented, or 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.

This report is intended for the information and use of the management, Board of Trustees, and the Legislative Auditor's office. However, this report is a matter of public record, and its distribution is not limited.

Respectfully submitted,

LeBlanc & Company

(A Professional Corporation)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Jefferson Federation of Teachers Health & Welfare Fund

Year ended August 31, 2017

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified	
Internal control over financial reporting:		
• Material weakness(es) identified?	____Yes	__X__No
• Signicant 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 - NONE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Jefferson Federation of Teachers Health & Welfare Fund

Year ended August 31, 2017

Reference Number
2009-01

Finding:

In completing our prior year testing of the Jefferson Federation of Teachers Health & Welfare Fund, we noted that the cash account related to the processing of dental claims was not reconciled to the cash balance on the general ledger. The processing and printing of dental claims involves several software programs that are not integrated to each other nor to the general ledger. As a result, there was no internal program to facilitate a reconciliation of the cash balance. Management reviewed and reconciled checks issued and checks that cleared the bank; however, management did not reconcile the cash balance in the bank to the cash balance on the general ledger. In addition, there was no follow up on old outstanding checks on the outstanding check listing and, as a result, the listing included some very old checks exceeding a year old.

Recommendation:

We recommended that management develop a reconciliation process for the dental claims account that reconciles the cash in the bank to the cash in the general ledger on a monthly basis.

In addition, we recommended that management develop a policy that would review reconciling items of all bank reconciliations periodically (at least once a year) and that any items that have been outstanding for a certain period of time (such as over one year old) be written off and removed from any outstanding listing.

Corrective Action Taken:

Management designed a reconciliation procedure for the dental claims account that reconciles the dental claims activity to the general ledger on a monthly basis. In conjunction with their reconciliation, management incorporated a review of outstanding items and a policy for determining the proper length of time before an outstanding item is subject to being written off.