

Financial Report

*Office of the District Public Defender
32nd JDC Parish of Terrebonne*

Houma, Louisiana

For the year ended June 30, 2018

Financial Report

***Office of the District Public Defender
32nd JDC Parish of Terrebonne***

Houma, Louisiana

For the year ended June 30, 2018

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Office of the District Public Defender 32nd JDC Parish of Terrebonne

For the year ended June 30, 2018

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the District Public Defender of the
32nd JDC Parish of Terrebonne
Houma, Louisiana.

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Office of the District Public Defender 32nd JDC Parish of Terrebonne (the Office), 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 Office's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 auditor's judgment, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Office'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 financial position of the governmental activities and the General Fund of the Office of the District Public Defender 32nd JDC Parish of Terrebonne as of June 30, 2018, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Schedule of the Office's Proportionate Share of the Net Pension Liability and Schedule of the Office's Contributions on pages 4 through 8, 34 and 35, respectively, 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 Office's basic financial statements. The accompanying supplementary information, on page 36, Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer, is presented for purposes of additional analysis and is 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 basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 28, 2018 on our consideration of the Office's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 the Office's internal control over financial reporting and compliance.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
November 28, 2018.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Office of the District Public Defender 32nd JDC Parish of Terrebonne

The Management's Discussion and Analysis of the Office of the District Public Defender 32nd JDC Parish of Terrebonne (the Office) financial performance presents a narrative overview and analysis of the Office's financial activities for the year ended June 30, 2018. This document focuses on the current period's activities, resulting changes, and currently known facts. Please read this document in conjunction with basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The Office's assets exceeded its liabilities at the close of the year ended June 30, 2018 by \$550,605 (net position), which represents an \$88,093 increase from last fiscal period.

The Office's revenues decreased \$192,493 (or 12.5%) primarily due to a decrease in service fees and grants.

The Office's expenses increased by \$32,037 (or 2.61%) primarily due to increases in repairs and maintenance.

The Office did not have a deficit fund balance in its General Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Office's basic financial statements. The Office's annual report consists of four parts: (1) management's discussion and analysis (this section) (2) basic financial statements (3) various governmental compliance reports and schedules by certified public accountants and management and (4) statewide agreed upon procedures report.

The basic financial statements include two kinds of statements that present different views of the Office:

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Office's finances, in a manner similar to a private sector business. The Statement of Net Position presents information on all of the Office's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Office is improving or deteriorating. The Statement of Activities presents information showing how the Office's net position changed during each fiscal period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing related cash flows.

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The governmental activity of the Office is to provide legal defense to indigents.

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. All of the funds of the Office are governmental funds.

Governmental Funds

Governmental funds are 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 period. Because the focus of governmental funds 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 governmental funds and governmental activities.

The Office maintains one individual governmental fund. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund. The Office adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 9 – 13 of this report.

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. The notes to the financial statements can be found in Exhibit F of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the Office's financial position. As of June 30, 2018, assets exceeded its liabilities by \$550,605 (net position). Net position investment in capital assets is reported at \$16,328 (net of accumulated depreciation), and is not available for future spending.

Condensed Statements of Net Position

	June 30,		Dollar Change
	2018	2017	
Current and other assets	\$ 769,158	\$ 602,204	\$ 166,954
Capital assets	16,328	9,389	6,939
Total assets	785,486	611,593	173,893
Deferred outflows of resources	117,113	190,629	(73,516)
Total assets and deferred outflows of resources	902,599	802,222	100,377
Current liabilities	106,045	94,120	11,925
Long-term obligations	53,849	214,141	(160,292)
Total liabilities	159,894	308,261	(148,367)
Deferred inflows of resources	192,100	31,449	160,651
Total liabilities and deferred inflows of resources	351,994	339,710	12,284
Net Position:			
Net investment in capital assets	16,328	9,389	6,939
Restricted	64,616	-	64,616
Unrestricted	469,661	453,123	16,538
Total net position	\$ 550,605	\$ 462,512	\$ 88,093

Governmental Activities

Governmental activities increased the Office's net position by \$88,093. Key elements of this increase are as follows:

Condensed Statement of Activities

	For the Year Ended		Dollar Change	Total Percent Change
	2018	2017		
Revenues:				
Service fees	\$ 834,986	\$ 993,392	\$ (158,406)	-15.95%
Grants	501,581	534,097	(32,516)	-6.09%
Charges for services	9,928	12,292	(2,364)	-19.23%
Miscellaneous	1,131	338	793	234.62%
Total revenues	1,347,626	1,540,119	(192,493)	-12.50%
Expenses:				
General government	1,259,533	1,227,496	32,037	2.61%
Increase in net position	88,093	312,623	(224,530)	-71.82%
Net position, beginning of year	462,512	149,889	312,623	208.57%
Net position, end of year	\$ 550,605	462,512	\$ 88,093	19.05%

In total, general government revenues decreased by \$192,493. The decrease in revenues is due to decreased service fee revenue from the Terrebonne Parish Consolidated Government of \$104,650, City Court of Houma of \$39,135 and Terrebonne Parish Sheriff's Office of \$31,109; decreased grant revenue from the Louisiana Public Defender Board of \$32,516. In total, general government expenses increased by \$32,037. The increase in expenses is primarily due to an increase of \$29,242 in operating costs. Operating costs increases include increased attorney salaries of \$12,801 and repairs and maintenance of \$5,635.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Office uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Office's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Office's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal period. As of June 30, 2018, the Office's governmental fund reported an ending fund balance of \$598,497, an increase of \$90,413. Ending fund balance of \$6,743 is not available for spending because it is in a nonspendable form. The unassigned fund balance is \$591,754.

General Fund Budgetary Highlights

The budget was amended once during the year ended June 30, 2018. During the year ended June 30, 2018, revenues were below budgetary estimates and expenditures were above budgetary estimates. Service fee revenue reported an unfavorable budget variance of \$55,437, while personal services and operating costs reported favorable variances of \$2,299 and \$10,955, respectively. The Office reported a net unfavorable budget variance of \$54,369.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Office's net investment in capital assets for its governmental activities as of June 30, 2018, amounts to \$16,328 (net of accumulated depreciation). This investment in capital assets includes equipment, furniture and fixtures, vehicle and law books.

	<u>2018</u>	<u>2017</u>
Equipment	\$ 175,098	\$ 162,576
Furniture and fixture	11,043	11,043
Vehicle	16,582	16,582
Law books	4,000	4,000
Totals	<u>\$ 206,723</u>	<u>\$ 194,201</u>

The Office purchased a new copier and new laptop computers during the year ended June 30, 2018.

Additional information on the Office's capital assets can be found in the Note 4, Exhibit F of this report.

Long-term Obligations

Long-term obligations consisted of non-current liabilities for compensated absences of \$53,849. For the year ended June 30, 2018, compensated absence liabilities increased \$8,965, primarily because of the awarding of 80 hours of annual leave to attorney employees at higher rates. The net pension liability to the Parochial Employees Retirement System decreased \$233,873 and is reported as a net pension asset as of June 30, 2018. The decrease is primarily due to earnings on investments being greater than plan estimates.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District Public Defender considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- Revenue from the State Government is based on the amount provided by the State Office, revenue from the Local Government from criminal bond fees is budgeted based on a reduction in the amount of bond fees paid, and all other revenues are budgeted based on prior year's level of activities.
- Operations are expected to continue at the same basic level with no expected changes.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Office's finances for all those with an interest in the Office's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the District Public Defender 32nd JDC Parish of Terrebonne, 504 Belanger Street, Houma, Louisiana 70360.

**STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET**

**Office of the District Public Defender
32nd JDC Parish of Terrebonne**

June 30, 2018

	<u>General Fund</u>	<u>Adjustments (Exhibit B)</u>	<u>Statement of Net Assets</u>
Assets			
Cash	\$ 641,963		\$ 641,963
Due from other governmental units	55,836		55,836
Net pension asset	-	\$ 64,616	64,616
Other assets	6,743	-	6,743
Capital assets:			
Depreciable, net of accumulated depreciation	<u>-</u>	<u>16,328</u>	<u>16,328</u>
Total assets	704,542	80,944	785,486
Deferred Outflow of Resources	<u>-</u>	<u>117,113</u>	<u>117,113</u>
Total assets and deferred outflows of resources	<u>\$ 704,542</u>	<u>198,057</u>	<u>902,599</u>
Liabilities			
Accounts payable and accrued expenditures	\$ 106,045	-	106,045
Non-current liabilities	<u>-</u>	<u>53,849</u>	<u>53,849</u>
Total liabilities	106,045	53,849	159,894
Deferred Inflow of Resources	<u>-</u>	<u>192,100</u>	<u>192,100</u>
Total liabilities and deferred inflow of resources	<u>106,045</u>	<u>245,949</u>	<u>351,994</u>
Fund Balance/Net Position			
Fund balance:			
Nonspendable-other assets	6,743	(6,743)	-
Unassigned	<u>591,754</u>	<u>(591,754)</u>	<u>-</u>
Total fund balance	<u>598,497</u>	<u>(598,497)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 704,542</u>	<u>(352,548)</u>	<u>351,994</u>
Net position:			
Net investment in capital assets		16,328	16,328
Restricted		64,616	64,616
Unrestricted		<u>469,661</u>	<u>469,661</u>
Total net position		<u>\$ 550,605</u>	<u>\$ 550,605</u>

See notes to financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION**

**Office of the District Public Defender
32nd JDC Parish of Terrebonne**

June 30, 2018

Fund Balance - Governmental Fund		\$ 598,497
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.		
Governmental capital assets	\$ 206,723	
Less accumulated depreciation	<u>(190,395)</u>	16,328
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		
		117,113
Long term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund		
Net pension asset	64,616	
Compensated absences payable	<u>(53,849)</u>	10,767
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in governmental funds.		
		<u>(192,100)</u>
Net Position of Governmental Activities		<u><u>\$ 550,605</u></u>

See notes to financial statements.

**STATEMENT OF ACTIVITIES AND STATEMENT OF
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

**Office of the District Public Defender
32nd JDC Parish of Terrebonne**

For the year ended June 30, 2018

	<u>General Fund</u>	<u>Adjustments (Exhibit D)</u>	<u>Statement of Activities</u>
Revenues			
Service fees:			
Terrebonne Parish Consolidated Government	\$ 491,668		\$ 491,668
Terrebonne Parish Sheriff	161,593		161,593
City Court of Houma	165,237		165,237
Terrebonne Parish District Attorney	16,488		16,488
Grants:			
Louisiana Public Defender Board	501,581		501,581
Charges for Services	9,928		9,928
Miscellaneous			
Interest	1,131		1,131
	<u>1,347,626</u>		<u>1,347,626</u>
Expenditures/Expenses			
General government:			
Personnel services	851,473	\$ 9,259	860,732
Professional development	5,968	-	5,968
Operating costs	387,250	-	387,250
Capital Outlay	12,522	(12,522)	-
Depreciation	-	5,583	5,583
	<u>1,257,213</u>	<u>2,320</u>	<u>1,259,533</u>
Excess of Revenues Over Expenditures	90,413	(90,413)	-
Change in Net Position	-	88,093	88,093
Fund Balance/Net Position			
Beginning of year	508,084	(45,572)	462,512
End of year	<u>\$ 598,497</u>	<u>\$ (47,892)</u>	<u>\$ 550,605</u>

See notes to financial statements.

**RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL
FUND REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE TO THE STATEMENT OF ACTIVITIES**

**Office of the District Public Defender
32nd JDC Parish of Terrebonne**

For the year ended June 30, 2018

Net Change in Fund Balance - Governmental Fund		\$ 90,413
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	\$ 12,522	
Depreciation expense	<u>(5,583)</u>	6,939
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund		
Pension expense	(294)	
Compensated absences payable	<u>(8,965)</u>	<u>(9,259)</u>
Change in Net Position of Governmental Activities		<u><u>\$ 88,093</u></u>

See notes to financial statements.

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND**

**Office of the District Public Defender
32nd JDC Parish of Terrebonne**

For the year ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues				
Service fees:				
Terrebonne Parish Consolidated				
Government	\$ 583,334	\$ 560,452	\$ 491,668	\$ (68,784)
Terrebonne Parish Sheriff	162,751	146,873	161,593	14,720
City Court of Houma	199,614	165,152	165,237	85
Terrebonne Parish District Attorney	-	-	16,488	16,488
Reimbursed fees from indigents	33,259	17,946	-	(17,946)
Grants:				
Louisiana Public Defender Board	489,282	510,680	501,581	(9,099)
Charges for services	13,375	10,414	9,928	(486)
Miscellaneous:				
Interest	326	1,197	1,131	(66)
Total revenues	<u>1,481,941</u>	<u>1,412,714</u>	<u>1,347,626</u>	<u>(65,088)</u>
Expenditures				
Current:				
General Government:				
Personnel services and benefits	911,741	853,772	851,473	2,299
Professional development	3,530	2,401	5,968	(3,567)
Operating costs	388,696	398,205	387,250	10,955
Capital outlay	5,000	13,554	12,522	1,032
Total expenditures	<u>1,308,967</u>	<u>1,267,932</u>	<u>1,257,213</u>	<u>10,719</u>
Revenues Over Expenditures	172,974	144,782	90,413	(54,369)
Fund Balance				
Beginning of year	<u>508,084</u>	<u>508,084</u>	<u>508,084</u>	<u>-</u>
End of year	<u>\$ 681,058</u>	<u>\$ 652,866</u>	<u>\$ 598,497</u>	<u>\$ (54,369)</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Office of the District Public Defender
32nd JDC Parish of Terrebonne**

June 30, 2018

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Office of the District Public Defender 32nd JDC Parish of Terrebonne (the Office) conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Reporting Entity and Period

GASB No. 14, *The Financial Reporting Entity*, GASB No. 39, *Determining Whether Certain Organizations Are Component Units-an amendment of GASB Statement No. 14*, and GASB No. 61, *The Financial Reporting Entity: Omnibus and amendment of GASB Statements No. 14 and No. 34* established the criterion for determining which component units should be considered part of the Office for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the governing authority appoints a majority of the board members of the potential component unit.
3. Fiscal interdependency between the Office and the potential component unit.
4. Imposition of will by the Office on the potential component unit.
5. Financial benefit/burden relationship between the Office and the potential component unit.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Reporting Entity and Period (continued)

The Office has reviewed all of its activities and determined that there are no potential component units which should be included in its financial statements.

The Office is operated by the District Public Defender. The District Public Defender's authority is contingent upon the approval of the Louisiana Public Defender Board (the Board) and the Board may relieve the District Public Defender of his duties.

b) Basis of Presentation

The Office's basic financial statements consist of the government-wide statements on all activities of the Office and the governmental fund financial statements.

Revenue and expenditure/expense classification and presentation used in the Office's basic financial statements is in accordance with Board policies.

Government-wide Financial Statements:

The government-wide financial statements include the Statement of Net Position and the Statement of Activities for all activities of the Office. The government-wide presentation focuses primarily on the sustainability of the Office as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues.

Fund Financial Statements:

The daily accounts and operations of the Office are organized on the basis of a fund and accounts groups, each of which is considered a separate accounting entity. The operations of the fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following is the governmental fund of the Office:

General Fund - The General Fund is the general operating fund of the Office. It is used to account and report for all financial resources except those that are required to be accounted for in another fund.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Government-wide Financial Statements:

The government-wide financial statements 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.

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government’s availability criteria (susceptible to accrual). Available means that the resources will be collected within the current fiscal period or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal period. For this purpose, the Office considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Court costs on fines and forfeitures imposed by the Office and courts are recorded in the period they are collected by intermediate collectors. Interest income on investments is recorded as revenue when the investments have matured and the income is available. Grants and miscellaneous revenues are recorded as revenues when received in cash by the Office because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Allocations of cost such as depreciation are not recognized in the governmental funds.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

e) Operating Budgetary Data

As required by the Louisiana Revised Statutes 39:1303, the District Public Defender adopted a budget for the General Fund. The budgetary practices include public notice of the proposed budget, public inspection and a public hearing on the budget prior to adoption. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the District Public Defender. The Office amended its budget once during the year. All budgeted amounts which are not expended, or obligated through contracts, lapse at year-end.

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

The General Fund budget presentation is included in the basic financial statements.

f) Accounts Receivable

The financial statements for the Office contain no allowance for uncollectible accounts. Uncollectible amounts due for receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the fund.

g) Capital Assets

The accounting treatment over equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$500 or more are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Capital Assets (continued)

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The estimated useful life for all types of capital assets is five years.

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

h) Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditures) until then.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

i) Vacation and Sick Leave

After one year of service, employees receive 10 days of vacation. After 10 years of employment an additional day will be earned each year maxing out at 20 days. Unused vacation at year-end may be carried forward to following years. Also, employees have forty hours of sick leave per year. Upon termination, unused vacation for the year will be paid on a pro-rated basis, but sick leave will not be paid.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Parochial Employees Retirement System (the System) and additions to/deductions from the System fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

k) Fund Equity

Government-wide Statements:

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. At June 30, 2018, there were no outstanding balances of debt.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is the Office’s policy to use restricted resources first, then unrestricted resources as they are needed. As of June 30, 2018, the Office did not have restricted net position.

Fund Financial Statements:

Governmental funds’ fund balances classified as fund balance. Fund balance is further classified as follows:

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Fund Equity (continued)

- a. Non-spendable- amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to maintain intact.
- b. Restricted- amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed- amounts that can be used only for specific purposes determined by formal action of the District Public Defender. Commitments may be established, modified, or rescinded only through approval of the District Public Defender.
- d. Assigned – amounts that do not meet the criteria to be classified as either restricted or committed but that are intended to be used for specific purposes. Assignments may be established, modified or rescinded only through approval of the District Public Defender.
- e. Unassigned – all other spendable amounts.

For the classification of governmental fund balances, the Office considers an expenditure to be made from the most restrictive first when more than one classification is available. The Office's fund balance was classified as non-spendable, and unassigned as of June 30, 2018.

l) New GASB Statements

During the year ending June 30, 2018, the Office implemented the following GASB Statements:

Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions* replaces the requirements of GASB Statement No. 45. This Statement requires governments to report a liability on the face of the financial statements for the OPEB that they provide: governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability, governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan and governments that do not provide OPEB through a trust that meets specified criteria will report the total

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1) New GASB Statements (Continued)

OPEB liability related to their employees. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. This Statement did not affect the Office's financial statements.

Statement No. 81, "*Irrevocable Split Interest Agreements*" provided recognition and measurement guidance for situation in which a government is a beneficiary of an irrevocable split interest agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split interest agreement recognize assets, liabilities and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in agreements administered by third parties. Governments are required by this Statement to recognize revenue when the resources become applicable to the reporting period. This Statement enhances comparability and decision usefulness of financial statements among governments. This Statement did not affect the Office's financial statements.

Statement No. 85, "*Omnibus 2017*." On March 20, 2017, GASB issued "*Omnibus 2017*" covering four main topics: blending component units; goodwill, fair value measurement and application; and postemployment benefits. "*Omnibus 2017*" is effective for fiscal years beginning after June 15, 2017. However, due to the nature of topic covered, GASB is allowing the option of early implementation for single topics. This Statement did not affect the Office's financial statements.

Statement No. 86, "*Certain Debt Extinguishment Issues*" improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. This Statement did not affect the Office's financial statements.

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 83, "*Certain Asset Retirement Obligations*" addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1) New GASB Statements (Continued)

legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 84, "*Fiduciary Activities*" improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 87, "*Leases*" increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1) New GASB Statements (Continued)

Statement No. 88, *“Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements”* improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The Statement clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 30, 2018. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 89, *“Accounting for Interest Cost Incurred before the End of a Construction Period”* establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 90, *“Majority Equity Interest”* improves the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest is a legally separate organization should be reported as an investment if a government’s holding of an equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) New GASB Statements (Continued)

should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should only include transactions that occurred subsequent to the acquisition. The requirements of this Statement are effective for the reporting periods beginning after December 15, 2018. Management has not yet determined the effect of this Statement on the financial statements.

Note 2 - DEPOSITS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or other federally insured investments, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, guaranteed investments contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

Bank Deposits:

State law requires deposits (cash) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes the FDIC insurance and securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or with a trust company for the account of the political subdivision.

The year-end balances of deposits are as follows:

Note 2 - DEPOSITS (Continued)

	Bank Balance	Reported Amount
Cash	\$ 647,367	\$ 641,877

Custodial credit risk is the risk that in the event of a bank failure, the Office's deposits may not be returned to it. The Office has a written policy for custodial credit risk. As of June 30, 2018, \$397,367 of the Office's bank balance of \$647,367 was exposed to custodial credit risk because it was not fully covered by FDIC insurance.

At June 30, 2018, cash was adequately collateralized in accordance with state law by securities held by unaffiliated banks for the account of the Office. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the deposits are considered subject to custodial credit risk under the provisions of GASB, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

A reconciliation of deposits as shown on the Statement of Net Position is as follows:

	Reported Amount
Cash on hand	\$ 86
Carrying amount of deposits	641,877
Total	\$ 641,963

Note 3 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at June 30, 2018 consisted of the following:

	Amount
Terrebonne Parish Sheriff	\$ 10,329
Terrebonne Parish Consolidated Government	29,596
City Court of Houma	15,543
Application Fee from Various Payors	368
Total	\$ 55,836

Note 3 - DUE FROM OTHER GOVERNMENTAL UNITS (Continued)

The amounts due from the Terrebonne Parish Sheriff's Office are for court costs on fines and forfeitures imposed by the Office, bond fees, and court-ordered reimbursements. Amounts due from Terrebonne Parish Consolidated Government are for money collected for various items such as traffic citations.

Note 4 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance July 1, 2017	Additions	Balance June 30, 2018
Capital assets being depreciated:			
Equipment	162,576	12,522	175,098
Furniture and fixtures	11,043	-	11,043
Vehicle	16,582	-	16,582
Law Books	4,000	-	4,000
Total capital assets being depreciated	194,201	12,522	206,723
Less accumulated depreciation for:			
Equipment	(153,385)	(5,470)	(158,855)
Furniture and fixtures	(10,845)	(113)	(10,958)
Vehicle	(16,582)	-	(16,582)
Vehicle	(4,000)	-	(4,000)
Total accumulated depreciation	(184,812)	(5,583)	(190,395)
Total capital assets, net	\$ 9,389	\$ 6,939	\$ 16,328

Note 5 - ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES

Accounts payable and accrued expenditures at June 30, 2018 consisted of the following:

	<u>Amount</u>
Contract Attorneys	\$ 17,800
Salaries and Benefits	<u>88,245</u>
Total	<u>\$ 106,045</u>

Note 6 - NON-CURRENT LIABILITIES

Non-current liabilities consist of accumulated unpaid vacation and net pension liability.

The following is a summary of the changes in long-term obligations of the Office at June 30, 2018:

	Payable June 30, 2017	Obligations		Payable June 30, 2018
		Retired	Generated	
Compensated absences	\$ 44,884	\$ (20,711)	\$ 29,676	\$ 53,849

Compensated absences are described in Note 1i. The net pension liability of \$169,257 at the beginning of the year is reported as a net pension asset of \$64,616 as of June 30, 2018.

Note 7 - GOVERNMENTAL FUND REVENUES AND EXPENDITURES

For the year ended June 30, 2018, the major sources of governmental fund revenues and expenditures were as follows:

Revenues:	
State government:	
Grants	\$ 501,581
Local Government	
Statutory fines, fees, court costs and other	834,986
Charges for services	9,928
Investment earnings	1,131
Total revenues	\$ 1,347,626
Expenditures:	
Personnel services and benefits	
Salaries	\$ 715,754
Retirement contributions	71,783
Insurance	42,571
Payroll taxes	21,365
Total personnel services and benefits	851,473
Professional development	
Dues, licenses and registrations	3,395
Travel	2,573
Total professional development	5,968
Operating costs	
Library and research	17,706
Contract services - attorney/legal	221,383
Contract services - other	17,496
Lease - Office	63,599
Expert fees	2,614
Insurance	26,291
Supplies	19,526
Repairs and maintenance	11,937
Utilities and telephone	5,097
Other	1,601
Total operating costs	387,250
Capital outlay	
	12,522
Total expenditures	\$ 1,257,213

Note 8 - COMMITMENTS

On December 1, 2015, the Office renewed an office space lease for 5 years at \$4,800 per month. This lease is considered an operating lease. The Office also rents storage space on a month-to-month basis.

Rental expenditures incurred for office space and storage for the year ended June 30, 2018 amounted to \$63,599. Commitments under the office lease is as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2019	\$ 57,600
2020	57,600
2021	<u>24,000</u>
Total	<u>\$ 139,200</u>

Note 9 - PENSION PLAN

Plan Description. The Office contributes to Plan A of the Parochial Employees' Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan established by Act 205 of the 1952 regular session of the Legislature of the State of Louisiana to provide retirement benefits to all employees of any parish in the State of Louisiana or any governing body or a parish which employs persons serving the parish. Act 765 of 1979, revised the System to create Plan A and Plan B to replace the "regular plan" and the "supplemental plan". Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date. The Retirement System is governed by Louisiana Revised Statutes, Title 11, Section 1901 through 2025, specifically and other general laws of the State of Louisiana.

Benefits Provided. The System provides retirement, deferred retirement, disability and death benefits. Retirement benefits are generally equal to 3.0% of the member's final average compensation multiplied by the years of creditable service. For members hired prior to January 1, 2007 they may retire with full benefits at any age upon completing 30 years of service, retire at age 55 after completing 25 years of service, retire at age 60 after completing 10 years of service or retire at age 65 after completing 7 years of service. For members hired after January 1, 2007 they may retire with full benefits at age 55 after completing 30 years of service, retire at age 62 after completing 10 years of service or retire at age 67 after completing 7 years of service. Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the System. When a member enters DROP their status changes from active to retired even though they continue to work and draw their salary for up to three years.

Note 9 - PENSION PLAN (Continued)

During participation in DROP, employer contributions are payable into a DROP Fund but employee contributions cease. The election to participate in DROP is irrevocable once participation begins. Members hired before January 1, 2007 with 5 or more years of service who become disabled may receive retirement benefits determined in the same manner as retirement benefits. Members hired after January 1, 2007 with 7 or more years of service who become disabled may receive retirement benefits determined in the same manner as retirement benefits. Death benefits are payable to eligible surviving dependents based on the, the deceased member's years of creditable service and compensation and the dependent's relationship to the deceased member. The System provides permanent benefit increases, cost of living adjustments (COLA) as approved by the State Legislature.

Contributions. According to state statute, contributions for all employers are actuarially determined each year. For the Plan year ending December 31, 2017, the actuarially determined employer contribution rate was 9.35% of member's compensation. However, the actual rate for the Plan year ending December 31, 2017 was 12.50%

According to state statute, the System also receives $\frac{1}{4}$ of 1.00% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the members' compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

Contributions to the System from the Office were \$71,996 for the year ended June 30, 2018.

Pension Assets. As of June 30, 2018, the Office reported an asset of \$64,616 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017 and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Office's proportion of the net pension asset was based on a projection of the Office's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2017, the Office's proportion was .087054%, which was an increase of .004871% from its proportion measured as of December 31, 2016.

Pension Expense. For the year ended June 30, 2018, the Office recognized pension expense of \$71,783.

Note 9 - PENSION PLAN (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2018, the Office 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
Difference between expected and actual experience		\$ (41,827)
Net difference between projected and actual earnings on pension plan investments		(149,281)
Change in proportionate share	\$ 1,573	(992)
Changes in assumptions	81,554	-
Office contributions subsequent to the measurement date	33,986	-
	\$ 117,113	\$ (192,100)

The Office reported \$33,986 as deferred outflows of resources related to pensions resulting from Office contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension asset in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the year ended June 30th,	Amount
2019	\$ 9,580
2020	(9,655)
2021	(49,732)
2022	(59,166)
Total	\$ (108,973)

Note 9 - PENSION PLAN (Continued)

Actuarial Assumptions. A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2017 are as follows:

Valuation Date	December 31, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining	
Service Lives	4 years
Inflation Rate	2.50%
Investment Rate of Return	6.75%, net of investment expense, including inflation.
Projected Salary Increases	5.25% (2.50% Inflation, 2.75% Merit)
Mortality Rates	RP-2000 Employee Sex Distinct Table was selected for employees. RP-2000 Healthy Annuitants Sex Distinct was selected for annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing method (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best estimates 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 rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.62% for the year ended December 31, 2017.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2017 are as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	35.00%	1.24%
Equity	52.00%	3.57%
Alternatives	11.00%	0.69%
Real assets	2.00%	0.12%
Total	100.00%	5.62%
Inflation		2.00%
Expected Arithmetic Nominal Rate		7.62%

Note 9 - PENSION PLAN (Continued)

Discount Rate. The discount rate used to measure the collective pension liability was 6.75% as of December 31, 2017. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Office's Proportionate Share of the Collective Net Pension (Liability) Asset to Changes in the Discount Rate. The following presents the Office's proportionate share of the Collective Net Pension Liability using the discount rate of 6.75%, as well as what the Office's proportionate share of the Net Pension (Liability) Asset would be if it were calculated using a discount rate that is one percentage-point lower (5.75%) or one percentage-point higher (7.75%) than the current rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Office's proportionate share of the net pension asset (liability)	\$ 318,578	\$ 64,616	\$ (405,824)

Payables to the Pension Plan

As of June 30, 2018 the Office had payables to the pension plan as follows:

	Amount
Quarterly contributions	
Employer	\$ 16,998
Employees	12,687
Total	\$ 29,685

Pension Plan Fiduciary Net Position. The Parochial Employees' Retirement System of Louisiana issued a stand-alone audit report on their financial statements for the year ended December 31, 2017. Access to the audit report can be found on the System's website, www.persla.org or on the Louisiana Legislative Auditor's website, www.la.la.gov.

Note 10 - RISK MANAGEMENT

The Office is exposed to various risks of loss related to workers compensation; torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Office carries commercial insurance. No settlements were made during the year that exceeded the Office insurance coverage.

Note 11 - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through November 28, 2018, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE OFFICE'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY**

**Office of the District Public Defender
32nd JDC Parish of Terrebonne**

June 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Commission's proportion of the net pension liability	0.08705%	0.08218%	0,10526%
Commission's proportionate share of the net pension liability (asset)	\$ (64,616)	\$ 169,257	\$ 277,072
Commission's covered-employee payroll *	\$ 521,243	\$ 498,409	\$ 603,508
Commission's proportionate share of the net pension liability as a percentage of its covered-employee payroll	-12.397%	33.959%	45.910%
Plan fiduciary net position as a percentage of the total pension liability	101.98%	94.15%	92.23%

* For valuation year ended December 31st.

SCHEDULE OF OFFICE'S CONTRIBUTIONS

**Office of the District Public Defender
32nd JDC Parish of Terrebonne**

June 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 71,996	\$ 57,479	\$ 88,610
Contributions in relation to the contractually required contribution	71,996	57,479	88,610
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Commission's covered-employee payroll *	\$ 599,613	\$ 450,781	\$ 634,563
Contributions as a percentage of covered-employee payroll	12.01%	12.75%	13.96%

* For the contribution year ended June 30th.

SUPPLEMENTARY INFORMATION SECTION

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

Office of the District Public Defender 32nd
JDC Parish of Terrebonne
 June 30, 2018

Agency Head Name: Anthony Champagne

Purpose	Amount
Salary	\$ 98,280
Benefits - insurance	9,109
Benefits - retirement	11,794
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	185
Conference travel	611
Continuing professional education fees	2,550
Housing	-
Unvouchered expenses	-
Meals	-
	<hr/>
	\$ 122,529
	<hr/> <hr/>

Note: Anthony Champagne is the District Public Defender and functions as the Chief Executive Officer.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the District Public Defender of the
32nd JDC Parish of Terrebonne,
Houma, Louisiana.

We have audited, in accordance with the auditing standards generally accepted in the United States of America the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of the Office of the District Public Defender 32nd JDC Parish of Terrebonne (the Office), State of Louisiana, a component unit of the Louisiana Public Defender Board as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Office's basic financial statements and have issued our report thereon dated November 28, 2018.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Office'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 instance of noncompliance or other matters required to be reported under Government Auditing Standards.

Office's Response to Management Letter Comments

The Office's responses to certain matters we reported to management of the Office in a separate letter dated November 28, 2018 are described in the accompanying Management's Corrective Action Plan. The Office's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Office'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 Office's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
November 28, 2018.

SCHEDULE OF FINDINGS AND RESPONSES

Office of the District Public Defender 32nd JDC Parish of Terrebonne

For the year ended June 30, 2018

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency (ies) identified that are not
 considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

b) Federal Awards

The Office of District Public Defender 32nd JDC Parish of Terrebonne did not expend federal awards during the year ended June 30, 2018.

Section II Financial Statement Findings

No financial statement findings were noted during the audit for the year ended June 30, 2018.

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Office of the District Public Defender 32nd JDC Parish of Terrebonne

For the year ended June 30, 2018

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were noted during the audit for the year ended June, 30, 2017.

No significant deficiencies were reported during the audit for the year ended June 30, 2017.

Compliance

No compliance findings material to the basic financial statements were noted during the audit for the year ended June 30, 2017.

Section II Internal Control and Compliance Material to Federal Awards

The Office of the District Public Defender 32nd JDC Parish of Terrebonne did not expend federal awards during the year ended June 30, 2017.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2017.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Office of the District Public Defender 32nd JDC Parish of Terrebonne

For the year ended June 30, 2018

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended June 30, 2018.
No significant deficiencies were reported during the audit for the year ended June 30, 2018.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended June 30, 2018.

Section II Internal Control and Compliance Material to Federal Awards

The Office of the District Public Defender 32nd JDC Parish of Terrebonne did not expend federal awards during the year ended June 30, 2018.

Section III Management Letter

2018-001 Recommendation - We recommend the Office sign the budget for the General Fund for each year going forward.

Management's Response - The Office will sign the budget message for each year going forward.

2018-002 Recommendation - We recommend the Office publish a notice in the official journal that certifies completion of public participation in the budget process for each year going forward.

Management's Response - The Office will publish a notice in the official journal that certifies that all required action has taken place to adopt the budget for each year going forward.

2018-003 Recommendation - We recommend the Office follow the recommendation from the State to forward unclaimed funds to the Department of the Treasury.

Management's Response - The Office will follow the recommendation from the State and will continue to research the status of outstanding checks promptly.

Section III Management Letter (Continued)

2018-004 Recommendation - We recommend the Office maintain signed contracts for all employed and contracted attorneys, which reflect the actual transaction costs. The Office should maintain documentation of any changes to contracts or employment.

Management's Response - The Office has executed an updated contract with the attorney and in the future will execute updated contracts for any revisions to the original terms and conditions of the contract.

2018-005 Recommendation - We recommend the Office provide separate collection envelopes for each employee to be turned in on a daily basis to the Office Manager.

Management's Response - The Office will supply separate collection envelopes for each employee to be turned in on a daily basis to the Office Manager.

2018-006 Recommendation - We recommend that in addition to approving invoices for payment, the Office use written and approved purchase requisitions when requesting to place the order for purchase.

Management's Response - The Office will use written and approved purchase requisitions when requesting to place the order for purchase.

2018-007 Recommendation - We recommend the Office file a late 1099 form with the IRS for 2017.

Management's Response - The Office will file a late 1099 form with the IRS for 2017.

STATEWIDE AGREED-UPON PROCEDURES

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the District Public Defender of the
32nd JDC Parish of Terrebonne
Houma, Louisiana.

We have performed the procedures described in Schedule 2, which were agreed to by the Office of the District Public Defender 32nd JDC Parish of Terrebonne (the Office), State of Louisiana, and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year ended June 30, 2018. The Office's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the AICPA and the standards contained in Government Auditing Standards, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures referred to above, either for the purpose for which this report has been requested, or for any other purpose.

The procedures and associated findings are described in Schedule 2.

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

The purpose of this report is to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 23:513, this report is distributed by the LLA as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants

Houma, Louisiana,
November 28, 2018.

**Schedule of Procedures and Associated Findings of the
Statewide Agreed-upon Procedures**

Office of the District Public Defender 32nd JDC Parish of Terrebonne

For the year ended June 30, 2018

The required procedures and our findings are as follows:

Procedures performed on the Office's written policies and procedures:

1. Obtain the Office's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the Office does not have any written policies and procedures), as applicable:
 - a) Budgeting, including preparing, adopting, monitoring, and amending the budget

Performance: Obtained and read the written policy for budgeting, and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.
 - b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Performance: Obtained and read the written policy for purchasing, and found it to address all the functions listed above, except one exception noted below.

Exceptions: The written policy for purchasing did not address how vendors are added to the vendor list.

Management's response: Management will consider adding to the written policy how vendors are added to the vendor list.
 - c) Disbursements, including processing, reviewing, and approving

Performance: Obtained and read the written policy for disbursements, and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.
 - d) Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Procedures performed on the Office's written policies and procedures: (Continued)

Performance: Obtained and read the written policy for disbursements, and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Performance: Obtained and read the written policy for payroll and personnel, and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- f) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

Performance: Obtained and read the written policy for contracting, and found it to address all functions listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- g) Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage

Performance: Obtained and read the written policy for credit cards, and found it to address all functions listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

Performance: Obtained and read the written policy for travel and expense reimbursement, and found it to address all functions listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Procedures performed on the Office's written policies and procedures: (Continued)

Performance: Obtained and read the written policy for ethics, and found it to address all functions listed above, except one exception noted below.

Exceptions: The written policy for ethics did not include the requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Management's response: Management will consider adding to the written policy the requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

- j) Debt Service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Performance: Inquired to management as to a written debt service policy.

Exceptions: Not applicable.

Management's response: Not applicable.

Procedures performed on the Office's board:

Act 307 of the Louisiana Legislative for the year 2007 eliminates all District Indigent Defender Boards and transfers all powers and duties of the Board to the District Public Defender, effective August 15, 2007. Therefore, this procedure is not applicable to the Office.

Procedures performed on the Office's bank reconciliations:

2. Obtain a listing of the Commission's bank accounts from management and management's representation that the listing is complete. Management will identify the main operating account. Select the Office's main operating account and select 4 additional accounts (or all accounts if less than 5). Select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

Performance: Obtained the listing of bank accounts from management, and received management's representation in a separate letter. Selected one month from the fiscal period, and obtained the corresponding bank statement and reconciliation for the Office's main operating account.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g. initialed and dated, electronically logged);

Performance: Observed that bank reconciliations were prepared within 2 months of the related statement closing date.

Procedures performed on the Office's bank reconciliations: (Continued)

Exceptions: There were no exceptions noted.
Management's response: Not applicable.

- b) Bank reconciliations include evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g. initialed and dated, electronically logged); and

Performance: Observed that a member of management or a board member reviewed each bank reconciliation. The District Public Defender deposits cash and also reviews each bank reconciliation.

Exceptions: There were no exceptions noted.
Management's response: Not applicable.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

Performance: Observed that management has documentation reflecting that it had researched reconciling items that have been outstanding for more than 12 months from the statement closing date. In our observation, we noted 14 checks that were outstanding for longer than 6 months. Management has received a recommendation from the State on how to handle these outstanding checks.

Exceptions: Although management has received a recommendation from the State in accordance with the Louisiana Unclaimed Property Statutes, R.S. 9:151-181, management has not followed the recommendation.

Management's response: Management will comply with the law in accordance with the Louisiana Unclaimed Property Statutes, R.S. 9:151-181.

Procedures performed on the Office's collections:

3. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money order (cash) are prepared and management's representation that the listing is complete. Select 5 deposit sites (or all deposit sites if less than 5).

Performance: Obtained the listing of deposit sites from management, and received management's representation in a separate letter. The Office has one deposit site.

Exceptions: There were no exceptions noted.
Management's response: Not applicable.

Procedures performed on the Office's collections: (Continued)

For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Select one collection location for each deposit site (i.e. collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

Performance: Obtained the listing of collection locations from management, and received management's representation in a separate letter. The Office has one deposit site with two collection locations.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Performance: Inspected policy manuals and inquired of management regarding segregation of duties and inquired whether employees share the same cash envelope.

Exceptions: Six secretaries share 2 cash drawers, 3 to each drawer.

Management's response: Management will work towards having better segregation of duties.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless other employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

Performance: Inspected policy manuals and inquired of management regarding segregation of duties and inquired whether and observed employees collecting cash are not responsible for making deposits.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Performance: Inspected policy manuals and inquired of management and observed employees collecting cash do not make general ledger postings.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the Office's collections: (Continued)

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Performance: Inspected policy manuals and inquired of management and employees performing reconciliations do not collect cash.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

4. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Performance: Obtained a listing of all employees who have access to cash and inquired of management if these employees are covered by a bond or insurance policy for theft.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

5. Select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Procedures performed on the Office's bank reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates selected and select a deposit if multiple deposits were made on the same day). Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

Performance: Obtained supporting documentation for the 2 selected deposits from the Office's bank account and observed that receipts were sequentially pre-numbered.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Performance: Traced supporting documentation to the deposit slip.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

Performance: Traced deposit slip total to actual deposit per bank statement.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the Office's collections: (Continued)

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

Performance: Observed that the deposit was made within one business day of receipt.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- e) Trace the actual deposit per the bank statement to the general ledger.

Performance: Traced the actual deposit per the bank statement to the general ledger.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the Office's non-payroll disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

6. Obtain a listing of locations that process payments for the fiscal period, and management's representation that the listing is complete. Select 5 locations (or all locations if less than 5)

Performance: Obtained the listing of locations that process payments, and received management's representation in a separate letter. The Office has only one location that processes payments.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

7. For each location selected under #6 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the Office has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

Performance: Obtained a listing of those employees involved with non-payroll purchasing and payments functions, and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Performance: Inspected policy manuals and inquired of management and employees as to requirement listed above.

Procedures performed on the Office's non-payroll disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases): (Continued)

Exceptions: There were no exceptions noted.
Management's response: Not applicable.

- b) At least two employees are involved in processing and approving payments to vendors.

Performance: Inspected policy manuals and inquired of management and employees as to requirement listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) The employees responsible for processing payments are prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Performance: Inspected policy manuals and inquired of management and employees as to requirement listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Performance: Inspected policy manuals and inquired of management and employees as to requirement listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

8. For each location selected under #6 above, obtain the Office's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Select 5 disbursements for each location, obtain supporting documentation for each transaction and:

Performance: Obtained the Office's general ledger for the fiscal period, and obtained management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- a) Observe that the disbursement matched the related original invoice/billing statement.

Performance: Obtained the disbursement and observed that the disbursement and the related original invoice/billing statement were in agreement.

Procedures performed on the Office's non-payroll disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases): (Continued)

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #7, as applicable.

Performance: Obtained the disbursement documentation and observed for proper segregation of duties as listed under #7 above.

Exceptions: One invoice did not include evidence of initial/date under #7, as applicable.

Management's response: Management will work towards initial/dating all invoices for proper documentation of approvals.

Procedures performed on the Office's credit cards, debit cards, fuel cards, p-cards:

Prior year testing resulted in no exceptions related to board. Therefore, testing was not required in the current year.

Procedures performed on the Office's travel and travel-related expense reimbursements:

9. Obtain from management a listing of all travel and related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Performance: Obtained a list of all travel and travel related expense reimbursement, and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Performance: Selected 5 reimbursements and obtained the supporting documentation. Observed that the reimbursements were reimbursed using actual costs, not using a per diem.

Exceptions: Not applicable.

Management's response: Not applicable.

**Procedures performed on the Office's travel and travel-related expense reimbursements:
(Continued)**

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Performance: Selected 5 reimbursements and obtained the supporting documentation.

Observed that the reimbursement was supported by original itemized receipt.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedures #1h).

Performance: Selected 5 reimbursements and obtained the supporting documentation.

Observed that each reimbursement has evidence of documentation of the business/public purpose and other documentation required by written policy.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

Performance: Selected 5 reimbursements and obtained the supporting documentation.

Observed that each reimbursement was reviewed and approved by someone other than the person receiving the reimbursement.

Exceptions: Written review and approval was not noted; however, the check was signed by the person with approval authority.

Management's response: Management will try to create a better system for reviewing and approving reimbursements.

Procedures performed on the Office's contracts:

10. Obtain a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Select 5 contracts (or all contracts if less than 5) from the listing, and:

Performance: Obtained a listing of contracts initiated or renewed during the fiscal period and received management's representation in a separate letter. Selected 5 contracts from the list provided by management.

Exceptions: There were no exceptions noted.

Procedures performed on the Office's contracts: (Continued)

Management's response: Not applicable.

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Performance: It was determined that no other quotes were necessary due to the fact that the contracts were for service and not subject to Louisiana Public Bid Law.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Observe that the contract was approved by the governing body/Office, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

Performance: Inspected the approval of contract by the Office.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

Performance: Inspected contract to determine if the contract was amended.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- d) Select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Performance: Inspected the invoice and compared to the written contract information and observed that the invoice and related payment agreed to terms and conditions of the contract.

Exceptions: There was one invoice related to an attorney contract where the related payment did not agree to the terms and conditions of the contract.

Management's response: Management will establish a revised written contract with the contracted attorney.

Procedures performed on the Office's payroll and personnel:

Prior year testing resulted in no exceptions related to payroll and personnel. Therefore, testing was not required in the current year.

Procedure performed on the Office's ethics:

11. Using five selected employees/officials, obtain ethics compliance documentation from management and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Performance: Inquired of management of any documentation to demonstrate that required ethics training was completed.

Exceptions: There was no documentation found.

Management's response: Management will require employees to participate in ethics training.

- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the Office's ethics policy during the fiscal period.

Performance: Inquired of management of any documentation to demonstrate that each employee/official attested through signature verification that he or she has read the Office's ethics policy during the fiscal period.

Exceptions: There was no documentation found.

Management's response: Management will require each employee/official to attest through signature verification that he or she has read the Office's ethics policy during the fiscal period.

Procedures performed on the Office's debt service:

Prior year testing resulted in no exceptions related to debt service. Therefore, testing was not required in the current year.

Other procedures performed on the Office:

12. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the Office reported the misappropriation to the legislative auditor and the commission attorney of the parish in which the Office is domiciled.

Performance: Inquired of management of any misappropriations of public funds or assets, none were noted.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the Office: (Continued)

13. Observe and report whether the Office has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Performance: Inquired and observed if such notice was posted on the premises (the Office does not have a website).

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

14. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Performance: Inspected all procedures, and the results of such procedures and compared them to management's representations in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.