

**Office of Twenty-First Judicial
District Public Defender
Amite, Louisiana**

Annual Financial Statements

Year Ended June 30, 2019

Office of Twenty-First Judicial District Public Defender
Amite, Louisiana
 Annual Financial Statements
 As Of and For the Year Ended June 30, 2019
 With Required Supplementary Information Schedules

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Office of Twenty-First Judicial District Public Defender
Amite, Louisiana
 Annual Financial Statements
 As Of and For the Year Ended June 30, 2019
 With Required Supplementary Information Schedules

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PEDELAHORE & CO., LLP

Certified Public Accountants

Independent Auditor's Report

To the Office of Twenty-First Judicial
District Public Defender
Amite, 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 Twenty-First Judicial District Public Defender (the Public Defender), Amite, Louisiana as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Office of Twenty-First Judicial District Public Defender'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 basic 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 of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Office of Twenty-First District Public Defender, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (on pages 7 through 13), budgetary comparison information (on page 42), and pension information (on pages 43 and 44) 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 inquires 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 Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Public Defender's basic financial statements. The schedule of compensation, benefits and other payments to agency head or chief executive officer, listed as other supplementary information in the table of contents, is presented for purposes of additional analysis and is not a required part of the basis financial statements.

The schedule of compensation, benefits and other payments to agency head or chief executive officer 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. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits and other payments to agency head or chief executive officer is fairly stated in all material respects in

relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2019, on our consideration of the Office of Twenty-First District Public Defender'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 Public Defender's internal control over financial reporting and compliance.



New Orleans, Louisiana
December 30, 2019

Required Supplemental Information (Part I)
Management's Discussion and Analysis

Office of Twenty-First Judicial District Public Defender

Amite, Louisiana

Management's Discussion and Analysis

As Of and For the Year Ended June 30, 2019

Introduction

The Office of Twenty-First Judicial District Public Defender (the "Public Defender") is pleased to present its Annual Financial Report developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – For State and Local Governments* (GASB 34), and related standards.

The Public Defender's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Public Defender's financial activity, (c) identify changes in the Public Defender's financial position, (d) identify any significant variations from the Public Defender's financial plan, and (e) identify individual fund issues or concerns.

As with other sections of this financial report, the information contained within this Management's Discussion and Analysis should be considered only a part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and the other Required Supplemental Information ("RSI") that is provided in addition to this Management's Discussion and Analysis.

Financial Highlights

- At June 30, 2019, the Public Defender's assets exceeded its liabilities by \$318,628 (net position). Of this amount \$295,535 (unrestricted net position) may be used to meet the Public Defender's ongoing obligations to provide services to citizens.
- At June 30, 2019, the Public Defender reported an ending fund balance of \$594,805, a decrease of \$35,962 for the year. \$568,293 of this amount is available for spending at the Public Defender's discretion.
- For the year ended June 30, 2019, the Public Defender's total debt increased by \$1,340,085 or approximately 1809.63% due primarily to the increase in net pension liability as required by GASB 68.
- Investment income for the year ended June 30, 2019 was \$17,898, an increase of \$9,516.

Office of Twenty-First Judicial District Public Defender

Amite, Louisiana

Management's Discussion and Analysis

As Of and For the Year Ended June 30, 2019

Overview of the Annual Financial Report

The Management's Discussion and Analysis is intended to serve as an introduction to the Public Defender's basic financial statements, which consist of the following components:

1. Government-Wide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements
4. Other Supplementary Information, which is in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Public Defender's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on the Public Defender's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net position. Over time, the increases or decreases in net position and changes in the components of net position may serve as a useful indicator of whether the financial position of the Public Defender is improving or deteriorating.

The Statement of Activities presents information showing how the Public Defender's net position changed during the most recent fiscal year, focusing on both the gross and net costs of various activities that are supported by the Public Defender's various revenues. This is intended to summarize and simplify the reader's analysis of the cost and/or subsidy of various governmental services.

The government-wide financial statements can be found on pages 15 and 16 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Public Defender, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The Public Defender uses a single category of funds to account for financial transactions: governmental funds. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

Office of Twenty-First Judicial District Public Defender

Amite, Louisiana

Management's Discussion and Analysis

As Of and For the Year Ended June 30, 2019

Governmental funds are used to account for all the Public Defender's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Public Defender's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Public Defender's programs. The basic governmental fund financial statement can be found on pages 18 and 20 of this report.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the Public Defender's more immediate decisions on the current use of financial resources. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation immediately following the fund financial statements to facilitate this comparison between governmental funds and governmental activities. Also, see Note 1.E. for a similar reconciliation.

Notes to the Financial Statements

The notes to the financial statements 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 on pages 23 through 40 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the Public Defender's net position for the current year as compared to the prior year. For more detailed information, see the Statement of Net Position on page 15 of this report.

Office of Twenty-First Judicial District Public Defender

Amite, Louisiana

Management's Discussion and Analysis

As Of and For the Year Ended June 30, 2019

**Statement of Net Position
June 30, 2019 and June 30, 2018**

	<u>2019</u>	<u>2018</u>	<u>\$ Change</u>	<u>% Change</u>
Assets:				
Current and Other Assets	\$ 681,776	\$ 869,504	\$ (187,728)	-22%
Capital Assets	<u>23,093</u>	<u>26,612</u>	<u>(3,519)</u>	-13%
Total Assets	<u>704,869</u>	<u>896,116</u>	<u>(191,247)</u>	-21%
Deferred Outflows of Resources	<u>1,127,767</u>	<u>353,976</u>	<u>773,791</u>	219%
Liabilities:				
Current Liabilities	86,971	74,053	12,918	17%
Long-Term Liabilities	<u>1,327,167</u>	<u>-</u>	<u>1,327,167</u>	100%
Total Liabilities	<u>1,414,138</u>	<u>74,053</u>	<u>1,340,085</u>	1810%
Deferred Inflows of Resources	<u>99,870</u>	<u>517,101</u>	<u>(417,231)</u>	-81%
Net Position:				
Net Investment in Capital Assets	23,093	26,612	(3,519)	-13%
Restricted	-	-	-	0%
Unrestricted	<u>295,535</u>	<u>632,326</u>	<u>(336,791)</u>	-53%
Total Net Position	<u>\$ 318,628</u>	<u>\$ 658,938</u>	<u>\$ (340,310)</u>	-52%

Approximately 7.0% of the Public Defender's net position reflects its investment in capital assets (land, buildings, furniture, and equipment) net of any outstanding debt used to acquire those assets. These capital assets are used to provide services to citizens and do not represent resources available for future spending.

Approximately 93.0% of the Public Defender's net position is unrestricted and may be used to meet the Public Defender's ongoing obligations to its citizens at the Public Defender's discretion.

At the end of the current fiscal year, the Public Defender was able to report positive balances in its sole category of net position, governmental activities. The same held true for the prior fiscal year.

The Public Defender's activities decreased its net position by \$340,310, the decrease is mainly attributable to the increase in the net pension liability.

**Office of Twenty-First Judicial District Public Defender
Amite, Louisiana**

Management's Discussion and Analysis
As Of and For the Year Ended June 30, 2019

In order to further understand what makes up the changes in net position, the following table provides a summary of the results of the Public Defender's activities for the current period as compared to the prior year. An analysis of the primary sources of these changes follows the table. For more detailed information, see the Statement of Activities on page 16 of this report.

**Changes in Net Position
For The Year Ended June 30, 2019 and the Year Ended June 30, 2018**

	2019	2018	\$ Change	% Change
Program Revenues				
Fees from Indigents	\$ 255,008	\$ 252,703	\$ 2,305	1%
Application fees	83,235	77,157	6,078	8%
Total program revenues	<u>338,243</u>	<u>329,860</u>	<u>8,383</u>	3%
General Revenues:				
Court cost on fines and forfeitures	1,402,166	1,402,058	108	0%
State grants	1,598,737	1,642,698	(43,961)	-3%
Interest earnings	17,898	8,382	9,516	114%
Miscellaneous	220	-	220	100%
Total general revenues	<u>3,019,021</u>	<u>3,053,138</u>	<u>(34,117)</u>	-1%
Expenses:				
Salaries and related benefits	2,832,128	2,476,737	355,391	14%
Insurance	24,993	24,802	191	1%
Other attorneys	590,167	524,458	65,709	13%
Other expenditures	126,817	166,002	(39,185)	-24%
Professional fees	40,550	40,050	500	1%
Publications	4,097	6,455	(2,358)	-37%
Rent-office	39,956	37,852	2,104	6%
Travel	13,154	12,968	186	1%
Utilities and telephone	16,518	17,324	(806)	-5%
Depreciation expense	9,194	13,875	(4,681)	-34%
Total Expenses	<u>3,697,574</u>	<u>3,320,523</u>	<u>377,051</u>	11%
Changes in Net Position	(340,310)	62,475	(402,785)	-645%
Net Position, Beginning of Year	<u>658,938</u>	<u>596,463</u>	<u>62,475</u>	10%
Net Position, End of Year	<u>\$ 318,628</u>	<u>\$ 658,938</u>	<u>\$ (340,310)</u>	-52%

Office of Twenty-First Judicial District Public Defender

Amite, Louisiana

Management's Discussion and Analysis

As Of and For the Year Ended June 30, 2019

Governmental Activities

The Public Defender's governmental net position decreased by \$340,310, or by 51.65% of the prior year ending net position, to \$318,628. General revenues decreased by \$34,117 and expenses increased by \$377,051 causing the net decrease in changes in net position.

The decrease in revenues noted above is primarily due to decreases in state funding.

Fund Financial Analysis

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

Government Funds

The focus of the Public Defender's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Public Defender's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Public Defender's net resources available for spending at the end of the year. The basic governmental fund financial statements can be found on pages 18 and 20 of this report.

At the end of the current year, the Public Defender reported an ending fund balance of \$594,805. This represents a decrease of \$35,962 or 5.7% of the prior year's ending balance.

Major Governmental Fund Budgetary Highlights

The Public Defender followed the provisions of LSA-R.S. 39:1307 in preparing, and adopting a budget for the year ended June 30, 2019. The original budget was advertised and a public hearing was held as required. Actual revenues were 4.2% above anticipated results and actual expenditures were unfavorably within budgeted amounts by .425%.

The Public Defender is not expecting any significant changes in operations and services in the future, and next year's activities are expected to be stable and similar to the current period.

Capital Assets and Debt Administration

Capital Assets

The Public Defender's investment in capital assets for its governmental activities as of June 30, 2019, amounts to \$23,093 (net of depreciation). Asset (net) purchases were \$5,675. The total decrease in the Public Defender's investment in capital assets for the current fiscal year was \$3,519 (net of depreciation).

Office of Twenty-First Judicial District Public Defender

Amite, Louisiana

Management's Discussion and Analysis

As Of and For the Year Ended June 30, 2019

The following table provides a summary of the Public Defender's capital assets at the end of the current year as compared to the prior year. For more detailed information see Note 6 to the financial statements on page 31 of this report.

	Governmental Activities	
	2019	2018
Equipment	\$ 151,969	\$ 146,294
Furniture	19,816	19,816
	<u>\$ 171,785</u>	<u>\$ 166,110</u>

Long-Term Debt

At June 30, 2019, the Public Defender had no long-term debt outstanding (from loans or borrowings), nor did it have any as of June 30, 2018. However, as a result of the adoption of GASB 68, the Public Defender had a long-term net pension liability of \$1,327,167, at June 30, 2019.

Contacting The Public Defender's Financial Management

This financial report is designed to provide the Public Defender's users with a general overview of the Public Defender's finances and show the Public Defender's accountability for the money it receives. Questions regarding this report or requests for additional information should be addressed to Office of Twenty-First Judicial District Public Defender, Post Office Box 1004, Amite, Louisiana 70422.

Basic Financial Statements
Government-Wide Financial Statements

Office Of Twenty-First Judicial District Public Defender

Amite, Louisiana

Statement Of Net Position

June 30, 2019

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 64,354
Investments, at fair value	474,254
Receivables	116,127
Other assets-security deposits	529
Prepaid expense	26,512
Net pension asset	-
Capital assets, net	<u>23,093</u>
 Total assets	 <u>704,869</u>
 Deferred Outflows of Resources	
Pension related	<u>1,127,767</u>
Total deferred outflows of resources	<u>1,127,767</u>
 Liabilities	
Accounts payable	5,331
Retirement and payroll payables	4,050
Accrued compensated absences	<u>77,590</u>
Long term liabilities	
Net pension liability	<u>1,327,167</u>
Total liabilities	<u>1,414,138</u>
 Deferred Inflows of Resources	
Pension related	<u>99,870</u>
Total deferred inflows of resources	<u>99,870</u>
 Net Position	
Net investment in capital assets	23,093
Unrestricted	<u>295,535</u>
 Total net position	 <u>\$ 318,628</u>

The Notes to the Financial Statements are an integral part of these statements.

Office Of Twenty-First Judicial District Public Defender
Amite, Louisiana
Statement Of Activities
Year Ended June 30, 2019

	<u>Governmental Activities</u>
Expenditures/Expenses	
Salary and related benefits	\$ (2,832,128)
Insurance	(24,993)
Other attorneys	(590,167)
Other expenditures	(126,817)
Professional fees	(40,550)
Publications	(4,097)
Rent	(39,956)
Travel	(13,154)
Utilities and telephone	(16,518)
Depreciation	(9,194)
Total expenditures/expenses	<u>(3,697,574)</u>
Program Revenues	
Fees from indigents	255,008
Application fees	83,235
Net program expenses	<u>(3,359,331)</u>
General Revenues	
Court cost on fines and forfeitures	1,402,166
State grants	1,598,737
Interest earnings	17,898
Miscellaneous	220
Total general revenues	<u>3,019,021</u>
Change In Net Position	(340,310)
Net Position	
Beginning of the year	<u>658,938</u>
End of the year	<u><u>\$ 318,628</u></u>

The Notes to the Financial Statements are an integral part of these statements.

Basic Financial Statements
Governmental Fund Financial Statements

Office Of Twenty-First Judicial District Public Defender
Amite, Louisiana
 Balance Sheet - Governmental Fund
 June 30, 2019

	<u>General Fund</u>
Assets	
Cash and cash equivalents	\$ 64,354
Investments	474,254
Receivables	116,127
Prepaid expenses	26,512
Other assets-security deposits	529
 Total assets	 \$ 681,776
 Liabilities And Fund Balances	
Liabilities:	
Accounts payable	\$ 5,331
Retirement and payroll payables	4,050
Accrued compensated absences	77,590
 Total liabilities	 86,971
 Fund Balances:	
Nonspendable-prepays	26,512
Unassigned	568,293
 Total fund balances	 594,805
 Total liabilities and fund balance	 \$ 681,776

The Notes to the Financial Statements are an integral part of these statements.

**Office Of Twenty-First Judicial District Public Defender
Amite, Louisiana**

Reconciliation Of The Governmental Fund Balance Sheet
To The Government-Wide Statement Of Net Position
June 30, 2019

Total Fund Balances, Governmental Fund	\$	594,805
Amounts reported for governmental activities in the statement of net position are different because:		
Net pension asset		-
Deferred outflows and inflows are not financial resources or currently payable:		
Deferred outflows	1,127,767	
Deferred inflows	(99,870)	1,027,897
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The assets consist of:		
Governmental capital assets, net of depreciation		23,093
Long-term liabilities are not due and payable in the current period, and therefore are not reported in the governmental funds:		
Net pension liability		(1,327,167)
Total Net Position, Governmental Activities	\$	318,628

The Notes to the Financial Statements are an integral part of these statements.

Office Of Twenty-First Judicial District Public Defender

Amite, Louisiana

Statement Of Revenues, Expenditures, And Changes In Fund Balances

Governmental Fund

Year Ended June 30, 2019

	<u>General Fund</u>
Revenues	
Fees from indigents	\$ 255,008
Application fees	83,235
Court cost on fines and forfeitures	1,402,166
State grants	1,598,737
Interest earnings	17,898
Miscellaneous	220
Total revenues	<u>3,357,264</u>
Expenditures	
Salary and related benefits	(2,531,299)
Insurance	(24,993)
Other attorneys	(590,167)
Other expenditures	(126,817)
Professional fees	(40,550)
Publications	(4,097)
Rent	(39,956)
Travel	(13,154)
Utilities and telephone	(16,518)
Capital outlay	(5,675)
Total expenditures	<u>(3,393,226)</u>
Excess Of Revenues Over Expenditures	(35,962)
Other Financing Sources (Uses)	<u>-</u>
Net Change In Fund Balance	(35,962)
Fund Balances At Beginning Of Year	<u>630,767</u>
Fund Balances At End Of Year	<u>\$ 594,805</u>

The Notes to the Financial Statements are an integral part of these statements.

Office Of Twenty-First Judicial District Public Defender
Amite, Louisiana
 Reconciliation Of The Statement Of Revenues, Expenditures
 And Changes In Fund Balances Of Governmental Fund
 To The Statement Of Activities
 Year Ended June 30, 2019

Total Net Change In Fund Balances, Governmental Fund \$ (35,962)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expenses. These differences consist of:

Capital outlay	5,675	
Depreciation expense	<u>(9,194)</u>	<u>(3,519)</u>

Net pension expense is reported in governmental funds as expenditures as they are paid; however, in the statement of activities the net pension expense is reported according to estimates required by GASB 68:

Pension expenses paid	214,409	
Pension expenses per GASB 68	<u>(515,238)</u>	<u>(300,829)</u>

Change In Net Position, Governmental Activities \$ (340,310)

The Notes to the Financial Statements are an integral part of these statements.

Basic Financial Statements
Notes to the Financial Statements

**Office of Twenty-First Judicial District Public Defender
Amite, Louisiana**

Notes to the Financial Statements
As Of and For the Year Ended June 30, 2019

Introduction

The Office of Twenty-First Judicial District Public Defender (hereinafter referred to as “Public Defender”), was established in compliance with Louisiana Revised Statutes 15:141-149, to provide and compensate counsel appointed to represent indigents in criminal and quasi-criminal cases on the district court level. The Public Defender has both full and part-time employees. In August 2007, the Louisiana Public Defender Act (Act 307) passed the Louisiana Legislature creating the Louisiana Public Defender Board which has the supervisory responsibilities over the Public Defender.

1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying basic financial statements of the Office of Twenty-First Judicial District Public Defender have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management’s Discussion and Analysis—for State and Local Governments*, issued in June 1999.

B. Financial Reporting Entity

For the financial reporting purposes, in conformance with GASB Codification Section 2100, the Public Defender is a part of the district court system of the State of Louisiana. The Public Defender has the responsibility for the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. The Public Defender is financially independent and operates autonomously from the State of Louisiana and independent from the district court system. Therefore, the Public Defender reports as a reporting entity, not as a component unit and the basic financial statements include only the transactions of the Public Defender.

C. Fund Accounting

The Public Defender uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Public Defender functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Office of Twenty-First Judicial District Public Defender

Amite, Louisiana

Notes to the Financial Statements

As Of and For the Year Ended June 30, 2019

Governmental Funds

Governmental funds account for all of the Public Defender's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the Public Defender.

The Public Defender reports the following governmental fund:

General Fund - The General Fund is the general operating fund of the Public Defender. It accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to Public Defender policy.

D. Measurement Focus/Basis Of Accounting

Fund Financial Statements (FFS)

The amounts reflected in the General Fund are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of Public Defender operations.

The amounts reflected in the General Fund use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Public Defender considers revenues to be available if they are collected within sixty (60) days after the year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to certain compensated absences and claims and judgments, are recorded only when payment is due. The governmental funds use the following practices in recording revenues and expenditures:

Revenues – Revenues are generally recognized when they become measurable and available as net current assets. Court costs are recorded when due.

Office of Twenty-First Judicial District Public Defender

Amite, Louisiana

Notes to the Financial Statements

As Of and For the Year Ended June 30, 2019

Substantially all other revenues are recorded when received.

Expenditures – Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

E. Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Public Defender as a whole. These statements include all the financial activities of the Public Defender. Information contained in these statements is reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program Revenues – Program revenues included in the Statement of Activities are derived directly from the Public Defender’s users as a fee for services; program revenues reduce the cost of the function to be financed from the Public Defender’s general revenues.

Reconciliation

The reconciliation of the items reflected in the governmental fund financial statements to the Statement of Activities (Statement B) and Statement of Net Position (Statement A) are as follows:

Statement F

Capitalization of Capital Assets	\$ 5,675
Recording of Depreciation Expense	(9,194)
Pension Expenses Paid	214,409
Pension Expenses per GASB 68	<u>(515,238)</u>

Net Effect of Changes \$ (304,348)

Statement D

Deferred Outflows/Inflows	1,027,897
Recording Net Capital Assets	23,093
Net Pension Liability	<u>(1,327,167)</u>

Net Effect of Changes \$ (276,177)

Office of Twenty-First Judicial District Public Defender

Amite, Louisiana

Notes to the Financial Statements

As Of and For the Year Ended June 30, 2019

F. Budgets and Budgetary Accounting

The Public Defender followed the provisions of LSA-R.S. 39:1307 in preparing, adopting, and amending a budget for the year ended June 30, 2019. The original budget was advertised and a public hearing was held as required.

Formal budgetary integration is not employed; however, periodic budget comparisons are made a part of interim reporting. Budgeted amounts included in the accompanying financial statements are the original and final adopted budget amounts.

G. Cash And Cash Equivalents

The Public Defender's cash and cash equivalents include demand deposits, interest-bearing demand deposit and short-term investments with original maturities of three months or less from the date of acquisition. Under state law, the Public Defender may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States. Cash and cash equivalents are insured through the Federal Deposit Insurance Corporation.

H. Investments

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the Public Defender's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

I. Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

Capital assets are recorded in the Statement of Net Position. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Office of Twenty-First Judicial District Public Defender

Amite, Louisiana

Notes to the Financial Statements

As Of and For the Year Ended June 30, 2019

<u>Description</u>	<u>Estimated Lives</u>
Machinery and equipment	5-10 years
Buildings and building improvements	20-40 years
Furniture and fixtures	5 years
Vehicles	5-10 years

J. Compensated Absences

Vacation and sick leave policies are set by the Public Defender. Employees receive four weeks vacation if continuously employed for ten years, three weeks vacation if continuously employed for five years, and two weeks if continuously employed for one year. Vacation leave does not accrue. Sick leave is accumulated at the rate of one day per month beginning with the first full month of employment. Sick leave may be accrued up to a maximum of sixty days. Accrued sick leave will not be paid to an employee upon termination; therefore, no accruals for sick leave are reflected in these basic financial statements. The holidays designated as court holidays by the State Legislature are observed. While vacation leave does not accrue, the Public Defender records unused vacation leave at June 30th, the end of its fiscal year.

K. Current Year Adoption of New Accounting Standards

There were no new accounting standards of significance adopted during the current year.

L. Long-Term Obligations

Other than liabilities related to the pension plan, there were no long-term obligations at June 30, 2019.

M. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Nonspendable balance represents resources, generally, not in spendable form (such as prepaids). Committed or assigned amounts represent management's plans that are subject to change. Unassigned fund balance represents amounts available for any purpose.

The Public Defender's policy is to apply expenditures against nonspendable, restricted, committed, assigned and unassigned fund balances, in that order, at the end of the fiscal year by adjusting journal entry.

Office of Twenty-First Judicial District Public Defender

Amite, Louisiana

Notes to the Financial Statements

As Of and For the Year Ended June 30, 2019

N. Restricted Net Position

For government-wide Statement of Net Position, net position is reported as restricted when constraints placed on net position use are either:

1. Externally imposed by creditors (such as debt covenants), grantors, or laws or regulations of other governments; or
2. Imposed by law through constitutional provisions or enabling legislation.

O. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the Public Defender, which are either unusual in nature or infrequent in occurrence.

P. Estimates

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

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

2. Cash and Cash Equivalents

At June 30, 2019, the Public Defender had cash and cash equivalents (book balances) totaling \$64,354 as follows:

Total cash and cash equivalents	\$ 64,354
Less: petty cash	<u>(1,299)</u>

Office of Twenty-First Judicial District Public Defender

Amite, Louisiana

Notes to the Financial Statements

As Of and For the Year Ended June 30, 2019

Interest Bearing Demand Deposits \$ 63,055

These demand deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the Public Defender in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2019, the Public Defender had \$172,216 in bank deposits (collected bank balances). These deposits are secured from risk by \$250,000 federal deposit insurance.

3. Investments

At June 30, 2019 the Public Defender had the following investments:

LAMP \$ 474,254

The Public Defender invests monies with LAMP. LAMP is considered to be an external investment pool administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955.

LAMP is an investment pool that, to the extent practical, invest in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the five percent disclosure requirement.

Office of Twenty-First Judicial District Public Defender

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Notes to the Financial Statements

As Of and For the Year Ended June 30, 2019

- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is generally 60 days or less as of December 31, 2018.
- Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

4. Receivables

The following is a summary of receivables at June 30, 2019:

Class of Receivable:	
Court cost on fines and forfeitures	<u>\$ 116,127</u>

5. Interfund Receivable/Payable

Interfund receivables and payables are recorded when one fund overpays or underpays its portion of an expenditure. The Public Defender had no interfund receivables and payables since it had only one fund.

**Office of Twenty-First Judicial District Public Defender
Amite, Louisiana**

Notes to the Financial Statements
As Of and For the Year Ended June 30, 2019

6. Capital Assets

Capital assets and depreciation for governmental activities as of and for the year ended June 30, 2019:

	<u>6/30/2018</u>	<u>Increases</u>	<u>Decrease</u>	<u>6/30/2019</u>
Capital Assets Depreciated				
Equipment	\$ 146,294	\$ 5,675	\$ -	\$ 151,969
Furniture	<u>19,816</u>	<u>-</u>	<u>-</u>	<u>19,816</u>
Total Capital Assets Depreciated	<u>166,110</u>	<u>5,675</u>	<u>-</u>	<u>171,785</u>
Less Accumulated Depreciation For				
Furniture and Equipment	<u>139,498</u>	<u>9,194</u>	<u>-</u>	<u>148,692</u>
Total Accumulated Depreciation	<u>139,498</u>	<u>9,194</u>	<u>-</u>	<u>148,692</u>
Capital Assets Being Depreciated, Net	<u>\$ 26,612</u>	<u>\$ (3,519)</u>	<u>\$ -</u>	<u>\$ 23,093</u>

Depreciation expenses of \$9,194 for the year ended June 30, 2019 were charged to the Governmental activities.

7. Accounts, Salaries and Other Payables

The payables at June 30, 2019 are as follows:

Accounts payable	\$ 5,331
Retirement and payroll payables	4,050
Accrued compensated absences	<u>77,590</u>
Total Liabilities	<u>\$ 86,971</u>

8. Short-Term Debt

The Public Defender had no short-term debt outstanding at June 30, 2019, and had no short-term debt activity during the year then ended.

9. Leases

The Public Defender records items under capital leases as an asset and an obligation in the accompanying financial statements. The Public Defender had no capital leases outstanding at June 30, 2019. The Public Defender began leasing a building in Livingston, LA in July 1, 2016 for a three (3) year term. Under the terms of the lease the Public Defender pays \$2,471 rent per month and is responsible for increases in real estate property tax and for minor repairs and maintenance on the building. The

**Office of Twenty-First Judicial District Public Defender
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Notes to the Financial Statements
As Of and For the Year Ended June 30, 2019

lease provides one (1) 3-year renewal option. Total rent expense under this lease for the year was \$29,652. Total future minimum rental payments under the initial lease term ending June 30, 2019 are zero. The 3-year renewal option was exercised July 1, 2019. Total future minimum rental payments under the renewal are \$88,956.

10. Long-Term Obligations

Other than pension related obligations, the Public Defender has no long-term debt outstanding at June 30, 2019, and had no long-term debt activity during the year then ended.

11. Pension Plan

Plan Description

Substantially all full-time employees of Office of Twenty-First Judicial District Public Defender of Tangipahoa Parish are members of the Parochial Employees' Retirement System of Louisiana (System), a multi-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two (2) distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Public Defender are members of Plan A.

Benefits Provided

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, an employee is eligible for retirement benefits after meeting one of the following criteria:

For employees hired prior to January 1, 2007:

1. Any age with thirty (30) or more years of creditable service.
2. Age 55 with twenty-five (25) years of creditable service.
3. Age 60 with a minimum of ten (10) years of creditable service.
4. Age 65 with a minimum of seven (7) years of creditable service.

For employees hired after January 1, 2007:

1. Age 55 with (30) years of service.
2. Age 62 with (10) years of service.
3. Age 67 with (7) years of service.

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of an amount equal to three percent of the member's final average

Office of Twenty-First Judicial District Public Defender

Amite, Louisiana

Notes to the Financial Statements

As Of and For the Year Ended June 30, 2019

11. Pension Plan (continued)

compensation multiplied by his/her years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

Funding Policy

Under Plan A, members are required by state statute to contribute 9.5% of their annual covered salary. According to state statute, contributions by the Public Defender are actuarially determined each year. For the plan year ended December 31, 2018, the actuarially determined contribution was 9.99% of member's compensation. However, the actual contribution rate for plan year ended December 31, 2018 was 11.50%, and the current rate at June 30, 2019 is 11.50%.

Also by state statute, the System receives one-fourth (1/4) of one percent (1%) of ad valorem taxes collected within the respective parishes, except Orleans and East Baton Rouge Parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan.

The contribution requirements of plan members and the Public Defender are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by an actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Public Defender's contributions to the System under Plan A for the year ending June 30, 2019, were \$213,964, equal to the required contributions for that year.

**Office of Twenty-First Judicial District Public Defender
Amite, Louisiana**

Notes to the Financial Statements
As Of and For the Year Ended June 30, 2019

11. Pension Plan (continued)

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

At June 30, 2019, the Public Defender reported a liability of \$1,327,167 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Public Defender's proportion of the net pension liability was based on a projection of the Public Defender's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2018, the Public Defender's proportion was .299022%.

For the year ended June 30, 2019, the Public Defender recognized pension expense of \$514,793, net of employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions. At June 30, 2019, the Public Defender 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
Differences between expected and actual experience	\$ -	\$ 80,855
Changes of assumptions	331,835	-
Net difference between projected and actual earnings on pension plan investments	635,319	-
Changes in proportion and differences between Public Defender contributions and proportionate share of contributions	52,579	19,015
Public Defender contributions made subsequent to the measurement date	108,034	-
	\$ 1,127,767	\$ 99,870

Office of Twenty-First Judicial District Public Defender

Amite, Louisiana

Notes to the Financial Statements

As Of and For the Year Ended June 30, 2019

11. Pension Plan (continued)

\$108,034 reported as deferred outflows of resources related to pensions resulting from Public Defender contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 305,158
2021	166,280
2022	145,180
2023	280,653

Actuarial Assumptions

The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	December 31, 2018
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Investment rate of return	6.50%, net of investment expense
Expected remaining service lives	4 years
Projected salary increase	4.75%
Cost of living adjustment	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.
Mortality	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using

Office of Twenty-First Judicial District Public Defender

Amite, Louisiana

Notes to the Financial Statements

As Of and For the Year Ended June 30, 2019

11. Pension Plan (continued)

MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants.

Inflation rate 2.40%

Change In Assumptions

Amounts reported in fiscal year ended December 31, 2018 for Parochial Employees' Retirement System reflect an adjustment in the discount rate used to measure the total pension liability. The discount rate for the System was reduced by 0.25% to 6.50% as of the valuation date December 31, 2018.

The long-term expected real rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up), and an equity building-block (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 pension plan investment expenses 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 2.0% and an adjustment for the effect of rebalancing/diversification. The resulting expected long term rate of return was 7.43%. 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, 2018, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-term Expected Portfolio Real Rate of Return
Fixed income	35%	1.22%
Equity	52%	3.45%
Alternatives	11%	0.65%
Real assets	2%	0.11%
	<u>100%</u>	<u>5.43%</u>
Inflation		<u>2.00%</u>
Expected arithmetic nominal return		<u>7.43%</u>

Office of Twenty-First Judicial District Public Defender

Amite, Louisiana

Notes to the Financial Statements

As Of and For the Year Ended June 30, 2019

11. Pension Plan (continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.50%. 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 will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on these 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 to Change in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.50%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate.

	Change in Discount Rate 2019		
	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net Pension Liability (Asset)	\$ 2,818,547	\$ 1,327,167	\$ 80,503

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Parochial Employee's Retirement System of Louisiana financial report. Access to the audit report can be found on the System's website: www.persla.org, or on the Office of Louisiana Legislative Auditor's official website: www.lla.state.la.us.

Payables To The Pension Plan

At June 30, 2019, payables to the pension plan for contractually required employer contributions for the quarter totaled \$0.

**Office of Twenty-First Judicial District Public Defender
Amite, Louisiana**

Notes to the Financial Statements
As Of and For the Year Ended June 30, 2019

12. Risk Management

The Public Defender is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Public Defender attempts to minimize risk from significant losses through the purchase of commercial insurance.

13. Related Party Transactions

There were no related party transactions for the year ended June 30, 2019.

14. Litigation and Claims

At June 30, 2019, the Public Defender was not involved in any outstanding litigation or claims.

15. Subsequent Events and Management's Review

Management has evaluated subsequent events through December 30, 2019, the date the financial statements were available to be issued.

On August 1, 2019 the district adopted a policy to provide health benefits to retired employees. An actuarial calculation has not been made as of this date. Therefore, any liability associated with this benefit is undeterminable at this time.

Office of Twenty-First Judicial District Public Defender

Amite, Louisiana

Notes to the Financial Statements

As Of and For the Year Ended June 30, 2019

16. Governmental Fund Revenues and Expenditures

For the year ended June 30, 2019 the major sources of governmental fund revenues and expenditures were as follows:

Revenues:

State Government

Grants	<u>\$ 1,598,737</u>	
Totals		\$ 1,598,737

Local Government

Appropriations - general	25,000	
Statutory fines, forfeitures, fees, court costs, and other	<u>1,715,409</u>	
Total		1,740,409

Investment Earnings 17,898

Miscellaneous 220

Total Revenues \$ 3,357,264

Office of Twenty-First Judicial District Public Defender

Amite, Louisiana

Notes to the Financial Statements

As Of and For the Year Ended June 30, 2019

16. Governmental Fund Revenues and Expenditures (continued)

Expenditures:

Personnel Services and Benefits

Salaries	\$ 1,917,497	
Retirement contributions	214,409	
Payroll taxes	28,651	
Insurance	<u>370,742</u>	
Total		2,531,299

Professional Development

Dues, license and registrations	<u>9,523</u>	
Total		9,523

Operating Costs

Contract services - attorney/legal	590,167	
Contract services - other	49,909	
Lease - office	31,756	
Lease - other	8,200	
Travel - transportation	13,600	
Insurance	24,993	
Supplies	41,530	
Repair and maintenance	4,941	
Utilities and telephone	16,518	
Other	<u>65,115</u>	
Total		846,729

Capital Outlay

		<u>5,675</u>
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Total Expenditures		<u>\$ 3,393,226</u>
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Required Supplemental Information (Part II)

Office Of Twenty-First Judicial District Indigent Defender
Amite, Louisiana
Statement Of Revenues, Expenditures, And Changes In Fund Balances
Budget (Non-GAAP Budgetary Basis) and Actual
Governmental Fund
Year Ended June 30, 2019

	Budgeted Amounts		Actual	Favorable
	Original	Final	Amounts: Budgetary Basis	(Unfavorable) Variance
Revenues				
Fees from indigents	\$ 200,000	\$ 200,000	\$ 255,008	\$ 55,008
Application fees	100,000	100,000	83,235	(16,765)
Court cost on fines and forfeitures	1,367,000	1,367,000	1,402,166	35,166
State grants	1,538,256	1,538,256	1,598,737	60,481
Interest earnings	15,000	15,000	17,898	2,898
Miscellaneous	300	300	220	(80)
Total revenues	<u>3,220,556</u>	<u>3,220,556</u>	<u>3,357,264</u>	<u>136,708</u>
Expenditures				
Salary and related benefits	2,504,500	2,504,500	2,531,299	(26,799)
Expert witness fee	5,000	5,000	-	5,000
Insurance	25,000	25,000	24,993	7
Other attorneys	545,000	545,000	590,167	(45,167)
Other expenditures	156,000	156,000	126,817	29,183
Professional fees	40,000	40,000	40,550	(550)
Publications	10,000	10,000	4,097	5,903
Rent	36,000	36,000	39,956	(3,956)
Travel	20,000	20,000	13,154	6,846
Utilities and telephone	24,000	24,000	16,518	7,482
Capital outlay	10,000	10,000	5,675	4,325
Total expenditures	<u>3,375,500</u>	<u>3,375,500</u>	<u>3,393,226</u>	<u>(17,726)</u>
Excess Of Revenues Over Expenditures	(154,944)	(154,944)	(35,962)	118,982
Fund Balances At Beginning Of Year	<u>630,767</u>	<u>630,767</u>	<u>630,767</u>	<u>-</u>
Fund Balances At End Of Year	<u>\$ 475,823</u>	<u>\$ 475,823</u>	<u>\$ 594,805</u>	<u>\$ 118,982</u>

Office of Twenty-First Judicial District Public Defender
Amite, Louisiana
Schedule of the Public Defender's Share of Net Pension Liability
Year Ended June 30, 2019

Year Ended June 30,	Public Defender's Proportion Of the Net Pension Liability (Asset)	Public Defender's Proportionate Share of the Net Pension Liability (Asset)	Public Defender's Covered-employee Payroll	Public Defender's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
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Parochial Employees' Retirement System of Louisiana

2015	0.266870%	\$ 72,964	\$ 1,622,481	4.50%	99.15%
2016	0.301729%	\$ 794,238	\$ 1,729,997	45.91%	92.23%
2017	0.310184%	\$ 638,828	\$ 1,839,561	34.73%	94.15%
2018	0.221873%	\$ (164,684)	\$ 1,822,529	-9.04%	101.98%
2019	0.299022%	\$ 1,327,167	\$ 1,838,268	72.20%	88.86%

* The amounts presented were determined as of the measurement date (previous calendar year).

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

Notes to Required Supplementary Information

Changes of Benefit Terms

There were no changes of benefit terms for the year ended June 30, 2019.

Changes of Assumptions

The changes of benefit assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

**Office of Twenty-First Judicial District Public Defender
Amite, Louisiana**

Schedule of the Public Defender's Contributions
Year Ended June 30, 2019

Year Ended June 30,	Public Defender's Proportion Of the Contractually Required Contribution	Contributions In Relation To Contractually Required Contribution	Public Defender's Contribution Deficiency (Excess)	Public Defender's Covered-employee Payroll	Contributions as a Percentage of Covered-employee Payroll
Parochial Employees' Retirement System of Louisiana					
2015	\$ 248,213	\$ 248,213	\$ -	\$ 1,628,870	15.24%
2016	\$ 251,827	\$ 251,827	\$ -	\$ 1,832,952	13.74%
2017	\$ 231,096	\$ 231,096	\$ -	\$ 1,812,385	12.75%
2018	\$ 220,428	\$ 220,428	\$ -	\$ 1,836,795	12.00%
2019	\$ 213,964	\$ 213,964	\$ -	\$ 1,860,555	11.50%

* The amounts presented were determined as of the end of the fiscal year.

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

Other Supplementary Information

Office of Twenty-First Judicial District Public Defender
Amite, Louisiana
Supplemental Schedule
Year Ended June 30, 2019

Schedule of Compensation, Benefits and Other Payments to Agency Head,
Or Chief Executive Officer

The schedule of compensation, benefits and other payments to agency head, political subdivision head or chief executive officer is presented in compliance with Act 706 of the 2014 Session of the Louisiana Legislature.

Agency Head Name: Reginald McIntyre

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 119,600
Payroll taxes	1,734
Benefits - health insurance	12,706
Benefits - life insurance	77
Benefits - retirement	13,754
Conferences & hotels	399
	<u>\$ 148,270</u>

Other Reports and Findings

PEDELAHORE & CO., LLP

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 Office of Twenty-First
Judicial District Public Defender
Amite, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 Twenty-First Judicial District Public Defender (Public Defender) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Public Defender's basic financial statements as listed in the table of contents, and have issued our report thereon dated December 30, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Public Defender'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 Public Defender's internal control. Accordingly, we do not express an opinion on the effectiveness of the Public Defender'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

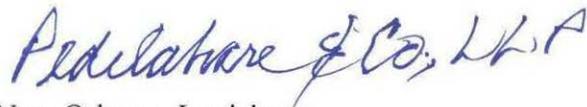
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Public Defender's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management of the Public Defender and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



New Orleans, Louisiana
December 30, 2019

Office of Twenty-First Judicial District Public Defender
Amite, Louisiana
Schedule of Findings and Questioned Cost
Year Ended June 30, 2019

Section I – Summary of Auditor’s Results

Type of auditor’s report issued:	Unmodified	
Internal control over financial reporting:		
Material weaknesses identified?	_____yes	___X___no
Significant deficiencies identified not considered to be material weaknesses?	_____yes	___X___none
Noncompliance material to financial statements noted?	_____yes	___X___no

Section II – Financial Statement Audit Findings

There are no financial statement findings.

Section III – Federal Award Findings and Questioned Costs

Not applicable

Section IV – Management Letter

None issued

Office of Twenty-First Judicial District Public Defender
Amite, Louisiana
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2019

The Office of Twenty-First Judicial District Public Defender respectfully submits the following schedule of prior year audit findings for the year ended June 30, 2019.

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

There are no prior year findings.

Section II – Internal Control and Compliance Material to Federal Awards

Not Applicable

Section III – Management Letter

None issued.

PEDELAHORE & CO., LLP

Certified Public Accountants

ROBERT J. MORA, CPA
MARY H. VALIGOSKY, CPA
MILTON B. CAVALIER, CPA
JENNIFER L. DORAN, CPA

MEMBER
AMERICAN INSTITUTE OF CPA'S
SOCIETY OF LOUISIANA CPA'S

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Office Of Twenty-First Judicial District Public Defender, Amite, Louisiana and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Office Of Twenty-First Judicial District Public Defender (hereinafter referred to as "Public Defender") 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 fiscal period July 1, 2018 through June 30, 2019. The Public Defender's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. 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 described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - 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.
 - c) ***Disbursements***, including processing, reviewing, and approving
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for 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).

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- 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
- 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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- 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.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools need to recover operations after a critical event.

Results of Procedures: The Public Defender (PD) has written policies and procedures addressing all of the above categories, except debt service; however, the PD has had no debt (relative to this category). Also, the PD does not use a purchase order system, and those specified functions listed above involving vendor list and purchase order processing are not included in the policy and procedures for purchasing or disbursements.

Furthermore, the receipts/collections written policy should be updated to include the actual procedures in place related to management's review for completeness of revenue, and for the new procedures resulting from the implementation of the new case management software. Also, the new procedures indicate that the person receiving collections from defendants is also responsible for recording the payment/collection. That process results in an improper segregation of duties, which is somewhat mitigated due to an ultimate review of collections transactions by other parties at some point in the future. However, further consideration should be given to enhancing physical or computer procedures or controls to provide for a more timely review of those types of collections.

Management's response: The PD actively reviews collections as to completeness and will revise the written policy and procedures to reflect the actual procedures referencing review for completeness and for the new procedures related to the new software. Also, management will give further consideration for improving the handling of the collections process noted above.

The PD has also put into place the requirement that employees annually attest to having read the PD's ethics policy and will include that requirement in the written policy and procedures.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Results of Procedures: The Public Defender does not have a board or a finance committee.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - 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);
 - b) Bank reconciliations include evidence that a member of management/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
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results of Procedures: We noted no exceptions to the above procedures except as follows – Documentation shows that bank statements have been reviewed; however, bank reconciliations do not include initials or dates indicating review.

Management's response: The PD holds weekly meetings with the outside CPA who prepares the bank reconciliation and the PD reviews the reconciliations at that time. In the future, the District Defender (DD) (or his assignee) will initial the reconciliations and keep in the files to denote review.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 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:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - 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.
 - 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.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.

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

Results of Procedures: We noted no exceptions to the above procedures except as follows –54% of the deposits tested were made within one day of receipt, greater than 94% within two days of receipt and 100% of tested deposits were within 3 days of receipts.

Management's Response: The PD has determined that making deposits every Tuesday and Friday results in the most efficient use of the PD personnel based on the expected volume of collections from the courts during different days of the week.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

Note: Procedures 8. to 10. below are being "rotated off" for Year 3 as there were no exceptions noted for this category in Year 2; therefore, this category is not applicable for 6/30/19.

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- 9. For each location selected under #8 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 agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - 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.
- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

As noted above this procedure was "rotated off" for Year 3.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

Note: Procedures 11. to 13. below are being “rotated off” for Year 3 as there were no exceptions noted for this category in Year 2; therefore, this category is not applicable for 6/30/19.

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management’s representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

As noted above this procedure was “rotated off” for Year 3.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly 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:
 - 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).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

- 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 (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results of Procedures: We noted no exceptions to the above procedures.

Contracts

- 15. Obtain from management 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. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
 - 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.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - d) Randomly 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.

Results of Procedures: We noted no exceptions to the above procedures.

Payroll and Personnel

- 16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Results of Procedures: We noted no exceptions to the above procedures except as follows – One of the selected employees had no documentation of daily attendance and leave for the period in question.

Management's response: Management has posted instructions that all employees must fill out daily time sheets, and will consider options when the policy is not followed.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Results of Procedures: We noted no exceptions to the above procedures.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Results of Procedures: The PD has no debt.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results of Procedures: Management has reported that there had not been any misappropriation of public funds or assets; the fraud notice was posted on the wall with other posters.

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 those 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 solely 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 24:513, this report is distributed by the LLA as a public document.

Pedelahore & Co., LLP

New Orleans, Louisiana
December 30, 2019