

ORLEANS PUBLIC DEFENDERS
FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 2018

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
STATEMENT OF NET POSITION JUNE 30, 2018	12
STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2018	13
BALANCE SHEET - GOVERNMENTAL FUND JUNE 30, 2018	14
RECONCILIATION OF THE BALANCE SHEET--GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION JUNE 30, 2018	15
STATEMENT OF REVENUES, EXPENDITURES AND NET CHANGE IN FUND BALANCE--GOVERNMENTAL FUND FOR THE YEAR ENDED JUNE 30, 2018	16
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND NET CHANGE IN FUND BALANCE-- GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2018	17
NOTES TO THE FINANCIAL STATEMENTS	18

TABLE OF CONTENTS, CONTINUED

	<u>PAGE</u>
SUPPLEMENTARY INFORMATION:	
SCHEDULE I - Budgetary Comparison Schedule - Governmental Fund	33
SCHEDULE II - Schedule of Compensation, Benefits and Other Payments to Chief District Defender	34
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	35
SCHEDULE OF FINDINGS	38
SCHEDULE OF PRIOR YEAR FINDINGS	40
EXIT CONFERENCE	42



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

INDEPENDENT AUDITORS' REPORT

To the District Defender
Orleans Public Defenders
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of **Orleans Public Defenders (OPD)** as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise **OPD'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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the District Defender
Orleans Public Defenders
New Orleans, Louisiana

Auditors' Responsibility, Continued

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to **OPD'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 **OPD's** internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the District Defender
Orleans Public Defenders
New Orleans, Louisiana

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 5 through 11 and budgetary comparison information on page 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise **OPD's** basic financial statements. The Schedule of Compensation, Benefits and Other Payments to Chief District Defender is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the District Defender
Orleans Public Defenders
New Orleans, Louisiana

Other Matters, Continued

Other Information, Continued

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2018, on our consideration of **OPD's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **OPD's** internal control over financial reporting and compliance.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 27, 2018

**ORLEANS PUBLIC DEFENDERS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

The **Orleans Public Defenders' (OPD)** Management's Discussion and Analysis is intended to assist the reader in focusing on significant financial issues, provide an overview of **OPD's** financial activity, and identify changes in **OPD's** financial position and its ability to address the next and subsequent years' challenges. It also identifies any material deviations from the financial plan and identifies individual fund issues or concerns. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* and is intended to provide the financial results for the year ended June 30, 2018.

The following is an illustration on how this financial report is presented.

MD&A
Management's Discussion and Analysis
(Required Supplementary Information)

Basic Financial Statements
Government-Wide Financial Statements
Fund Financial Statements
Notes to the Financial Statements

Other Required Supplementary Information
Required Supplementary Information

ORLEANS PUBLIC DEFENDERS
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2018

As indicated in the illustration, GASB 34 requires the presentation of two basic types of financial statements: Government-Wide Financial Statements and Fund Financial Statements.

Government-Wide Financial Statements

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

The statement of net position presents information on all of **OPD's** assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of **OPD** is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 12 and 13 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. **OPD**, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of **OPD** are categorized as governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

ORLEANS PUBLIC DEFENDERS
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2018

Fund Financial Statements, Continued

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and net change in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

OPD maintains one governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and net change in fund balance for the general fund, which is considered to be the major fund.

OPD adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14 through 17 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18 through 32 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning **OPD's** budgetary comparison schedule for its major governmental fund. The required supplementary information can be found on page 33 of this report.

ORLEANS PUBLIC DEFENDERS
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2018

Financial Analysis of OPD

Summary of Net Position

	As of	
	June 30, 2018	June 30, 2017
Assets		
Current assets	\$1,619,661	\$1,887,646
Capital assets, net	62,234	89,888
Other noncurrent assets	-0-	438,350
Total assets	<u>1,681,895</u>	<u>2,415,884</u>
Liabilities		
Current liabilities	30,365	74,693
Long-term liabilities	<u>87,756</u>	<u>85,526</u>
Total liabilities	<u>118,121</u>	<u>160,219</u>
Net Position		
Net investment in capital assets	62,234	89,888
Restricted	434,822	593,895
Unrestricted	<u>1,066,718</u>	<u>1,571,882</u>
Total net position	<u>\$1,563,774</u>	<u>\$2,255,665</u>

As indicated by the statement above, total net position at June 30, 2018 is \$1,563,774. Net position is separated into three categories: net investment in capital assets, restricted and unrestricted.

Net investment in capital assets of \$62,234 is a combination of capital assets at original cost less accumulated depreciation. The original cost of capital assets is \$215,817, which is an accumulation of capital assets year after year less any capital disposals. Accumulated depreciation is the accumulation of depreciation expense since acquisition. In accordance with accounting principles generally accepted in the United States of America, depreciation expense is recorded on the original cost of the asset, less an estimated salvage value, and expensed over the estimated useful life of the asset. Total accumulated depreciation is \$153,583.

ORLEANS PUBLIC DEFENDERS
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2018

Financial Analysis of OPD, Continued

Restricted net position of \$434,822 represents contributions from non-profit organizations whose use has been limited by donor-imposed stipulations that will either expire by passage of time or can be fulfilled and removed by actions of the organization pursuant to those stipulations.

The remaining \$1,066,718 of net position is unrestricted. Unrestricted net position is an accumulation of prior years' operating results. This balance is directly affected each year by OPD's operating results.

Results of Operations

	For the Year ended June 30, 2018	For the Year ended June 30, 2017
	<u> </u>	<u> </u>
Revenues		
District Assistance Funds	\$2,905,494	\$3,317,847
City appropriation	1,513,623	1,513,623
Court costs on fines and forfeitures	2,503,240	2,178,310
Other program revenues	664,341	642,944
General revenues	<u>42,633</u>	<u>31,783</u>
Total revenues	<u>7,629,331</u>	<u>7,684,507</u>
Expenses		
Public defense	<u>8,321,222</u>	<u>7,396,251</u>
Total expenses	<u>8,321,222</u>	<u>7,396,251</u>
Change in net position	\$ <u>(691,891)</u>	\$ <u>288,256</u>

As indicated above, for the year ended June 30, 2018 net position decreased by \$691,891 due primarily to a decrease in State funding and an increase in personnel and contract services.

Total expenses for the year ended June 30, 2018 increased as compared to the year ended June 30, 2017 due primarily to an increase in personnel, benefits, and contract services. Operating revenues for the year ended June 30, 2018 decreased when compared to operating revenues for the year ended June 30, 2017 due to a decrease in State funding.

ORLEANS PUBLIC DEFENDERS
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2018

Capital Assets

At June 30, 2018, **OPD** has \$62,234 (net of accumulated depreciation of \$153,583) invested in furniture, fixtures and equipment. During the year ended June 30, 2018, **OPD** disposed of \$24,087 of furniture, fixtures and equipment.

Economic Factors and Next Year's Budget

The major factor affecting the budget is the local revenue received from court costs on fines and forfeitures, which includes fees received from traffic, municipal, juvenile and criminal courts. Additionally, **OPD** receives grants, bond funds, a city appropriation, and a district allotment from the Louisiana Public Defender Board.

Budgetary Highlights

As required by state law, **OPD** adopts the original budget prior to the commencement of the fiscal year to which the budget applies.

Budgetary Comparison Data
For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues	<u>\$7,628,528</u>	<u>\$7,697,165</u>	<u>\$8,067,681</u>
Total revenues	<u>7,628,528</u>	<u>7,697,165</u>	<u>8,067,681</u>
Expenditures:			
Operating expenditures	<u>7,585,100</u>	<u>8,315,100</u>	<u>8,291,338</u>
Capital expenditures	<u>40,000</u>	<u>30,000</u>	<u>-0-</u>
Total expenditures	<u>7,625,100</u>	<u>8,345,100</u>	<u>8,291,338</u>
Net change in fund balance	3,428	(647,935)	(223,657)
Fund balance, beginning of year	<u>1,562,953</u>	<u>1,562,953</u>	<u>1,562,953</u>
Fund balance, end of year	<u>\$1,566,381</u>	<u>\$ 915,018</u>	<u>\$1,339,296</u>

ORLEANS PUBLIC DEFENDERS
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2018

Budgetary Highlights, Continued

OPD amended its original budget for the year ended June 30, 2018 to reflect a decrease in Traffic and Municipal Court collections and an increase in traffic camera and grant revenues. Also, **OPD** amended its original budget to increase expenditures—specifically personnel and benefits, and professional services—as a result of increased grant revenue.

Contacting OPD Financial Management

This financial report is designed to provide citizens, taxpayers, funding sources and creditors with a general overview of **OPD's** finances and demonstrate **OPD's** accountability for money it receives. If you have questions about this report or need additional information, contact Mr. Derwyn D. Bunton, Chief District Defender, at 2601 Tulane Avenue, Suite 700, New Orleans, Louisiana 70119.

ORLEANS PUBLIC DEFENDERS
STATEMENT OF NET POSITION
JUNE 30, 2018

GOVERNMENTAL
ACTIVITIES

ASSETS

Current Assets:

Cash (NOTES 1 and 2)	\$ 202,192
Court costs on fines and forfeitures receivable	276,400
City appropriation receivable	883,154
Grants receivable	34,815
Contributions receivable (NOTE 3)	<u>223,100</u>

Total current assets 1,619,661

Noncurrent Assets:

Capital assets, net (NOTES 1 and 4)	<u>62,234</u>
-------------------------------------	---------------

Total noncurrent assets 62,234

Total assets 1,681,895

LIABILITIES

Current Liabilities:

Accounts payable	<u>30,365</u>
------------------	---------------

Total current liabilities 30,365

Long-term Liabilities:

Compensated absences (NOTE 5)	<u>87,756</u>
-------------------------------	---------------

Total long-term liabilities 87,756

Total liabilities 118,121

NET POSITION (NOTE 9)

Net investment in capital assets	62,234
----------------------------------	--------

Restricted	434,822
------------	---------

Unrestricted	<u>1,066,718</u>
--------------	------------------

Total net position \$1,563,774

The accompanying notes are an integral part of these financial statements.

ORLEANS PUBLIC DEFENDERS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

EXPENSES:

Public defense:

Personnel services and benefits	\$6,247,467
Professional development	53,301
Other operating costs	1,992,800
Depreciation	<u>27,654</u>

Total program expenses 8,321,222

PROGRAM REVENUES:

District assistance funds (NOTE 6)	2,905,494
City appropriation	1,513,623
Court costs on fines and forfeitures	2,503,240
Operating grants (NOTE 7)	441,445
Bond funds	184,844
Reimbursements and application fees	36,407
Probation assessments	<u>1,645</u>

Total program revenues 7,586,698

Net program expenses (734,524)

GENERAL REVENUES:

Contributions	42,629
Interest income	<u>4</u>

Total general revenues 42,633

Change in net position (691,891)

Net position, beginning of year 2,255,665

Net position, end of year \$1,563,774

The accompanying notes are an integral part of these financial statements.

ORLEANS PUBLIC DEFENDERS
BALANCE SHEET-GOVERNMENTAL FUND
JUNE 30, 2018

	<u>General Fund</u>
ASSETS	
Current Assets:	
Cash	\$ 202,192
Court costs on fines and forfeitures receivable	276,400
City appropriation receivable	633,154
Contributions receivable	<u>223,100</u>
Total assets	<u>\$1,334,846</u>
LIABILITIES AND FUND BALANCE	
Current Liabilities:	
Accounts payable	\$ <u>30,365</u>
Total liabilities	<u>30,365</u>
Fund Balance:	
Restricted	434,822
Unassigned	<u>869,659</u>
Total fund balance	<u>1,304,481</u>
Total liabilities and fund balance	<u>\$1,334,846</u>

The accompanying notes are an integral part of these financial statements.

ORLEANS PUBLIC DEFENDERS
RECONCILIATION OF THE BALANCE SHEET-
GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total fund balance - Governmental Fund \$1,304,481

Amounts reported for governmental activities in
the Statement of Net Position are different because:

Capital assets used in governmental activities
are not financial resources and therefore are
not reported in the governmental fund (NOTE 4):

Cost of capital assets	\$ 215,817	
Accumulated depreciation	<u>(153,583)</u>	62,234

Receivables not available to meet the liabilities
of the current period may not be included as
governmental fund revenue or receivables:

City of New Orleans appropriation receivable	250,000	
Grant receivable	<u>34,815</u>	284,815

Long-term liabilities are not due and payable in the
current period and therefore are not reported in the
governmental fund (NOTE 1)

(87,756)

Net position of governmental activities \$1,563,774

The accompanying notes are an integral part of these financial statements.

ORLEANS PUBLIC DEFENDERS
STATEMENT OF REVENUES, EXPENDITURES AND NET CHANGE
IN FUND BALANCE--GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	<u>General Fund</u>
REVENUES (NOTE 10)	
District assistance funds	\$2,905,494
City appropriation	1,513,623
Court costs on fines and forfeitures	2,503,240
Bond funds	184,844
Probation assessments	1,645
Grants	844,980
Reimbursements and application fees	36,407
Other revenue	<u>42,633</u>
Total revenues	<u>8,032,866</u>
 EXPENDITURES (NOTE 10)	
Personnel services and benefits	6,245,237
Professional development	53,301
Other operating costs	<u>1,992,800</u>
Total expenditures	<u>8,291,338</u>
Net change in fund balance	(258,472)
Fund balance, beginning of year	<u>1,562,953</u>
Fund balance, end of year	<u>\$1,304,481</u>

The accompanying notes are an integral part of these financial statements.

ORLEANS PUBLIC DEFENDERS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND NET CHANGE IN FUND BALANCE--GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Total net change in fund balance--Governmental Fund \$ (258,472)

Amounts reported for governmental activities in
the Statement of Net Position are different because:

The Governmental Fund reported capital outlays as
expenditures whereas in the Statement of Activities
these costs are depreciated over their estimated lives:

Depreciation expense (27,654)

Receivables not available to meet the liabilities of the
fiscal year may not be included as governmental fund
revenue or receivables:

City of New Orleans appropriation revenue	250,000	
Grant revenue	<u>34,815</u>	284,815

Receivables of the previous fiscal year that were not
available to meet the liabilities of that year, but which
were collected during the current fiscal year, are
included as governmental fund revenue of the current
fiscal year:

City of New Orleans appropriation revenue	(250,000)	
Grant revenue	<u>(438,350)</u>	(688,350)

In the statement of activities, the cost of compensated
absences is measured by the amounts earned during
the year, while in the governmental fund expenditures
are recognized based on the amounts actually paid for
leave used. This is the net amount of vacation and sick
leave used (earned) in excess of the amount earned
(used) in the current period.

(2,230)

Change in net position of governmental activities \$ (691,891)

The accompanying notes are an integral part of these financial statements.

ORLEANS PUBLIC DEFENDERS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - **BACKGROUND AND SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES:**

Background

Orleans Public Defenders (OPD), established in compliance with Louisiana Revised Statutes 15:146 et seq., provides counsel to represent indigents (needy individuals) in criminal, quasi-criminal, juvenile, municipal and traffic cases at the District Court level. The 41st judicial district encompasses the Parish of Orleans, Louisiana. All duties and responsibilities for the management of personnel, property and funds are by virtue of Act 307 those of the District Defender. Revenues to finance **OPD's** operations are provided primarily by District Assistance Funds from the Louisiana Public Defender Board (LPDB), City of New Orleans budget appropriations, and court costs on fines imposed by the various courts within the district.

Summary of Significant Accounting Policies

A. Implementation of GASB Statements

OPD implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance - Amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance - amounts constrained to specific purposes by their provider (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

ORLEANS PUBLIC DEFENDERS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - BACKGROUND AND SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Summary of Significant Accounting Policies, Continued

A. Implementation of GASB Statements, Continued

- Committed fund balance - amounts constrained to specific purposes by **OPD** itself, using its highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless **OPD** takes the same highest level action to remove or change the constraint.
- Assigned fund balance - amounts **OPD** intends to use for a specific purpose. Intent can be expressed by the District Defender or by an official to which the District Defender delegates the authority.
- Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, **OPD** considers restricted funds to have been spent first.

At June 30, 2018, **OPD** had no nonspendable, committed, or assigned fund balances.

OPD has also implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position*, effective fiscal year 2013. This standard provides guidance for reporting the financial statement elements of deferred outflows of resources and deferred inflows of resources. Deferred outflows represent the consumption of the government's net position that is applicable to a future reporting period. A deferred inflow represents the acquisition of net position that is applicable to a future reporting period.

Because deferred outflows and deferred inflows are, by definition, neither assets nor liabilities, the statement of net assets, title is now referred to as the statement of net position. The statement of net position

ORLEANS PUBLIC DEFENDERS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - BACKGROUND AND SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Summary of Significant Accounting Policies, Continued

A. Implementation of GASB Statements, Continued

reports net position as the difference between all other elements in a statement of net position and should be displayed in three components: net investment in capital assets, restricted net position (distinguishing between major categories of restrictions), and unrestricted net position.

Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding debt attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the position of the debt attributable to the unspent proceeds is not included in this component of net position. Rather, that portion is included in the same component of net position as the unspent proceeds.

- Restricted - This component reports those net position with externally imposed constraints placed on their use by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted - Unrestricted net position is the balance (deficit) of all other elements in a statement of net position remaining after net investment in capital assets and restricted net position.

B. Basis of Presentation

The accompanying financial statements of **OPD** have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

ORLEANS PUBLIC DEFENDERS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Summary of Significant Accounting Policies, Continued

C. Reporting Entity

For financial reporting purposes, in conformance with GASB Codification Section 2100, **OPD** is a part of the District Court System of the State of Louisiana. However, **OPD** operates autonomously from the State of Louisiana and independently from the District Court System. Therefore, **OPD** reports as an independent reporting entity and the financial statements include only the transactions of **OPD**.

D. Fund Accounting

OPD 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 **OPD** functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The funds of **OPD** are classified as governmental.

The governmental funds account for all of **OPD'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 funds 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 **OPD**. The following is a description of **OPD's** governmental fund:

- General Fund - the operating fund of **OPD** which accounts for all financial resources. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to **OPD**.

ORLEANS PUBLIC DEFENDERS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - BACKGROUND AND SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Summary of Significant Accounting Policies, Continued

E. Basis of Accounting/Measurement Focus

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of **OPD**.

The GWFS were prepared 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 when cash is received or disbursed). 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*.

Fund Financial Statements (FFS)

Governmental funds 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 net change in fund balance 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 differs from the manner in which the governmental activities of the governmental-wide statements and the statements for governmental funds are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

ORLEANS PUBLIC DEFENDERS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - BACKGROUND AND SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Summary of Significant Accounting Policies, Continued

E. Basis of Accounting/Measurement Focus, Continued

Fund Financial Statements (FFS), Continued

FFS report detailed information about **OPD**. The focus of governmental fund financial statements is on major funds rather than reporting funds by type.

Governmental funds are maintained on the modified accrual basis of accounting wherein revenues are recognized in the accounting period in which they become available and measurable. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, **OPD** considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. **OPD** uses the following practices in recording revenues and expenditures.

- Revenues - Court costs on fines and forfeitures are recorded in the month the amounts are collected by the appropriate courts. Interest income on time deposits is recorded when the time deposits have matured.
- Expenditures - Expenditures are recognized in the accounting period in which the liability is incurred.

F. Budgetary Data

OPD's Governing Authority as of July, 2008, is the District Defender by virtue of Act 307.

ORLEANS PUBLIC DEFENDERS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - BACKGROUND AND SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Summary of Significant Accounting Policies, Continued

F. Budgetary Data, continued

OPD utilizes the following budget practices:

- In the last quarter of the year, a budget for the following year is prepared and submitted to the Governing Authority for approval. The budget may be amended during the year, if requested, with the approval of the Governing Authority.
- The budget records are maintained in the accounting department with all other public records of this program and can be reviewed by making arrangements with the Governing Authority.
- The budget is based on prior year experience as to receipts and disbursements and takes into consideration increases in costs of services and supplies, taxes, insurance and equipment, as well as the increased costs of salaries and fringe benefits when raises and/or new positions are authorized. The budget as a whole is based on the amount of money that is available and the disbursements that are necessary to maintain the efficient operation of this program.
- Monthly financial reports are submitted to the Governing Authority, which in part list the amount of the budget that has been used for that period and indicates a favorable or unfavorable difference as to the budget amount attributed to the period of time being reported.
- All budgetary appropriations lapse at the end of the fiscal year and **OPD** does not use a system of encumbrance accounting.
- The budget for the general fund expenditures is prepared on a basis consistent with accounting principles generally accepted in the United States of America.

ORLEANS PUBLIC DEFENDERS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - BACKGROUND AND SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

G. Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest-bearing time deposits. Cash equivalents include amounts in time deposits with original maturities of ninety (90) days or less. Under state law, **OPD** may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, 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.

H. Capital Assets

Capital assets are stated at historical cost at the date of purchased or at fair market value at the date of donation, if donated. Additions, improvements, and expenditures greater than \$1,000 that significantly extend the useful life of an asset are capitalized.

Depreciation is provided over the estimated useful lives of assets using the straight-line method. The estimated useful lives of furniture, fixtures and equipment range from three (3) to seven (7) years (see NOTE 4).

I. Compensated Absences

Employees earn one and one-half (1 ½) days of annual leave each month. Sick leave is earned at the rate of one (1) day each month. A maximum of 40 hours of annual leave and 120 hours of sick leave may be carried over to the subsequent year. Upon termination of employment, any unused accrued annual leave is payable to the employee while any unused sick leave is forfeited.

J. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

ORLEANS PUBLIC DEFENDERS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - CASH:

At June 30, 2018, **OPD** has cash in demand deposit accounts (book balances) totaling \$202,192. These 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 **OPD** in a holding or custodial bank that is mutually acceptable to both parties.

Custodial credit risk is the risk that in the event of failure of a financial institution or counterparty, **OPD** would not be able to recover its deposits, investments or collateral securities that are in the possession of an outside party. At June 30, 2018, **OPD** has \$331,577 in deposits (collected bank balances) at two financial institutions. These deposits are secured from risk by \$250,000 of federal deposit insurance per bank, with the remaining balance collateralized by pledged securities held by the custodial bank in the name of **OPD**.

NOTE 3 - CONTRIBUTION RECEIVABLE:

At June 30, 2018, **OPD** has a contribution receivable from the W.K. Kellogg Foundation in the amount of \$223,100.

NOTE 4 - CAPITAL ASSETS:

Capital assets and depreciation activity as of and for the year June 30, 2018 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Furniture, fixtures and equipment	\$ 239,904	\$ -0-	\$(24,087)	\$ 215,817
Less: accumulated depreciation	(150,016)	(27,654)	24,087	(153,583)
Net capital assets	<u>\$ 89,888</u>	<u>\$(27,654)</u>	<u>\$ -0-</u>	<u>\$ 62,234</u>

ORLEANS PUBLIC DEFENDERS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 5 - COMPENSATED ABSENCES:

The following schedule summarizes the change in long-term compensated absences for the year ended June 30, 2018:

Compensated absences at July 1, 2017	\$ 85,526
Additions	384,562
Deductions	<u>(382,332)</u>
Compensated absences at June 30, 2018	\$ <u>87,756</u>

NOTE 6 - DISTRICT ASSISTANCE FUND:

During the year ended June 30, 2018, **OPD** was awarded and received grant funds from the Louisiana Public Defender Board's (LPDB) District Assistance Fund in the amount of \$2,905,494.

The District Assistance Fund is a grant-in-aid program intended to provide supplemental financial assistance in felony cases to district public defender boards that have a need for such supplemental funding and that are willing to comply with the standards, guidelines, and policies of the LPDB.

Funding under the program is being provided to assist qualified districts in improving the quality of indigent defense on a continuous basis especially with respect to the following major goals:

- 1) To lower attorney caseloads to levels consistent with LPDB and national caseload standards;
- 2) To increase the pool of qualified attorneys certified under the LPDB's capital and appellate programs;
- 3) To provide more effective attorney unit support in the form of investigators, secretaries, and other forms of office support;
- 4) To improve criminal defense knowledge and skill through training, specialized continuing legal education, and better supervision; and
- 5) To defray expert witness/testing costs.

ORLEANS PUBLIC DEFENDERS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 7 - GRANTS:

OPD received grant funding from the following sources during the year ended June 30, 2018:

City of New Orleans	\$189,845
Stanford Law School	60,000
Georgetown Law Center	35,000
Yale University	47,500
Greater New Orleans Foundation	26,100
Kendall Vick Public Law Foundation	43,000
George Washington University	<u>40,000</u>
Total	<u>\$441,445</u>

NOTE 8 - OPERATING LEASE:

OPD leases office space under a non-cancellable operating lease that ends July 31, 2019 with a monthly lease payment of \$24,500. **OPD** also leases two (2) copiers under non-cancellable operating leases that end February 28, 2021 with monthly lease payments totaling \$664. Future minimum lease payments under these leases are as follows:

For the Year Ending <u>June 30,</u>	
2019	\$301,978
2020	32,478
2021	<u>5,318</u>
Total	<u>\$339,774</u>

Lease expense for the year ended June 30, 2018 was \$304,747.

ORLEANS PUBLIC DEFENDERS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 9 - CLASSIFICATION OF NET POSITION:

On the GWFS, net position is separated into three categories: net investment in capital assets, restricted, and unrestricted.

The restricted balance on the GWFS represents the portion of previously recognized grant revenues for which donor-imposed restrictions have not yet been met. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the government considers restricted funds to have been spent.

On the GWFS, restricted net position as of June 30, 2018 consists of the following:

Expert fees	\$ 7,879
Client advocate program	39,366
Parent representation project	373,577
Fellowships	<u>14,000</u>
Total	<u>\$434,822</u>

ORLEANS PUBLIC DEFENDERS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 10 - GOVERNMENTAL FUND REVENUES AND EXPENDITURES:

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

Revenues		
State Government		
Appropriations - general	\$2,894,441	
Appropriations - special	11,053	
Revenue sharing	-0-	
Grants	-0-	
On-behalf payments	-0-	
Other	<u>-0-</u>	
Total		<u>\$2,905,494</u>
Local Government		
Appropriations - general	1,513,623	
Appropriations - special	-0-	
Grants	155,030	
Statutory fines, forfeitures, fees, court costs, and other	2,689,729	
Taxes - millages, sales, special, and other	-0-	
Criminal court fund	-0-	
On-behalf payments	-0-	
Other	<u>-0-</u>	
Total		<u>4,358,382</u>
Federal Government:		
Grants - direct	-0-	
Grants - indirect (passed-through state)	<u>-0-</u>	
Total		<u>-0-</u>
Other Grants and Contributions		
Non-profit organizations	689,950	
Private organizations	-0-	
Corporate	-0-	
Other	<u>42,629</u>	
Total		<u>732,579</u>
Charges for Services		<u>36,407</u>
Investment earnings		<u>4</u>
Miscellaneous		<u>-0-</u>
Total revenues		<u>\$8,032,866</u>

ORLEANS PUBLIC DEFENDERS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 10 - GOVERNMENTAL FUND REVENUES AND EXPENDITURES,
CONTINUED:

Expenditures

Personnel Services and Benefits

Salaries	\$4,828,242	
On-behalf payments - salaries	-0-	
Retirement contributions	-0-	
On-behalf payments - retirement	-0-	
Insurance	627,965	
On-behalf payments - insurance	-0-	
Payroll taxes	397,025	
Other	<u>392,005</u>	
Total		<u>\$6,245,237</u>

Professional Development

Dues, licenses, and registrations	53,301	
Travel	-0-	
Other	<u>-0-</u>	
Total		<u>53,301</u>

Operating Costs

Library and research	36,314	
Contract services - attorney/legal	1,164,922	
Contract services - other	125,758	
Lease - office	294,000	
Lease - autos and other	10,747	
Travel - transportation	22,934	
Travel - other	-0-	
Insurance	58,865	
Supplies	48,519	
Repairs and maintenance	13,360	
Utilities and telephone	50,578	
Other	<u>166,803</u>	
Total		<u>1,992,800</u>

Debt Service

-0-

Capital Outlays

-0-

Total expenditures	<u><u>\$8,291,338</u></u>
--------------------	---------------------------

ORLEANS PUBLIC DEFENDERS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 11 - PENSION PLAN:

OPD's employees participate in the federal social security program. **OPD** is required to remit an amount to the Social Security Administration equal to the employee's contribution up to an established limit. **OPD** does not guarantee any of the benefits granted by the Social Security Administration.

NOTE 12 - RISK MANAGEMENT:

OPD is exposed to various risks of loss related to torts, theft of, and damage to and destruction of assets for which **OPD** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 13 - DATE OF MANAGEMENT'S REVIEW:

Management has evaluated subsequent events through December 27, 2018, the date which the financial statements were available to be issued, and noted no subsequent events or transactions that occurred after the financial statement date requiring accrual or disclosure.

SUPPLEMENTARY INFORMATION

SCHEDULE I

ORLEANS PUBLIC DEFENDERS
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive/ (Negative)</u>
Revenues				
District assistance funds	\$ 3,193,405	\$ 2,861,042	\$ 2,905,494	\$ 44,452
City appropriation	1,513,623	1,513,623	1,513,623	-0-
Court costs on fines and forfeitures	2,157,000	2,400,000	2,503,240	103,240
Grants	510,000	650,000	844,980	194,980
Bond funds	212,000	190,000	184,844	(5,156)
Reimbursements and application fees	20,000	40,000	36,407	(3,593)
Probation assessments	2,500	2,500	1,645	(855)
Other revenue	20,000	40,000	42,633	2,633
Total revenues	<u>7,628,528</u>	<u>7,697,165</u>	<u>8,032,866</u>	<u>335,701</u>
Expenditures				
Personnel services and benefits:				
Salaries	4,500,000	4,830,000	4,828,242	1,758
Accrued leave	320,000	390,000	384,562	5,438
Hospitalization insurance	560,000	630,000	627,965	2,035
Payroll taxes	360,000	400,000	397,025	2,975
Workers' Compensation	10,000	10,000	7,443	2,557
Professional development	40,000	50,000	53,301	(3,301)
Other operating costs:				
Contract services - attorneys/legal	1,005,000	1,175,000	1,164,922	10,078
Contract services - other	126,100	116,100	125,758	(9,658)
Lease - building	294,000	294,000	294,000	-0-
Lease - equipment	15,000	15,000	10,747	4,253
Supplies	50,000	50,000	48,519	1,481
Insurance	60,000	60,000	58,865	1,135
Library and research	40,000	40,000	36,314	3,686
Utilities and telephone	60,000	60,000	50,578	9,422
Repairs and maintenance	20,000	20,000	13,360	6,640
Other	125,000	175,000	189,737	(14,737)
Capital outlays	40,000	30,000	-	30,000
Total expenditures	<u>7,625,100</u>	<u>8,345,100</u>	<u>8,291,338</u>	<u>53,762</u>
Net change in fund balance	3,428	(647,935)	(258,472)	389,463
Fund balance - June 30, 2017	<u>1,562,953</u>	<u>1,562,953</u>	<u>1,562,953</u>	<u>-0-</u>
Fund balance - June 30, 2018	<u>\$ 1,566,381</u>	<u>\$ 915,018</u>	<u>\$ 1,304,481</u>	<u>\$ 389,463</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE II

ORLEANS PUBLIC DEFENDERS
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO CHIEF DISTRICT DEFENDER
FOR THE YEAR ENDED JUNE 30, 2018

Chief District Defender Name: Derwyn D. Bunton

<u>PURPOSE</u>	<u>AMOUNT</u>
Salary	\$134,011
Benefits - insurance	6,886
Benefits - retirement	-0-
Benefits - payroll taxes	10,252
Benefits - mobile phone	783
Car allowance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	-0-
Travel	-0-
Registration fees	525
Conference travel	967
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	-0-

See Independent Auditors' Report on Supplementary Information.

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

To the District Defender
Orleans Public Defenders
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of **Orleans Public Defenders (OPD)**, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise **OPD's** basic financial statements, and have issued our report thereon dated December 27, 2018.

Internal Control Over Financial Reporting

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

INDEPENDENT AUDITORS' 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
(CONTINUED)

Internal Control Over Financial Reporting, Continued

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 OPD's financial statements are free from 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*.

INDEPENDENT AUDITORS' 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
(CONTINUED)

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 27, 2018

ORLEANS PUBLIC DEFENDERS
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

We have audited the financial statements of **Orleans Public Defenders** as of and for the year ended June 30, 2018, and have issued our report thereon dated December 27, 2018. 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. Our audit of the financial statements as of and for the year ended June 30, 2018 resulted in unmodified opinions.

Section I - Summary of Auditors' Results

- A. Significant deficiencies in internal control were disclosed by the audit of the financial statements: **None reported** Material weaknesses: **No**
- B. Noncompliance which is material to the financial statements: **No**
- C. Significant deficiencies in internal control over major programs: **Not applicable**
Material weaknesses: **Not applicable**
- D. The type of report issued on compliance for major programs: **Not applicable**
- E. Any audit findings which are required to be reported under *the Uniform Guidance*: **Not applicable**
- F. Major programs: **Not applicable**
- G. Dollar threshold used to distinguish between Type A and Type B programs: **Not applicable**
- H. Auditee qualified as a low-risk auditee under *the Uniform Guidance*: **Not applicable**
- I. A management letter was issued: **No**

ORLEANS PUBLIC DEFENDERS
SCHEDULE OF FINDINGS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2018

Section II - Internal Control and Compliance Material to the Financial Statements

No matters reported.

Section III - Federal Award Findings and Questioned Costs

Not applicable.

ORLEANS PUBLIC DEFENDERS
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

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

Finding Reference Number

2017-001 - Ensure Proper Revenue Recognition for Nonexchange Transactions

Criteria

GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, stipulates that “recipients of promises from nongovernmental entities to provide cash or other assets should recognize receivables and revenues (net of estimated uncollectible amounts) when all eligibility requirements are met, provided that the promise is verifiable and the resources are measurable and probable of collection.”

Condition

During the year ended June 30, 2016, **OPD** was awarded a \$600,000 grant from a nonprofit organization; however, grant revenues were only recognized to the extent of the cash received during the fiscal year, which totaled \$161,650.

Effect

Grant revenues, grants receivable, and restricted net position as of and for the year ended June 30, 2016 were understated by \$438,350, resulting in a material misstatement of the prior year financial statements and requiring a prior period adjustment to beginning restricted net position.

Cause

OPD did not apply the guidance under GASB Statement No. 33 to a significant grant award received during fiscal year 2016.

ORLEANS PUBLIC DEFENDERS
SCHEDULE OF PRIOR FINDINGS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2018

Section I - Internal Control and Compliance Material to the Financial Statements
Continued

Finding Reference Number, Continued

2017-001 - Ensure Proper Revenue Recognition for Nonexchange Transactions, Continued

Recommendation

We recommend that **OPD** review nonprofit grant awards upon receipt to determine the applicability of GASB Statement No. 33 and ensure that revenues are recognized appropriately.

Current Status

Resolved.

Section II - Federal Award Findings and Questioned Costs

Not applicable.

ORLEANS PUBLIC DEFENDERS

EXIT CONFERENCE

An exit conference was held with members of management to discuss the audit report. The following persons were in attendance:

ORLEANS PUBLIC DEFENDERS

Mr. Derwyn D. Bunton	--	Chief District Defender
Ms. Dannielle Berger	--	Chief Administrative Officer

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Alcide J. Tervalon, Jr., CPA	--	Partner
Mrs. Sherina R. Clavier, CPA	--	Manager
Mr. Clyde M. Hunter, CPA	--	Senior Accountant

ORLEANS PUBLIC DEFENDERS
INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2018



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES**

To the Board of Directors of **Orleans Public Defenders**
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by **Orleans Public Defenders (OPD)** and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. **OPD's** management is responsible for those control and compliance areas identified in the SAUPs.

This agreed-upon procedures engagement was performed 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 the 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.

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)

PROCEDURES AND FINDINGS

The procedures and findings related to the Statewide Agreed-Upon Procedures are as follows:

Written Policies and Procedures

1. We obtained **OPD's** written policies and procedures and observed that they address each of the following categories and subcategories (if applicable to public funds and **OPD's** operations):

- a) Budgeting, including preparing, adopting, monitoring, and amending the budget.

No exceptions were noted.

- 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.

OPD does not have a formal purchasing policy.

Management's Response

Although OPD has funding request, disbursement and reimbursement policies, OPD's management will draft and adopt a formal purchasing policy that outlines controls such as purchase initiation, vendor lists, approvals, public bids, etc.

- c) Disbursements, including processing, reviewing, and approving.

No exceptions were noted.

- d) Receipts, 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 cut-off procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

No exceptions were noted.

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)

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

No exceptions were noted.

- 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.

OPD does not have a formal contracting policy.

Management's Response

While all contracts are approved and signed by the Chief District Defender and monitored by OPD's CAO and Business Office, OPD management will establish a formal contracting policy.

- g) Debit Cards, 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.

No exceptions were noted.

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

OPD's travel and expense reimbursement policy does not address documentation requirements.

Management's Response

OPD strictly adheres to the allowable, reimbursable expenditures and dollar thresholds with regard to travel expenditures as set forth annually via the Louisiana Travel Guide - Division of Administration. However, OPD's management will draft and adopt a formal travel and expense reimbursement policy.

- 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.

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)

OPD's ethics policy does not address a system to monitor possible ethics violations.

Management's Response

OPD management will enhance its ethics policy by including a procedure to monitor possible ethics violations.

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

Debt service requirements are not applicable; OPD has no debt.

Board (or Finance Committee, if applicable)

2. We obtained and inspected 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) Observed 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.

OPD does not have a Board or Finance Committee. The Chief District Defender is OPD's governing authority by virtue of Act 307.

- b) For those entities reporting on the governmental accounting model, observed 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, observed 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.

OPD does not have a Board or Finance Committee.

- c) For governmental entities, obtained the prior year audit report and observed 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, observed 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.

OPD does not have a Board or Finance Committee.

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)

Bank Reconciliations

3. We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. We asked management to identify **OPD's** main operating account. We selected **OPD's** only two (2) bank accounts and randomly selected one (1) month from the fiscal period. We obtained and inspected the corresponding bank statement and reconciliation for each account, and observed that:

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

No exceptions were noted.

- 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);

No exceptions were noted.

- 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.

No exceptions were noted.

Cash Collections

4. We obtained 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.

No exceptions were noted.

5. For **OPD's** only deposit site, we obtained a listing of collection locations and management's representation that the listing is complete. We randomly selected one (1) location for the deposit site, obtained and inspected the written policies and procedures relating to employee job duties at the collection location, and observed 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.

No exceptions were noted.

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)

- 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.

No exceptions were noted.

- 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.

No exceptions were noted.

- 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.

No exceptions were noted.

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

No exceptions were noted.

7. We randomly selected two (2) deposit dates for only account with cash collections from the two (2) bank accounts selected for procedure #3 under "Bank Reconciliations" above. We then obtained supporting documentation for the two (2) deposits and:

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

No exceptions were noted.

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

No exceptions were noted.

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

No exceptions were noted.

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)

- d) Observed that the deposit was made within one (1) business day of receipt at the collection location (within one week if the depository is more than ten (10) miles from the collection location or the deposit is less than \$100).

No exceptions were noted.

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

No exceptions were noted.

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

8. We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete.

No exceptions were noted.

9. For the one (1) location identified under #8 above, we obtained a listing of those employees involved with non-payroll purchasing and payment functions. We obtained written policies and procedures relating to employee job duties, and observed 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.

No exceptions were noted.

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

No exceptions were noted.

- 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.

We noted that the employee responsible processing payments is also responsible for adding/modifying vendor files and no other employee is responsible for periodically reviewing changes to vendor files.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Management's Response

OPD will implement a process for monitoring all new vendors entered into the system.

- 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.

No exceptions were noted.

- 10. For each location selected under #8 above, we obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. We randomly select five (5) disbursements for each location, obtained supporting documentation for each transaction and:

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

No exceptions were noted.

- b) Observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

For the five (5) disbursements selected we noted no evidence of segregation of duties related to the employee responsible for processing payments and adding/modifying vendor files. We also noted no evidence that the employee responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Management's Response

OPD will enhance the check processing process to include vendor review and an outgoing/mail signature and date requirement.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Credit Cards

11. We obtained from management a listing of all active credit cards for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards, and we obtained management's representation that the listing is complete.

No exceptions were noted.

12. Using the listing prepared by management, we randomly selected five (5) of the six (6) cards that were used during the fiscal period and obtained the monthly statements or combined statement for each card. We randomly selected the monthly statement or combined statement for each card, obtained supporting documentation and:

- a) Observed that there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

No exceptions were noted.

- b) Observed that finance charges and/or late fees were not assessed on the selected statements.

No exceptions were noted.

13. Using the monthly statements or combined statements selected under #12 above, we randomly selected ten (10) transactions from each statement, and obtained supporting documentation for the transactions. For each transaction, we observed that it is supported by:

- a) An original itemized receipt that identifies precisely what was purchased.

No exceptions were noted.

- b) Written documentation of the business/public purpose.

No exceptions were noted.

- c) Documentation of the individuals participating in meals (for meal charges only).

No exceptions were noted.

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)

Travel and Expense Reimbursement

14. We obtained from management a listing of all travel and travel related reimbursements during the fiscal period and management's representation that the listing is complete. We randomly selected five (5) reimbursements, obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five (5) reimbursements selected:

No exceptions were noted in the Travel and Expense Reimbursement procedures for the year ending June 30, 2017, therefore this procedure is not applicable

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

No exceptions were noted in the Travel and Expense Reimbursement procedures for the year ending June 30, 2017, therefore this procedure is not applicable.

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

No exceptions were noted in the Travel and Expense Reimbursement procedures for the year ending June 30, 2017, therefore this procedure is not applicable.

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

No exceptions were noted in the Travel and Expense Reimbursement procedures for the year ending June 30, 2017, therefore this procedure is not applicable.

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

No exceptions were noted in the Travel and Expense Reimbursement procedures for the year ending June 30, 2017, therefore this procedure is not applicable.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Contracts

15. We obtained 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. We obtained management's representation that the listing is complete. We randomly selected five (5) contracts from the listing, and:

- a) We observed that the contract was bid in accordance with the Louisiana Public Bid Law, if required by law.

None of the contracts reviewed were subject to Louisiana Public Bid Law, therefore this procedure is not applicable.

- b) We observed that the contract was approved by the governing body/board, if required by policy or law.

None of the contracts reviewed were required by policy or law to be approved by the governing board, therefore this procedure is not applicable.

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

None of the contracts reviewed were amended, therefore this procedure is not applicable.

- d) We randomly selected one (1) payment from the fiscal period for each of the five (5) contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions were noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Payroll and Personnel

16. We obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. We randomly selected five (5) employees/officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.

No exceptions were noted.

17. We randomly selected one (1) pay period during the fiscal period. For the five (5) employees/officials selected under #16 above, obtained attendance records and leave documentation for the pay period, and:

- a) We observed 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.)

We noted four (4) of five (5) employees tested whose time and attendance was not documented for the period.

Management's Response

OPD management will work closely with Human Resources to ensure all staff are completing the time sheet requirement.

- b) We observed that supervisors approved the attendance and leave of the selected employees/officials.

We noted four (4) of five (5) employees tested whose time and attendance was not documented for the period.

Management's Response

OPD management will work closely with Human Resources to ensure all staff are completing the time sheet requirement. OPD management will also add control(s) to make sure completed timesheets are signed by the appropriate supervisor in a timely manner.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

- c) We observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

No exceptions were noted.

18. We obtained a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. We randomly selected two (2) employees/officials, obtained related documentation of the hours and pay rates used in management's termination payment calculations, agreed the hours to the employee/officials' cumulative leave records, and agreed the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

No exceptions were noted.

19. We obtained 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.

No exceptions were noted.

Ethics

20. Using five (5) randomly selected employees, we obtained ethics documentation from management and:
- a) Observed that the documentation demonstrates each employee/official completed one (1) hour of ethics training during the fiscal period.

We noted none of the five (5) employees had not completed the ethics training during the fiscal period.

Management's Response

During FY 2018, OPD did not have a policy in place to ensure the receipt of ethics training documentation/certification. Thus, during FY 2019, OPD management has worked closely with OPD Human Resources to ensure all OPD staff are in compliance with the ethics training requirement.

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)

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

We noted three (3) of the five (5) employees selected had not attested through signature verification that they had read the entity's policy during the fiscal period.

Management's Response

OPD certifies upon hiring/onboarding that each employee has read policy. OPD will implement a policy that monitors and certifies each employee has read the policy annually.

Debt Service

21. We obtained a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. We selected all bonds/notes on the listing, obtained supporting documentation, and observed that State Bond Commission approval was obtained for each bond/note issued.

This procedure is not applicable.

22. We obtained a list of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. We randomly selected one (1) bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants.

This procedure is not applicable.

Other

23. We obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. We selected all misappropriations on the listing, obtained supporting documentation, and observed that **OPD** reported the misappropriations to the Louisiana Legislative Auditor and the District Attorney of Orleans Parish.

No misappropriations of public funds or assets were reported during the period.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

24. We observed that **OPD** 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.

No exceptions were noted.

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

No exceptions were noted.

We were not engaged to and did not perform an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance 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 control and compliance 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 Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 27, 2018