

Financial Report

***Thirty-Fourth Judicial District Office
of the Public Defenders***

Chalmette, Louisiana

For the year ended June 30, 2019

Financial Report

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For the year ended June 30, 2019

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Thirty-Fourth Judicial District
Office of the Public Defenders,
Chalmette, Louisiana.

We have audited the accompanying financial statements of the governmental activities, and the General Fund of the Thirty-Fourth Judicial District Office of the Public Defenders (the "Office"), as of and for the year ended June 30, 2019 and related notes to the financial statements, which collectively comprise the Office's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the 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 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

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 misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Office's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal controls. 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 financial position of the governmental activities and the General Fund of the Thirty-Fourth Judicial District Office of the Public Defenders as of June 30, 2019, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 8, the Schedule of the Office's Proportionate Share of the Net Pension Liability and Schedule of the Office's Contributions on pages 32 and 33, 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 operations, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Office's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer, on page 35, is presented for purposes of additional analysis and is required by Louisiana Revised Statute 24:513 (A)(3), and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 16, 2019, on our consideration of the Thirty-Fourth Judicial District Office of the Public Defenders' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Office's internal control over financial reporting and compliance.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
December 16, 2019.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Thirty-Fourth Judicial District Office of the Public Defenders

June 30, 2019

The Management's Discussion and Analysis of the Thirty-Fourth Judicial District Office of the Public Defenders (the "Office") financial performance presents a narrative overview and analysis of the Office's financial activities for the year ended June 30, 2019. This document focuses on the current period's activities, resulting changes, and currently known facts. Please read this document in conjunction with the basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The Office's assets exceeded its liabilities at the close of the year ended June 30, 2019 by \$167,394 (net position), which represents a 169.04% increase as compared to the year ended June 30, 2018.

The Office's revenues for the year ended June 30, 2019 increased \$141,085 (or 28.71%) as compared to the year ended June 30, 2018. This is principally due to an increase of state funds.

The Office's expenses for the year ended June 30, 2019 increased by \$19,841 (or 3.91%) as compared to the year ended June 30, 2018.

The Office did not have any funds with deficit fund balances.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Office's basic financial statements. The Office's financial report consists of three parts: (1) management's discussion and analysis (this section), (2) basic financial statements, and (3) special reports by certified public accountants and management.

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Office's finances, in a manner similar to a private sector business. The Statement of Net Position presents information on all of the Office's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Office is improving or deteriorating. The Statement of Activities presents information showing how the Office's net assets change during each fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The governmental activity of the Office is to provide legal defense to indigents.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the Office are governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Office maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund. The Office adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 9 through 13 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in Exhibit F of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the Office's financial position. As of June 30, 2019, assets exceeded liabilities by \$167,394.

Condensed Statements of Net Position

	June 30, 2019	June 30, 2018	Dollar Change
Current and other assets	\$175,652	\$76,637	\$ 99,015
Capital assets	2,466	798	1,668
Total assets	178,118	77,435	100,683
Deferred outflow of resources	26,957	10,475	16,482
Current liabilities	4,971	5,865	(894)
Long-term liabilities	27,254	-	27,254
	32,225	5,865	26,360
Deferred inflow of resources	5,456	19,828	(14,372)
Total liabilities and deferred inflow of resources	37,681	25,693	11,988
Net position	\$167,394	\$62,217	\$ 105,177
Net position:			
Invested in capital assets	\$ 2,466	\$ 798	\$ 1,668
Unrestricted	164,928	61,419	103,509
Total net position	\$167,394	\$62,217	\$ 105,177

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities

Governmental activities increased the Office's net position by \$105,177. Key elements of this increase are:

Condensed Statements of Activities

	<u>For the Year Ended June 30, 2019</u>	<u>For the Year Ended June 30, 2018</u>	<u>Dollar Change</u>	<u>Total % Change</u>
Revenues:				
Service fees	\$132,240	\$179,767	\$ (47,527)	(26)
State Revenue District	498,477	311,516	186,961	60
Other	<u>1,834</u>	<u>183</u>	<u>1,651</u>	902
Total revenues	632,551	491,466	141,085	29
Expenses:				
General and governmental	<u>527,374</u>	<u>507,533</u>	<u>19,841</u>	4
Increase (decrease) in net position	105,177	(16,067)	121,244	(755)
Net position beginning of year	<u>62,217</u>	<u>78,284</u>	<u>(16,067)</u>	(21)
Net position end of year	<u>\$167,394</u>	<u>\$ 62,217</u>	<u>\$105,177</u>	169

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

The focus of the Office's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Office's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the current year. As of June 30, 2019, the Office's governmental funds reported a combined ending fund balance of \$167,394, an increase of \$105,177 in comparison with the year that is available for spending at the Office's discretion.

CAPITAL ASSETS

The Office's investment in capital assets for its governmental activities as of June 30, 2019 and 2018 totaled to \$2,466 and \$798, (net of accumulated depreciation), respectively. This investment in capital assets as of June 30, 2019 and 2018 includes office furniture and office equipment (see table below).

	<u>2019</u>	<u>2018</u>
Office furniture, fixtures, and equipment	<u>\$18,104</u>	<u>\$16,227</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

- Revenues were budgeted on the assumption that service fees and grant fees would increase in 2019.
- Expenses were budgeted based on the assumption that expenses would increase in 2019.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Office's finances for all those with an interest in the Office's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District Public Defender of the Thirty-Fourth Judicial District Office of the Public Defenders, 2218 Jackson Blvd., Suite B, Chalmette, LA 70043.

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

**Thirty-Fourth Judicial District
Office of the Public Defenders**

For the year ended June 30, 2019

	General Fund	Adjustments (Exhibit B)	Statement of Net Position
Assets			
Cash	\$ 165,766	\$ -	\$ 165,766
Due from other governmental units	9,886	-	9,886
Capital assets, net of accumulated depreciation	-	2,466	2,466
Total assets	175,652	2,466	178,118
Deferred Outflows of Resources	-	26,957	26,957
Total assets and deferred outflows of resources	\$ 175,652	29,423	205,075
Liabilities			
Accounts payable and accrued expenditures	\$ 4,971	-	4,971
Net pension liability	-	27,254	27,254
Total liabilities	4,971	27,254	32,225
Deferred Inflows of Resources	-	5,456	5,456
Total liabilities and deferred inflows of resources	4,971	32,710	37,681
Fund Balance/Net Position			
Fund balance - unassigned	170,681	(170,681)	-
Total liabilities and fund balance	\$ 175,652	(137,971)	37,681
Net position:			
Invested in capital assets		2,466	2,466
Unrestricted		164,928	164,928
Total net position		\$ 167,394	\$ 167,394

See notes to financial statements.

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

**Thirty-Fourth Judicial District
Office of the Public Defenders**

For the year ended June 30, 2019

Fund Balance - Governmental Fund		\$ 170,681
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the governmental fund		
Governmental capital assets	\$ 18,104	
Less accumulated depreciation	<u>(15,638)</u>	2,466
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in governmental funds		26,957
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:		
Net pension liability		(27,254)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in governmental funds		<u>(5,456)</u>
Net Position of Governmental Activities		<u><u>\$ 167,394</u></u>

See notes to financial statements.

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

**Thirty-Fourth Judicial District
Office of the Public Defenders**

For the year ended June 30, 2019

	General Fund	Adjustments (Exhibit D)	Statement of Activities
Revenues			
Service fees:			
St. Bernard Parish Sheriff	\$132,240	\$ -	\$132,240
State Revenue District Assistance Fund:			
Louisiana Public Defender Board	498,477	-	498,477
Miscellaneous:			
Interest income	160	-	160
Other income	1,674	-	1,674
Total revenues	632,551	-	632,551
Expenditures/Expenses			
General government:			
Materials and supplies	5,530	-	5,530
Personnel services and benefits	121,327	5,084	126,411
Other services and charges:			
Contractual services	377,121	-	377,121
Professional services	9,500	-	9,500
Library and research	486	-	486
Office	2,509	-	2,509
Miscellaneous	5,608	-	5,608
Depreciation	-	209	209
Total general government	522,081	5,293	527,374
Capital outlay	1,877	(1,877)	-
Total expenditures/expenses	523,958	3,416	527,374
Excess (Deficit) of Expenditures over Revenue	108,593	(108,593)	-
Change in Net Position	-	105,177	105,177
Fund Balance/Net Position			
Beginning of year	62,088	129	62,217
End of year	\$170,681	\$ (3,287)	\$167,394

See notes to financial statements.

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

**Thirty-Fourth Judicial District
Office of the Public Defenders**

For the year ended June 30, 2019

Net Change in Fund Balance - Governmental Fund	\$ 108,593
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p style="padding-left: 20px;">Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay	1,877
Depreciation expense	(209)
<p style="padding-left: 20px;">Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:</p>	
Pension (expense)	<u>(5,084)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 105,177</u></u>

See notes to financial statements.

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

**Thirty-Fourth Judicial District
Office of the Public Defenders**

For the year ended June 30, 2019

	Budget Original	Budget Final	Actual	Variance Favorable (Unfavorable)
Revenues				
Service fees:				
St. Bernard Parish Sheriff	\$ 122,000	\$ 134,861	\$ 132,240	\$ (2,621)
State Revenue District Assistance Fund:				
Louisiana Public Defender Board	486,241	498,477	498,477	-
Interest income	90	161	160	(1)
Other income	-	-	1,674	1,674
	<u>608,331</u>	<u>633,499</u>	<u>632,551</u>	<u>(948)</u>
Expenditures				
General government:				
Materials and supplies	4,750	4,920	5,530	(610)
Personnel services and benefits	110,586	121,327	121,327	-
Other services and charges:				
Contractual services	361,060	375,606	377,121	(1,515)
Professional services	17,500	17,500	9,500	8,000
Library and research	1,300	2,548	486	2,062
Office	300	71	2,509	(2,438)
Capital outlay	-	2,649	1,877	772
Miscellaneous	4,026	4,039	5,608	(1,569)
	<u>499,522</u>	<u>528,660</u>	<u>523,958</u>	<u>4,702</u>
Excess of Revenues Over Expenditures	108,809	104,839	108,593	<u><u>\$ (5,650)</u></u>
Fund Balance				
Beginning of year	60,247	62,088	62,088	
End of year	<u>\$ 169,056</u>	<u>\$ 166,927</u>	<u>\$ 170,681</u>	

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Thirty-Fourth Judicial District Office of the Public Defenders**

June 30, 2019

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Thirty-Fourth Judicial District Office of the Public Defenders (the "Office") 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 judicial district encompasses the Parish of St. Bernard, Louisiana. All duties and responsibilities for the management of the personnel, property, and funds will by virtue of Act 307 transfer to the Chief Public Defender who will then be referred to as District Public Defender. Revenues to finance the Office's operations are derived from district assistance funds, court costs on fines imposed by the various courts within the district and other fees.

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

a. Reporting Entity

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

In accordance with Act 307 of the Louisiana Legislature for the year 2007, the Office passed a resolution transferring all of its powers and duties to the District Public Defender as of August 15, 2007 and ceased to exist. This act does not alter the entity or any of its activities or functions, only the governance. The District Public Defender's authority is contingent upon the approval of the Louisiana Public Defender Board, who appointed and may relieve the District Public Defender of his duties.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Basis of Presentation

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

Government-Wide Financial Statements:

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

Fund Financial Statements:

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of GASB Statement No. 34. Emphasis is now on major funds in governmental categories. The daily accounts and operations of the Office continue to be organized on the basis of a fund and account group, each of which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following is the governmental fund of the Office:

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

c. Measurement Focus and Basis of Accounting

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

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Measurement Focus and Basis of Accounting (Continued)

Government-Wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Fund Financial Statements:

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

Revenues

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

Expenditures

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

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Use of Estimates

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

e. Operating Budgetary Data

As required by the Louisiana Revised Statutes 39:1303, the Office adopted a budget for the General Fund. For budgets exceeding \$500,000, the budgetary practices include public notice of the proposed budget, public inspection and a public hearing on the budget prior to adoption. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the District Public Defender. All budgeted amounts which are not expended, or obligated through contracts, lapse at year-end.

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

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

f. Accounts Receivable

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

g. Capital Assets

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

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Capital Assets (Continued)

Government-Wide Financial Statements:

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

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with cost less accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Office furniture, fixtures, and equipment	5 - 10 years
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Fund Financial Statements:

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

h. Deferred Outflows/Inflows of Resources

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

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Pensions

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

j. Vacation and Sick Leave

The Office does not have a formal vacation and sick leave policy.

k. Fund Equity

Government-Wide Statements:

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

- a. Invested in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of June 30, 2019, there were no outstanding balances of debt.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets".

When both restricted and unrestricted resources are available for use, it is the Office's policy to use restricted resources first, then unrestricted resources as they are needed. As of June 30, 2019 and for the year then ended, the Office did not have or receive restricted net assets.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Fund Equity (Continued)

Fund Financial Statements:

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. There was no nonspendable equity as of June 30, 2019.

Restricted - amounts that can be spent only for a specific purpose because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributions, or the laws or regulations of other governments. There was no restricted equity as of June 30, 2019.

Committed - amounts that can be used only for specific purposes determined by a formal decision of the Office. There was no committed equity as of June 30, 2019.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for a specific purposes. There was no assigned equity as of June 30, 2019.

Unassigned - all other spendable amounts.

For classification of Governmental Fund balances, the Office considers expenditures to be made from the most restrictive first when more than one classification is available. The Office's fund balance as of June 30, 2019 totaled \$170,681, all of which was classified as unassigned.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. New Pronouncement

During the year ended June 30, 2019, the Office implemented the following GASB statements:

Statement No. 83, "*Certain Asset Retirement Obligations*" addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. This Statement did not affect the Office's financial statements.

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

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

Statement No. 84, "*Fiduciary Activities*" improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. New Pronouncements (Continued)

criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management has not yet determined the effect of this Statement on the financial statements.

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

Statement No. 89, *"Accounting for Interest Cost Incurred before the End of a Construction Period"* establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. New Pronouncements (Continued)

an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 90, *"Majority Equity Interest"* improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100% equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100% equity interest in the component unit. Transactions presented inflows statements of the component unit in that circumstance should only include transactions that occurred subsequent to the acquisition. The requirements of this Statement are effective for the reporting periods beginning after December 15, 2018. Management has not yet determined the effect of this Statement on the financial statements.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Subsequent Events

The Office evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through December 16, 2019, which is the date the financial statements were available to be issued.

Note 2 - DEPOSITS AND INVESTMENTS

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

Bank Deposits:

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

The bank balances as of June 30, 2019 are as follows:

	<u>Bank Balances</u>	<u>Reported Amount</u>
Cash	<u>\$183,548</u>	<u>\$165,766</u>

Custodial credit risk is the risk that in the event of a bank failure, the Office's deposits may not be returned to it. The Office has a written policy for custodial credit risk. As of June 30, 2019, the Office's bank balances of \$183,548 were fully insured by federal deposit insurance.

Note 3 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units as of June 30, 2019, consisted of the following:

St. Bernard Parish Sheriff	<u>\$9,886</u>
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The amount due from the St. Bernard Parish Sheriff is for fines and fees collected.

Note 4 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Disposals</u>		<u>Balance June 30, 2019</u>
Capital assets being depreciated:					
Office furniture, fixtures, and equipment	\$16,227	\$1,877	\$ -		\$18,104
Less accumulated depreciation for:					
Office furniture, fixtures, and equipment	<u>(15,429)</u>	<u>(209)</u>	<u>-</u>		<u>(15,638)</u>
Total capital assets, net	<u>\$ 798</u>	<u>\$1,668</u>	<u>\$ -</u>		<u>\$ 2,466</u>

Note 5 - ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES

Accounts payable and accrued expenditures as of June 30, 2019, consisted of the following:

Salaries and benefits	<u>\$4,971</u>
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Note 6 - 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	\$498,477
Local government:	
Statutory fines, fees, court costs, and other	132,240
Interest income	160
Other income	<u>1,674</u>
Total revenues	<u>\$632,551</u>
 Expenditures:	
Operating costs:	
Supplies	\$ 5,530
Salaries	94,000
Payroll taxes	7,191
Retirement contributions	20,136
Contract services - attorney/legal	377,121
Contract services - other	9,500
Library and research	486
Office	2,509
Miscellaneous	5,608
Capital outlay	<u>1,877</u>
Total expenditures	<u>\$523,958</u>

Note 7 - PENSION PLAN

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

Note 7 - PENSION PLAN (Continued)

Benefits Provided. The System provides retirement, deferred retirement, disability and death benefits. Retirement benefits are generally equal to 2.0% of the member's final average compensation multiplied by the years of creditable service. For members hired prior to January 1, 2007 they may retire with full benefits at age 55 upon completing 30 years of credible service, retire at age 60 after completing ten years of credible service or retire at age 65 after completing seven years of credible service. For members hired after January 1, 2007 they may retire with full benefits at age 55 after completing 30 years of service, retire at age 62 after completing ten years of service or retire at age 67 after completing seven years of service. Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the System. When a member enters DROP their status changes from active to retired even though they continue to work and draw their salary for up to three years. During the three year period, employer contributions continue but employee contributions cease. The election to participate in DROP is irrevocable once participation begins. The monthly retirement benefits are paid into the DROP Fund. Upon termination of employment a participant in DROP may receive a lump sum equal to payments into the participant's account, an annuity or a roll over to an Individual Retirement Account. Members hired before January 1, 2007 with five or more years of credible service who becomes disabled may receive disability benefits determined in the same manner as retirement benefits. Members hired after January 1, 2007 with seven or more years of credible service who become disabled may receive disability benefits determined in the same manner as retirement benefits. Death benefits are payable to eligible surviving dependents based on the deceased member's years of creditable service and compensation and the dependent's relationship to the deceased member. The System provides permanent benefit increases, cost of living adjustments (COLA) as approved by the Louisiana State Legislature.

Contributions. According to state statute, contributions for all employers are actuarially determined each year. For the plan year ending December 31, 2018, the actuarial employer contribution rate was 7.01% of member's compensation. However, the actual rate for the plan year ending December 31, 2018 was 7.50%.

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

Contributions to the System from the Office were \$7,050 for the year ended June 30, 2019.

Note 7 - PENSION PLAN (Continued)

Pension Liability. As of June 30, 2019, the Office reported a liability of \$27,254 for its proportionate share of the total net pension asset. 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 Office's proportion of the net pension liability was based on a projection of the Office's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of December 31, 2018, the Office's proportion was .089853%, which was a decrease of 0.002842% from its proportion measured as of December 31, 2017.

Pension Expense. For the year ended June 30, 2019, the Office recognized pension expense of \$22,333.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. As of June 30, 2019, the Office reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$(5,409)
Change in assumptions	6,745	-
Net difference between projected and actual earnings on pension plan investments	16,681	-
Changes in proportionate share	6	(47)
Contributions subsequent to the measurement date	<u>3,525</u>	<u>-</u>
Totals	<u>\$26,957</u>	<u>\$(5,456)</u>

The Office reported \$3,525 as deferred outflows of resources related to pensions resulting from Office contributions subsequent to the measurement date and will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Note 7 - PENSION PLAN (Continued)

Year Ending July 30,	Amount
2020	\$ 5,699
2021	2,571
2022	2,372
2023	7,276
Total	\$17,918

Actuarial Assumptions. A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2018 are as follows:

Valuation Date	December 31, 2018
Actuarial Cost Method	Entry Age Method
Actuarial Assumptions:	
Expected Remaining Service Lives	4 years
Investment Rate of Return	6.50%, net of investment expense
Projected Salary Increases	4.25%
Mortality Rates	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 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.
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.

Note 7 - PENSION PLAN (Continued)

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing method (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.43% for the year ended December 31, 2019.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2018 are as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	35.00%	1.22%
Equity	52.00%	3.45%
Alternatives	11.00%	0.65%
Real assets	2.00%	0.11%
Total	100.00%	5.43%
Inflation		2.00%
Expected arithmetic nominal rate		7.43%

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

Note 7 - PENSION PLAN (Continued)

Sensitivity of the Office's Proportionate Share of the Collective Net Pension Liability to Changes in the Discount Rate. The following presents the Office's proportionate share of the collective net pension liability using the discount rate of 6.50%, as well as what the Office's proportionate share of the 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:

	<u>1.0% Decrease (5.50)%</u>	<u>Current Discount Rate (6.50%)</u>	<u>1.0% Increase (7.50%)</u>
District's proportionate share of the net pension (asset) liability	<u>\$63,866</u>	<u>\$27,254</u>	<u>\$(8,801)</u>

Pension Plan Fiduciary Net Position. The Parochial Employees' Retirement System of Louisiana issued a stand-alone audit report on their financial statements for the year ended December 31, 2018. Access to the audit report can be found on the System's website, www.persla.org or on the Louisiana Legislative Auditor's website, www.la.la.gov.

Note 8 - RISK MANAGEMENT

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

Note 9 - CONTRACTUAL SERVICES

For the year ended June 30, 2019, the District Public Defender was the only employee. As a result, all defense attorneys were contracted for their services.

Note 10 - EXPENDITURES NOT INCLUDED IN ACCOMPANYING FINANCIAL STATEMENTS

The accompanying financial statements do not include certain expenditures of the Office which are paid out of the funds of the St. Bernard Parish Government and other governmental entities. These expenditures include salaries, insurance, telephone, utilities, and other operating expenditures of the Office.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE THIRTY-FOURTH JUDICIAL DISTRICT
OF THE PUBLIC DEFENDERS' PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY

Thirty-Fourth Judicial District
Office of the Public Defenders

For the year ended June 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Office's proportion of the net pension liability	<u>0.0899%</u>	<u>0.0927%</u>	<u>0.0944%</u>	<u>0.0944%</u>
Office's proportionate share of the net pension liability (asset)	<u>\$27,254</u>	<u>(\$8,684)</u>	<u>\$12,254</u>	<u>\$12,254</u>
Office's covered-employee payroll	<u>\$94,000</u>	<u>\$94,000</u>	<u>\$94,000</u>	<u>\$94,000</u>
Office's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>28.9936%</u>	<u>-9.2380%</u>	<u>13.0360%</u>	<u>13.0360%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>91.9300%</u>	<u>104.0200%</u>	<u>94.1500%</u>	<u>94.1500%</u>

SCHEDULE OF THE THIRTY-FOURTH JUDICIAL DISTRICT
OF THE PUBLIC DEFENDERS' CONTRIBUTIONS

Thirty-Fourth Judicial District
Office of the Public Defenders

For the year ended June 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 7,050	\$ 7,285	\$ 7,520	\$ 7,990
Contributions in relation to the contractually required contribution	<u>(7,050)</u>	<u>(7,285)</u>	<u>(7,520)</u>	<u>(7,990)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Office's covered-employee payroll	<u>\$ 94,000</u>	<u>\$ 94,000</u>	<u>\$ 94,000</u>	<u>\$ 94,000</u>
Contributions as a percentage of covered - employee payroll	<u>7.50%</u>	<u>7.75%</u>	<u>8.00%</u>	<u>8.50%</u>

**NOTES TO REQUIRED PENSION
SUPPLEMENTARY INFORMATION**

Thirty-Fourth Judicial District Office of the Public Defenders

For the year ended June 30, 2019

- Note 1 -** The amounts presented on the Schedule of the Public Defender's Proportionate Share of Net Pension Liability and Schedule of Thirty-Fourth Judicial District Office of the Public Defenders' Contributions have a measurement date of the previous fiscal year end.
- Note 2 -** GASB 68 requires the Schedule of the Public Defender's Proportionate Share of Net Pension Liability show information for ten years. The Thirty-Fourth Judicial District Office of the Public Defenders implemented GASB 68 in its 2015 fiscal year therefore; additional years will be displayed as they become available in the future.

SUPPLEMENTARY INFORMATION SECTION

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

**Thirty-Fourth Judicial District
Office of the Public Defenders**

For the year ended June 30, 2019

Agency Head Name: Thomas H. Gernhauser, District Public Defender

Purpose

Salary	\$ 94,000
Benefits - insurance	13,006
Benefits - retirement	7,050
Benefits - other (malpractice insurance)	2,329
Car allowance	0
Vehicle provided by government	0
Per diem	0
Reimbursements	0
Travel	1,422
Registration fees	0
Conference travel	0
Continuing professional education fees	420
Housing	0
Unvouchered expenses	0
Special meals	0
	<hr/>
	\$ 118,227
	<hr/> <hr/>

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

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

To the Thirty-Fourth Judicial District
Office of the Public Defenders,
Chalmette, 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 Thirty-Fourth Judicial District Office of the Public Defenders (the "Office") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Office's basic financial statements and have issued our report thereon dated December 16, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Office's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control. Accordingly, we do not express an opinion on the effectiveness of the Office's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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 Office's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standard.

Purpose of this Report

The purpose of this report is solely 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 effectiveness of the Office's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Office's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
December 16, 2019.

SCHEDULE OF FINDINGS AND RESPONSES

Thirty-Fourth Judicial District Office of the Public Defenders

For the year ended June 30, 2019

Section I - Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiency(ies) identified that are not considered to be a material weakness? ___ Yes X None reported

Noncompliance material to financial statements noted? ___ Yes X No

a) Federal Awards

The Thirty-Fourth Judicial District Office of the Public Defenders did not expend federal awards during the year ended June 30, 2019.

Section II - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

No finding were reported during the audit of the basic financial statements for the year ended June 30, 2019.

Compliance and Other Matters

No finding were reported during the audit of the basic financial statements for the year ended June 30, 2019 .

Section III - Federal Award Findings and Questioned Cost

The Thirty-Fourth Judicial District Office of the Public Defenders did not expend federal awards during the year ended June 30, 2019.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Thirty-Fourth Judicial District Office of the Public Defenders

For the year ended June 30, 2019

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

No finding were reported during the review of the basic financial statements for the year ended June 30, 2018.

Compliance and Other Matters

No finding were reported during the review of the basic financial statements for the year ended June 30, 2018.

Section II - Federal Award Findings and Questioned Cost

The Thirty-Fourth Judicial District Office of the Public Defenders did not expend federal awards during the year ended June 30, 2018.

MANAGEMENT'S CORRECTIVE ACTION PLAN
ON CURRENT YEAR FINDINGS

Thirty-Fourth Judicial District Office of the Public Defenders

For the year ended June 30, 2019

Section I - Compliance and Other Matters Material to the Financial Statements

Compliance and Other Matters

No finding were reported during the audit of the basic financial statements for the year ended June 30, 2019.

Section II - Compliance Material to Federal Awards

The Thirty-Fourth Judicial District Office of the Public Defenders did not expend federal awards during the year ended June 30, 2019.

Section III - Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended June 30, 2019

STATEWIDE AGREED UPON PROCEDURES (R.S. 24:513)

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Thirty-Fourth Judicial District Office of the Public Defenders,
Chalmette, Louisiana.

We have performed the procedures enumerated below, which were agreed to by the management of Thirty-Fourth Judicial District Office of the Public Defenders (the "Office") and the Louisiana Legislative Auditor solely to assist the specified users of the report in evaluating management's assertions about the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUPs) accompanying the annual financial statements of the Office for the year ended June 30, 2019 and to determine whether the C/C areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures are free of obvious errors and omissions. Management of the Office is responsible for its C/C areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures. The sufficiency of these procedures is solely the responsibility of the specified parties in 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.

The procedures that were performed and our findings are as follows:

Written Policies and Procedures

- 1. Obtain and inspect the Office's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the Office's operations):**

We obtained the written policies and verified that they addressed the areas as follows:

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

No exceptions were noted.

Written Policies and Procedures (Continued)

- 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 Louisiana Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes, if any.**

No exceptions were noted.

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

No exceptions were noted.

- 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.**

No exceptions were noted.

- 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.**

No exceptions were noted.

- 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).**

Not applicable. The Office does not use credit cards.

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

No exceptions were noted.

Written Policies and Procedures (Continued)

- 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.**

The Office does have a written 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.**

Not applicable, the Office does not have any debt.

- 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 needed to recover operations after a critical event.**

No exceptions were noted.

Board (or Finance Committee, if applicable)

2. **Obtain and review 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.**

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

Board (or Finance Committee, if applicable) (Continued)

- 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.

Not applicable.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned 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 unassigned fund balance in the general fund.

Not applicable.

Bank Reconciliations

3. Obtain a listing of the Office's bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the Office's main operating account. Select the Office's main operating account and randomly select four additional accounts (or all accounts if less than five). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

We obtained the listing of the bank accounts from management and obtained a representation from management that the listing is complete.

- a) Bank reconciliations include evidence that they were prepared within two 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 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.

Bank Reconciliations (Continued)

- 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.

Collections

- 4. **Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select five deposit sites (or all deposit sites if less than five).**

We obtained the listing of collection locations and a representation from management that the listing is complete.

- 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., five collection locations for five 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.**

There is only one employee who collects cash.

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

The same employee who collects cash is responsible for preparing/making bank deposits.

Mitigating controls are in place in which the District Defender reviews the bank reconciliation, bank statement, the deposited items, and disbursements monthly. A majority of the receipts are in the form of wires received from the Louisiana Public Defender Board, monthly checks received from the local Sheriff for fines, court costs,

Collections (Continued)

and fees collected by the Sheriff, and checks received periodically from the local District Attorney for bond forfeitures collected by the District Attorney. The remaining funds collected are in the form of money orders collected from indigents. These funds are not material to the funds collected as a whole.

- 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.**

The same employee responsible for collecting cash is responsible for posting entries to the general ledger.

Mitigating controls are in place in which the District Defender reviews the bank reconciliation, bank statement, the deposited items, and disbursements monthly. A majority of the receipts are in the form of wires received from the Louisiana Public Defender Board, monthly checks received from the local Sheriff for fines, court costs, and fees collected by the Sheriff, and checks received periodically from the local District Attorney for bond forfeitures collected by the District Attorney. The remaining funds collected are in the form of money orders collected from indigents. These funds are not material to the funds collected as a whole.

- 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.**

The same employee is responsible for collecting and reconciling cash; however, the District Defender verifies the reconciliation after it is prepared by the employee.

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

We obtained written documentation and determined that each person with access to cash is bonded.

- 7. Randomly select two deposit dates for each of the five 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). Obtain supporting documentation for each of the ten deposits and:**

Collections (Continued)

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

No exceptions were noted.

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

No exceptions were noted.

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

No exceptions were noted.

- 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 ten 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. **Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select five locations (or all locations if less than five).**

We sorted and filtered the Office's general ledger to create a listing of entity disbursements and obtained a representation from management that the listing is complete.

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:**

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

We selected 5 disbursements, examined supporting documentation and verified the following:

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

The Office does not currently have a formal system to initiate purchases.

A majority of the expenses are for payroll and contracted services which are evidenced by a written contract. Due to the small nature of the remaining expense, a purchase order system is not deemed to be cost efficient. For these expenditures, the District Defender reviews any purchase request to determine the need and cost. The payment is by check only, and the check is written by the Office Manager and is signed by the District Defender only. The invoice is reviewed, and stamped "approved" by the District Defender before disbursement of the check.

- 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.**

The person responsible for recording payments in the accounting system also adds vendors to the disbursements system. Due to one accounting system and only one office personnel using the accounting software, this person both processes payments and adds vendors as needed. All checks and purchases are approved by the District Defender.

- 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.**

The District Defender gives the signed checks to the only employee to mail. This employee is also responsible for processing payments.

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

A majority of the expenses are for payroll and contracted services which are evidenced by a written contract. Due to the small nature of the remaining expense, a purchase order system is not deemed to be cost efficient. For these expenditures, the District Defender reviews any purchase request to determine the need and cost. The payment is by check only, and the check is written by the Office Manager and is signed by the District Defender only. The invoice is reviewed, and stamped "approved" by the District Defender before disbursement of the check. As a mitigating control, the District Defender reviews all checks that clear the bank when reviewing the monthly bank reconciliations.

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

We selected five disbursements, obtained the supporting documentation and observed the following:

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

No exceptions were noted.

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

No exceptions were noted.

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

Not applicable. The Office does not maintain credit cards/debit cards/fuel cards/P-cards.

Travel and Expense Reimbursement

Prior year SAUPs testing resulted in no exceptions. Therefore, testing is not required in the current year.

Contracts

- 11. 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. Obtain management's representation that the listing is complete. Randomly select five contracts (or all contracts if less than five) from the listing, excluding the practitioner's contract, and:**

We obtained a listing of all contracts in effect during the year ended June 30, 2019. We obtained management's representation that the listing is complete.

- 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.**

The contracts were for defense attorneys and conflict attorneys which are not subject to Louisiana Public Bid 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).**

Not applicable.

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

None of the contracts selected were amended.

- d) Randomly select one payment from the fiscal period for each of the five 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.**

Each payment and supporting invoice observed agreed to the contract terms and conditions without exception.

Payroll and Personnel

Prior year SAUPs testing resulted in no exceptions. Therefore, testing is not required in the current year.

Ethics

Prior year SAUPs testing resulted in no exceptions. Therefore, testing is not required in the current year.

Debt Service

- 13. 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 the State Bond Commission approval was obtained for each bond/note issued.**

Not applicable. The Office did not incur debt during the year.

- 14. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representations 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 (including contingency funds, short-lived asset funds, or other funds required by the debt covenants.**

Not applicable. The Office did not incur debt during the year.

Other

- 15. 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.**

Management represented that there were no misappropriations of public funds. In addition, management signed a management representation letter stating there were no misappropriations of public funds.

- 16. Observe that the Office 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.**

The Office has posted the notice required by R.S. 24:523.1 on its premises. The Office does not have a website.

(Continued)

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. We are 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 management's assertions. 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.

This report is intended solely for the information and use of the Office, the Louisiana Legislature, and the Louisiana Legislative Auditor, and it 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 Louisiana Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
December 16, 2019.