

**TWENTY-FOURTH JUDICIAL DISTRICT
PUBLIC DEFENDER OFFICE**

Annual Financial Report

As of and for the Year Ended

June 30, 2017

KEITH J. ROVIRA
Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

Twenty-Fourth Judicial District Public Defender Office
Jefferson Parish, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the Twenty-Fourth Judicial District Public Defender Office, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements of the public defender's office 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 include the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective net position of the Twenty-Fourth Judicial District Public Defender Office, as of June 30, 2017, and the respective changes in net position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule, the schedule of employer's share of net pension liability and the schedule of employer contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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. I 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 on the information because the limited procedures do not provide me with sufficient response to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Twenty-Fourth Judicial District Public Defender Office's basic financial statements. The supplementary information schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information schedules listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying

accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued a report dated December 20, 2017, on my consideration of the Twenty-Fourth Judicial District Public Defender Office's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of my 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 the public defender's office's internal control over financial reporting and compliance.



Keith J. Rovira
Certified Public Accountant
Metairie, Louisiana

December 20, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

TWENTY-FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE

Jefferson Parish, Louisiana
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2017

The Management's Discussion and Analysis (MD&A) of the Twenty-Fourth Judicial District Public Defender Office's financial performance presents a narrative overview and analysis of the office's financial activities for the year ended June 30, 2017. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the basic financial statements. The MD&A is an element of the new reporting model adopted by the Government Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued June, 1999. Certain comparative information between the current year and prior year has been presented in the MD&A.

FINANCIAL HIGHLIGHTS

The minimum requirements for financial reporting on the Twenty-Fourth Judicial District Public Defender Office that was established by GASB No. 34 are divided into the following sections:

- (a) Management's Discussion and Analysis
- (b) Basic Financial Statements
- (c) Required Supplementary Information (other than MD&A)

Basic Financial Statements:

The basic financial statements present information for the Twenty-Fourth Judicial District Public Defender Office as a whole, in a format designed to make the statements easier for the reader to understand. The financial statements in this section are divided into the two following types:

- (1) Government-Wide Financial Statements, which include a Statement of Net Position and a Statement of Activities. These statements present financial information for all activities of the Twenty-Fourth Judicial District Public Defender Office from an economic resources measurement focus using the accrual basis of accounting and providing both short-term and long-term information about the Twenty-Fourth Judicial District Public Defender Office's overall financial status.
- (2) Fund Financial Statements, which include a Balance Sheet and a Statement

TWENTY-FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE

Jefferson Parish, Louisiana
 Management's Discussion and Analysis
 As of and for the Year Ended June 30, 2017

of Revenues, Expenses, and Changes in Fund Balance for the General Fund (a governmental fund). These financial statements present information on the individual fund of the public defender's office allowing for more detail. The current financial resources measurement focus and the accrual basis of accounting used to prepare these statements are dependent on the fund type. The public defender's office's only governmental fund is the General Fund. The statements in this section represent the short-term financing of general government.

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Position
 As of June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Current assets	\$1,182,261	\$1,070,339
Noncurrent assets - capital assets	<u>349</u>	<u>698</u>
Total Assets	<u>1,182,610</u>	<u>1,071,037</u>
Deferred outflows of resources	<u>45,086</u>	<u>80,348</u>
Current liabilities	8,874	7,040
Noncurrent liabilities - long-term liabilities	<u>87,996</u>	<u>111,105</u>
Total Liabilities	<u>96,870</u>	<u>118,145</u>
Deferred inflows of resources	<u>8,313</u>	<u>11,187</u>
Net Position:		
Invested in capital assets, net of debt	349	698
Unrestricted	<u>1,122,164</u>	<u>1,021,355</u>
Total Net Position	<u>\$1,122,513</u>	<u>\$1,022,053</u>

TWENTY-FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE

Jefferson Parish, Louisiana
 Management's Discussion and Analysis
 As of and for the Year Ended June 30, 2017

Total Net Position increased by \$100,460, or 10% for the fiscal year.

The public defender's office does not have any "restricted" net position. It does have "unrestricted" net position, and those are net positions that do not have any limitations on what these amounts may be used for.

Statement of Revenues, Expenditures and
 Changes in Fund Balance
 For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues	\$3,281,253	\$3,332,480
Expenditures	<u>(3,171,165)</u>	<u>(3,044,384)</u>
Net Change in Fund Balance	<u>\$110,088</u>	<u>\$288,096</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets:

The public defender's office had \$349, net of accumulated depreciation, invested in office furniture and equipment and computers at year end. This amount represents the original purchase price (\$100,774) of all capital assets less all accumulated depreciation (\$100,425) on those assets from their acquisition date up to this fiscal year end.

Debt and Long-Term Liabilities:

The public defender's office did not have any debt outstanding at year end. However, it did have accrued annual and sick leave outstanding at year-end of \$41,472, and a net pension liability of \$46,524.

TWENTY-FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE

Jefferson Parish, Louisiana
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2017

ECONOMIC FACTORS AND THE JUNE 30, 2018 YEAR-END BUDGET

The district defender considered the following factors and indicators when setting up its June 30, 2018, fiscal year-end budget: (1) court cost revenues are anticipated to come in lower than that for the prior year; (2) total appropriation monies received from the Louisiana Public Defender Board are expected to be approximately \$600,000; (3) all other revenues are not expected to change appreciably; (4) total expenditures are expected to be higher than that of the June 30, 2017 fiscal year due to an increase in the number of attorneys needed; (5) budgeted expenditures are expected to exceed budgeted revenues by approximately \$500,000 during the fiscal year-to-end on June 30, 2018, which will result in a projected fund balance at June 30, 2018, of approximately \$700,000.

CONTACTING THE PUBLIC DEFENDER OFFICE

This financial report is designed to provide the citizens, taxpayers, investors and creditors with a general overview of the public defender's office's finances, and to show accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact Mr. Richard M. Tompson, District Defender, 848 2nd Street, 3rd Floor, Gretna, LA 70053, or by telephone at 504-366-4569.

BASIC FINANCIAL STATEMENTS
(GOVERNMENT-WIDE FINANCIAL STATEMENTS)

TWENTY-FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE

Jefferson Parish, Louisiana

Statement of Net Position

June 30, 2017

ASSETS

Current Assets:

Cash \$1,182,261

Total Current Assets 1,182,261

Noncurrent Assets:

Capital assets (net of depreciation) 349

Total Noncurrent Assets 349

TOTAL ASSETS 1,182,610

Deferred Outflows of Resources 45,086

LIABILITIES

Current Liabilities:

Payroll deductions 8,874

Total Current Liabilities 8,874

Noncurrent Liabilities:

Accrued annual & sick leave payable 41,472

Net pension liability 46,524

Total Noncurrent Liabilities 87,996

TOTAL LIABILITIES 96,870

Deferred Inflows of Resources 8,313

NET POSITION

Invested in capital assets, net of related debt 349

Unrestricted 1,122,164

TOTAL NET POSITION \$1,122,513

The accompanying notes are an integral part of this statement.

TWENTY-FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE

Jefferson Parish, Louisiana

Statement of Activities

For the Year Ended June 30, 2017

EXPENSES

Governmental Activities:

Attorneys' fees	\$2,670,767
Salaries and related benefits	204,012
Other professional services	148,825
Operating services	131,882
Office supplies and expenses	24,886
Capital outlay	72
Depreciation	<u>349</u>

Total Expenses 3,180,793

GENERAL REVENUES

Court costs	2,094,103
Intergovernmental revenue:	
Louisiana Public Defender Board	652,172
Bail bond forfeitures and license fees	428,857
Criminal justice bond fee	16,476
Application fees	44,905
Drug, DWI and Veterans court programs	26,250
Interest earnings	8,240
Other	<u>10,250</u>

Total General Revenues 3,281,253

Change in Net Position 100,460

Net Position at June 30, 2016 1,022,053

Net Position at June 30, 2017 \$1,122,513

The accompanying notes are an integral part of this statement.

**BASIC FINANCIAL STATEMENTS
(FUND FINANCIAL STATEMENTS)**

FUND DESCRIPTION – MAJOR FUND

General Fund

TWENTY-FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
 Jefferson Parish, Louisiana
 Balance Sheet
 General Fund - Governmental Fund
 June 30, 2017

ASSETS

Current Assets:

Cash	<u>\$1,182,261</u>
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TOTAL ASSETS	<u>\$1,182,261</u>
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LIABILITIES AND FUND BALANCE

Current Liabilities:

Payroll deductions	<u>\$8,874</u>
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Total Liabilities	<u>8,874</u>
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Fund balance:

Nonspendable	-
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Restricted	-
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Committed	-
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Assigned	-
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Unassigned	<u>1,173,387</u>
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Total Fund Balance	<u>1,173,387</u>
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TOTAL LIABILITIES AND FUND BALANCE	<u>\$1,182,261</u>
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The accompanying notes are an integral part of this statement.

TWENTY-FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Jefferson Parish, Louisiana
Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
June 30, 2017

Total fund balance for governmental funds		\$1,173,387
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Equipment, net of accumulated depreciation		349
General long-term debt of governmental activities is not payable from current resources and, therefore, not reported in the funds. This debt is:		
Deferred outflows of resources	\$45,086	
Compensated absences	(41,472)	
Net pension liability	(46,524)	
Deferred inflows of resources	<u>(8,313)</u>	<u>(51,223)</u>
Total net position of governmental		<u>\$1,122,513</u>

The accompanying notes are an integral part of this statement.

TWENTY-FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
 Jefferson Parish, Louisiana
 Statement of Revenues, Expenditures and Changes in Fund Balances
 General Fund - Governmental Fund
 For the Year Ended June 30, 2017

REVENUES

Court costs	\$2,094,103
Intergovernmental revenue:	
Louisiana Public Defender Board	652,172
Bail bond forfeitures and license fees	428,857
Criminal justice bond fee	16,476
Application fees	44,905
Drug, DWI and Veterans court programs	26,250
Interest earnings	8,240
Other	<u>10,250</u>
 Total Revenues	 <u>3,281,253</u>

EXPENDITURES

Attorneys' fees	2,670,767
Salaries and related benefits	194,734
Other professional services	148,825
Operating services	131,881
Office supplies and expenses	24,886
Capital outlay	<u>72</u>
 Total Expenditures	 <u>3,171,165</u>

Excess of Revenues over Expenditures	110,088
 Fund Balance at June 30, 2016	 <u>1,063,299</u>
Fund Balance at June 30, 2017	<u>\$1,173,387</u>

The accompanying notes are an integral part of this statement.

TWENTY-FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE

Jefferson Parish, Louisiana

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance to the Statement of Activities

For the Year Ended June 30, 2017

Total net change in fund balance at June 30, 2017, per Statement of Revenues, Expenditures and Changes in Fund Balance	\$110,088
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The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense	(349)
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Governmental funds record long-term debt in the General Long-Term Debt Account Group as opposed to recording debt activity in the fund financial statements. However, in the statement of activities, the debt and related expenses are reported.

Change in compensated absences payable	(757)
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Implementation of GASB 68 (revenue less expense)	<u>(8,522)</u>
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Total change in net position at June 30, 2017, per Statement of Activities	<u>\$100,460</u>
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The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

TWENTY-FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE

Jefferson Parish, Louisiana
Notes to the Financial Statements
June 30, 2017

INTRODUCTION

On August 15, 2007, Act 307 of the 2007 Louisiana Legislative Session transferred all of the same duties, functions and powers of state Indigent Defender Boards to separate and individual District Public Defenders and their offices. District public defenders will continue to provide counsel to represent indigents in criminal cases at the district court level. The judicial district encompasses Jefferson Parish, Louisiana.

For the Twenty-Fourth judicial district, revenues received for the public defender office's operations are provided primarily from court costs on fines imposed by the various courts within the district. The public defender offices, that have a need for funding, also receive monies from a grant-in-aid program intended to supplement financial assistance in felony cases.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**1. Basis of Presentation**

The accompanying basic financial statements of the Twenty-Fourth Judicial District Public Defender Office have been prepared in conformity with generally accepted accounting principles (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 Twenty-Fourth Judicial District Public Defender Office has adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. In this regard, the public defender's office will be treated as a governmental-type activity for financial reporting purposes in this audit. The minimum requirements for the public defender's office established by GASB Statement No. 34 are divided into the following sections: (a) Management's Discussion and Analysis, (b) Basic Financial Statements, and (c) Required Supplementary Information (other than MD&A).

The accompanying financial statements of the Twenty-Fourth Judicial District Public Defender Office present information only as to the transactions of the programs of the

TWENTY-FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Jefferson Parish, Louisiana
Notes to the Financial Statements
June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

public defender's office as authorized by Louisiana statutes and administrative regulations. Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting. Therefore, court costs, intergovernmental revenue received from the state's Louisiana Public Defender Board, bail bond forfeitures and licenses fees, application fees, interest earnings, and other revenues of the public defender's office are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are also recognized on the full accrual basis of accounting. Therefore, attorneys' fees, salaries, professional services, operating services and other expenses are recognized in the period incurred, if measurable.

2. Reporting Entity

For financial reporting purposes, in conformance with GASB Codification Section 2100, the public defender office is a part of the district court system of the State of Louisiana. However, the state statutes that create the public defender office also give each district defender control over all of their operations. This includes the hiring and retention of employees, authority over budgeting, responsibility for funding deficits and operating deficiencies, and fiscal management for controlling the collection and disbursement of funds. Therefore, the public defender's office reports as an independent reporting entity and the financial statements include only the transactions of the Twenty-Fourth Judicial District Public Defender Office. Furthermore, the Jefferson Parish Council does not include the Public Defender Office as a component unit in its comprehensive annual financial report.

3. Fund Accounting

The public defender's office uses a fund (General Fund) to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal

TWENTY-FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE

Jefferson Parish, Louisiana
Notes to the Financial Statements
June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The public defender's office's General Fund is classified as a governmental fund. Governmental funds account for general activities, including the collection and disbursement of specific or legally restricted monies and the acquisition of capital assets. The General Fund, as provided by Louisiana Revised Statute 47:1906, is the only fund of the district public defender and accounts for the operation of the office. General operating expenditures are paid from this fund.

4. Budgets

The original budget for the year ended June 30, 2017, was proposed, advertised in the official journal of the parish, and made available for public inspection at the Gretna office of the public defender's office on June 6, 2016. The budget was prepared on the accrual basis of accounting, and after a public hearing, was adopted on June 17, 2016. The budget was not subsequently amended.

Formal budget integration within the accounting records is employed as a management control device during the year. Budgeted amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments. All appropriations contained in the budget lapse at year end.

5. Cash

Cash includes amounts in an interest bearing demand deposit account. Under state law, funds may be deposited into demand deposit accounts, interest bearing demand deposit accounts, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

6. Capital Assets

Capital assets are recorded at either historical cost or estimated historical cost and are depreciated over their estimated useful lives (excluding salvage value). Any donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service

TWENTY-FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Jefferson Parish, Louisiana
Notes to the Financial Statements
June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

demands. Straight-line depreciation is used based on the following estimated useful lives: 5 years on office furniture, equipment and computers; 10 years on telephone system. Capital assets are reported net of their accumulated depreciation on the Statement of Net Position in the financial statements section of this audit report.

7. Compensated Absences (Vacation and Sick Leave)

Full-time employees of the public defender's office earn and accumulate vacation and sick leave at various rates, depending on their length of service. All full-time employees may carry a maximum of 90 days of unused vacation leave from one calendar year to another. Upon separation from employment, and provided that certain conditions have been met as set forth in the policy adopted by the public defender's office, employees are paid for all unused vacation leave at the hourly rates in effect at the time of separation from employment for each applicable employee.

All full-time employees earn one-half day of sick leave each biweekly pay period worked. There is no limit on the amount of sick leave that may be accumulated and carried forward from one year to the next. Upon separation from employment, employees who were hired before April 26, 1986, receive compensation for one-half of all unused sick leave remaining at the time of separation. Employees hired on or after April 26, 1986, receive compensation for no more than 40 days (280 hours) of unused sick leave.

The liability that the public defender's office has to its employees for accumulated vacation and sick leave is calculated by multiplying the applicable pay rate for each employee by the number of hours of leave time eligible for compensation at year-end. The cost of current leave privileges, computed in accordance with GASB Codification Section C60 is recognized as an expense in the current year.

8. Long-term Obligations

The only long-term obligations were for accrued annual and sick leave benefits for employees.

9. Encumbrances

Encumbrance accounting is not utilized by the public defender's office due to the

TWENTY-FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Jefferson Parish, Louisiana
Notes to the Financial Statements
June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

nature of operations and the ability of management to monitor budgeted expenditures on a timely basis.

10. Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenue, respectively.

11. Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Invested in capital assets, net of related debt: 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.
- b. Restricted net position: consists of assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on their use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position: all other assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net position," or deferred outflows of resources, liabilities, and deferred inflows of resources.

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

TWENTY-FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
 Jefferson Parish, Louisiana
 Notes to the Financial Statements
 June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nonspendable: These are amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted: These are amounts that can be spent for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed: These are amounts that can be used only for specific purposes determined by a formal action of the public defender's office. The public defender's office is the highest level of decision making authority for the public defender's office. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the public defender's office.

Assigned: These are amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. Under its adopted policy, only the public defender's office may assign amounts for specific purposes.

Unassigned: These are all other spendable amounts.

	<u>General Fund</u>
Nonspendable:	-
Restricted:	-
Committed:	-
Assigned:	-
Unassigned:	<u>\$1,173,387</u>
Total	<u>\$1,173,387</u>

TWENTY-FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
 Jefferson Parish, Louisiana
 Notes to the Financial Statements
 June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the public defender's office considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the public defender's office considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the public defender's office has provided otherwise in his commitment or assignment actions.

12. Use of Estimates

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

NOTE B - CASH

At June 30, 2017, the carrying amounts (book balances) of cash of the public defender's office is as follows:

Cash in an interest bearing checking account	\$1,182,261
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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 the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2017, the office had \$1,296,404 in bank deposits. These deposits were secured from risk by \$250,000 of federal deposit insurance and \$1,641,680 of pledged securities

TWENTY-FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE

Jefferson Parish, Louisiana
Notes to the Financial Statements
June 30, 2017

NOTE B – CASH (CONTINUED)

held by the custodial bank in the name of the fiscal agent bank.

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the public defender that the fiscal agent has failed to pay deposited funds upon demand.

NOTE C - CAPITAL ASSETS

The capital assets used in the governmental-type activities are included on the Statement of Net Position of the public defender's office and are capitalized at historical cost. Depreciation of all exhaustible capital assets used by the office is charged as an expense against operations. Accumulated depreciation is reported on the Statement of Net Position. Depreciation expense for financial reporting purposes is computed using the straight-line method over the useful lives of the capital assets and is reported in the Statement of Activities.

A summary of changes in capital assets and accumulated depreciation during the fiscal year is listed as follows:

	<u>Balance</u> <u>6/30/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/17</u>
<u>Capital Assets</u>				
Office furniture and equipment	\$100,774	-	-	\$100,774
Total	\$100,774	-	-	\$100,774
<u>Less Accumulated Depreciation for -</u>				
Office furniture and equipment	\$100,076	\$349	-	\$100,425
Total	\$100,076	\$349	-	\$100,425

TWENTY-FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Jefferson Parish, Louisiana
Notes to the Financial Statements
June 30, 2017

NOTE D - PENSION PLAN/GASB 68

The public defender's office's employees are members of the Parochial Employees Retirement System of Louisiana (System), a cost sharing, multiple-employer, defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and separate benefit provisions. The public defender's office's employees are members of Plan A.

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

Plan Description: The System was established and provided for by R.S.11:1901-2025 of the Louisiana Revised Statutes (LRS). The System provides retirement benefits to employees of taxing districts of a parish or any branch or section of a parish within the State which does not have their own retirement system and which elect to become members of the System. The System has issued a stand-alone audit report on its financial statements for the year ended December 31, 2016. Access to the report can be found on the System's website: www.persla.org.

Eligibility requirements: All permanent parish government employees (except those employed by Orleans, Lafourche, and East Baton Rouge Parishes) who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate. As of January 1997, elected officials, except coroners, justices of the peace, and parish presidents may no longer join the System.

Retirement benefits: Any member of Plan A can retire providing he / she meets one of the following criteria.

TWENTY-FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Jefferson Parish, Louisiana
Notes to the Financial Statements
June 30, 2017

NOTE D - PENSION PLAN/GASB 68 (CONTINUED)

For employees hired prior to January 1, 2007:

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

For employees hired after January 1, 2007:

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

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of an amount equal to three Percent of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Survivor benefits: Upon the death of any member of Plan A with five (5) or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children as outlined in the statutes. Any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit as outlined in the statutes.

DROP benefits: Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the System. DROP is an option for that member who is eligible for normal retirement.

In lieu of terminating employment and accepting a service retirement, any member of Plan A who is eligible to retire may elect to participate in DROP in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

TWENTY-FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Jefferson Parish, Louisiana
Notes to the Financial Statements
June 30, 2017

NOTE D - PENSION PLAN/GASB 68 (CONTINUED)

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund or roll over the fund to an Individual Retirement Account. Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

For individuals who become eligible to participate in DROP on or after January 1, 2004, all amounts which remain credited to the individuals subaccount after termination in the Plan will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return, or at the option of the System, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of this Plan must agree that the benefits payable to the participant are not the obligations of the state or the System, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

Disability Benefits: For Plan A, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007 and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or three Percent multiplied by years of service assuming continued service to age sixty.

Cost of living increases: The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living

TWENTY-FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Jefferson Parish, Louisiana
Notes to the Financial Statements
June 30, 2017

NOTE D - PENSION PLAN/GASB 68 (CONTINUED)

increase to all retirees and beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

Employer contributions: According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2016, the actuarially determined contribution rate was 10.52% of member's compensation for Plan A. However, the actual rate for the fiscal year ending December 31, 2016, was 13.00% for Plan A.

According to state statute, the System also receives one-fourth of one percent of ad valorem taxes collected within 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. Non-employer contributions are recognized as revenue in the amount of \$1,669, and excluded from pension expense (\$27,684) for the year ended June 30, 2017.

Employer allocations: The schedule of employer allocations reports the required projected employer contributions, in addition to the employer allocation percentage. The required projected employer contributions are used to determine the proportionate relationship of each employer to all employers of the System. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of pension amounts.

The allocation method used in determining each employer's proportion was based on the employer's projected contribution effort to the plan for the next fiscal year as compared

TWENTY-FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Jefferson Parish, Louisiana
Notes to the Financial Statements
June 30, 2017

NOTE D - PENSION PLAN/GASB 68 (CONTINUED)

to the total of all employers' projected contribution effort to the plan for the next fiscal year. The projected contribution effort was actuarially determined by the System's actuary.

Pension liabilities, pension expense, deferred outflows of resources, and deferred inflows of resources related to pensions: At June 30, 2017, the public defender's office reported a liability of \$46,524 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of December 31, 2016, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The public defender's office's proportion of the Net Pension Liability was based on a projection of the public defender's office's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2016, the public defender's office's proportion was 0.022590%, which was a decrease of .0004151% from its proportion measured as of December 31, 2015.

For the year ended June 30, 2017, the public defender's office recognized pension expense of \$27,684.

TWENTY-FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
 Jefferson Parish, Louisiana
 Notes to the Financial Statements
 June 30, 2017

NOTE D - PENSION PLAN/GASB 68 (CONTINUED)

At June 30, 2017, the public defender's 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>
Differences between expected and actual experiences	-	\$8,141
Changes of assumptions	\$8,833	-
Net difference between projected and actual earnings on pension plan investments	36,105	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>148</u>	<u>172</u>
Total	<u>\$45,086</u>	<u>\$8,313</u>

Deferred outflows of resources of \$45,086 related to pensions resulting from the public defender's office's contributions subsequent to the measurement date (12/31/16) will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of

TWENTY-FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
 Jefferson Parish, Louisiana
 Notes to the Financial Statements
 June 30, 2017

NOTE D - PENSION PLAN/GASB 68 (CONTINUED)

resources related to pensions will be recognized in pension expense as follows:

Fiscal Year <u>Ended</u>	
2017	\$13,725
2018	14,575
2019	9,450
2020	<u>(976)</u>
Total	<u>\$36,774</u>

Contributions – proportionate share: Differences between contributions remitted to the System and the employer’s proportionate share are recognized in pension expense/ (benefit) using the straight line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow / outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

Actuarial assumptions: The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees’ pas periods of service, less the amount of the pension plan’s fiduciary net position.

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2004 through December 31, 2009. The data was then assigned credibility weighting and combined with a standards table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System’s liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

TWENTY-FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Jefferson Parish, Louisiana
Notes to the Financial Statements
June 30, 2017

NOTE D - PENSION PLAN/GASB 68 (CONTINUED)

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2016 are as follows:

Valuation Date	December 31, 2016
Actuarial Cost Method	Plan A - Entry Age Normal
Investment Rate of Return	7.00% (Net of investment expense)
Expected Remaining Service Lives	4 years
Projected Salary Increases	Plan A - 5.25% (2.75% Merit / 2.50% Inflation)
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.
Mortality	RP-2000 Employee Mortality Table was selected for active members. RP-2000 Healthy Annuitant Mortality Table was selected for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.

Discount rate: The discount rate used to measure the total pension liability was 7.00% for Plan A. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contributions rates and contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated

TWENTY-FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
 Jefferson Parish, Louisiana
 Notes to the Financial Statements
 June 30, 2017

NOTE D - PENSION PLAN/GASB 68 (CONTINUED)

in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the employer's proportionate share of the net pension liability to changes in the discount rate: The following presents the net pension liability of the participating employers calculated using the discount rate of 7.00%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<u>Changes in discount rate</u>		
	1.00% Decrease	Current Discount Rate	1.00% Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Employer's proportionate share of the net pension liability	\$139,173	\$46,524	\$(31,813)

Change in net pension liability: The changes in the net pension liability for the year ended December 31, 2016, were recognized in the current reporting period except as follows:

- a. Differences between expected and actual experience: Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and

TWENTY-FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Jefferson Parish, Louisiana
Notes to the Financial Statements
June 30, 2017

NOTE D - PENSION PLAN/GASB 68 (CONTINUED)

actual resulted in a deferred inflow of resources in the amount of \$8,313 for the year ended December 31, 2016.

- b. Differences between projected and actual investment earnings: Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred outflow of resources in the amount of \$36,105 for the year ended December 31, 2016.
- c. Changes in assumptions or other inputs: Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. Changes of assumptions or other inputs resulted in a deferred outflow of resources in the amount of \$8,833 for the year ended December 31, 2016.
- d. Change in proportion: Changes in the employer's proportionate shares of the collective net pension liability and collected deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense / (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. The change in proportion resulted in a deferred outflow of resources in the amount of \$148 for the year ended December 31, 2016.

TWENTY-FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
 Jefferson Parish, Louisiana
 Notes to the Financial Statements
 June 30, 2017

NOTE E - LEASES

Operating leases are all leases that do not meet the criteria of capital leases.

Effective April 1, 2013, a new lease agreement for the same office space was entered into for a period of 5 years at a rental rate of \$4,250 per month. Lease payments under this lease will end on March 31, 2018. Also, there is an operating lease for a copier machine with a term of 39 months at \$442 per month included in the annual lease commitments listed below.

The total minimum annual commitments under all non-cancelable operating leases are as follows:

<u>Year Ended</u>	<u>Amount</u>
March 31, 2018	\$15,402

NOTE F - COMPENSATED ABSENCES AND LONGTERM OBLIGATIONS

At June 30, 2017, employees of the office had accumulated and vested vacation and sick leave benefits, which were computed in accordance with GASB standards. This amount is recorded within the general long-term obligations account group and is summarized as follows:

Balance, June 30, 2016	\$40,715
Additions	15,442
Deletions	<u>(14,685)</u>
Balance, June 30, 2017	<u>\$41,472</u>

There were no other long-term obligations during the year.

TWENTY-FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Jefferson Parish, Louisiana
Notes to the Financial Statements
June 30, 2017

NOTE G - LITIGATION AND CLAIMS

As of June 30, 2017, the public defender's office is not a party in any lawsuits. Therefore, no liability is required to be accrued in the financial statements of the office under the provisions of GASB Codification Section C50. However, there is pending litigation against one of the contract attorneys of the office, and if a monetary judgement is rendered against this contract attorney, it will be covered by professional liability insurance maintained by the public defender's office. At this time, it is too early to determine the outcome of the case.

NOTE H - OFFICE COSTS NOT INCLUDED IN THE FINANCIAL STATEMENTS

The accompanying financial statements do not include costs for office space and utilities for the office on the east bank of the Mississippi River in Jefferson Parish's First Parish Court, nor for the office on the west bank in the Parish's Juvenile Court.

NOTE I - RISK ASSESSMENT

The public defender's office is exposed to risks of loss in the areas of general liability, professional liability and workers compensation. These risks are handled by purchasing insurance. There have been no reductions in insurance coverage during the current year, nor have there been claims against the office.

NOTE J - SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date which the financial statements were available to be issued.

TWENTY-FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
 Jefferson Parish, Louisiana
 Notes to the Financial Statements
 June 30, 2017

**NOTE K - ACT 706 -- SCHEDULE OF COMPENSATION, REIMBURSEMENTS,
 BENEFITS, AND OTHER PAYMENTS TO ENTITY HEAD**

Under Act 706, the Public defender's office is required to disclose the compensation, reimbursements, benefits, and other payments made to the district defender, in which the payments are related to the position. The following is a schedule of payments made to the district defender for the year ended June 30, 2017:

Entity Head: Richard M. Tompson, Public Defender

Salary	\$139,720
Cell phone	1,381
Dues	75
Registration fees	250
Conference travel	<u>580</u>
Total	<u>\$142,006</u>

TWENTY-FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
 Jefferson Parish, Louisiana
 Notes to the Financial Statements
 June 30, 2017

NOTE K - GOVERNMENTAL FUND REVENUES AND EXPENDITURES

For the year ended June 30, 2017, the major sources of governmental fund revenues and expenditures were as follows:

Revenues

State Government

Appropriations - general	-	
Appropriations - special	\$652,172	
Revenue sharing	-	
Grants	-	
On-behalf payments	-	
Other	<u>-</u>	
Total		\$652,172

Local Government

Appropriations - general	-	
Appropriations - special	-	
Grants	26,250	
Statutory fines, forfeitures, fees, court costs, and other	2,587,117	
Taxes - millages, sales, special, etc.	-	
Criminal court fund	-	
On-behalf payments	-	
Other	<u>7,474</u>	
Total		2,620,841

Federal Government

Grants - direct	-	
Grants - indirect (passed-through)	<u>-</u>	
Total		-

TWENTY-FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
 Jefferson Parish, Louisiana
 Notes to the Financial Statements
 June 30, 2017

NOTE K - GOVERNMENTAL FUND REVENUES AND EXPENDITURES (CONTINUED)

Revenues (Continued):

Other Grants and Contributions

Nonprofit organizations	-	
Private organizations	-	
Corporate	-	
Other	-	
	<u>-</u>	
Total		-
Charges for Services		-
Investment earnings		\$8,240
Miscellaneous		<u>-</u>
Total Revenues		<u>\$3,281,253</u>

Expenditures

Personnel Services and Benefits

Salaries	\$173,353	
On-behalf payments - salaries	-	
Retirement contributions	17,094	
On-behalf payments - retirement	-	
Insurance	290	
On-behalf payments - insurance	-	
Payroll taxes	2,480	
Other	<u>1,517</u>	
Total		\$194,734

TWENTY-FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
 Jefferson Parish, Louisiana
 Notes to the Financial Statements
 June 30, 2017

NOTE K - GOVERNMENTAL FUND REVENUES AND EXPENDITURES (CONTINUED)

Expenditures (Continued):

Professional Development

Dues, licenses and registrations	\$10,915	
Travel	2,134	
Other	<u>460</u>	
Total		\$13,509

Operating Costs

Library and research	2,974	
Contract services - attorneys/legal	2,670,767	
Contract services - other	148,825	
Lease - office	53,100	
Lease - autos and other	5,349	
Travel - transportation	-	
Travel - other	-	
Insurance	33,848	
Supplies	16,534	
Repairs and maintenance	8,438	
Utilities and telephone	21,584	
Other	<u>1,431</u>	
Total		2,962,850

Debt Service

-

Capital Outlay

72

Total Expenditures		<u>\$3,171,165</u>
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REQUIRED SUPPLEMENTARY INFORMATION (RSI)

TWENTY-FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
 Jefferson Parish, Louisiana
 Combined Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (GAAP Basis) and Actual
 General Fund
 For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>(Negative)</u>
REVENUES				
Court costs	\$2,137,000	\$2,137,000	\$2,094,103	\$(42,897)
Intergovernmental Revenue:				
Louisiana Public Defender Board	667,754	667,754	652,172	(15,582)
Bail bond forfeiture & license fees	350,000	350,000	428,857	78,857
Criminal justice bond fee	18,000	18,000	16,476	(1,524)
Application fees	46,000	46,000	44,905	(1,095)
Drug, DWI and Veterans court	35,000	35,000	26,250	(8,750)
Capital defense experts	10,000	10,000	6,874	(3,126)
Interest earnings	1,900	1,900	8,240	6,340
Other	<u>1,800</u>	<u>1,800</u>	<u>3,376</u>	<u>1,576</u>
Total Revenues	<u>3,267,454</u>	<u>3,267,454</u>	<u>3,281,253</u>	<u>13,799</u>
EXPENDITURES				
Attorneys' fees	2,648,920	2,648,920	2,670,767	(21,847)
Salaries and related benefits	214,200	214,200	194,734	19,466
Other professional services	181,500	167,100	148,825	18,275
Operating services	149,800	149,800	131,881	17,919
Office supplies and expenses	22,300	22,300	24,886	(2,586)
Capital outlay	<u>1,700</u>	<u>1,700</u>	<u>72</u>	<u>1,628</u>
Total Expenditures	<u>3,204,020</u>	<u>3,204,020</u>	<u>3,171,165</u>	<u>32,855</u>
Excess of Revenues over Expenditures	63,434	63,434	110,088	46,654
Fund Balance at June 30, 2016	<u>1,101,156</u>	<u>1,101,156</u>	<u>1,063,299</u>	<u>(37,857)</u>
Fund Balance at June 30, 2017	<u>\$1,164,590</u>	<u>\$1,164,590</u>	<u>\$1,173,387</u>	<u>\$8,797</u>

The accompanying notes are an integral part of this statement.

TWENTY-FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Jefferson Parish, Louisiana
Schedule of Employer's Share of Net Pension Liability
For the Year Ended June 30, 2017

<u>Year ended June 30</u>	<u>Employer Proportion of the Net Pension Liability (Asset)</u>	<u>Employer proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2015	.027710%	\$7,576	\$158,865	4.77%	99.15%
2016	.026741%	\$70,390	\$146,734	47.97%	92.23%
2017	.022590%	\$46,524	\$133,973	34.73%	94.15%

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

TWENTY-FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
 Jefferson Parish, Louisiana
 Schedule of Employer Contributions
 For the Year Ended June 30, 2017

<u>Year ended June 30,</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractual Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
2015	\$24,080	\$24,080	-	\$158,865	15.16%
2016	\$19,082	\$19,082	-	\$146,734	13.00%
2017	\$17,094	\$17,094	-	\$133,973	12.76%

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

TWENTY-FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Jefferson Parish, Louisiana
Notes to the Required Supplementary Information
For the Year Ended June 30, 2017

(1) Budgets

The public defender's office adopted a budget as required by Louisiana Revised Statute 39:1301-1316, for the year ended June 30, 2017.

(2) Pension Plan

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

Employer contributions to the System under Plan A for the fiscal years ended June 30, 2017, 2016, and 2015, were \$17,094, \$19,082, and \$24,080, respectively. These amounts equaled the required contributions for each year.

INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS

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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*

Twenty-Fourth Judicial District Public Defender Office
Jefferson Parish, Louisiana

I 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 Twenty-Fourth Judicial District Public Defender Office, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Twenty-Fourth Judicial District Public Defender Office's basic financial statements and have issued my report thereon dated December 20, 2017.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Twenty-Fourth Judicial District Public Defender Office's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Twenty-Fourth Judicial District Public Defender Office's internal control. Accordingly, I do not express an opinion on the effectiveness of the Twenty-Fourth Judicial District Public Defender 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 deficiency, or 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.

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

Compliance and Other Matters

As a part of obtaining reasonable assurance about whether the Twenty-Fourth Judicial District Public Defender Office's financial statements are free of material misstatement, I 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 the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the public defender's office's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the public defender's office's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under

Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in black ink that reads "Keith J. Rovira". The signature is written in a cursive style with a large, looping initial "K".

Keith J. Rovira
Certified Public Accountant
Metairie, Louisiana

December 20, 2017

TWENTY-FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Jefferson Parish, Louisiana
Summary Schedule of Prior and Current Year Audit Findings and
Management's Corrective Action Plan
For the Year Ended June 30, 2017

I have audited the accompanying basic financial statements of the Twenty-Fourth Judicial District Public Defender Office as of and for the year ended June 30, 2017, and have issued my report thereon dated December 20, 2017. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2017, resulted in an unmodified opinion.

Section I - Summary of Auditor's Report and Findings

There were no material weaknesses in internal control and no other deficiencies which required disclosure in this audit report.

There were no instances of noncompliance that were required to be reported in this audit report.

There were no findings required to be reported and no management letter was issued for the current audit period.

The Twenty-Fourth Judicial District Public Defender Office did not receive any federal funds during the year ended June 30, 2017.

Contact Person:

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Mr. Richard M. Tompson
Chief District Public Defender
Twenty-Fourth Judicial District Public Defender Office
Jefferson Parish, Louisiana

I have performed the procedures enumerated below, which were agreed to by Twenty-Fourth Judicial District Public Defender Office (24th PDO) and the Louisiana Legislative Auditor on the control and compliance areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures for the fiscal year ended June 30, 2017. The entity's management is responsible for those control and compliance areas identified in the Statewide Agreed-Upon Procedures.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I 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.

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving
 - d) ***Receipts***, including receiving, recording, and preparing deposits
 - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
 - g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
 - h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
 - i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
 - j) ***Debt Service***, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

I received the 24th PDO's written Policies and Procedures and they address the functions a. through j. noted above.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:
- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
 - c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

The 24th PDO is not required to have meetings as required by R.S. 42:11. In addition, there was no deficit spending. All non-budgetary financial information is handled by the District Defender during the year as the need arises.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.
- There is only one bank account and management confirmed that through the management representation letter.*
4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Obtained bank statements and reconciliations for all twelve months in the fiscal year and all bank reconciliations have been prepared.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

Obtained bank statements and reconciliations for all twelve months in the fiscal year and all bank reconciliations have been reviewed by a member of management.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

No reconciling items have been outstanding for more than 6 months.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Obtained listing of cash collection locations and management's representation's that listing is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Written documentation was obtained. All persons collecting cash are bonded; they are not responsible for depositing the cash; they do not record the transaction or reconcile the bank account; and each has their own cash drawer.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Written documentation was obtained and addresses the functions noted above. No exceptions noted.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Collection documentation was obtained and addresses the functions noted above. No exceptions noted.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

No exceptions were noted.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Written policies and procedures were obtained and address the functions noted above.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Listing of disbursements and management's representation that the listing is complete was obtained.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
- Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
 - Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
 - Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Examined supporting documentation for each of the 25 disbursements selected and found that a purchase order system was not used until after the June 30, 2017 fiscal year, when a policy was then written to comply with the new State Agreed Upon Procedures requirement by the Louisiana Legislative Auditor. However, no other exceptions were noted.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Written policies and procedures were obtained; however, the policy does not prohibit the person responsible for processing payments from adding vendors to the computerized disbursement system.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Written policies and procedures were obtained and address the functions noted above; however the District Defender is the only person with signatory authority and he can also initiate purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Written policies and procedures were obtained and address the functions noted above. The District Defender is the only person with signatory authority and he does not have access to print checks.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

A signature stamp is not used.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

The 24th PDO has only one credit card, and management represented that there are no other cards used. The card is used very infrequently.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

The 24th PDO uses only one card, and it was selected.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether 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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

Monthly statements were obtained and address the functions noted above. No exceptions were noted.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.
No finance charges or late fees were assessed.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
- An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Monthly statements were obtained and address the functions noted above. No exceptions were noted.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

No exceptions noted.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Obtained a list of travel and expense reimbursements by person, and management's representation that the list was complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Policies were obtained, and no exceptions were noted.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

Expenses were paid in accordance with the 24th PDO's written policy.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

No exceptions noted.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

No exceptions noted.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

No exceptions noted.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Obtained listing of all contracts in effect and management's representation that the list was complete.

21. Using the listing above, select the five (5) contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

There is a formal/written contract that supports the services arrangement and the amount paid.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).

No noncompliance noted.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

No noncompliance noted.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

No contracts were amended.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

No noncompliance noted.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Obtained contract documentation and the District Defender formally approved all contracts.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

Obtained a list of all 5 employees of the 24th PDO with their related salaries and management's representation that the list was complete.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

No exceptions noted.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

No exceptions noted.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

Obtained and selected attendance and leave records of all 5 employees of the 24th PDO and management's representation that the list was complete.

- a) Report whether 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.)

No exceptions noted.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

No exceptions noted.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

d) No exceptions noted.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

No exceptions noted.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

No exceptions noted.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

No exceptions noted.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management

received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Management has represented that they have not received any allegations during the fiscal period.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Not applicable. The 24th PDO does not have any debt service.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Not applicable. The 24th PDO does not have any debt service.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Not applicable. The 24th PDO does not have any debt service.

Other

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

Management has represented that the 24th PDO did not have any misappropriations of public funds or assets.

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

The notice was posted at the office of the entity.

33. 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 noted.

I was not engaged to, and did not conduct, an audit 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 Statewide Agreed-Upon Procedures. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those areas identified in the Statewide Agreed-Upon Procedures, and the result of that testing, and not to provide an opinion on control and compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



Keith J. Rovira
Certified Public Accountant
Metairie, Louisiana

December 20, 2017