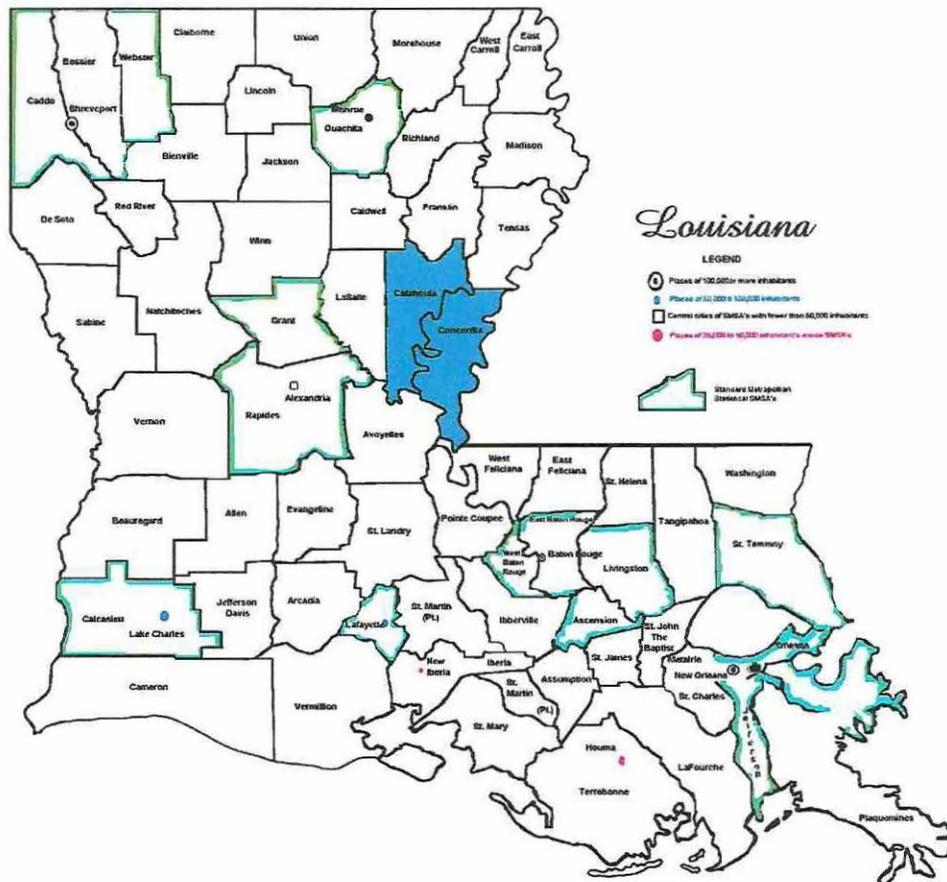


**SEVENTH JUDICIAL DISTRICT  
OFFICE OF PUBLIC DEFENDER  
Parishes of  
Catahoula and Concordia, Louisiana**

**Financial Statements  
June 30, 2018**

**SEVENTH JUDICIAL DISTRICT  
OFFICE OF PUBLIC DEFENDER  
PARISHES OF CATAHOULA & CONCORDIA  
STATE OF LOUISIANA**



The Seventh Judicial District Office of Public Defender is established in compliance with Louisiana Revised Statutes 15:144-149 to provide and compensate counsel appointed to represent indigents in criminal and quasi-criminal cases on the district court level. The judicial district encompasses the Parishes of Catahoulas and Concordia, Louisiana.

**SEVENTH JUDICIAL DISTRICT  
OFFICE OF PUBLIC DEFENDER  
Catahoula and Concordia Parish, Louisiana**

**For the Year Ended June 30, 2018**

**C O N T E N T S**

	<b>Statement</b>	<b>Page No.</b>
Independent Accountant’s Report.....		1-2
Management’s Discussion and Analysis.....		3-5
<b>Basic Financial Statements</b>		
Statement of Net Position.....	A	7
Statement of Activities.....	B	8
Balance Sheet, Governmental Funds.....	C	9
Reconciliation of The Government Funds Balance Sheet to the Government-Wide Financial Statement of Net Position.....	D	10
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds.....	E	11
Reconciliation of The Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	F	12
Notes to the Basic Financial Statements.....		13-34
<b>Required Supplemental Information</b>		
Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual-General Fund.....	I	36
Schedule of the Employer’s Proportionate Share of the Net Pension Liability.....		37
Schedule of Employer Contributions.....		38
<b>Other Information</b>		
Schedule of Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer.....		40
<b>Other Reports</b>		
Management Letter Comments.....		42
Management’s Summary of Prior Year Findings.....		43
Independent Accountant’s Report on Applying Agreed-Upon Procedures.....		44-47

John R. Vercher C.P.A.  
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.  
jonathanvercher@centurytel.net

David R. Vercher M.B.A., C.P.A., C.F.E.  
davidvercher@centurytel.net

## **THE VERCHER GROUP**

*A Professional Corporation of  
Certified Public Accountants*

P.O. Box 1608  
1737 N 2<sup>nd</sup> St. -- Suite A  
Jena, Louisiana 71342  
Tel: (318) 992-6348  
Fax: (318) 992-4374

### MEMBERS

American Institute of  
Certified Public Accountants

Society of Louisiana  
Certified Public Accountants

Association of  
Certified Fraud Examiners

### **INDEPENDENT ACCOUNTANT'S REPORT**

Seventh Judicial District  
Office of Public Defender  
Catahoula and Concordia Parish, Louisiana

We have reviewed the accompanying financial statements of the governmental activities of the Seventh Judicial District Office of Public Defender, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the Seventh Judicial District Office of Public Defender. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

#### **Management's Responsibility for the Financial Statements**

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

#### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

#### **Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A) and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The information is the representation of management. We have not audited or reviewed such required supplementary information, and, accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on it.

## **Other Information**

The supplementary information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but it has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and accordingly, we do not express an opinion or provide any assurance on such supplementary information.

*The Vercher Group*

Jena, Louisiana

December 10, 2018

**SEVENTH JUDICIAL DISTRICT  
OFFICE OF PUBLIC DEFENDER**

**Management's Discussion and Analysis (MD&A)  
June 30, 2018**

As management of the Seventh Judicial District Office of Public Defender, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which are attached.

**FINANCIAL HIGHLIGHTS**

- The assets exceeded the liabilities of the District for the current fiscal year by \$277,783 (net position).
- The District's cash balance at June 30, 2018, was \$19,583.
- The District had total revenue of \$397,260, and total expenditures of \$361,184, which increased the fund balance by \$36,076.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of the Statement of Net Position, Statement of Activities, Statement of Revenue, Expenditures, and Changes in Fund Balances, Balance Sheet, and the Notes to the Basic Financial Statements.

The District's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements.

<b>Statement of Net Position</b>				
<u>Category</u>	<u>2017</u>	<u>2018</u>	<u>% Change</u>	
Cash & Cash Equivalents	\$ 86,377	\$ 19,583	-77.3	
Receivables (Net of Allowance)	175,644	280,111	59.5	
Capital Assets, Net	-0-	-0-	0.0	
Net Pension Assets	-0-	14,905	100.0	
<b>Total Assets</b>	<u>262,021</u>	<u>314,599</u>	20.1	
<b>Deferred Outflow of Resources-Pension Related</b>	55,497	36,490	-34.3	
<b>Liabilities</b>				
Accounts Payable	8,607	10,204	18.6	
Accrued Compensated Absences	19,000	19,000	0.0	
Net Pension Liability	39,588	-0-	-100.0	
<b>Total Liabilities</b>	<u>67,195</u>	<u>29,204</u>	-56.5	
<b>Deferred Inflow of Resources-Pension Related</b>	6,956	44,102	534.0	
<b>Net Position</b>				
Net Investment in Capital Assets	-0-	-0-	0.0	
Unrestricted	243,367	277,783	14.2	
<b>Total Net Position</b>	<u>\$ 243,367</u>	<u>\$ 277,783</u>	14.2	

- Cash and cash equivalents decreased by \$66,794 or 77.3 % in the current year. This decrease is due to an increase in accounts receivables.
- Total net position increased by \$34,416 or 14.2 %. The primary reason for this increase was an increase in revenues.  
See independent accountant's report.

**SEVENTH JUDICIAL DISTRICT  
OFFICE OF PUBLIC DEFENDER**

**Management's Discussion and Analysis (MD&A)  
June 30, 2018**

**Statement of Revenues, Expenditures and Changes in Fund Balances**

Category	2017	2018	% Change
<b>Revenues</b>			
Grants	\$ 169,596	\$ 274,943	62.1
Court Costs	153,448	116,756	-23.9
Other	6,991	5,561	-20.5
<b>Total Revenues</b>	<u>330,035</u>	<u>397,260</u>	20.4
<b>Expenditures</b>			
Personal Services & Benefits	155,386	151,343	-2.6
Operating Costs	167,171	209,841	25.5
<b>Total Expenditures</b>	<u>322,557</u>	<u>361,184</u>	12.0
<b>Net Change in Fund Balance</b>	7,478	36,076	382.4
<b>Fund Balance-Beginning</b>	245,936	253,414	3.0
<b>Fund Balance-Ending</b>	<u>\$ 253,414</u>	<u>\$ 289,490</u>	14.2

- Total revenue increased by \$67,225 or 20.4% in the current year. The main cause for this increase is due to an increase in grant monies in the amount of \$105,347.
- Total expenditures increased by \$38,627 or 12.0% in the current year. The main cause for this increase is due to an increase in operating costs in the amount of \$42,670.

**CAPITAL ASSETS**

*Capital Assets*

At June 30, 2018, the Seventh Judicial District Office of Public Defender had \$-0- invested in capital assets, including furniture and equipment.

**Capital Assets at Year-End**

	2017	2018
Furniture & Equipment	\$ 13,217	\$ 13,217
Accumulated Depreciation	(13,217)	(13,217)
<b>Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ -0-</u>	<u>\$ -0-</u>

See independent accountant's report.

**SEVENTH JUDICIAL DISTRICT  
OFFICE OF PUBLIC DEFENDER**

---

**Management's Discussion and Analysis (MD&A)  
June 30, 2018**

---

**CONTACTING THE FUND'S FINANCIAL MANAGEMENT**

The financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the following address:

7th Judicial District Office of Public Defender  
Judy Pugh, Office Administrator  
4001 Carter Street, Room 9  
Vidalia, LA 71373

See independent accountant's report.

## **Basic Financial Statements**

**SEVENTH JUDICIAL DISTRICT  
OFFICE OF PUBLIC DEFENDER  
Catahoula and Concordia Parish, Louisiana  
Governmental Fund Type – General Fund  
Statement of Net Position  
June 30, 2018**

<b>ASSETS</b>	
Cash & Cash Equivalents	\$ 19,583
Accounts Receivables	280,111
Capital Assets (Net of Accumulated Depreciation)	-0-
Net Pension Asset	14,905
<b>TOTAL ASSETS</b>	<u>314,599</u>
 <b>DEFERRED OUTFLOW OF RESOURCES</b>	
<b>PENSION FUND RELATED</b>	<u>36,490</u>
 <b>LIABILITIES</b>	
Accounts Payable	10,204
Accrued Compensated Absences	19,000
<b>TOTAL LIABILITIES</b>	<u>29,204</u>
 <b>DEFERRED INFLOW OF RESOURCES</b>	
<b>PENSION FUND RELATED</b>	<u>44,102</u>
 <b>NET POSITION</b>	
Net Investment in Capital Assets	-0-
Unrestricted	277,783
<b>TOTAL NET POSITION</b>	<u>\$ 277,783</u>

See accompanying notes and independent accountant's report.

**SEVENTH JUDICIAL DISTRICT  
OFFICE OF PUBLIC DEFENDER  
Catahoula and Concordia Parish, Louisiana  
Statement of Activities  
For the Year Ended June 30, 2018**

		PROGRAM REVENUES				NET REVENUES (EXPENSES) & CHANGES OF PRIMARY GOVERNMENT
	Expenses	Charges for Services	Operating Grants & Contributions	Net (Expenses) Revenue		Governmental Activities
<b>Governmental Activities</b>						
General Government	\$ (362,844)	\$ 122,034	\$ 274,943	\$ 34,133		\$ 34,133
<b>Total Governmental Activities</b>	\$ (362,844)	\$ 122,034	\$ 274,943	\$ 34,133		\$ 34,133
			<b>General Revenues</b>			
			Other Income			283
			<b>Total General Revenues</b>			283
			<b>Change in Net Position</b>			34,416
			<b>Net Position - Beginning</b>			243,367
			<b>Net Position - Ending</b>		\$	277,783

See accompanying notes and independent accountant's report.

**SEVENTH JUDICIAL DISTRICT  
OFFICE OF PUBLIC DEFENDER  
Catahoula and Concordia Parish, Louisiana  
Governmental Fund Type – General Fund  
Balance Sheet  
June 30, 2018**

<b>ASSETS</b>	
Cash & Cash Equivalents	\$ 19,583
Accounts Receivable	<u>280,111</u>
<b>TOTAL ASSETS</b>	<u><u>299,694</u></u>
<b>LIABILITIES</b>	
Accounts Payable	<u>10,204</u>
<b>TOTAL LIABILITIES</b>	<u>10,204</u>
<b>FUND BALANCES</b>	
Unassigned	<u>289,490</u>
 <b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	 <u><u>\$ 299,694</u></u>

See accompanying notes and independent accountant's report.

**SEVENTH JUDICIAL DISTRICT  
OFFICE OF PUBLIC DEFENDER  
Catahoula and Concordia Parish, Louisiana  
Reconciliation of the Government Funds Balance Sheet  
to the Government-Wide Financial Statement of Net Position  
June 30, 2018**

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

Fund Balance, Total Governmental Funds (Statement C)	\$ 289,490	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	-0-	-0-
Deferred inflows and outflows of resources are not recognized in the fund balance of Governmental Funds Statement.		
Pension Related Inflows	(44,102)	
Pension Related Outflows	<u>36,490</u>	(7,612)
Long-term liabilities and assets including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Net Pension Assets	14,905	
Accrued Compensated Absences	<u>(19,000)</u>	<u>(4,095)</u>
Net Position of Governmental Activities (Statement A)	\$	<u><u>277,783</u></u>

See accompanying notes and independent accountant's report.

**SEVENTH JUDICIAL DISTRICT  
OFFICE OF PUBLIC DEFENDER  
Catahoula and Concordia Parish, Louisiana  
Statement of Revenues, Expenditures &  
Changes in Fund Balances  
Governmental Fund Type – General Fund  
For the Year Ended June 30, 2018**

<b>REVENUES</b>	
Grants	\$ 274,943
Court Cost on Fines	116,756
Fees	5,278
Other	283
<b>TOTAL REVENUES</b>	<u>397,260</u>
 <b>EXPENDITURES</b>	
Personnel Services and Benefits	151,343
Operating Costs	209,841
<b>TOTAL EXPENDITURES</b>	<u>361,184</u>
 <b>NET CHANGE IN FUND BALANCE</b>	 36,076
 <b>FUND BALANCES--BEGINNING</b>	 <u>253,414</u>
<b>FUND BALANCES--ENDING</b>	<u>\$ 289,490</u>

See accompanying notes and independent accountant's report.

**SEVENTH JUDICIAL DISTRICT  
OFFICE OF PUBLIC DEFENDER  
Catahoula and Concordia Parish, Louisiana  
Reconciliation of the Statement of Revenues, Expenditures,  
& Changes in Fund Balances of Governmental Funds  
To the Statement of Activities  
For the Year Ended June 30, 2018**

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

Net Change in Fund Balances, Total Governmental Funds, Statement E	\$	36,076
<p>Governmental funds report pension outlays as expenditures. However, in the Statement of Activities, the cost is based on various assumptions made by the pension fund's actuary. Governmental funds do not recognize employee contributions to the pension fund as revenue.</p>		
Difference in pension expenditures and pension expense		(3,153)
Pension related revenue		<u>1,493</u>
		(1,660)
<p>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. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital Outlay		-0-
Depreciation Expense		<u>-0-</u>
		-0-
Changes in Net Position of Governmental Activities, Statement B	\$	<u><u>34,416</u></u>

See accompanying notes and independent accountant's report.

**Notes to the Basic  
Financial Statements**

**SEVENTH JUDICIAL DISTRICT  
OFFICE OF PUBLIC DEFENDER  
Catahoula and Concordia Parish, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**INTRODUCTION**

The Seventh Judicial District Office of Public Defender (Office of Public Defender), formerly known as the Seventh Judicial District Indigent Defender Office, was originally created in compliance with Louisiana Revised Statute 15:133-149 to serve the Seventh Judicial District in representing indigent (needy individuals) in criminal and quasi-criminal cases at the district court level. Pursuant to the passage of Act 307, district indigent defender offices throughout the State of Louisiana were dissolved and district offices of public defender were created, all service under the direction of the Louisiana Public Defender Office headquartered in New Orleans. This change went into effect on August 15, 2007. This local office now functions as the Seventh Judicial District Office of Public Defender under the supervision of a Chief Public Defender (domiciled with the Seventh District) in charge of day to day operations, serving the Seventh Judicial District comprised of the Louisiana parishes of Concordia and Catahoula. Derrick Carson of Ferriday, Louisiana, serves as the Chief Public Defender for the Seventh District.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

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

1. The purpose of the fund is to oversee operations of the fund.

**B. REPORTING ENTITY**

The Office of Public Defender is part of the operations of the district court system. However, the district court system is fiscally dependent on the Concordia Parish Police Jury for office space and courtrooms. In addition, the Police Jury's general purpose financial statements would be incomplete or misleading without inclusion of the Office of Public Defender. For these reasons, the Office of Public Defender was determined to be a component unit of the Concordia Parish Police Jury, the financial reporting entity.

The accompanying financial statements present information only on the funds maintained by the board and do not present information on the police jury, the general government services provided by that government unit, or the other governmental units that comprise the financial reporting entity.

**SEVENTH JUDICIAL DISTRICT  
OFFICE OF PUBLIC DEFENDER  
Catahoula and Concordia Parish, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
CONTINUED**

**C. FUND ACCOUNTING**

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

**Governmental Funds**

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

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

**D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING**

**Fund Financial Statements (FFS)**

The amounts reflected in the General Fund are accounted for using a current financial resources measurement focus.

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

The amounts reflected in the General Fund use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Office of Public Defender considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are

**SEVENTH JUDICIAL DISTRICT  
OFFICE OF PUBLIC DEFENDER  
Catahoula and Concordia Parish, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
CONTINUED**

recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

**Revenues**

Their revenues are recognized when they become measurable and available as net current assets. Available means collectible within the current period or soon enough thereafter to pay current liabilities.

Court costs on fines and forfeitures imposed by the district court are recorded in the year they are collected by the tax collector.

Fees from indigents are recorded when received.

**Expenditures**

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

**Equity Classifications**

In the government-wide financial statements, equity is classified as Net Position and displayed in three components as applicable. The components are as follows:

Net Investment in Capital Assets- Capital assets including restricted capital assets, when applicable, net of accumulated depreciation.

Restricted Net Position- Net position with constraints 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.

Unrestricted Net Position- All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies restricted resources first. The policy concerning which to apply first varies with the intended use and legal requirements. The decision is typically made by management at the incurrence of the expense.

**SEVENTH JUDICIAL DISTRICT  
OFFICE OF PUBLIC DEFENDER  
Catahoula and Concordia Parish, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
CONTINUED**

In the Fund Financial Statements, governmental fund equity is classified as a fund balance. The District has implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions.” This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance – amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- c. Committed fund balance – amounts constrained to specific purposes by a government itself using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- d. Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- e. Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

**Government-Wide Financial Statements (GWFS)**

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

**Program Revenues** - Program revenues included in the column labeled Statement of Activities (Statement B) are derived directly from board users as a fee for services; program revenues reduce the cost of the function to be financed from the board’s general revenues.

**SEVENTH JUDICIAL DISTRICT  
OFFICE OF PUBLIC DEFENDER  
Catahoula and Concordia Parish, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
CONTINUED**

**E. FIXED ASSETS & LONG-TERM LIABILITIES**

For the year ended June 30, 2018, no interest costs were capitalized for construction of fixed assets. The District's capitalization policy is \$1,500.

Depreciation of all exhaustible fixed assets is charged as an expense against its operations. Accumulated depreciation is reported on the proprietary fund balance sheet and governmental fund statement of activities. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

	<u>Life In Years</u>
Equipment	5-10

**F. CASH, CASH EQUIVALENTS, & INVESTMENTS**

***Custodial Credit Risk***

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. 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.

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 Entity that the fiscal agent bank has failed to pay deposit funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Entity's name.

***Deposits***

All cash and investments (CD's over 90 days) are reported at cost and are on deposit at federally insured banks. At June 30, 2018, the District had cash (bank balances) totaling \$33,324.

It is the District's policy for deposits to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The District's deposits are categorized to give an indication of the level of risk assumed by the District at fiscal year-end. All deposits were secured at the year-end. The categories are described as follows:

**SEVENTH JUDICIAL DISTRICT  
OFFICE OF PUBLIC DEFENDER  
Catahoula and Concordia Parish, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
CONTINUED**

- *Category 1* – Insured or collateralized with securities held by the District or by its agent in the District’s name.
- *Category 2* – Collateralized with securities held by the pledging financial institution’s trust department or agent in the District’s name.
- *Category 3* – Uncollateralized.

Amounts on deposit were fully secured as of June 30, 2018, and were secured by the following pledges:

Description	Market Value
FDIC (Category 1)	\$ 33,324
Securities (Category 2)	-0-
<b>Total</b>	<b>\$ 33,324</b>

**G. ESTIMATES**

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

**2. RECEIVABLES**

The receivables of \$280,111, at June 30, 2018, consisted of court costs and operational grants. Allowance for bad debts, if any, is considered immaterial and is not presented.

Description	Balance 06/30/2018
Accounts Receivable-Grants	\$ 269,072
Accounts Receivable-Court Costs	9,483
Accounts Receivable-Fees	1,556
<b>Total</b>	<b>\$ 280,111</b>

**SEVENTH JUDICIAL DISTRICT  
OFFICE OF PUBLIC DEFENDER  
Catahoula and Concordia Parish, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
CONTINUED**

**3. CAPITAL ASSETS**

*Governmental Fund:*

A summary of governmental fund assets at June 30, 2018, is as follows:

	<b>Balance 6-30-2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 6-30-2018</b>
Furniture and Equipment	\$ 13,217	-0-	\$ -0-	\$ 13,217
Accumulated Depreciation	(13,217)	-0-	-0-	(13,217)
<b>Total Capital Assets, Net</b>	<b>\$ -0-</b>	<b>-0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>

**4. PAYABLES**

The payables of \$3,104 at June 30, 2018, are as follows:

<b>Class of Payable</b>	<b>General Fund</b>
Telephone	\$ 461
Professional Fees	365
Contract Atty – Conflict	1,488
Office Expenses	790
<b>Total Payables</b>	<b>\$ 3,104</b>

**5. CONTINGENT LIABILITIES**

The Fund followed the practice of accepting invoices for services rendered by lawyers serving as indigent defenders, and paid all invoices from funds currently available. Should the amount owed exceed the amount available, indigent defenders were paid on a pro-rated basis until current funds were exhausted. Amounts remaining unpaid to indigent defenders were not considered for payment in subsequent years unless funds become available. These financial statements do not present the amounts owed to indigent defenders from prior periods and these amounts are considered material.

**6. PENSION PLAN**

The Parochial Employees' Retirement System of Louisiana (System) is a cost-sharing multiple-employer defined benefit pension plan established by Act 205 of the 1952 regular session of the Legislature of the State of Louisiana to provide retirement benefits to all employees of any parish in the state of Louisiana or any governing body or a parish which employs and pays persons serving the parish.

**SEVENTH JUDICIAL DISTRICT  
OFFICE OF PUBLIC DEFENDER  
Catahoula and Concordia Parish, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
CONTINUED**

Act 765 of the year 1979, established by the Legislature of the State of Louisiana, revised the System to create Plan A and Plan B to replace the “regular plan” and the “supplemental plan”. Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date.

The Retirement System is governed by Louisiana Revised Statutes, Title 11, Sections 1901 through 2025, specifically, and other general laws of the State of Louisiana.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Parochial Employees’ Retirement System of Louisiana prepares its employer pension schedules in accordance with Governmental Accounting Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. GASB Statement No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses/expenditures. It provides methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. It also provides methods to calculate participating employer’s proportionate share of net pension liability, deferred inflows, deferred outflows, pension expense, and amortization periods for deferred inflows and deferred outflows.

**Basis of Accounting**

The System’s employer pension schedules are prepared using the accrual basis of accounting. Members’ earnable compensation, for which the employer allocations are based, is recognized in the period in which the employee is compensated for services performed. The member’s earnable compensation is attributed to the employer for which the member is employed as of December 31, 2017.

The system complies with the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans*, which included specifying the approach of contributing entities to measure pension liabilities for benefits provided through the pension plan.

**System Employees**

The System is not allocated a proportionate share of the net pension liability related to its employees. The net pension liability attributed to the System’s employees is allocated to the remaining employers based on their respective employer allocation percentage.

**SEVENTH JUDICIAL DISTRICT  
OFFICE OF PUBLIC DEFENDER  
Catahoula and Concordia Parish, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
CONTINUED**

Plan Fiduciary Net Position

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts.

**PLAN DESCRIPTION**

Parochial Employees' Retirement System of Louisiana is the administrator of a cost sharing multiple employer defined benefit pension plan. The System was established and provided for by R.S. 11:1901 of the Louisiana Revised Statute (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 elects to become members of the System.

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to these appropriate statutes for more complete information.

Eligibility Requirements

All permanent parish government employees (except those employed by Orleans, Lafourche and East Baton Rouge Parishes) who work at least 28 hours per 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:

**SEVENTH JUDICIAL DISTRICT  
OFFICE OF PUBLIC DEFENDER  
Catahoula and Concordia Parish, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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.

Any member of Plan B can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

1. Age 55 with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. 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 specific amounts.

Generally, the monthly amount of the retirement allowance of any member of Plan B shall consist of an amount equal to two 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 specific amounts.

**SEVENTH JUDICIAL DISTRICT  
OFFICE OF PUBLIC DEFENDER  
Catahoula and Concordia Parish, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
CONTINUED**

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.

Plan B members need ten (10) years of service credit to be eligible for survivor benefits. Upon the death of any member of Plan B with twenty (20) or more years of creditable service who is not eligible for normal retirement, the plan provides for an automatic Option 2 benefit for the surviving spouse when he/she reaches age 50 and until remarriage, if the remarriage occurs before age 55.

A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

Deferred Retirement Option Plan

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement 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 or B who is eligible to retire, may elect to participate in the Deferred Retirement Option Plan (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.

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 the Deferred Retirement Option Plan (DROP) on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in DROP 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

**SEVENTH JUDICIAL DISTRICT  
OFFICE OF PUBLIC DEFENDER  
Catahoula and Concordia Parish, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
CONTINUED**

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 DROP 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 DROP 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.

For Plan B, a member shall be eligible to retire and receive a disability benefit if he/she was 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 B shall be paid a disability benefit equal to the lesser of an amount equal to two percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or an amount equal to what the member's normal benefit would be, based on the member's current final compensation but assuming the member remained in continuous service until his earliest normal retirement age.

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 increase to all retirees and beneficiaries who are over the age of sixty-five equal to 2% of the members 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.

**SEVENTH JUDICIAL DISTRICT  
OFFICE OF PUBLIC DEFENDER  
Catahoula and Concordia Parish, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
CONTINUED**

**EMPLOYER CONTRIBUTIONS**

According to the state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2017, the actuarially determined contribution rate was 9.35% of member's compensation for Plan A and 6.75% of member's compensation for Plan B. However, the actual rate for the fiscal year ending December 31, 2017, was 12.50% for Plan A and 8.00% for Plan B.

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

**SCHEDULE OF EMPLOYER ALLOCATIONS**

The schedule of employer allocations reports the historical employer contributions, in addition to the employer allocation percentage for each participating employer. The historical employer contributions are used to determine the proportionate relationship of each employer to all employers of Parochial Employees' Retirement System of Louisiana. 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 resulting allocation percentages were used in calculating each employer's proportionate share of the pension amounts.

The allocation method used in determining each employer's proportion was based on each employer's contributions to the plan during the fiscal year ended December 31, 2017, as compared to the total of all employers' contributions received by the plan during the fiscal year ended December 31, 2017.

**SCHEDULE OF PENSION AMOUNTS BY EMPLOYER**

The schedule of pension amounts by employer displays each employer's allocation of the net pension liability, the various categories of deferred outflows of resources, the various categories of deferred inflows of resources, and the various categories of pension expense. The schedule of pension amounts by employer was prepared using the allocations included in the schedule of employer allocations.

**ACTUARIAL METHODS AND 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' past periods of service, less the amount of the pension plan's fiduciary net position.

**SEVENTH JUDICIAL DISTRICT  
OFFICE OF PUBLIC DEFENDER  
Catahoula and Concordia Parish, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
CONTINUED**

The components of the net pension liability of the System's employers as of December 31, 2017, are as follows:

		Plan A		Plan B
Total Pension Liability	\$	3,754,795,626	\$	313,044,837
Plan Fiduciary Net Position		(3,829,020,281)		(325,626,878)
Total Net Pension Liability	\$	(74,224,655)	\$	(12,582,041)

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

Valuation date	December 31, 2017
Actuarial cost method	Plan A - Entry Age Normal Plan B - Entry Age Normal
Actuarial assumptions:	
Investment rate of return	6.75%, net of investment expense, including inflation
Expected remaining service lives	4 years
Projected salary increases	Plan A - 5.25% (2.75% merit, 2.50% inflation) Plan B - 5.25% (2.75% merit, 2.50% inflation)
Cost of living adjustment	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.
Mortality	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 Disables Lives Mortality Table was selected for disabled annuitants.
Inflation Rate	2.50%

The discount rate used to measure the total pension liability was 6.75% for Plan A and 6.75% for Plan B. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated 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.

**SEVENTH JUDICIAL DISTRICT  
OFFICE OF PUBLIC DEFENDER  
Catahoula and Concordia Parish, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
CONTINUED**

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

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

Asset Class	Target Asset Allocation	Long-term Expected Portfolio Real Rate of Return
Fixed Income	35%	1.24%
Equity	52%	3.57%
Alternatives	11%	0.69%
Real assets	2%	0.12%
Totals	100%	5.62%
Inflation		2.00%
Expected arithmetic nominal return		7.62%

The mortality rate assumption used was based upon an experience study performed on plan data for the period January 1, 2010, through December 31, 2014. The date was assigned credibility weighting and combined with a standard 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. The RP-2000 Healthy Annuitant Mortality Sex Distinct Tables (set forward two years for males and set forward one year for females) projected to 2031 using Scale AA was selected for annuitants and beneficiaries. For disabled annuitants, the RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females was selected. For active employees, the RP-2000 Employee Sex Distinct Tables set back 4 years for males and 3 years for females was used.

**SEVENTH JUDICIAL DISTRICT  
OFFICE OF PUBLIC DEFENDER  
Catahoula and Concordia Parish, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
CONTINUED**

**SENSITIVITY TO CHANGES IN DISCOUNT RATE**

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.75%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.75% or one percentage point higher 7.75% than the current rate.

	Changes in Discount Rate		
	Plan A		
	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net Pension Liability (Asset)	\$ <u>365,954,492</u>	\$ <u>(74,224,655)</u>	\$ <u>(446,175,109)</u>

	Changes in Discount Rate		
	Plan B		
	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net Pension Liability (Asset)	\$ <u>26,810,242</u>	\$ <u>(12,582,041)</u>	\$ <u>(45,810,815)</u>

**CHANGE IN NET PENSION LIABILITY**

The changes in the net pension liability for the year ended December 31, 2017, were recognized in the current reporting period as pension expense except as follows:

***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 pension through the pension plan. The difference between expected and actual experience resulted in a deferred inflow of resources for Plan A and Plan B as of December 31, 2017, as follows:

**SEVENTH JUDICIAL DISTRICT  
OFFICE OF PUBLIC DEFENDER  
Catahoula and Concordia Parish, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
CONTINUED**

PLAN A

December 31, 2017

	Deferred Outflows		Deferred Inflows		Pension Expense (Benefit)		Deferred Outflows		Deferred Inflows
2017	-	\$	40,626,421	\$	(10,156,605)	\$	-	\$	30,469,816
2016	-		9,500,591		(3,166,865)		-		6,333,726
2015	-		22,487,603		(11,243,801)		-		11,243,802
2014	-		4,051,361		(4,051,361)		-		-
					Totals	\$	-	\$	48,047,344

PLAN B

December 31, 2017

	Deferred Outflows		Deferred Inflows		Pension Expense (Benefit)		Deferred Outflows		Deferred Inflows
2017	-	\$	6,450,008	\$	(1,612,502)	\$	-	\$	4,837,506
2016	-		1,755,139		(585,047)		-		1,170,092
2015	-		1,089,870		(544,935)		-		544,935
2014	-		862,948		(862,948)		-		-
					Totals	\$	-	\$	6,552,533

***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 net deferred outflow of resources and a pension expense as of December 31, 2017, as follows:

PLAN A

December 31, 2017

	Deferred Outflows		Deferred Inflows		Pension Expense (Benefit)		Deferred Outflows		Deferred Inflows		Net Deferred Outflows Balance
2017	-	\$	339,826,280	\$	(67,965,256)	\$	-	\$	271,861,024	\$	(271,861,024)
2016	-		17,272,295		(4,318,074)		-		12,954,221		(12,954,221)
2015	148,714,129		-		49,571,376		99,142,753		-		99,142,753
2014	28,384,036		-		14,192,017		14,192,019		-		14,192,019
					Totals	\$	113,334,772	\$	284,815,245	\$	(171,480,473)

**SEVENTH JUDICIAL DISTRICT  
OFFICE OF PUBLIC DEFENDER  
Catahoula and Concordia Parish, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
CONTINUED**

PLAN B

		December 31, 2017				
	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)	Deferred Outflows	Deferred Inflows	Net Deferred Outflows Balance
2017	\$ -	\$ 28,697,360	\$ (5,739,472)	\$ -	\$ 22,957,888	\$ (22,957,888)
2016	-	1,461,937	(365,484)	-	1,096,453	(1,096,453)
2015	12,180,914	-	4,060,305	8,120,609	-	8,120,609
2014	2,250,491	-	1,125,245	1,125,246	-	1,125,246
			Totals	\$ 9,245,855	\$ 24,054,341	\$ (14,808,486)

***Changes of Assumptions:***

The changes of assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The changes of assumptions or other inputs resulted in deferred outflows of resources and a pension expense as of December 31, 2017, as follows:

PLAN A

		December 31, 2017			
	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)	Deferred Outflows	Deferred Inflows
2017	\$ 98,842,690	\$ -	\$ 24,710,673	\$ 74,132,018	\$ -
2016	-	-	-	-	-
2015	39,101,013	-	19,550,506	19,550,507	-
2014	-	-	-	-	-
			Totals	\$ 93,682,525	\$ -

PLAN B

		December 31, 2017			
	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)	Deferred Outflows	Deferred Inflows
2017	\$ 8,837,618	\$ -	\$ 2,209,405	\$ 6,628,214	\$ -
2016	-	-	-	-	-
2015	1,549,403	-	774,701	774,702	-
2014	-	-	-	-	-
			Totals	\$ 7,402,916	\$ -

**SEVENTH JUDICIAL DISTRICT  
OFFICE OF PUBLIC DEFENDER  
Catahoula and Concordia Parish, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
CONTINUED**

***Change in Proportion:***

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in the 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 unamortized amounts arising from changes in proportion are presented in the Schedule of Pension Amounts as deferred outflows or deferred inflows as of December 31, 2017.

**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.

**RETIREMENT SYSTEM AUDIT REPORT**

Parochial Employees' Retirement System of Louisiana issued a stand-alone audit report on its financial statements for the year ended December 31, 2017. Access to the audit report can be found on the system's website: [www.persla.org](http://www.persla.org) or on the Office of Louisiana Legislative Auditor's official website: [www.la.state.la.us](http://www.la.state.la.us).

**ESTIMATES**

The process of preparing the schedule of employer allocations and schedule of pension amounts in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Accordingly, actual results may differ from estimated amounts.

**7. ECONOMIC DEPENDENCY**

Statement of Financial Accounting Standard (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. The Catahoula and Concordia Parish Sheriff provided \$153,448, which was collected from fines, to the Office of Public Defender, which represents approximately 46% of the Board's revenue for the year. The Office of Public Defender also received \$169,596 from the State of Louisiana, which represents approximately 51% of the Board's revenue for the year.

**SEVENTH JUDICIAL DISTRICT  
OFFICE OF PUBLIC DEFENDER  
Catahoula and Concordia Parish, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
CONTINUED**

**8. GOVERNMENTAL FUND REVENUES & EXPENDITURES**

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

**REVENUES:**

<b>State Government</b>	
Appropriations – General	\$ -0-
Appropriations – Special	-0-
Revenue Sharing	-0-
Grants	274,943
On-Behalf Payments	-0-
Other	-0-
<b>Total</b>	<u>274,943</u>
<b>Local Government</b>	
Appropriations – General	-0-
Appropriations – Special	-0-
Grants	-0-
Statutory Fines, Forfeitures, Fees, Court Costs, & Other	122,034
Taxes – Millages, Sales, Special, & Other	-0-
Criminal Court Fund	-0-
On-Behalf Payments	-0-
Other	-0-
<b>Total</b>	<u>122,034</u>
<b>Federal Government</b>	
Grants – Direct	-0-
Grants – Indirect (Passed-Through State)	-0-
<b>Total</b>	<u>-0-</u>
<b>Other Grants &amp; Contributions</b>	
Non-Profit Organizations	-0-
Private Organizations	-0-
Corporate	-0-
Other	-0-
<b>Total</b>	<u>-0-</u>
<b>Charges For Services</b>	-0-
<b>Investment Earnings</b>	138
<b>Miscellaneous</b>	145
<b>TOTAL REVENUES</b>	<u>\$ 397,260</u>

**SEVENTH JUDICIAL DISTRICT  
OFFICE OF PUBLIC DEFENDER  
Catahoula and Concordia Parish, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
CONTINUED**

**EXPENDITURES:**

**Personnel Services & Benefits**

Salaries	\$ 134,603
On-Behalf Payments – Salaries	-0-
Retirement Contributions	15,385
On-Behalf Payments – Retirement	-0-
Insurance	-0-
On-Behalf Payments – Insurance	-0-
Payroll Taxes	1,355
Other	-0-
<b>Total</b>	<u>151,343</u>

**Professional Development**

Dues, Licenses, & Regulations	750
Travel	-0-
Other	-0-
<b>Total</b>	<u>750</u>

**Operating Costs**

Library & Research	3,428
Contract Services – Attorney/Legal	137,403
Contract Services – Other	39,880
Lease – Office	-0-
Lease – Autos & Other	12,239
Travel – Transportation	-0-
Travel – Other	25
Insurance	5,520
Supplies	1,507
Repairs & Maintenance	-0-
Utilities & Telephone	6,730
Other	2,359
<b>Total</b>	<u>209,091</u>

**Debt Service** -0-

**Capital Outlay** -0-

**TOTAL EXPENDITURES** \$ 361,184

**Required Supplemental Information**

**SEVENTH JUDICIAL DISTRICT  
OFFICE OF PUBLIC DEFENDER  
Catahoula and Concordia Parish, Louisiana  
Governmental Fund Type – General Fund  
Statement of Governmental Fund Revenues,  
Expenditures & Changes in Fund Balances  
Budget & Actual  
For the Year Ended June 30, 2018**

	<u>Budget Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Budget Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Grants	\$ 210,631	\$ 210,631	\$ 274,943	\$ 64,312
Court Cost on Fines	133,298	133,298	116,756	(16,542)
Fees	8,900	8,900	5,278	(3,622)
Other	-0-	-0-	283	283
<b>TOTAL REVENUES</b>	<u>352,829</u>	<u>352,829</u>	<u>397,260</u>	<u>44,431</u>
<b>EXPENDITURES</b>				
Operating Costs	177,441	177,441	151,343	26,098
Personnel Services and Benefits	175,388	175,388	209,841	(34,453)
<b>TOTAL EXPENDITURES</b>	<u>\$ 352,829</u>	<u>\$ 352,829</u>	<u>361,184</u>	<u>\$ (8,355)</u>
<b>NET CHANGE IN FUND BALANCE</b>			36,076	
<b>FUND BALANCE - BEGINNING</b>			<u>253,414</u>	
<b>FUND BALANCE - ENDING</b>			<u>\$ 289,490</u>	

See independent accountant's report.

**SEVENTH JUDICIAL DISTRICT  
OFFICE OF PUBLIC DEFENDER  
Catahoula and Concordia Parish, Louisiana  
Schedule of the Employer's Proportionate  
Share of the Net Pension Liability  
For the Year Ended June 30, 2018**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Employer's proportion of the NPL /NPA (percentage)	(.11%)	.02%	.02%
Employer's proportionate share of the NPL/NPA (amount)	\$(14,905)	\$39,588	\$52,338
Employer's covered-employee payroll	\$133,200	\$114,000	\$114,000
Employer's proportionate share of the NPL/NPA as a percentage of its covered-employee payroll	-893.7%	34.7%	45.9%
Plan fiduciary net position as a percentage of the total pension liability/asset	-1.8%	5.7%	7.8%

See independent accountant's report.

The accompanying notes are an integral part of this statement.

**SEVENTH JUDICIAL DISTRICT  
OFFICE OF PUBLIC DEFENDER  
Catahoula and Concordia Parish, Louisiana  
Schedule of Employer Contributions  
For the Year Ended June 30, 2018**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contributions	\$12,454	\$11,993	\$16,530
Contributions in relation to the statutorily required contributions	\$15,468	\$14,884	\$16,648
Contribution deficiency (excess)	\$(3,014)	\$(2,891)	\$(118)
Employer's covered-employee payroll	133,200	\$114,000	\$114,000
Contributions as a percentage of covered-employee payroll	11.6%	13.1%	14.6%

\*Note: covered payroll used is during the measurement period.

See independent accountant's report.

The accompanying notes are an integral part of this statement.

**Other Information**

**SEVENTH JUDICIAL DISTRICT  
OFFICE OF PUBLIC DEFENDER  
Catahoula and Concordia Parish, Louisiana**

**Schedule of Compensation Benefits and Other Payments  
to Agency Head or Chief Executive Officer  
For the Year Ended June 30, 2018**

Derrick Carson- Chief Public Defender

Purpose	Amount
Salary	\$ 74,000
Benefits-Insurance	-0-
Benefits-Retirement	8,510
Benefits (List any other here)	-0-
Car Allowance	-0-
Vehicle Provided by Government	-0-
Per Diem	-0-
Reimbursements	-0-
Travel	-0-
Registration Fees	90
Conference Travel	-0-
Continuing Professional Education Fees	-0-
Housing	-0-
Un-vouchered Expenses*	-0-
Special Meals	\$ 269

\*An example of an un-vouchered expense would be a travel advance.

See independent accountant's report.

**Other Reports**

John R. Vercher C.P.A.  
*jrv@centurytel.net*

Jonathan M. Vercher M.S., C.P.A.  
*jonathanvercher@centurytel.net*

David R. Vercher M.B.A., C.P.A., C.F.E.  
*davidvercher@centurytel.net*

## **THE VERCHER GROUP**

*A Professional Corporation of  
Certified Public Accountants*

P.O. Box 1608  
1737 N 2<sup>nd</sup> St. – Suite A  
Jena, Louisiana 71342  
Tel: (318) 992-6348  
Fax: (318) 992-4374

### MEMBERS

American Institute of  
Certified Public Accountants

Society of Louisiana  
Certified Public Accountants

Association of  
Certified Fraud Examiners

---

---

### **MANAGEMENT LETTER COMMENTS**

---

---

Seventh Judicial District  
Office of Public Defender  
4001 Carter Street, Room 9  
Vidalia, LA 71373

During the course of our review, we observed conditions and circumstances that may be improved. Below are findings noted for improvement, our recommendation for improvement and the Fund's response.

#### **CURRENT YEAR FINDINGS**

No items to report.

**SEVENTH JUDICIAL DISTRICT  
OFFICE OF PUBLIC DEFENDER**

---

**MANAGEMENT'S SUMMARY  
OF PRIOR YEAR FINDINGS**

---

Legislative Auditor  
State of Louisiana  
Baton Rouge, Louisiana 70804-9397

The management of the Seventh Judicial District Office of Public Defender has provided the following action summaries relating to findings brought to their attention as a result of their financial compilation for the year ended June 30, 2017.

**PRIOR YEAR FINDINGS**

No items to report.

John R. Vercher C.P.A.  
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.  
jonathanvercher@centurytel.net

David R. Vercher M.B.A., C.P.A., C.F.E.  
davidvercher@centurytel.net

## **THE VERCHER GROUP**

*A Professional Corporation of  
Certified Public Accountants*

P.O. Box 1608  
1737 N 2<sup>nd</sup> St. – Suite A  
Jena, Louisiana 71342  
Tel: (318) 992-6348  
Fax: (318) 992-4374

### MEMBERS

American Institute of  
Certified Public Accountants

Society of Louisiana  
Certified Public Accountants

Association of  
Certified Fraud Examiners

### **INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES**

To the Seventh Judicial District Office of Public Defender  
Jena, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Seventh Judicial District Office of Public Defender and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Seventh Judicial District Office of Public Defender's compliance with certain laws and regulations during the year ended June 30, 2018, included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below whether for the purpose for which this report has been requested or for any other purpose.

#### *Public Bid Law*

1. Obtain documentation for all expenditures made during the year for materials and supplies exceeding \$30,000, and public works exceeding \$154,450. Compare the documentation for these expenditures to Louisiana Revised Statute (R.S.) 39:1551-39:1775 (the state procurement code) or R.S. 38:2211-2296 (the public bid law), whichever is applicable; and report whether the expenditures were made in accordance with these laws.

\*During our review of expenditures, we found no such expenditures.

#### *Code of Ethics for Public Officials and Public Employees*

2. Obtain a list of the immediate family members of each board member as defined by R.S. 42:1101-1124 (the ethics law).

\*The Seventh Judicial District Office of Public Defender does not have a board.

3. Obtain a list of all employees paid during the fiscal year.

\*Management provided us with the requested information.

4. Report whether any employees' names appear on both lists obtained in Procedures 2 and 3.

\*Not applicable.

5. Obtain a list of all disbursements made during the year; and a list of outside business interests of board members, employees, and board members' and employees' immediate families. Report whether any vendors appear on both lists.

\*Management provided the requested information. None of the businesses of board members, employees, and board members' and employees' immediate families appeared as vendors on the list of disbursements.

### *Budgeting*

6. Obtain a copy of the legally adopted budget and all amendments.

\*We obtained a copy of the budget. There were no amendments to the budget during the year.

7. Trace documentation for the adoption of the budget and approval of any amendments to the minute book, and report whether there are any exceptions.

\* Not applicable. There is no minute book.

8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures. Report whether actual revenues failed to meet budgeted revenues by 5% or more, and whether actual expenditures exceeded budgeted amounts by 5% or more. (For agencies that must comply with the Licensing Agency Budget Act only, compare the expenditures of the final budget to actual expenditures, and report whether actual expenditures exceeded budgeted amounts by 10% or more per category or 5% or more in total).

\*The District had a favorable revenue variance and an unfavorable expenditure variance of 2.4%.

### *Accounting and Reporting*

9. Obtain the list of all disbursements made during the fiscal year. Randomly select six disbursements, and obtain documentation from management for these disbursements. Compare the selected disbursements to the supporting documentation, and:

(a) Report whether the six disbursements agree to the amount and the payee in the supporting documentation.

\*We examined supporting documentation for the six selected documents and they all agreed.

(b) Report whether the six disbursements were coded to the correct fund and general ledger account.

\*All of the payments were properly coded to the correct fund and correct general ledger account.

(c) Report whether the six disbursements were approved in accordance with management's policies and procedures.

\*The selected disbursements were approved by the proper authorities.

### *Meetings*

10. Obtain evidence from management to support that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:11 through 42:28 (the open meetings law); and report whether there are any exceptions.

\*The Office of Public Defender does not conduct meetings.

### *Debt*

11. Obtain bank deposit slips for the fiscal year, and scan the deposit slips in order to identify and report whether there are any deposits that appear to be proceeds of bank loans, bonds, or like indebtedness. If any such proceeds are identified, obtain from management evidence of approval by the State Bond Commission, and report any exceptions.

\*The District did not enter into any long-term debt this fiscal year.

### *Advances and Bonuses*

12. Obtain the list of payroll disbursements and meeting minutes of the governing board, if applicable. Scan these documents to identify and report whether there are any payments or approval of payments to employees that may constitute bonuses, advances, or gifts.

\*We inspected payroll records and minutes for the year and noted no instances that indicated payments to employees which would constitute bonuses, advances, and gifts.

### *State Audit Law*

13. Report whether the agency provided for a timely report in accordance with R.S. 24:513.

\*The District's report is due on December 31, 2018, and was submitted timely.

14. Inquire of management and report whether the agency entered into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

\*The District did not enter into any new contracts this fiscal year.

### *Prior-Year Comments*

15. Obtain and report management's representation as to whether any prior-year suggestions, exceptions, recommendations, and/or comments have been resolved.

\*Our prior year report, dated October 30, 2017 did not include any management letter comments.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Seventh Judicial District Office of Public Defender and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*The Vercher Group*

Jena, Louisiana  
December 10, 2018

## LOUISIANA ATTESTATION QUESTIONNAIRE

### THE VERCHER GROUP

Certified Public Accountants

P.O. Box 1608

Jena, Louisiana 71342

Tel: (318) 992-6348

Fax: (318) 992-4374

In connection with your review of our financial statements as of June 30, 2018, and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of December 10, 2018 (date of completion/representations).

#### Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes [  ] No [  ]

#### Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes [  ] No [  ]

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes [  ] No [  ]

#### Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes [  ] No [  ]

#### Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes [  ] No [  ]

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes [  ] No [  ]

We have had our financial statements reviewed in accordance with RS 24:513.

Yes [  ] No [  ]

We have complied with R. S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief financial officer.

Yes [  ] No [  ]

**Meetings**

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes [  ] No [  ]

**Debt**

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60.

Yes [  ] No [  ]

**Advances and Bonuses**

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [  ] No [  ]

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

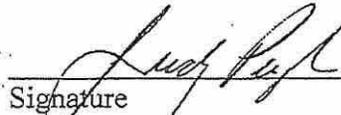
We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.



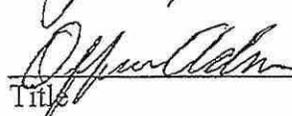
Signature



Title



Signature



Title