

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

Annual Financial Statements

Year Ended June 30, 2017

Office of Twenty-First Judicial District Public Defender
Amite, Louisiana
 Annual Financial Statements
 As Of and For the Year Ended June 30, 2017
 With Required Supplementary Information Schedules

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Office of Twenty-First Judicial District Public Defender
Amite, Louisiana
Annual Financial Statements
As Of and For the Year Ended June 30, 2017
With Required Supplementary Information Schedules

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PEDELAHORE & CO., LLP

Certified Public Accountants

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of the Office Of Twenty-First Judicial District Public Defender, Amite, Louisiana as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Office of Twenty-First Judicial District Public Defender's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (on pages 7 through 13), budgetary comparison information (on page 40), and pension information (on pages 41 and 42) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

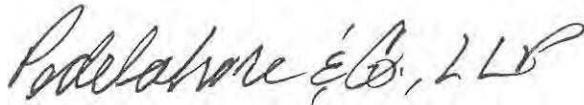
Other Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2017, on our consideration of the Office of Twenty-First District Public Defender's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Public Defender's internal control over financial reporting and compliance.



New Orleans, Louisiana
December 28, 2017

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

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

**Management's Discussion and Analysis
As Of and For the Year Ended June 30, 2017**

Introduction

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

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

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

Financial Highlights

- At June 30, 2017, the Public Defender's assets exceeded its liabilities by \$596,463 (net position). Of this amount \$559,776 (unrestricted net position) may be used to meet the Public Defender's ongoing obligations to provide services to citizens.
- At June 30, 2017, the Public Defender reported an ending fund balance of \$583,848, a decrease of \$177,004 for the year. \$512,042 of this amount is available for spending at the Public Defender's discretion.
- For the year ended June 30, 2017, the Public Defender's total debt decreased by \$260,667 or approximately 27% due primarily to the decrease in net pension liability as required by GASB 68.
- Investment income for the year ended June 30, 2017 was \$1,672 a decrease of \$560.

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

**Management's Discussion and Analysis
As Of and For the Year Ended June 30, 2017**

Overview of the Annual Financial Report

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental funds are used to account for all the Public Defender's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified

Office of Twenty-First Judicial District Public Defender

Amite, Louisiana

Management's Discussion and Analysis

As Of and For the Year Ended June 30, 2017

accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Public Defender's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Public Defender's programs. The basic governmental fund financial statement can be found on pages 18 and 20 of this report.

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

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 through 38 of this report.

Government-Wide Financial Analysis

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

Office of Twenty-First Judicial District Public Defender

Amite, Louisiana

Management's Discussion and Analysis

As Of and For the Year Ended June 30, 2017

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

	<u>2017</u>	<u>2016</u>	<u>\$ Change</u>	<u>% Change</u>
Assets:				
Current and Other Assets	\$ 657,044	\$ 939,306	\$ (282,262)	-30%
Capital Assets	<u>36,687</u>	<u>38,296</u>	<u>(1,609)</u>	-4%
Total Assets	<u>693,731</u>	<u>977,602</u>	<u>(283,871)</u>	-29%
Deferred Outflows of Resources	<u>730,250</u>	<u>1,001,859</u>	<u>(271,609)</u>	-27%
Liabilities:				
Current Liabilities	73,196	178,453	(105,257)	-59%
Long-Term Liabilities	<u>638,828</u>	<u>794,238</u>	<u>(155,410)</u>	-20%
Total Liabilities	<u>712,024</u>	<u>972,691</u>	<u>(260,667)</u>	-27%
Deferred Inflows of Resources	<u>115,494</u>	<u>132,130</u>	<u>(16,636)</u>	-13%
Net Position:				
Net Investment in Capital Assets	36,687	38,296	(1,609)	-4%
Restricted	-	-	-	0%
Unrestricted	<u>559,776</u>	<u>836,344</u>	<u>(276,568)</u>	-33%
Total Net Position	<u>\$ 596,463</u>	<u>\$ 874,640</u>	<u>\$ (278,177)</u>	-32%

Approximately 6.2% of the Public Defender's net position reflects its investment in capital assets (land, buildings, furniture, and equipment) net of any outstanding debt used to acquire those assets. These capital assets are used to provide services to citizens and do not represent resources available for future spending.

Approximately 93.8% of the Public Defender's net position is unrestricted and may be used to meet the Public Defender's ongoing obligations to its citizens at the Public Defender's discretion.

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

The Public Defender's activities decreased its net position by \$278,177, the total decrease attributable to its governmental activities.

Office of Twenty-First Judicial District Public Defender

Amite, Louisiana

Management's Discussion and Analysis

As Of and For the Year Ended June 30, 2017

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

Changes in Net Position For The Year Ended June 30, 2017 and the Year Ended June 30, 2016

	<u>2017</u>	<u>2016</u>	<u>\$ Change</u>	<u>% Change</u>
Program Revenues				
Fees from Indigents	\$ 236,481	\$ 180,446	\$ 56,035	31%
Application fees	81,756	67,872	13,884	20%
Total program revenues	<u>318,237</u>	<u>248,318</u>	<u>69,919</u>	<u>28%</u>
General Revenues:				
Court cost on fines and forfeitures	1,254,905	1,393,714	(138,809)	-10%
State grants	1,354,717	1,766,453	(411,736)	-23%
Interest earnings	1,672	2,232	(560)	-25%
Miscellaneous	9,655	-	9,655	100%
Total general revenues	<u>2,620,949</u>	<u>3,162,399</u>	<u>(541,450)</u>	<u>-17%</u>
Expenses:				
Salaries and related benefits	2,537,082	2,561,702	(24,620)	-1%
Expert witness fees	-	6,000	(6,000)	-100%
Insurance	23,467	21,500	1,967	9%
Other attorneys	407,367	371,333	36,034	10%
Other expenditures	110,320	90,224	20,096	22%
Professional fees	35,796	36,800	(1,004)	-3%
Publications	7,891	8,388	(497)	-6%
Rent-office	38,935	34,321	4,614	13%
Travel	14,715	26,406	(11,691)	-44%
Utilities and telephone	27,083	28,331	(1,248)	-4%
Depreciation expense	14,707	15,003	(296)	-2%
Total Expenses	<u>3,217,363</u>	<u>3,200,008</u>	<u>17,355</u>	<u>1%</u>
Changes in Net Position	(278,177)	210,709	(488,886)	-232%
Net Position, Beginning of Year	<u>874,640</u>	<u>663,931</u>	<u>210,709</u>	<u>32%</u>
Net Position, End of Year	<u>\$ 596,463</u>	<u>\$ 874,640</u>	<u>\$ (278,177)</u>	<u>-32%</u>

Office of Twenty-First Judicial District Public Defender

Amite, Louisiana

Management's Discussion and Analysis

As Of and For the Year Ended June 30, 2017

Governmental Activities

The Public Defender's governmental net position decreased by \$278,177, or by 32% of the prior year ending net position, to \$596,463. General revenues decreased by \$541,450 and expenses increased by \$17,355 causing the net decrease in changes in net position.

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

Fund Financial Analysis

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

Government Funds

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

At the end of the current year, the Public Defender reported an ending fund balance of \$583,848. This represents a decrease of \$177,004 or 23% of the prior year's ending balance.

Major Governmental Fund Budgetary Highlights

The Public Defender followed the provisions of LSA-R.S. 39:1307 in preparing, adopting, and amending a budget for the year ended June 30, 2017. The original and amended budgets were advertised and public hearings were held as required. Actual revenues were 6.8% above anticipated results and actual expenditures were favorably less than 1.4% within budget amounts.

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

Capital Assets and Debt Administration

Capital Assets

The Public Defender's investment in capital assets for its governmental activities as of June 30, 2017 amounts to \$36,687 (net of depreciation). Asset (net) purchases were \$13,097. The total decrease in the Public Defender's investment in capital assets for the current fiscal year was \$1,609 (net of depreciation).

Office of Twenty-First Judicial District Public Defender
Amite, Louisiana
Management's Discussion and Analysis
As Of and For the Year Ended June 30, 2017

The following table provides a summary of the Public Defender's capital assets at the end of the current year as compared to the prior year. For more detailed information see Note 6 to the financial statements on page 30 of this report.

June 30, 2017 and June 30, 2016

	Governmental Activities	
	2017	2016
Equipment	\$ 142,494	\$ 231,302
Furniture	19,816	21,732
	\$ 162,310	\$ 253,034

Long-Term Debt

At June 30, 2017, the Public Defender had no long-term debt outstanding (from loans or borrowings), nor did it have any as of June 30, 2016. However, as a result of the adoption of GASB 68, the Public Defender had a long-term net pension liability of \$638,828, at June 30, 2017.

Contacting The Public Defender's Financial Management

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

Basic Financial Statements
Government-Wide Financial Statements

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

Statement Of Net Position

June 30, 2017

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 154,702
Investments, at fair value	302,640
Receivables	127,367
Other assets-security deposits	529
Prepaid expense	71,806
Capital assets, net	<u>36,687</u>
 Total assets	 <u>693,731</u>
Deferred Outflows of Resources	
Pension related	<u>730,250</u>
Total deferred outflows of resources	<u>730,250</u>
Liabilities	
Accounts payable	10,941
Retirement and payroll payables	13,141
Accrued compensated absences	49,114
Long term liabilities	
Net pension liability	<u>638,828</u>
Total liabilities	<u>712,024</u>
Deferred Inflows of Resources	
Pension related	<u>115,494</u>
Total deferred inflows of resources	<u>115,494</u>
Net Position	
Net investment in capital assets	36,687
Unrestricted	<u>559,776</u>
 Total net position	 <u>\$ 596,463</u>

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

Statement B

Office Of Twenty-First Judicial District Public Defender
Amite, Louisiana
 Statement Of Activities
 Year Ended June 30, 2017

	<u>Governmental Activities</u>
Expenditures/Expenses	
Salary and related benefits	\$ (2,537,082)
Insurance	(23,467)
Other attorneys	(407,367)
Other expenditures	(110,320)
Professional fees	(35,796)
Publications	(7,891)
Rent	(38,935)
Travel	(14,715)
Utilities and telephone	(27,083)
Depreciation	(14,707)
Total expenditures/expenses	<u>(3,217,363)</u>
 Program Revenues	
Fees from indigents	236,481
Application fees	81,756
Net program expenses	<u>(2,899,126)</u>
 General Revenues	
Court cost on fines and forfeitures	1,254,905
State grants	1,354,717
Interest earnings	1,672
Miscellaneous	9,655
Total general revenues	<u>2,620,949</u>
 Change In Net Position	 (278,177)
 Net Position	
Beginning of the year	<u>874,640</u>
 End of the year	 <u>\$ 596,463</u>

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

Basic Financial Statements
Governmental Fund Financial Statements

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

Balance Sheet - Governmental Fund

June 30, 2017

	<u>General Fund</u>
Assets	
Cash and cash equivalents	\$ 154,702
Investments	302,641
Receivables	127,367
Prepaid expenses	71,806
Other assets-security deposits	<u>529</u>
 Total assets	 <u>\$ 657,045</u>
 Liabilities And Fund Balances	
Liabilities:	
Accounts payable	\$ 10,941
Retirement and payroll payables	13,142
Accrued compensated absences	<u>49,114</u>
 Total liabilities	 <u>73,197</u>
Fund Balances:	
Nonspendable-prepays	71,806
Unassigned	<u>512,042</u>
 Total fund balances	 <u>583,848</u>
 Total liabilities and fund balance	 <u>\$ 657,045</u>

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

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

Reconciliation Of The Governmental Fund Balance Sheet
To The Government-Wide Statement Of Net Position
June 30, 2017

Total Fund Balances, Governmental Fund	\$	583,848
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred outflows and inflows are not financial resources or currently payable:		
Deferred outflows	730,250	
Deferred inflows	<u>(115,494)</u>	614,756
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The assets consist of:		
Governmental capital assets, net of depreciation		36,687
Long-term liabilities are not due and payable in the current period, and therefore are not reported in the governmental funds:		
Net pension liability		<u>(638,828)</u>
Total Net Position, Governmental Activities	\$	<u>596,463</u>

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

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

Statement Of Revenues, Expenditures, And Changes In Fund Balances

Governmental Fund

Year Ended June 30, 2017

	<u>General Fund</u>
Revenues	
Fees from indigents	\$ 236,481
Application fees	81,756
Court cost on fines and forfeitures	1,254,905
State grants	1,354,717
Interest earnings	1,672
Miscellaneous	9,655
Total revenues	<u>2,939,186</u>
Expenditures	
Salary and related benefits	(2,437,519)
Insurance	(23,467)
Other attorneys	(407,367)
Other expenditures	(110,320)
Professional fees	(35,796)
Publications	(7,891)
Rent	(38,935)
Travel	(14,715)
Utilities and telephone	(27,083)
Capital outlay	(13,097)
Total expenditures	<u>(3,116,190)</u>
Excess Of Revenues Over Expenditures	(177,004)
Other Financing Sources (Uses)	<u>-</u>
Net Change In Fund Balance	(177,004)
Fund Balances At Beginning Of Year	<u>760,852</u>
Fund Balances At End Of Year	<u>\$ 583,848</u>

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

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

Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Fund
To The Statement Of Activities
Year Ended June 30, 2017

Total Net Change In Fund Balances, Governmental Fund \$ (177,004)

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

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

Capital outlay	13,097	
Depreciation expense	<u>(14,707)</u>	(1,610)

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

Pension expenses paid	231,085	
Pension expenses per GASB 68	<u>(330,648)</u>	<u>(99,563)</u>

Change In Net Position, Governmental Activities \$ (278,177)

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

Basic Financial Statements
Notes to the Financial Statements

Office of Twenty-First Judicial District Public Defender

Amite, Louisiana

Notes to the Financial Statements

As Of and For the Year Ended June 30, 2017

Introduction

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

1. Summary of Significant Accounting Policies

A. Basis of Presentation

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

B. Financial Reporting Entity

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

C. Fund Accounting

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

Office of Twenty-First Judicial District Public Defender

Amite, Louisiana

Notes to the Financial Statements

As Of and For the Year Ended June 30, 2017

Governmental Funds

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

The Public Defender reports the following governmental fund:

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

D. Measurement Focus/Basis Of Accounting

Fund Financial Statements (FFS)

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

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

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

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

Notes to the Financial Statements
As Of and For the Year Ended June 30, 2017

Substantially all other revenues are recorded when received.

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

E. Government-Wide Financial Statements

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

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

Reconciliation

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

Statement F	
Capitalization of Capital Assets	\$ 13,097
Recording of Depreciation Expense	(14,707)
Pension Expenses Paid	231,085
Pension Expenses per GASB 68	<u>(330,648)</u>
Net Effect of Changes	<u>\$ (101,173)</u>
Statement D	
Deferred Outflows/Inflows	614,756
Recording Net Capital Assets	36,687
Net Pension Liability	<u>(638,828)</u>
Net Effect of Changes	<u>\$ 12,615</u>

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

Notes to the Financial Statements
As Of and For the Year Ended June 30, 2017

F. Budgets and Budgetary Accounting

The Public Defender followed the provisions of LSA-R.S. 39:1307 in preparing, adopting, and amending a budget for the year ended June 30, 2017. The original budget was advertised and a public hearing was held as required.

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

G. Cash And Cash Equivalents

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

H. Investments

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

I. Capital Assets

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

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

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

Notes to the Financial Statements
As Of and For the Year Ended June 30, 2017

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

J. Compensated Absences

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

K. Current Year Adoption of New Accounting Standards

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

L. Long-Term Obligations

There were no long-term obligations at June 30, 2017, other than net pension liability.

M. Fund Equity

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

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

Office of Twenty-First Judicial District Public Defender

Amite, Louisiana

Notes to the Financial Statements As Of and For the Year Ended June 30, 2017

N. Restricted Net Position

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

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

O. Extraordinary and Special Items

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

P. Estimates

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

Q. Pensions

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

2. Cash and Cash Equivalents

At June 30, 2017, the Public Defender had cash and cash equivalents (book balances) totaling \$154,702 as follows:

Total cash and cash equivalents	\$ 154,702
Less: petty cash	<u>(1,299)</u>
Interest Bearing Demand Deposits	<u>\$ 153,403</u>

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

Notes to the Financial Statements
As Of and For the Year Ended June 30, 2017

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

At June 30, 2017, the Public Defender had \$303,104 in bank deposits (collected bank balances). These deposits are secured from risk by \$250,000 federal deposit insurance. Of these deposits, \$53,104 is collateralized with securities held by the Federal Reserve Bank in the name of the Public Defender.

3. Investments

Investments are categorized into these three (3) categories of credit risk:

1. Insured or registered, or securities held by the Public Defender or its agent in the Public Defender's name.
2. Uninsured and unregistered, with securities held by the counter-party's trust department or agent in the Public Defender's name
3. Uninsured and unregistered, with securities held by the counter-party, or by its trust department or agent but not in the Public Defender's name.

At June 30, 2017 the Public Defender had the following investments:

Certificates of Deposit	<u>\$ 302,640</u>
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At June 30, 2017, the Public Defender had \$302,640 in time deposits (collected bank balances). These deposits are secured from risk by \$302,640 of federal deposit insurance.

4. Receivables

The following is a summary of receivables at June 30, 2017:

Class of Receivable:	
Court cost on fines and forfeitures	<u>\$ 127,367</u>

5. Interfund Receivable/Payable

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

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

Notes to the Financial Statements
As Of and For the Year Ended June 30, 2017

6. Capital Assets

Capital assets and depreciation for governmental activities as of and for the year ended June 30, 2017:

	<u>6/30/2016</u>	<u>Increases</u>	<u>Decrease</u>	<u>6/30/2017</u>
Capital Assets Depreciated				
Equipment	\$ 231,303	\$ 13,097	\$ 101,906	\$ 142,494
Furniture	<u>21,732</u>	<u>-</u>	<u>1,916</u>	<u>19,816</u>
Total Capital Assets Depreciated	<u>253,035</u>	<u>13,097</u>	<u>103,822</u>	<u>162,310</u>
Less Accumulated Depreciation For				
Furniture and Equipment	<u>214,738</u>	<u>14,707</u>	<u>103,822</u>	<u>125,623</u>
Total Accumulated Depreciation	<u>214,738</u>	<u>14,707</u>	<u>103,822</u>	<u>125,623</u>
Capital Assets Being Depreciated, Net	<u>\$ 38,297</u>	<u>\$ (1,610)</u>	<u>\$ -</u>	<u>\$ 36,687</u>

Depreciation expenses of \$14,707 for the year ended June 30, 2017 were charged to the Governmental activities.

7. Accounts, Salaries and Other Payables

The payables at June 30, 2017 are as follows:

Accounts payable	\$ 10,941
Retirement and payroll payables	13,141
Accrued compensated absences	<u>49,114</u>
Total Liabilities	<u>\$ 73,196</u>

8. Short-Term Debt

The Public Defender had no short-term debt outstanding at June 30, 2017, and had no short-term debt activity during the year then ended.

9. Leases

The Public Defender records items under capital leases as an asset and an obligation in the accompanying financial statements. The Public Defender had no capital leases outstanding at June 30, 2017. The Public Defender began leasing a building in Livingston, LA in July 1, 2016 for a three (3) year term.

Under the terms of the lease the Public Defender pays \$2,471 rent per month and is responsible for increases in real estate property tax and for minor repairs and

Office of Twenty-First Judicial District Public Defender

Amite, Louisiana

Notes to the Financial Statements

As Of and For the Year Ended June 30, 2017

maintenance on the building. The lease provides one (1) 3-year renewal option. Total rent expense under this lease for the year was \$29,652.

10. Long-Term Obligations

Other than pension related obligations, the Public Defender has no long-term debt outstanding at June 30, 2017, and had no long-term debt activity during the year then ended.

11. Pension Plan

Plan Description

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

Benefits Provided

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

For employees hired prior to January 1, 2007:

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

For employees hired after January 1, 2007:

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

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of an amount equal to three percent of the member's final average compensation multiplied by his/her years of creditable service. However, under

Office of Twenty-First Judicial District Public Defender

Amite, Louisiana

Notes to the Financial Statements

As Of and For the Year Ended June 30, 2017

11. Pension Plan (continued)

certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

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

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

Funding Policy

Under Plan A, members are required by state statute to contribute 9.5% of their annual covered salary. According to state statute, contributions by the Public Defender are actuarially determined each year. For the plan year ended December 31, 2016 the actuarially determined contribution was 10.52% of member's compensation. However, the actual contribution rate for plan year ended December 31, 2016 was 13.00%, and the current rate at June 30, 2017 is 12.5%.

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

The contribution requirements of plan members and the Public Defender are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by an actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Public Defender's contributions to the System under Plan A for the year ending June 30, 2017 were \$231,085, equal to the required contributions for that year.

Office of Twenty-First Judicial District Public Defender

Amite, Louisiana

Notes to the Financial Statements

As Of and For the Year Ended June 30, 2017

11. Pension Plan (continued)

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

At June 30, 2017, the Public Defender reported a liability of \$638,828 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 proportion of the net pension liability was based on a projection of the Public Defender's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2016, the Public Defender's proportion was .310184%.

For the year ended June 30, 2017, the Public Defender recognized pension expense of \$330,648, net of employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions. At June 30, 2017, the Public Defender 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 experience	\$ -	\$ 111,789
Changes of assumptions	121,285	-
Net difference between projected and actual earnings on pension plan investments	495,754	-
Changes in proportion and differences between Public Defender contributions and proportionate share of contributions	352	3,705
Public Defender contributions made subsequent to the measurement date	<u>112,859</u>	<u>-</u>
	<u>\$ 730,250</u>	<u>\$ 115,494</u>

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

Notes to the Financial Statements
As Of and For the Year Ended June 30, 2017

11. Pension Plan (continued)

\$112,859 reported as deferred outflows of resources related to pensions resulting from Public Defender contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ 185,684
2018	198,945
2019	130,662
2020	(13,393)
Thereafter	-

Actuarial Assumptions

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	December 31, 2016
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Investment rate of return	7.0%, net of investment expense
Expected remaining service lives	4 years
Projected salary increase	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 Sex Distinct Table was selected for active members. RP-2000 Healthy Annuitant Sex Distinct Table was selected for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.
Inflation rate	2.50%

Office of Twenty-First Judicial District Public Defender

Amite, Louisiana

Notes to the Financial Statements

As Of and For the Year Ended June 30, 2017

11. Pension Plan (continued)

Change In Assumptions

Amounts reported in fiscal year ended December 31, 2015 for Parochial Employees' Retirement System reflected an adjustment in the discount rate used to measure the total pension liability. The discount rate for the System was reduced by 0.25% to 7.00% as of the valuation date December 31, 2015. The discount rate remained at 7.00% as of the valuation date December 31, 2016.

The long-term expected real rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up), and an equity building-block (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best estimates of expected future real rates of return (expected returns, net pension plan investment expenses and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.0% and an adjustment for the effect of rebalancing/diversification. The resulting expected long term rate of return was 7.66%. 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, 2016, are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Portfolio Real Rate of Return</u>
Fixed income	35%	1.24%
Equity	52%	3.63%
Alternatives	11%	0.67%
Real assets	2%	0.12%
	<u>100%</u>	<u>5.66%</u>
Inflation		<u>2.00%</u>
Expected arithmetic nominal return		<u>7.66%</u>

Office of Twenty-First Judicial District Public Defender

Amite, Louisiana

Notes to the Financial Statements
As Of and For the Year Ended June 30, 2017

11. Pension Plan (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Change in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.0%, 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 (6.0%) or one percentage point higher (8.0%) than the current rate.

	Change in Discount Rate 2017		
	1% Decrease 6.0%	Current Discount Rate 7.0%	1% Increase 8.0%
Net Pension Liability	\$ 1,910,991	\$ 638,828	\$ (436,825)

Pension Plan Fiduciary Net Position

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

Payables To The Pension Plan

At June 30, 2017, payables to the pension plan for contractually required employer contributions for the quarter totaled \$0.

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

Notes to the Financial Statements
As Of and For the Year Ended June 30, 2017

12. Risk Management

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

13. Related Party Transactions

There were no related party transactions for the year ended June 30, 2017.

14. Litigation and Claims

At June 30, 2017, the Public Defender was not involved in any outstanding litigation or claims.

15. Subsequent Events and Management's Review

Management has evaluated subsequent events through December 28, 2017, the date the financial statements were available to be issued.

16. 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

Grants	<u>\$ 1,354,717</u>	
Totals		\$ 1,354,717

Local Government

Appropriations - general	25,000	
Statutory fines, forfeitures, fees, court costs, and other	<u>1,548,142</u>	
Total		1,573,142

Investment Earnings		1,672
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Miscellaneous		<u>9,655</u>
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Total Revenues		<u>\$ 2,939,186</u>
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Office of Twenty-First Judicial District Public Defender

Amite, Louisiana

Notes to the Financial Statements

As Of and For the Year Ended June 30, 2017

16. Governmental Fund Revenues and Expenditures (continued)

Expenditures:

Personnel Services and Benefits

Salaries	\$ 1,809,999	
Retirement contributions	231,085	
Payroll taxes	25,404	
Insurance	<u>371,031</u>	
Total		2,437,519

Professional Development

Dues, license and registrations	<u>3,082</u>	
Total		3,082

Operating Costs

Contract services - attorney/legal	407,367	
Contract services - other	48,534	
Lease - office	29,652	
Lease - other	9,283	
Travel - transportation	16,495	
Insurance	23,467	
Supplies	31,120	
Repair and maintenance	4,556	
Utilities and telephone	27,083	
Other	<u>64,935</u>	
Total		662,492

Capital Outlay

		<u>13,097</u>
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Total Expenditures		<u><u>\$ 3,116,190</u></u>
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Required Supplemental Information (Part II)

Office Of Twenty-First Judicial District Indigent Defender
Amite, Louisiana
Statement Of Revenues, Expenditures, And Changes In Fund Balances
Budget and Actual (non-GAAP budgetary basis)
Governmental Fund
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts: Budgetary Basis	Favorable (Unfavorable) Variance
	Original	Final		
Revenues				
Fees from indigents	\$ 166,000	\$ 166,000	\$ 236,481	\$ 70,481
Application fees	70,000	70,000	81,756	11,756
Court cost on fines and forfeitures	1,407,000	1,157,000	1,254,905	97,905
State grants	1,356,709	1,356,709	1,354,717	(1,992)
Interest earnings	2,000	2,000	1,672	(328)
Miscellaneous	297	297	9,655	9,358
Total revenues	3,002,006	2,752,006	2,939,186	187,180
Expenditures				
Salary and related benefits	2,505,350	2,505,550	2,437,519	68,031
Expert witness fee	5,000	5,000	-	5,000
Insurance	25,000	25,000	23,467	1,533
Other attorneys	368,000	368,000	407,367	(39,367)
Other expenditures	101,500	116,000	110,320	5,680
Professional fees	36,200	36,200	35,796	404
Publications	10,000	10,000	7,891	2,109
Rent	28,000	28,000	38,935	(10,935)
Travel	26,000	26,000	14,715	11,285
Utilities and telephone	30,000	30,000	27,083	2,917
Capital outlay	10,000	10,000	13,097	(3,097)
Total expenditures	3,145,050	3,159,750	3,116,190	43,560
Excess Of Revenues Over Expenditures	(143,044)	(407,744)	(177,004)	230,740
Fund Balances At Beginning Of Year	760,852	760,852	760,852	-
Fund Balances At End Of Year	\$ 617,808	\$ 353,108	\$ 583,848	\$ 230,740

Office of Twenty-First Judicial District Public Defender
Amite, Louisiana
Schedule of the Public Defender's Share of Net Pension Liability
Year Ended June 30, 2017

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

2015	0.266870%	\$ 72,964	\$ 1,622,481	4.50%	99.15%
2016	0.301729%	\$ 794,238	\$ 1,729,997	45.91%	92.23%
2017	0.310184%	\$ 638,828	\$ 1,839,561	34.73%	94.15%

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

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

Notes to Required Supplementary Information

Changes of Benefit Terms

There were no changes of benefit terms for the year ended June 30, 2017.

Changes of Assumptions

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

Office of Twenty-First Judicial District Public Defender

Amite, Louisiana

Schedule of the Public Defender's Contributions

Year Ended June 30, 2017

Year Ended June 30,	Public Defender's Proportion Of the Contractually Required Contribution	Contributions In Relation To Contractually Required Contribution	Public Defender's Contribution Deficiency (Excess)	Public Defender's Covered-employee Payroll	Contributions as a Percentage of Covered-employee Payroll
---------------------	-------------------------------------------------------------------------	------------------------------------------------------------------	----------------------------------------------------	--------------------------------------------	-----------------------------------------------------------

Parochial Employees' Retirement System of Louisiana

2015	\$ 248,213	\$ 248,213	\$ -	\$ 1,628,870	15.24%
2016	\$ 251,827	\$ 251,827	\$ -	\$ 1,832,952	13.74%
2017	\$ 231,096	\$ 231,096	\$ -	\$ 1,812,385	12.75%

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

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

Other Supplementary Information

**Office of Twenty-First Judicial District Public Defender
Amite, Louisiana
Year Ended June 30, 2017**

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

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

Agency Head Name: Reginald McIntyre

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 119,600
Benefits - health insurance	13,350
Benefits - life insurance	77
Benefits - retirement	15,249
Conferences & hotels	507
	<u>\$ 148,783</u>

Other Reports and Findings

PEDELAHORE & CO., LLP

Certified Public Accountants

Independent Auditor's Report on Internal Control over Financial Reporting And On Compliance and Other Matters Based On an Audit of Financial Statements Performed In Accordance With *Government Auditing Standards*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of the Office of the Twenty-First Judicial District Public Defender (Public Defender) as of and for the year ended June 30, 2017, which collectively comprise the Public Defender's basic financial statements as listed in the table of contents, and the related notes to the financial statements, and have issued our report thereon dated December 28, 2017.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

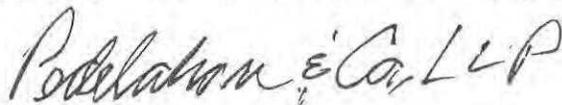
Compliance and Other Matters

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

Purpose of this Report

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

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



New Orleans, Louisiana
December 28, 2017

Office of Twenty-First Judicial District Public Defender
Amite, Louisiana
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2017

The Office of Twenty-First Judicial District Public Defender respectfully submits the following schedule of prior year audit findings for the year ended June 30, 2017.

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

There are no prior year findings.

Section II – Internal Control and Compliance Material to Federal Awards

Not Applicable

Section III – Management Letter

None issued.

PEDELAHORE & CO., LLP

Certified Public Accountants

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

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

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by Office Of Twenty-First Judicial District Public Defender (Public Defender office) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Public Defender office's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain 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.

Results of Procedures: The Public Defender's office (PDO) has written policy and procedures addressing budgeting, purchasing, disbursements, receipts, payroll/personnel, contracting, credit cards, travel and expenses reimbursements and ethics. No written policies address debt service as the office has no debt. The PDO does not use a purchase order system, and those specified functions listed above involving vendor list and purchase order processing are not included in the policy and procedures for purchasing or disbursements. The travel and expense reimbursements follow the State of Louisiana Travel Guide for per diem and mileage rates.

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.

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

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.
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. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* 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;
 - 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
 - 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.

Results of Procedures: We noted no exceptions to the above procedures except as follows - Bank reconciliations for all twelve months have been prepared for both bank accounts held by the Public Defender office. Documentation shows that the bank statements have been reviewed by the District Defender, however no evidence exists that the bank reconciliations were approved by management. Also small reconciling items older than six months prior to the fiscal year end still exist on the bank reconciliations.

Management's Response: The older reconciling items will be researched to the extent practical and settled appropriately.

Collections

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

- 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.
- 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.
 - 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.
- 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.

Results of Procedures: We noted no exceptions to the above procedures except as follows - The PDO has two cash collection locations. At one of the locations the individual(s) responsible for collecting the cash also prepare the deposit. Of the 49 cash collection receipts for the first location, 42 were deposited within one day of collection. For the second location, of the 18 cash collection receipts, 7 were deposited within one day of collection.

Management's response: Since there are fewer people at the one location, we will consider procedures such as alternating personnel in the collection and deposit processes such that the same person would not be responsible for collections and deposits on the same day. Also we anticipate that deposits will be able to be made more timely since a branch of the PDO's bank was built within the City during the year.

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.
- 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:

- a) 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.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
 - c) 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.
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.
 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.
 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.
 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.

Results of Procedures: We noted no exceptions to the above procedures except as follows – We did not test for supporting documentation and approval of requisitions or purchase orders as the PDO does not use a formal requisition/purchase order system for purchases. However, our testing of disbursements indicated invoices are initialed and dated by the District Defender or Deputy District Defender for approval and then forwarded for payment processing.

Management's response: The vast majority of the PDO's transactions involve routine recurring items. Our policies and procedures for purchasing are adequate for the size, volume and nature of our transactions and for safeguarding our assets. Also, vendor file maintenance, processing payments, recording transactions and all other accounting functions are out-sourced to a local accounting firm, thereby maintaining sufficient segregation of functions.

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.

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.

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.]
 - b) Report whether finance charges and/or late fees were assessed on the selected statements.
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.)
 - 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.
 - 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.

Results of Procedures: The PDO has one credit card. The monthly statement selected was reviewed and approved by the Deputy District Defender (someone other than the authorized cardholder). No finance charges or late fees were assessed on the selected statement. All transactions from the selected statement were supported by an original itemized receipt and documentation of public purpose; there were no exceptions when comparing the transaction

detail to the PDO's written policy, the LA Public Bid Law, or to the requirements of Article 7, Section 14 of the Louisiana Constitution.

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.
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.
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.
 - 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.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
 - 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.
 - d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results of Procedures: The PDO's written policies for travel and expense reimbursements include amounts for per diem and mileage rates taken from the State of Louisiana's Travel Guide, none of which exceed the GSA rates. Expense reports selected for testing were

reimbursed in accordance with written policy and supported by original itemized receipts or travel expense forms per written policy, with documentation of public purpose and with no exceptions to Article 7, Section 14 of the Louisiana Constitution. The reimbursements were reviewed and approved by the District Defender (someone other than the person receiving reimbursement) except in the one case of approval of reimbursement to the District Defender himself.

Management's Response: Consideration will be given to having the Deputy District Defender approve reimbursements to the District Defender.

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.
21. Using the listing above, select the five 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.
 - 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)
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
 - 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.
 - 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.
 - 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).

Results of Procedures: We noted no exceptions to the above procedures except as follows – All of the contracts selected involve contracts with attorneys that work for the Public Defender office. Those contracts are not subject to the LA Public Bid Law. One current contract was in effect at the end of the fiscal period in question, and the other four contracts had expired during the fiscal period. Also, all but one of the contracts supported the service arrangement and amount

paid during the contract term; the one contract had a rate increase prior to the end of the contract term.

Management's response: Attorneys continuing to work beyond their initial contract period/year are currently working on an "at will/ monthly" basis with no written annual renewal or support for rate increases. However, the PDO plans to note in each attorney's file any increase in monthly payments from the original one-year contract but plans to keep each attorney on an "at will" basis after the initial period/year of the contract.

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

Result of Procedures: We noted no exceptions to the above procedures except as follows – All selected employees documented their daily attendance and leave, and the PDO maintained written leave records of hours used. However, no written documentation was available indicating supervisors approved the attendance and leave of employees. We further noted that payments for payroll taxes and retirement contributions, as well as reporting forms were paid and filed timely.

Management's Response: Weekly payroll timesheets will be reviewed and approved in writing by the District Defender, Deputy District Defender, or Office Manager and the PDO's daily attendance and leave records will include the amount of leave earned in addition to the hours used.

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.
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.

Result of Procedures: We noted no exceptions to the above procedures except as follows – All five (5) of the employees selected completed required ethics training; however, only four of the employees were able to provide documentation to the PDO. Also, four of the employees completed the training subsequent to fiscal period.

No alleged ethics violations were reported to the PDO.

Management's Response: The PDO will designate an individual to monitor whether employees are following ethics policy guidelines and fulfilling the education requirements timely.

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.
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.
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.

Results of Procedures: The PDO has no debt.

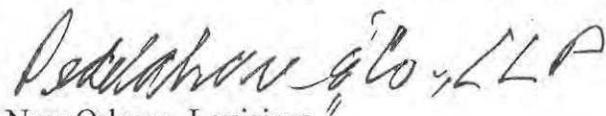
Other

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

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

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



New Orleans, Louisiana

December 28, 2017