

Financial Report

*Office of the District Public Defender
32nd JDC Parish of Terrebonne*

Houma, Louisiana

June 30, 2019

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32nd JDC Parish of Terrebonne*

Houma, Louisiana

June 30, 2019

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June 30, 2019

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the District Public Defender of the
32nd JDC Parish of Terrebonne,
Houma, 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 the District Public Defender 32nd JDC Parish of Terrebonne (the "Office"), State of Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Office's basic financial statements 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 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 in the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Office's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the General Fund of the Office of the District Public Defender 32nd JDC Parish of Terrebonne as of June 30, 2019, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Schedule of the Office's Proportionate Share of the Net Pension Liability and Schedule of the Office's Contributions on pages 4 through 9, 37, and 38, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Office's basic financial statements. The accompanying supplementary information, on page 39, Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 26, 2019 on our consideration of the Office'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 Office's internal control over financial reporting and compliance.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
December 26, 2019.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Office of the District Public Defender 32nd JDC Parish of Terrebonne

June 30, 2019

The Management's Discussion and Analysis of the Office of the District Public Defender 32nd JDC Parish of Terrebonne (the "Office") financial performance presents a narrative overview and analysis of the Office's financial activities for the year ended June 30, 2019. This document focuses on the current period's activities, resulting changes, and currently known facts. Please read this document in conjunction with the basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The Office's assets exceeded its liabilities at the close of the year ended June 30, 2019 by \$520,509 (net position), which represents a \$30,096 decrease from last fiscal period.

The Office's revenues increased \$1,344 (or 0.10%).

The Office's expenses increased by \$119,533 (or 9.49%) primarily due to increases in pension expense and contracted attorney services.

The Office did not have a deficit fund balance in its General Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Office's basic financial statements. The Office's annual report consists of four parts: (1) management's discussion and analysis (this section), (2) basic financial statements, (3) various governmental compliance reports and schedules by certified public accountants and management, and (4) statewide agreed upon procedures report.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Office's finances, in a manner similar to a private sector business. The Statement of Net Position presents information on all of the Office's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Office is improving or deteriorating. The Statement of Activities presents information showing how the Office's net position changed during each fiscal period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing related cash flows.

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The governmental activity of the Office is to provide legal defense to indigents.

Fund Financial Statements

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

Governmental Funds

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**Governmental Funds (Continued)**

The Office maintains one individual governmental fund. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund. The Office adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 10 through 14 of this report.

Notes to the Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the Office's financial position. As of June 30, 2019, assets exceeded its liabilities by \$520,509 (net position). Net position investment in capital assets is reported at \$36,777 (net of accumulated depreciation), and is not available for future spending.

Condensed Statements of Net Position

	<u>June 30,</u>		Dollar
	<u>2019</u>	<u>2018</u>	<u>Change</u>
Current and other assets	\$ 744,208	\$769,158	\$(24,950)
Capital assets	36,777	16,328	20,449
Total assets	<u>780,985</u>	<u>785,486</u>	(4,501)
Deferred outflows of resources	350,764	117,113	233,651
Total assets and deferred outflows of resources	<u>1,131,749</u>	<u>902,599</u>	229,150
Current liabilities	94,184	106,045	(11,861)
Net pension liability	428,803	-	428,803
Long-term obligations	61,808	53,849	7,959
Total liabilities	<u>584,795</u>	<u>159,894</u>	424,901
Deferred inflows of resources	26,445	192,100	(165,655)
Total liabilities and deferred inflows of resources	<u>611,240</u>	<u>351,994</u>	259,246
Net position:			1
Net investment in capital assets	36,777	16,328	20,449
Restricted	-	64,616	(64,616)
Unrestricted	483,732	469,661	14,071
Total net position	<u>\$ 520,509</u>	<u>\$550,605</u>	<u>\$(30,096)</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**Governmental Activities**

Governmental activities decreased the Office's net position by \$30,096. Key elements of this increase are as follows:

Condensed Statement of Activities

	June 30,		Dollar	Total
	2019	2018	Change	Percent
				Change
Revenues:				
Service fees	\$ 889,445	\$ 834,986	\$ 54,459	6.52%
Grants	447,403	501,581	(54,178)	-10.80%
Charges for services	9,380	9,928	(548)	-5.52%
Miscellaneous	2,742	1,131	1,611	142.44%
Total revenues	<u>1,348,970</u>	<u>1,347,626</u>	<u>1,344</u>	<u>0.10%</u>
Expenses:				
General government	<u>1,379,066</u>	<u>1,259,533</u>	<u>119,533</u>	<u>9.49%</u>
(Decrease) increase in net position	(30,096)	88,093	(118,189)	-134.16%
Net position, beginning of year	<u>550,605</u>	<u>462,512</u>	<u>88,093</u>	<u>19.05%</u>
Net position, end of year	<u>\$ 520,509</u>	<u>\$ 550,605</u>	<u>\$(30,096)</u>	<u>-5.47%</u>

In total, general government revenues increased by \$1,344. The increase in revenues is primarily due to increased miscellaneous revenue. In total, general government expenses increased by \$119,533. The increase in expenses is primarily due to increases of \$77,331 and \$32,127 in personal services and operating costs, respectively. Personal services increase includes an increase in pension expense of \$89,453. Operating costs increases include increased attorney salaries of \$10,351, increased conflict and overflow attorney salaries of \$10,685 and expert witness expenditures of \$9,562.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (Continued)**Governmental Funds**

The focus of the Office's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Office's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal period. As of June 30, 2019, the Office's governmental fund reported an ending fund balance of \$650,024, an increase of \$51,527. Ending fund balance of \$4,398 is not available for spending because it is in a nonspendable form. The unassigned fund balance is \$645,626.

General Fund Budgetary Highlights

The budget was amended once during the year ended June 30, 2019. During the year ended June 30, 2019, revenues were above budgetary estimates and expenditures were below budgetary estimates. Service fee revenue reported a favorable budget variance of \$64,797, while personal services and operating costs reported favorable variances of \$22,224 and \$4,734, respectively. The Office reported a net favorable budget variance of \$95,357.

CAPITAL ASSETS AND DEBT ADMINISTRATION**Capital Assets**

The Office's net investment in capital assets for its governmental activities as of June 30, 2019, amounts to \$36,777 (net of accumulated depreciation). This investment in capital assets includes equipment, furniture and fixtures, vehicle and law books.

	<u>2019</u>	<u>2018</u>
Equipment	\$179,511	\$175,098
Furniture and fixture	11,043	11,043
Vehicle	25,486	16,582
Law books	<u>4,000</u>	<u>4,000</u>
Totals	<u>\$220,040</u>	<u>\$206,723</u>

The Office purchased a new vehicle, file server and new computer during the year ended June 30, 2019.

Additional information on the Office's capital assets can be found in the Note 4, Exhibit F of this report.

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

Long-term Obligations

Long-term obligations consisted of non-current liabilities for compensated absences of \$61,808. For the year ended June 30, 2019, compensated absence liabilities increased \$7,959, primarily due to the accumulation of unused vacation hours. The net pension liability to the Parochial Employees Retirement System increased \$493,419 for the year ended June 30, 2019.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

- Revenue from the State Government is based on the amount provided by the State Office, revenue from the Local Government from criminal bond fees is budgeted based on a reduction in the amount of bond fees paid, and all other revenues are budgeted based on prior year's level of activities.
- Operations are expected to continue at the same basic level with no expected changes.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Office's finances for all those with an interest in the Office's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the District Public Defender 32nd JDC Parish of Terrebonne, 504 Belanger Street, Houma, Louisiana 70360.

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

**Office of the District Public Defender
32nd JDC Parish of Terrebonne**

June 30, 2019

	General Fund	Adjustments (Exhibit B)	Statement of Net Assets
Assets			
Cash	\$641,245	\$ -	\$ 641,245
Due from other governmental units	98,565	-	98,565
Other assets	4,398	-	4,398
Capital assets:			
Depreciable, net of accumulated depreciation	-	36,777	36,777
Total assets	744,208	36,777	780,985
Deferred Outflow of Resources	-	350,764	350,764
Total assets and deferred outflows of resources	\$744,208	387,541	1,131,749
Liabilities			
Accounts payable and accrued expenditures	\$ 94,184	-	94,184
Net pension liability	-	428,803	428,803
Non-current liabilities	-	61,808	61,808
Total liabilities	94,184	490,611	584,795
Deferred Inflow of Resources	-	26,445	26,445
Total liabilities and deferred inflow of resources	94,184	517,056	611,240
Fund Balance/Net Position			
Fund balance:			
Nonspendable-other assets	4,398	(4,398)	-
Unassigned	645,626	(645,626)	-
Total fund balance	650,024	(650,024)	-
Total liabilities and fund balance	\$744,208	(132,968)	611,240
Net position:			
Net investment in capital assets		36,777	36,777
Unrestricted		483,732	483,732
Total net position		\$520,509	\$ 520,509

See notes to financial statements.

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

**Office of the District Public Defender
32nd JDC Parish of Terrebonne**

June 30, 2019

Fund Balance - Governmental Fund		\$ 650,024
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.		
Capital outlay	\$ 220,040	
Less accumulated depreciation	<u>(183,263)</u>	36,777
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		
		350,764
Long term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund.		
Net pension liability	(428,803)	
Compensated absences payable	<u>(61,808)</u>	(490,611)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in governmental funds.		
		<u>(26,445)</u>
Net Position of Governmental Activities		<u><u>\$ 520,509</u></u>

See notes to financial statements.

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

**Office of the District Public Defender
32nd JDC Parish of Terrebonne**

For the year ended June 30, 2019

	General Fund	Adjustments (Exhibit D)	Statement of Activities
Revenues			
Service fees:			
Terrebonne Parish Consolidated Government	\$ 501,263	\$ -	\$ 501,263
Terrebonne Parish Sheriff	178,801	-	178,801
City Court of Houma	209,381	-	209,381
Grants:			
Louisiana Public Defender Board	447,403	-	447,403
Charges for services	9,380	-	9,380
Miscellaneous			
Gain on disposition of assets	1,500	-	1,500
Interest	1,242	-	1,242
	<u>1,348,970</u>	<u>-</u>	<u>1,348,970</u>
Expenditures/Expenses			
General government:			
Personal services	835,991	102,072	938,063
Professional development	10,919	-	10,919
Operating costs	419,377	-	419,377
Capital outlay	31,156	(31,156)	-
Depreciation	-	10,707	10,707
	<u>1,297,443</u>	<u>81,623</u>	<u>1,379,066</u>
Excess of Revenues Over Expenditures	51,527	(51,527)	-
Change in Net Position	-	(30,096)	(30,096)
Fund Balance/Net Position			
Beginning of year	<u>598,497</u>	<u>(47,892)</u>	<u>550,605</u>
End of year	<u>\$ 650,024</u>	<u>\$(129,515)</u>	<u>\$ 520,509</u>

See notes to financial statements.

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

**Office of the District Public Defender
32nd JDC Parish of Terrebonne**

For the year ended June 30, 2019

Net Change in Fund Balance - Governmental Fund		\$ 51,527
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	\$31,156	
Depreciation expense	<u>(10,707)</u>	20,449
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund.		
Pension expense	(94,113)	
Compensated absences payable	<u>(7,959)</u>	<u>(102,072)</u>
Change in Net Position of Governmental Activities		<u><u>\$(30,096)</u></u>

See notes to financial statements.

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

**Office of the District Public Defender
32nd JDC Parish of Terrebonne**

For the year ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Favorable</u>
				<u>(Unfavorable)</u>
Revenues				
Service fees:				
Terrebonne Parish Consolidated Government	\$ 560,452	\$ 438,765	\$ 501,263	\$ 62,498
Terrebonne Parish Sheriff	164,819	172,082	178,801	6,719
City Court of Houma	165,152	213,801	209,381	(4,420)
Grants:				
Louisiana Public Defender Board	439,901	439,905	447,403	7,498
Charges for services	10,413	10,436	9,380	(1,056)
Miscellaneous:				
Gain on disposition of assets	-	-	1,500	1,500
Interest	1,197	1,161	1,242	81
Total revenues	<u>1,341,934</u>	<u>1,276,150</u>	<u>1,348,970</u>	<u>72,820</u>
Expenditures				
Current:				
General Government:				
Personal services	853,772	858,215	835,991	22,224
Professional development	3,301	7,998	10,919	(2,921)
Operating costs	425,391	424,111	419,377	4,734
Capital outlay	33,553	29,656	31,156	(1,500)
Total expenditures	<u>1,316,017</u>	<u>1,319,980</u>	<u>1,297,443</u>	<u>22,537</u>
Revenues Over Expenditures/ (Expenditures Over Revenues)	25,917	(43,830)	51,527	95,357
Fund Balance				
Beginning of year	<u>598,497</u>	<u>598,497</u>	<u>598,497</u>	<u>-</u>
End of year	<u>\$ 624,414</u>	<u>\$ 554,667</u>	<u>\$ 650,024</u>	<u>\$ 95,357</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Office of the District Public Defender
32nd JDC Parish of Terrebonne**

June 30, 2019

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Office of the District Public Defender 32nd JDC Parish of Terrebonne (the "Office") conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Reporting Entity and Period

GASB No. 14, *The Financial Reporting Entity*, GASB No. 39, *Determining Whether Certain Organizations Are Component Units-an amendment of GASB Statement No. 14*, and GASB No. 61, *The Financial Reporting Entity: Omnibus and amendment of GASB Statements No. 14 and No. 34* established the criterion for determining which component units should be considered part of the Office for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the governing authority appoints a majority of the board members of the potential component unit.
3. Fiscal interdependency between the Office and the potential component unit.
4. Imposition of will by the Office on the potential component unit.
5. Financial benefit/burden relationship between the Office and the potential component unit.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Reporting Entity and Period (Continued)

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

The Office is operated by the District Public Defender. The District Public Defender's authority is contingent upon the approval of the Louisiana Public Defender Board (the "Board") and the Board may relieve the District Public Defender of his duties.

b) Basis of Presentation

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

Revenue and expenditure/expense classification and presentation used in the Office's basic financial statements is in accordance with Board policies.

Government-wide Financial Statements:

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

Fund Financial Statements:

The daily accounts and operations of the Office are organized on the basis of a fund and accounts groups, each of which is considered a separate accounting entity. The operations of the fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following is the governmental fund of the Office:

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (Continued)

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

c) Measurement Focus and Basis of Accounting

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

Government-wide Financial Statements:

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

Fund Financial Statements:

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting (Continued)

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

d) Use of Estimates

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

e) Operating Budgetary Data

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

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

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

f) Accounts Receivable

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Capital Assets

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

Government-wide Financial Statements:

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

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The estimated useful life for all types of capital assets is five years.

Fund Financial Statements:

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

h) Deferred Outflows/Inflows of Resources

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Vacation and Sick Leave

After one year of service, employees receive 10 days of vacation. After 10 years of employment an additional day will be earned each year maxing out at 20 days. Unused vacation at year-end may be carried forward to following years. Also, employees have 40 hours of sick leave per year. Upon termination, unused vacation for the year will be paid on a pro-rated basis, but sick leave will not be paid.

j) Pensions

For purposes of measuring the net pension liability/asset, 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 (the "System") and additions to/deductions from the System fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

k) Fund Equity

Government-wide Statements:

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Fund Equity (Continued)

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

Fund Financial Statements:

Governmental funds' fund balances classified as fund balance. Fund balance is further classified as follows:

- a. Non-spendable - amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to maintain intact.
- b. Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed - amounts that can be used only for specific purposes determined by formal action of the District Public Defender. Commitments may be established, modified, or rescinded only through approval of the District Public Defender.
- d. Assigned - amounts that do not meet the criteria to be classified as either restricted or committed but that are intended to be used for specific purposes. Assignments may be established, modified or rescinded only through approval of the District Public Defender.
- e. Unassigned - all other spendable amounts.

For the classification of governmental fund balances, the Office considers an expenditure to be made from the most restrictive first when more than one classification is available. The Office's fund balance was classified as non-spendable, and unassigned as of June 30, 2019.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I) New GASB Statements

During the year ending June 30, 2019, the Office implemented the following GASB Statements:

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1) New GASB Statements (Continued)

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

Statement No. 84, "*Fiduciary Activities*" improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this statement are effective for reporting periods beginning after December 15, 2018. Management has not yet determined the effect of this statement on the financial statements.

Statement No. 87, "*Leases*" increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. Management has not yet determined the effect of this statement on the financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1) New GASB Statements (Continued)

Statement No. 89, *"Accounting for Interest Cost Incurred before the End of a Construction Period"* establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this statement. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. Management has not yet determined the effect of this statement on the financial statements.

Statement No. 90, *"Majority Equity Interest"* the primary objectives of this statement are to improve the consistency and comparability of reporting government's majority equity interest in legally separate organization and to improve the relevance of financial statement information for certain component units. It specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method. This statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as component unit. The requirements of this statement are effective for reporting period beginning after December 15, 2018. Management has not yet determined the effect of this statement on the financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1) New GASB Statements (Continued)

Statement No. 91, "*Conduit Debt Obligations*" provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. Management has not yet determined the effect of this statement on the financial statements.

Note 2 - DEPOSITS

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

Bank Deposits:

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

The year-end balances of deposits are as follows:

	Bank Balance	Reported Amount
Cash	\$654,088	\$641,159

Note 2 - DEPOSITS (Continued)

Bank Deposits: (Continued)

Custodial credit risk is the risk that in the event of a bank failure, the Office's deposits may not be returned to it. The Office has a written policy for custodial credit risk. As of June 30, 2019, \$404,088 of the Office's bank balance of \$654,088 was exposed to custodial credit risk because it was not fully covered by FDIC insurance.

As of June 30, 2019, cash was adequately collateralized in accordance with state law by securities held by unaffiliated banks for the account of the Office. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the deposits are considered subject to custodial credit risk under the provisions of GASB, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

A reconciliation of deposits as shown on the Statement of Net Position is as follows:

	Reported Amount
Cash on hand	\$ 86
Carrying amount of deposits	641,159
Total	\$641,245

Note 3 - DUE FROM OTHER GOVERNMENTAL UNITS

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

	Amount
Terrebonne Parish Sheriff	\$11,672
Terrebonne Parish Consolidated Government	71,435
City Court of Houma	15,199
Other	259
Total	\$98,565

Note 3 - DUE FROM OTHER GOVERNMENTAL UNITS (Continued)

The amounts due from the Terrebonne Parish Sheriff's Office are for court costs on fines and forfeitures imposed by the Office, bond fees, and court-ordered reimbursements. Amounts due from Terrebonne Parish Consolidated Government are for money collected for various items such as traffic citations.

Note 4 - CHANGES IN CAPITAL ASSETS

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

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets being depreciated:				
Equipment	\$175,098	\$ 5,670	\$(1,257)	\$179,511
Furniture and fixtures	11,043	-	-	11,043
Vehicle	16,582	25,486	(16,582)	25,486
Law books	4,000	-	-	4,000
Total capital assets being depreciated	206,723	31,156	(17,839)	220,040
Less accumulated depreciation for:				
Equipment	(158,855)	(5,525)	1,257	(163,123)
Furniture and fixtures	(10,958)	(85)	-	(11,043)
Vehicle	(16,582)	(5,097)	16,582	(5,097)
Law books	(4,000)	-	-	(4,000)
Total accumulated depreciation	(190,395)	(10,707)	17,839	(183,263)
Total capital assets, net	\$ 16,328	\$20,449	\$ -	\$ 36,777

Note 5 - ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES

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

	<u>Amount</u>
Contract attorneys	\$21,150
Salaries and benefits	72,958
Other	76
Total	<u>\$94,184</u>

Note 6 - NON-CURRENT LIABILITIES

Non-current liabilities consist of accumulated unpaid vacation and net pension liability.

The following is a summary of the changes in long-term obligations of the Office as of June 30, 2019:

	<u>Payable June 30, 2018</u>	<u>Obligations Retired</u>	<u>Generated</u>	<u>Payable June 30, 2019</u>
Compensated absences	<u>\$53,849</u>	<u>\$(24,344)</u>	<u>\$32,303</u>	<u>\$61,808</u>

Compensated absences are described in Note 1i.

Note 7 - GOVERNMENTAL FUND REVENUES AND EXPENDITURES

For the year ended June 30, 2019, the major sources of governmental fund revenues and expenditures were as follows:

Revenues:	
State government:	
Grants	\$ 447,403
Local government:	
Statutory fines, fees, court costs and other	889,445
Charges for services	9,380
Miscellaneous	1,500
Investment earnings	<u>1,242</u>
Total revenues	<u>\$ 1,348,970</u>
Expenditures:	
Personnel services and benefits:	
Salaries	\$ 696,663
Retirement contributions	67,123
Insurance	55,521
Payroll taxes	<u>16,684</u>
Total personnel services and benefits	<u>835,991</u>
Professional development:	
Dues, licenses and registrations	7,268
Travel	<u>3,651</u>
Total professional development	<u>10,919</u>
Operating costs:	
Library and research	20,000
Contract services - attorney/legal	242,419
Contract services - other	18,057
Lease - Office	64,646
Expert fees	12,176
Insurance	29,159
Supplies	16,081
Repairs and maintenance	10,958
Utilities and telephone	4,688
Other	<u>1,193</u>
Total operating costs	<u>419,377</u>
Capital outlay	<u>31,156</u>
Total expenditures	<u>\$ 1,297,443</u>

Note 8 - COMMITMENTS

On December 1, 2015, the Office renewed an office space lease for five years at \$4,800 per month. This lease is considered an operating lease. The Office also rents storage space on a month-to-month basis.

Rental expenditures incurred for office space and storage for the year ended June 30, 2019 amounted to \$64,646. Commitments under the office lease is as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2020	\$57,600
2021	<u>24,000</u>
Total	<u>\$81,600</u>

Note 9 - PENSION PLAN

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

Benefits Provided. The System provides retirement, deferred retirement, disability and death benefits. Retirement benefits are generally equal to 3.0% of the member's final average compensation multiplied by the years of creditable service. For members hired prior to January 1, 2007 they may retire with full benefits at any age upon completing 30 years of service, retire at age 55 after completing 25 years of service, retire at age 60 after completing 10 years of service or retire at age 65 after completing 7 years of service. For members hired after January 1, 2007 they may retire with full benefits at age 55 after completing 30 years of service, retire at age 62 after completing 10 years of service or retire at age 67 after completing 7 years of service. Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the System. When a member enters DROP their status changes from active to retired even though they continue to work and draw their salary for up to three years.

Note 9 - PENSION PLAN (Continued)

During participation in DROP, employer contributions are payable into a DROP Fund but employee contributions cease. The election to participate in DROP is irrevocable once participation begins. Upon termination of employment a participant in DROP may receive a lump sum equal to payments into the participant's account, an annuity or a roll over to an individual retirement account. Members hired before January 1, 2007 with 5 or more years of service who become disabled may receive retirement benefits determined in the same manner as retirement benefits. Members hired after January 1, 2007 with 7 or more years of service who become disabled may receive retirement benefits determined in the same manner as retirement benefits. Death benefits are payable to eligible surviving dependents based on the deceased member's years of creditable service and compensation and the dependent's relationship to the deceased member. The System provides permanent benefit increases, cost of living adjustments (COLA) as approved by the State Legislature.

Contributions. According to state statute, contributions for all employers are actuarially determined each year. For the Plan year ending December 31, 2018, the actuarially determined employer contribution rate was 9.99% of member's compensation. However, the actual rate for the Plan years ending December 31, 2019 and 2018 was 11.50%

According to state statute, the System also receives $\frac{1}{4}$ of 1.00% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the members' compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

Contributions to the System from the Office were \$67,847 for the year ended June 30, 2019.

Pension Liabilities. As of June 30, 2019, the Office reported a liability of \$428,803 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Office's proportion of the net pension liability was based on a projection of the Office's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2018, the Office's proportion was .096613%, which was an increase of .009559% from its proportion measured as of December 31, 2017.

Note 9 - PENSION PLAN (Continued)

Pension Expense. For the year ended June 30, 2019, the Office recognized pension expense of \$161,236.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$(26,124)
Net difference between projected and actual earnings on pension plan investments	205,269	
Change in proportionate share	4,749	(321)
Changes in assumptions	107,215	-
Office contributions subsequent to the measurement date	<u>33,531</u>	<u>-</u>
	<u>\$350,764</u>	<u>\$(26,445)</u>

The Office reported \$33,531 as deferred outflows of resources related to pensions resulting from Office contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension asset in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 99,851
2021	55,339
2022	44,924
2023	<u>90,674</u>
Total	<u>\$290,788</u>

Note 9 - PENSION PLAN (Continued)

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

Valuation Date	December 31, 2018
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining	
Service Lives	4 years
Inflation Rate	2.40%
Investment Rate of Return	6.50%, net of investment expense, including
Projected Salary Increases	4.75% (2.40% Inflation, 2.35% Merit)
Mortality Rates	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants.
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

Note 9 - PENSION PLAN (Continued)

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing method (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.43% for the year ended December 31, 2018.

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, 2018 are as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	35.00%	1.22%
Equity	52.00%	3.45%
Alternatives	11.00%	0.65%
Real assets	<u>2.00%</u>	<u>0.11%</u>
Total	<u>100.00%</u>	5.43%
Inflation		<u>2.00%</u>
Expected Arithmetic Nominal Rate		<u>7.43%</u>

Discount Rate. The discount rate used to measure the collective pension liability was 6.50% as of December 31, 2018. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 9 - PENSION PLAN (Continued)

Sensitivity of the Office's Proportionate Share of the Collective Net Pension (Liability) Asset to Changes in the Discount Rate. The following presents the Office's proportionate share of the Collective Net Pension Liability using the discount rate of 6.50%, as well as what the Office's proportionate share of the Net Pension (Liability) Asset would be if it were calculated using a discount rate that is one percentage-point lower (5.50%) or one percentage-point higher (7.50%) than the current rate:

	1.00% Decrease (5.50%)	Current Discount (6.50%)	1.00% Increase (7.50%)
Office's proportionate share of the net pension liability	\$910,663	\$428,803	\$26,010

Payables to the Pension Plan

As of June 30, 2019 the Office had payables to the pension plan as follows:

	<i>Amount</i>
Quarterly contributions	
Employer	\$15,159
Employees	11,165
Total	\$26,324

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

Note 10 - RISK MANAGEMENT

The Office is exposed to various risks of loss related to workers compensation; torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Office carries commercial insurance. No settlements were made during the year that exceeded the Office insurance coverage.

Note 11 - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through December 26, 2019, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE OFFICE'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY**

**Office of the District Public Defender
32nd JDC Parish of Terrebonne**

June 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Office's proportion of the net pension liability	<u>9.66100%</u>	<u>0.08705%</u>	<u>0.08218%</u>	<u>0.10526%</u>
Office's proportionate share of the net pension liability (asset)	<u>\$428,803</u>	<u>\$ (64,616)</u>	<u>\$169,257</u>	<u>\$277,072</u>
Office's covered-employee payroll *	<u>\$593,936</u>	<u>\$521,243</u>	<u>\$498,409</u>	<u>\$603,508</u>
Office's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>72.197%</u>	<u>-12.397%</u>	<u>33.959%</u>	<u>45.910%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>88.86%</u>	<u>101.98%</u>	<u>94.15%</u>	<u>92.23%</u>

* For the valuation year ended December 31st.

The schedule is provided prospectively beginning with the District's fiscal year ended June 30, 2016 and is intended to show a ten year trend. Additional years will be reported as they become available.

SCHEDULE OF OFFICE'S CONTRIBUTIONS**Office of the District Public Defender
32nd JDC Parish of Terrebonne**

June 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 67,847	\$ 71,996	\$ 57,479	\$ 88,610
Contributions in relation to the contractually required contribution	<u>67,847</u>	<u>71,996</u>	<u>57,479</u>	<u>88,610</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Commission's covered-employee payroll *	<u>\$ 589,977</u>	<u>\$ 599,613</u>	<u>\$ 450,781</u>	<u>\$ 634,563</u>
Contributions as a percentage of covered-employee payroll	<u>11.50%</u>	<u>12.01%</u>	<u>12.75%</u>	<u>13.96%</u>

*For the contribution year ended June 30th.

The schedule is provided prospectively beginning with the District's fiscal year ended June 30, 2016 and is intended to show a ten year trend. Additional years will be reported as they become available.

SUPPLEMENTARY INFORMATION SECTION

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

**Office of the District Public Defender
32nd JDC Parish of Terrebonne**

June 30, 2019

Agency Head Name: Anthony Champagne, Chief Defender

Purpose	
Salary	\$ 98,280
Benefits - insurance	9,248
Benefits - retirement	11,302
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	1,105
Continuing professional education fees	1,068
Housing	-
Unvouchered expenses	-
Meals	-
	<hr/>
	<u>\$ 121,003</u>

Note: Anthony Champagne is the Chief Defender for the Board and functions as Chief Executive Officer.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

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

To the District Public Defender of the
32nd JDC Parish of Terrebonne,
Houma, Louisiana.

We have audited, in accordance with the auditing standards generally accepted in the United States of America 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 District Public Defender 32nd JDC Parish of Terrebonne (the "Office"), State of Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Office's basic financial statements and have issued our report thereon dated December 26, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Office's Response to Management Letter Comments

The Office's responses to certain matters we reported to management of the Office in a separate letter dated December 26, 2019 are described in the accompanying Management's Corrective Action Plan. The Office's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Certified Public Accountants.

Houma, Louisiana,
December 26, 2019.

SCHEDULE OF FINDINGS AND RESPONSES

**Office of the District Public Defender
32nd JDC Parish of Terrebonne**

For the year ended June 30, 2019

Section I - Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ___ Yes X No

b) Federal Awards

The Office of the District Public Defender 32nd JDC Parish of Terrebonne did not expend federal awards during the year ended June 30, 2019.

Section II - Financial Statement Findings

No financial statement findings were noted during the audit for the year ended June 30, 2019.

Section III - Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Office of the District Public Defender 32nd JDC Parish of Terrebonne

For the year ended June 30, 2019

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

Internal Control Over Financial Reporting

No findings were reported during the audit for the year ended June 30, 2018.

Compliance and Other Matters

No findings material to the basic financial statements were reported during the audit for the year ended June 30, 2018.

Section II - Federal Award Findings and Questioned Costs

The Office of the District Public Defender 32nd JDC Parish of Terrebonne did not expend federal awards during the year ended June 30, 2018.

Section III - Management Letter

2018-001 General Fund Budget

Recommendation - We recommend the Office sign the budget for the General Fund for each year going forward.

Management's Response - The Office will sign the budget message for each year going forward. Unresolved, see management letter comment 2019-001.

Section III - Management Letter (Continued)

2018-002 Budget Process

Recommendation - We recommend the Office publish a notice in the official journal that certifies completion of public participation in the budget process for each year going forward.

Management's Response - The Office will publish a notice in the official journal that certifies that all required action has taken place to adopt the budget for each year going forward. Resolved.

2018-003 Unclaimed Funds

Recommendation - We recommend the Office follow the recommendation from the State to forward unclaimed funds to the Department of the Treasury.

Management's Response - The Office will follow the recommendation from the State and will continue to research the status of outstanding checks promptly. Unresolved, see management letter comment 2019-002.

2018-004 Contracts

Recommendation - We recommend the Office maintain signed contracts for all employed and contracted attorneys, which reflect the actual transaction costs. The Office should maintain documentation of any changes to contracts or employment.

Management's Response - The Office has executed an updated contract with the attorney and in the future will execute updated contracts for any revisions to the original terms and conditions of the contract. Resolved.

2018-005 Collections

Recommendation - We recommend the Office provide separate collection envelopes for each employee to be turned in on a daily basis to the Office Manager.

Management's Response - The Office will supply separate collection envelopes for each employee to be turned in on a daily basis to the Office Manager. Resolved.

Section III - Management Letter (Continued)

2018-006 Approval of Invoices

Recommendation - We recommend that in addition to approving invoices for payment, the Office use written and approved purchase requisitions when requesting to place the order for purchase.

Management's Response - The Office will use written and approved purchase requisitions when requesting to place the order for purchase. Unresolved, see management letter comment 2019-003.

2018-007 Form 1099

Recommendation - We recommend the Office file a late Form 1099 form with the Internal Revenue Service for 2017.

Management's Response - The Office will file a late Form 1099 form with the Internal Revenue Service for 2017. Resolved.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Office of the District Public Defender 32nd JDC Parish of Terrebonne

For the year ended June 30, 2019

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

Internal Control Over Financial Reporting

No findings were reported during the audit for the year ended June 30, 2019.

Compliance and Other Matters

No findings material to the basic financial statements were reported during the audit for the year ended June 30, 2019.

Section II - Federal Award Findings and Questioned Costs

The Office of the District Public Defender 32nd JDC Parish of Terrebonne did not expend federal awards during the year ended June 30, 2019.

Section III - Management Letter

2019-001 General Fund Budget

Recommendation - We recommend the Office sign the budget for the General Fund for each year going forward.

Management's Response - The Office will sign the budget for each year going forward.

Section III Management Letter (Continued)

2019-002 Unclaimed Funds

Recommendation - We recommend the Office follow the recommendation from the State to forward unclaimed funds to the Department of the Treasury.

Management's Response - The Office will follow the recommendation from the State and will continue to research the status of outstanding checks promptly.

2019-003 Approval of Invoices

Recommendation - We recommend that in addition to approving invoices for payment, the Office use written and approved purchase requisitions when requesting to place the order for purchase.

Management's Response - The Office will use written and approved purchase requisitions when requesting to place the order for purchase.

STATEWIDE AGREED-UPON PROCEDURES

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the District Public Defender of the
32nd JDC Parish of Terrebonne,
Houma, Louisiana.

We have performed the procedures described in Schedule 2, which were agreed to by the District Public Defender of the 32nd JDC Parish of Terrebonne (the "Office") and the Louisiana Legislative Auditor (LLA), solely to assist the specified users of the report in evaluating management's assertions about the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) accompanying the annual financial statements of the Office for the year ended June 30, 2019 and to determine whether the C/C areas identified in the LLA's SAUPs are free of obvious errors and omissions. Management of the Office is responsible for its C/C areas identified in the SAUPs. The sufficiency of these procedures is solely the responsibility of the specified parties in the report. Consequently, we make no representation regarding the sufficiency of the procedures described in Schedule 2, either for the purpose for which this report has been requested, or for any other purpose.

The procedures that were performed and our findings are described in Schedule 2.

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, issued by the Comptroller General of the United States of America. We are not engaged to, and did not perform an examination, or review, the objective of which would be the expression of an opinion or conclusion, respectively, on management's assertions. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Bourgeois Bennett, L.L.C.

Certified Public Accountants

Houma, Louisiana,
December 26, 2019..

SCHEDULE OF PROCEDURES AND ASSOCIATED FINDINGS
OF THE STATEWIDE AGREED-UPON PROCEDURES

Office of the District Public Defender
32nd JDC Parish of Terrebonne

For the year ended June 30, 2019

The required procedures and our findings are as follows:

Procedures performed on the Office's written policies and procedures:

1. Obtain the Office'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 Office does not have any written policies and procedures), as applicable:

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

Performance: Obtained and read the written policy for budgeting, and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Performance: Obtained and read the written policy for purchasing, and found it to address all the functions listed above, except one exception noted below.

Exceptions: The written policy for purchasing did not address how vendors are added to the vendor list.

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

Performance: Obtained and read the written policy for disbursements, and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

Procedures performed on the Office's written policies and procedures: (Continued)

- d) Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of each type of revenue or 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).

Performance: Obtained and read the written policy for receipts, and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

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

Performance: Obtained and read the written policy for payroll and personnel, and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

- f) Contracting, including (1) types of services requiring written contracts; (2) standard terms and conditions; (3) legal review; (4) approval process; and (5) monitoring process.

Performance: Obtained and read the written policy for contracting, and found it to address all functions listed above.

Exceptions: There were no exceptions noted.

- g) Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled; (2) allowable business uses; (3) documentation requirements; (4) required approvers; and (5) monitoring card usage.

Performance: Obtained and read the written policy for credit cards, and found it to address all functions listed above.

Exceptions: There were no exceptions noted.

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

Performance: Obtained and read the written policy for travel and expense reimbursement, and found it to address all functions listed above.

Exceptions: There were no exceptions noted.

Procedures performed on the Office's written policies and procedures: (Continued)

- i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121; (2) actions to be taken if an ethics violation takes place; (3) system to monitor possible ethics violations; and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the Office's ethics policy.

Performance: Obtained and read the written policy for ethics, and found it to address all functions listed above, except one exception noted below.

Exceptions: The written policy for ethics did not include the requirement that all employees, including elected officials, annually attest through signature verification that they have read the Office's ethics policy.

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

Performance: Inquired of management about the existence of a policy for debt service.

Exceptions: The Office does not have a debt service policy.

- k) Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of data backups; (2) storage of backups in a separate physical location isolated from the network; (3) periodic testing/verification that backups can be restored; (4) use of antivirus software on all systems; (5) timely application of all available system and software patches/updates; and (6) identification of personnel, processes, and tools needed to recover operations after critical event.

Performance: Inquired of management about the existence of a policy for disaster recovery/business continuity.

Exceptions: The Office does not have a disaster recovery/business continuity policy.

Procedures performed on the Office's board:

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

- 2. Obtain and review the board minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period and:

- a) Observe that the board met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Performance: Prior year testing resulted in no exceptions related to the board. Therefore, testing is not required in the current year.

Procedures performed on the Office's board: (Continued)

- b) Observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

Performance: Prior year testing resulted in no exceptions related to the board. Therefore, testing is not required in the current year.

- c) Obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Performance: Prior year testing resulted in no exceptions related to the board. Therefore, testing is not required in the current year.

Procedures performed on the Office's bank reconciliations:

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

Performance: Obtained the listing of bank accounts from management, and received management's representation in a separate letter. Selected one month from the fiscal period, and obtained the corresponding bank statement and reconciliation for the Office's main operating account.

Exceptions: There were no exceptions noted.

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

Performance: Inquired of management about whether the selected bank reconciliation was prepared within two months of the related statement closing date.

Exceptions: There was no evidence that the selected bank reconciliation was prepared within two months of the related statement closing date.

Procedures performed on the Office's bank reconciliations: (Continued)

- b) Bank reconciliations include evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Performance: Inquired of management about whether a member of management or a board member reviewed each bank reconciliation. The District Public Defender deposits cash and also reviews each bank reconciliation.

Exceptions: There was no evidence that the selected bank reconciliation was reviewed by the District Public Defender.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

Performance: Observed that management has documentation reflecting that it had researched reconciling items that have been outstanding for more than 12 months from the statement closing date. In our observation, we noted 14 checks that were outstanding for longer than six months. Management has received a recommendation from the State on how to handle these outstanding checks.

Exceptions: Although management has received a recommendation from the State in accordance with the Louisiana Unclaimed Property Statutes, R.S. 9:151-181, management has not followed the recommendation.

Procedures performed on the Office's collections:

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

Performance: Obtained the listing of deposit sites from management, and received management's representation in a separate letter. The Office has one deposit site.

Exceptions: There were no exceptions noted.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Select one collection location for each deposit site (i.e., collection locations for five deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

Performance: Obtained the listing of collection locations from management, and received management's representation in a separate letter. The Office has one deposit site with two collection locations.

Exceptions: There were no exceptions noted.

Procedures performed on the Office's collections: (Continued)

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Performance: Inspected policy manuals and inquired of management regarding segregation of duties and inquired whether employees share the same cash envelope.

Exceptions: There were no exceptions noted.

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

Performance: Inspected policy manuals and inquired of management regarding segregation of duties and inquired whether and observed employees collecting cash are not responsible for making deposits.

Exceptions: There were no exceptions noted.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Performance: Inspected policy manuals and inquired of management and observed employees collecting cash do not make general ledger postings.

Exceptions: There were no exceptions noted.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Performance: Inspected policy manuals and inquired of management and employees performing reconciliations do not collect cash.

Exceptions: There were no exceptions noted.

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

Performance: Obtained a listing of all employees who have access to cash and inquired of management if these employees are covered by a bond or insurance policy for theft.

Exceptions: There were no exceptions noted.

Procedures performed on the Office's collections: (Continued)

7. Select two deposit dates for each of the five bank accounts selected for procedure #3 under "Procedures performed on the Office's bank reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates selected and select a deposit if multiple deposits were made on the same day). Obtain supporting documentation for each of the ten deposits and: Observe that receipts are sequentially pre-numbered.

a) Observe that receipts are sequentially pre-numbered.

Performance: Obtained supporting documentation for the two selected deposits from the Office's bank account and observed that receipts were sequentially pre-numbered.

Exceptions: There were no exceptions noted.

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

Performance: Traced supporting documentation to the deposit slip.

Exceptions: There were no exceptions noted.

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

Performance: Traced deposit slip total to actual deposit per bank statement.

Exceptions: There were no exceptions noted.

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

Performance: Inquired of management about whether the deposit was made within one business day of receipt.

Exceptions: Unable to determine whether the deposit was made within one business day of receipt due to no evidence of the date of receipt.

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

Performance: Traced the actual deposit per the bank statement to the general ledger.

Exceptions: There were no exceptions noted.

Procedures performed on the Office's non-payroll disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases):

8. Obtain a listing of locations that process payments for the fiscal period, and management's representation that the listing is complete. Select five locations (or all locations if less than five).

Performance: Obtained the listing of locations that process payments, and received management's representation in a separate letter. The Office has only one location that processes payments.

Exceptions: There were no exceptions noted.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the Office has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

Performance: Obtained a listing of those employees involved with non-payroll purchasing and payments functions, and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

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

Performance: Inspected policy manuals and inquired of management and employees as to requirement listed above.

Exceptions: There were no exceptions noted.

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

Performance: Inspected policy manuals and inquired of management and employees as to requirement listed above.

Exceptions: There were no exceptions noted.

- c) The employees responsible for processing payments are prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Performance: Inspected policy manuals and inquired of management and employees as to requirement listed above.

Exceptions: There were no exceptions noted.

Procedures performed on the Office's non-payroll disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases): (Continued)

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Performance: Inspected policy manuals and inquired of management and employees as to requirement listed above.

Exceptions: There were no exceptions noted.

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

Performance: Obtained the Office's general ledger for the fiscal period, and obtained management's representation in a separate letter.

Exceptions: There were no exceptions noted.

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

Performance: Obtained the disbursements and observed that the disbursement and the related original invoice/billing statement were in agreement. Inquired of management about whether an automatically deducted disbursement had a related invoice/billing statement that was in agreement.

Exceptions: There was one disbursement that was automatically deducted from the checking account that had no related invoice/billing statement to agree.

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

Performance: Obtained the disbursement documentation and observed for proper segregation of duties as listed under #9 above.

Exceptions: The disbursement referenced in #10a above did not include evidence of initial/date under #9, as applicable.

Procedures performed on the Office's credit cards, debit cards, fuel cards, P-cards:

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, 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.

Performance: Prior year testing resulted in no exceptions related to credit cards, debit cards, fuel cards, P-cards. Therefore, testing is not required in the current year.

12. Using the listing prepared by management, select five cards (or all cards if less than five) that were used during the fiscal period, rotating cards each year. Select one monthly statement or combined statement for each card (for a debit card, select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

Performance: Prior year testing resulted in no exceptions related to credit cards, debit cards, fuel cards, P-cards. Therefore, testing is not required in the current year.

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

Performance: Prior year testing resulted in no exceptions related to credit cards, debit cards, fuel cards, P-cards. Therefore, testing is not required in the current year.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, select ten transactions (or all transactions if less than ten) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have ten transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

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

Performance: Prior year testing resulted in no exceptions related to credit cards, debit cards, fuel cards, P-cards. Therefore, testing is not required in the current year.

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

Performance: Prior year testing resulted in no exceptions related to credit cards, debit cards, fuel cards, P-cards. Therefore, testing is not required in the current year.

**Procedures performed on the Office's credit cards, debit cards, fuel cards, P-cards:
(Continued)**

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

Performance: Prior year testing resulted in no exceptions related to credit cards, debit cards, fuel cards, P-cards. Therefore, testing is not required in the current year.

Procedures performed on the Office's travel and travel-related expense reimbursements:

14. Obtain from management a listing of all travel and related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Select five reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:

Performance: Obtained a list of all travel and travel related expense reimbursements, and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

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

Performance: Selected five reimbursements and obtained the supporting documentation. Observed that the reimbursements were reimbursed using actual costs, not using a per diem.

Exceptions: Not applicable.

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

Performance: Selected five reimbursements and obtained the supporting documentation. Observed that the reimbursement was supported by original itemized receipt.

Exceptions: There were no exceptions noted.

**Procedures performed on the Office's travel and travel-related expense reimbursements:
(Continued)**

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

Performance: Selected five reimbursements and obtained the supporting documentation.

Observed that each reimbursement has evidence of documentation of the business/public purpose and other documentation required by written policy.

Exceptions: There were several meal charges that did not include the names of those individuals participating.

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

Performance: Selected five reimbursements and obtained the supporting documentation.

Observed that each reimbursement was reviewed and approved by someone other than the person receiving the reimbursement.

Exceptions: Written review and approval was not noted; however, the check was signed by the person with approval authority.

Procedures performed on the Office's contracts:

15. Obtain a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Select five contracts (or all contracts if less than five) from the listing, and:

Performance: Obtained a listing of contracts initiated or renewed during the fiscal period and received management's representation in a separate letter. Selected five contracts from the list provided by management.

Exceptions: There were no exceptions noted.

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Performance: It was determined that no other quotes were necessary due to the fact that the contracts were for service and not subject to Louisiana Public Bid Law.

Exceptions: There were no exceptions noted.

Procedures performed on the Office's contracts: (Continued)

- b) Observe that the contract was approved by the governing body/Office, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

Performance: Inspected the approval of contract by the Office.

Exceptions: There were no exceptions noted.

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

Performance: Inspected contract to determine if the contract was amended.

Exceptions: There were no exceptions noted.

- d) Select one payment from the fiscal period for each of the five contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Performance: Inspected the invoice and compared to the written contract information and observed that the invoice and related payment agreed to terms and conditions of the contract.

Exceptions: There were no exceptions noted.

Procedures performed on the Office's payroll and personnel:

16. Obtain a listing of employees (and elected officials, if applicable) during the fiscal period and management's representation that the listing is complete. Select five employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Performance: Prior year testing resulted in no exceptions related to payroll and personnel. Therefore, testing is not required in the current year.

17. Select one pay period during the fiscal period. For the five employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Performance: Prior year testing resulted in no exceptions related to payroll and personnel. Therefore, testing is not required in the current year.

Procedures performed on the Office's payroll and personnel: (Continued)

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

Performance: Prior year testing resulted in no exceptions related to payroll and personnel. Therefore, testing is not required in the current year.

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

Performance: Prior year testing resulted in no exceptions related to payroll and personnel. Therefore, testing is not required in the current year.

- 18. Obtain from management a list of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Performance: Prior year testing resulted in no exceptions related to payroll and personnel. Therefore, testing is not required in the current year.

- 19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Performance: Prior year testing resulted in no exceptions related to payroll and personnel. Therefore, testing is not required in the current year.

Procedure performed on the Office's ethics:

- 20. Using five selected employees/officials, obtain ethics compliance documentation from management and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Performance: Observed documentation demonstrating that each employee/official completed one hour of ethics training during the fiscal period.

Exceptions: There were no exceptions noted.

Procedure performed on the Office's ethics: (Continued)

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

Performance: Inquired of management of any documentation to demonstrate that each employee/official attested through signature verification that he or she has read the Office's ethics policy during the fiscal period.

Exceptions: There was no documentation found.

Procedures performed on the Office's debt service:

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

Performance: Prior year testing resulted in no exceptions related to debt service. Therefore, testing is not required in the current year.

- 22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Performance: Prior year testing resulted in no exceptions related to debt service. Therefore, testing is not required in the current year.

Other procedures performed on the Office:

- 23. Obtain a listing of misappropriations of public funds or assets during the fiscal period, and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the Office reported the misappropriation(s) to the legislative auditor and the District attorney of the parish in which the Office is domiciled.

Performance: Prior year testing resulted in no exceptions related to misappropriations of public funds or assets. Therefore, testing is not required in the current year.

Other procedures performed on the Office: (Continued)

24. Observe and report whether the Office 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.

Performance: Prior year testing resulted in no exceptions related to such notice posted on the premises. Therefore, testing is not required in the current year.

Management's Overall Response to Exceptions:

1. As a response to exception reported at 1b), management is working on drafting a provision for how vendors are added to the vendor list to be approved before the end of fiscal year 2020.
2. As a response to exception reported at 1i), management is working on drafting a provision for all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy to be approved before the end of the fiscal year 2020.
3. As a response to exception reported at 1j), management is working on drafting a debt service policy to be approved before the end of the fiscal year 2020.
4. As a response to exception reported at 1k), management is working on drafting a Disaster Recovery/Business Continuity policy to be approved before the end of fiscal year 2020.
5. As a response to exception reported at 3a), management will create a better system for initialing and dating bank reconciliations as they are prepared.
6. As a response to exception reported at 3b), management will create a better system for initialing and dating bank reconciliations as they are reviewed.
7. As a response to exception reported at 3c), management will comply with the law in accordance with Louisiana Unclaimed Property Statutes, R.S. 9:151-181.
8. As a response to exception reported at 7d), management will note date of receipt on copies of checks.
9. As a response to exception reported at 10a), management will create a better system for agreeing related invoice/billing statements for all disbursements.

Management's Overall Response to Exceptions: (Continued)

10. As a response to exception reported at 10b), management will create a better system for initialing/dating all invoices for proper documentation of approvals.
11. As a response to exception reported at 14c), management will include names of those individuals participating on meals charges.
12. As a response to exception reported at 14d), management will create a better system for reviewing and approving reimbursements.
13. As a response to exception reported at 20b), management will require employees to attest through signature verification that he or she has read the Office's ethics policy during the fiscal period.

To the District Public Defender of the,
32nd JDC Parish of Terrebonne,
Houma, Louisiana.

We have audited the basic financial statements of the Office of the District Public Defender 32nd JDC Parish of Terrebonne (the "Office"), State of Louisiana, as of and for the year ended June 30, 2019, and have issued our report thereon dated December 26, 2019. 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. In planning and performing our audit, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on internal control.

However, during our audit we became aware of matters, which represent an opportunity for strengthening internal controls and immaterial noncompliance with certain provisions of laws, regulations, contracts and grants. The memorandum that accompanies this letter summarizes our suggestions and recommendations regarding these matters.

We will review the status of these comments during our next audit engagement. We have already discussed the comments and recommendation with the Office, and we will be pleased to discuss it in further detail at your convenience, to perform an additional study of the matters or to assist you in implementing the recommendation.

Sincerely,

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
December 26, 2019.

MANAGEMENT COMMENTS

Office of the District Public Defender 32nd JDC Parish of Terrebonne

For the year ended June 30, 2019

2019-001 General Fund Budget

Condition - A signed budget message was not prepared for the fiscal year July 1, 2018 - June 30, 2019.

Criteria - In accordance with R.S. 39:1305, a budget sets forth the proposed financial plan for the General Fund and each special revenue fund. The budget must include the following:

- (1) A budget message signed by the budget preparer which shall include a summary description of the proposed financial plan, policies, and objectives, assumptions, budgetary basis, and a discussion of the most important features.

Effect - Signed budget message was not available to the public.

Cause - Lack of oversight by the Office; although stated in the Office's budget policy and procedures.

Content - Systematic.

Auditor's Recommendation - We recommend the Office sign the budget for the General Fund for each year going forward.

Views of Responsible Officials - The Office will sign the budget for each year going forward.

2019-002 Unclaimed Funds

Condition - The Office has outstanding checks that are not written off timely.

Criteria - In accordance with the Louisiana Unclaimed Property Statutes, R.S. 9:151-181, property is presumed abandoned when the Office has possession of property owed to another and cannot locate the owner for a period of one year. Any fund amount of one cent and above that has not been claimed by the owner, the Office must

2019-002 Unclaimed Funds (Continued)

follow the guidelines to locate the owner. If unsuccessful, then the Office must forward these unclaimed funds to the Louisiana Department of the Treasury, Unclaimed Property Division by October 31st. The unclaimed property law provides that holders who fail to comply with the law may be audited and the holder may be required to pay the costs of the examination. Additionally, all holders are required to pay interest at the annual rate as provided in Louisiana Civil Code Article 2924 on all property not reported or delivered when due as required by law.

Effect - The Office has possession of property owed to another through outstanding checks and failing to comply with the law may cause fees and interest to be due.

Cause - The Office has received a recommendation from the State regarding the outstanding checks, but has failed to act on the recommendation.

Content - Systematic.

Auditor's Recommendation - We recommend the Office follow the recommendation from the State to forward unclaimed funds to the Department of the Treasury.

Views of Responsible Officials - The Office will follow the recommendation from the State and will continue to research the status of outstanding checks promptly.

2019-003 Approval of Invoices

Condition - Office employees involved in the purchasing function do not retain proper authorization documentation.

Criteria - Good controls over purchasing and disbursements require appropriate checks and balances; therefore, more than one individual should be involved in the purchasing and disbursement functions.

Effect - The risk that purchases can be made that are not reasonable and necessary, budgeted, documented and approved, received and safeguarded, and used solely for the public purposes.

Cause - Lack of implemented controls to ensure that purchases are reasonable and necessary, budgeted, documented and approved, received and safeguarded, and used solely for the public purposes.

Content - Isolated.

2019-003 Approval of Invoices (Continued)

Auditor's Recommendation - We recommend that in addition to approving invoices for payment, the Office use written and approved purchase requisitions when requesting to place the order for purchase.

Views of Responsible Officials - The Office will use written and approved purchase requisitions when requesting to place the order for purchase.