

*Financial Report*

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

*Chalmette, Louisiana*

*For the year ended June 30, 2017*

*Financial Report*

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of the Public Defenders*

*Chalmette, Louisiana*

*June 30, 2017*

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June 30, 2017

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**FINANCIAL SECTION**

## **INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of the governmental activities, and the General Fund of the Thirty-Fourth Judicial District Office of the Public Defenders (the "Office"), as of and for the year ended June 30, 2017 and related notes to the financial statements, which collectively comprise the Office's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

## **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 Thirty-Fourth Judicial District Office of the Public Defenders as of June 30, 2017, and the respective changes in financial position and changes in assets and liabilities for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 8, and the required supplementary information on pages 30 through 32, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operations, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying supplementary information, on page 33, is presented for purposes of additional analysis and is required by Louisiana Revised Statute 24:513 (A)(3), and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

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

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, Louisiana,  
December 28, 2017.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

June 30, 2017

The Management's Discussion and Analysis of the Thirty-Fourth Judicial District Office of the Public Defenders (the "Office") financial performance presents a narrative overview and analysis of the Office's financial activities for the year ended June 30, 2017. 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, 2017 by \$78,284 (net position), which represents a 225.93% increase as compared to the year ended June 30, 2016.

The Office's revenues for the year ended June 30, 2017 increased \$173,874 (or 49.11%) as compared to the year ended June 30, 2016. This is principally due to an increase of state funds.

The Office's expenses for the year ended June 30, 2017 increased by \$135,429 (or 40.04%) as compared to the year ended June 30, 2016.

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

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

## **Government-Wide Financial Statements**

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

## **Fund Financial Statements**

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

## **Governmental Funds**

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

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

## Notes to the Financial Statements

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

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the Office's financial position. As of June 30, 2017, assets exceeded liabilities by \$78,284.

#### Condensed Statements of Net Position

	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>	<u>Dollar</u> <u>Change</u>
Current and other assets	\$ 81,682	\$ 32,124	\$ 49,558
Capital assets	<u>459</u>	<u>595</u>	<u>(136)</u>
Total assets	<u>82,141</u>	<u>32,719</u>	<u>49,422</u>
Deferred outflow of resources	<u>17,515</u>	<u>25,276</u>	<u>(7,761)</u>
Current liabilities	5,615	13,267	(7,652)
Long-term liabilities	<u>12,254</u>	<u>17,413</u>	<u>(5,159)</u>
	17,869	30,680	(12,811)
Deferred inflow of resources	<u>3,503</u>	<u>3,296</u>	<u>207</u>
Total liabilities and deferred inflow of resources	<u>21,372</u>	<u>33,976</u>	<u>(12,604)</u>
Net position	<u>\$ 78,284</u>	<u>\$ 24,019</u>	<u>\$ 54,265</u>
Net position:			
Invested in capital assets	\$ 459	\$ 595	\$ (136)
Unrestricted	<u>77,825</u>	<u>23,424</u>	<u>54,401</u>
Total net position	<u>\$ 78,284</u>	<u>\$ 24,019</u>	<u>\$ 54,265</u>

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

### Governmental Activities

Governmental activities increased the Office's net position by \$54,265. Key elements of this increase are:

#### Condensed Statements of Activities

	For the Year Ended <u>June 30, 2017</u>	For the Year Ended <u>June 30, 2016</u>	Dollar Change	Total % Change
Revenues:				
Service fees	\$ 189,531	\$ 135,028	\$ 54,503	40
State Revenue District	338,306	218,993	119,313	54
Other	<u>96</u>	<u>38</u>	<u>58</u>	153
Total revenues	527,933	354,059	173,874	49
Expenses:				
General and governmental	<u>473,668</u>	<u>338,239</u>	<u>135,429</u>	40
Increase in net position	54,265	15,820	38,445	243
Net position beginning of year	<u>24,019</u>	<u>8,199</u>	<u>15,820</u>	193
Net position end of year	<u>\$ 78,284</u>	<u>\$ 24,019</u>	<u>\$ 54,265</u>	226

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

### Governmental Funds

The focus of the Office's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Office's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the current year. As of June 30, 2017, the Office's governmental funds reported a combined ending fund balance of \$74,524, an increase of \$50,505 in comparison with the year that is available for spending at the Office's discretion.



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

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

June 30, 2017

	General Fund	Adjustments (Exhibit B)	Statement of Net Position
<b>Assets</b>			
Cash	\$ 67,024	\$ -	\$ 67,024
Due from other governmental units	14,658	-	14,658
Capital assets, net of accumulated depreciation	-	459	459
Total assets	81,682	459	82,141
<b>Deferred Outflows of Resources</b>			
Total assets and deferred outflows of resources	-	17,515	17,515
	\$ 81,682	17,974	99,656
<b>Liabilities</b>			
Accounts payable and accrued expenditures	\$ 5,615	-	5,615
Net pension liability	-	12,254	12,254
Total liabilities	5,615	12,254	17,869
<b>Deferred Inflows of Resources</b>			
Total liabilities and deferred inflows of resources	-	3,503	3,503
	5,615	15,757	21,372
<b>Fund Balance/Net Position</b>			
Fund balance - unassigned	76,067	(76,067)	-
Total liabilities and fund balance	\$ 81,682	(60,310)	21,372
Net position:			
Invested in capital assets		459	459
Unrestricted		77,825	77,825
Total net position		\$ 78,284	\$ 78,284

See notes to financial statements.

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

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

June 30, 2017

<b>Fund Balance - Governmental Fund</b>		<b>\$ 76,067</b>
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the governmental fund		
Governmental capital assets	\$ 16,095	
Less accumulated depreciation	<u>(15,636)</u>	459
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in governmental funds		17,515
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:		
Net pension liability		(12,254)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in governmental funds		<u>(3,503)</u>
<b>Net Position of Governmental Activities</b>		<b><u>\$ 78,284</u></b>

See notes to financial statements.

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

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

For the year ended June 30, 2017

	General Fund	Adjustments (Exhibit D)	Statement of Activities
<b>Revenues</b>			
Service fees:			
St. Bernard Parish Sheriff	\$ 189,531	\$ -	\$ 189,531
State Revenue District Assistance Fund:			
Louisiana Public Defender Board	338,306	-	338,306
Miscellaneous:			
Interest income	96	-	96
	<u>527,933</u>	<u>-</u>	<u>527,933</u>
<b>Expenditures/Expenses</b>			
General government:			
Materials and supplies	4,003	-	4,003
Personnel services and benefits	108,903	2,809	111,712
Other services and charges:			
Contractual services	328,513	-	328,513
Professional services	9,000	-	9,000
Library and research	1,965	-	1,965
Office	3,529	-	3,529
Miscellaneous	14,810	-	14,810
Depreciation	-	136	136
	<u>470,723</u>	<u>2,945</u>	<u>473,668</u>
<b>Excess (Deficit) of Expenditures over Revenue</b>	57,210	(57,210)	-
<b>Change in Net Position</b>	-	54,265	54,265
<b>Fund Balance/Net Position</b>			
Beginning of year	<u>18,857</u>	<u>5,162</u>	<u>24,019</u>
End of year	<u>\$ 76,067</u>	<u>\$ 2,217</u>	<u>\$ 78,284</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**

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

For the year ended June 30, 2017

<b>Net Change in Fund Balance - Governmental Fund</b>	<b>\$ 57,210</b>
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.	
Depreciation expense	(136)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Pension (expense)/credit	<u>(2,809)</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 54,265</u></b>

See notes to financial statements.

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

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

For the year ended June 30, 2017

	Budget Original	Budget Final	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Service fees:				
St. Bernard Parish Sheriff	\$ 142,000	\$ 190,856	\$ 189,531	\$ (1,325)
State Revenue District Assistance Fund:				
Louisiana Public Defender Board	357,916	334,225	338,306	4,081
Interest income	40	93	96	3
Total revenues	499,956	525,174	527,933	2,759
<b>Expenditures</b>				
General government:				
Materials and supplies	3,525	5,357	4,003	1,354
Personnel services and benefits	117,400	114,162	108,903	5,259
Other services and charges:				
Contractual services	361,000	328,162	328,513	(351)
Professional services	8,500	9,000	9,000	-
Library and research	2,000	1,965	1,965	-
Office	650	617	3,529	(2,912)
Miscellaneous	2,700	5,196	14,810	(9,614)
Total expenditures/capital outlay	495,775	464,459	470,723	(6,264)
<b>Excess of Revenues Over Expenditures</b>	4,181	60,715	57,210	\$ (3,505)
<b>Fund Balance</b>				
Beginning of year	11,705	11,705	18,857	
End of year	\$ 15,886	\$ 72,420	\$ 76,067	

See notes to financial statements.

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

June 30, 2017

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

The Thirty-Fourth Judicial District Office of the Public Defenders (the "Office") established in compliance with Louisiana Revised Statutes 15:146 et seq., provides counsel to represent indigents (needy individuals) in criminal, quasi-criminal, juvenile, municipal and traffic cases at the District Court level. The judicial district encompasses the Parish of St. Bernard, Louisiana. All duties and responsibilities for the management of the personnel, property, and funds will by virtue of Act 307 transfer to the Chief Public Defender who will then be referred to as District Public Defender. Revenues to finance the Office's operations are derived from district assistance funds, court costs on fines imposed by the various courts within the district and other fees.

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

**a. Reporting Entity**

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

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

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

**b. Basis of Presentation**

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

**Government-Wide Financial Statements:**

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

**Fund Financial Statements:**

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

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

**c. Measurement Focus and Basis of Accounting**

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

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

**c. Measurement Focus and Basis of Accounting (Continued)**

**Government-Wide Financial Statements:**

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

**Fund Financial Statements:**

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

**Revenues**

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

**Expenditures**

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

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

**d. Use of Estimates**

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

**e. Operating Budgetary Data**

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

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

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

**f. Accounts Receivable**

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

**g. Capital Assets**

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

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

**g. Capital Assets (Continued)**

**Government-Wide Financial Statements:**

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

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

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

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

**h. Deferred Outflows/Inflows of Resources**

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

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

**i. Pensions**

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

**j. Vacation and Sick Leave**

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

**k. Fund Equity**

**Government-Wide Statements:**

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

- a. Invested in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of June 30, 2017, there were no outstanding balances of debt.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets".

When both restricted and unrestricted resources are available for use, it is the Office's policy to use restricted resources first, then unrestricted resources as they are needed. As of June 30, 2017 and for the year then ended, the Office did not have or receive restricted net assets.

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

**k. Fund Equity (Continued)**

**Fund Financial Statements:**

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

**Nonspendable** - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. There was no nonspendable equity as of June 30, 2017.

**Restricted** - amounts that can be spent only for a specific purpose because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributions, or the laws or regulations of other governments. There was no restricted equity as of June 30, 2017.

**Committed** - amounts that can be used only for specific purposes determined by a formal decision of the Office. There was no committed equity as of June 30, 2017.

**Assigned** - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for a specific purposes. There was no assigned equity as of June 30, 2017.

**Unassigned** - all other spendable amounts.

For classification of Governmental Fund balances, the Office considers expenditures to be made from the most restrictive first when more than one classification is available. The Office's fund balance as of June 30, 2017 totaled \$76,067, all of which was classified as unassigned.

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

**I. New Pronouncements**

During the year ended June 30, 2017, the Office implemented the following GASB statements:

Statement No. 78, *"Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans"* amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. This Statement did not affect the Office's financial statements.

Statement No. 82, *"Pension Issues"* addresses several issues raised with respect to Statements No. 67, *"Financial Reporting/or Pension Plans,"* No. 68, *"Accounting and Financial Reporting for Pensions,"* and No. 73, *"Accounting and Financial Reporting for Pensions and Related Assets that are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68."* Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

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

**I. Subsequent Events**

The Office evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through December 28, 2017, which is the date the financial statements were available to be issued.

**Note 2 - DEPOSITS AND INVESTMENTS**

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

**Bank Deposits:**

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

The bank balances as of June 30, 2017 are as follows:

	<u>Bank Balances</u>	<u>Reported Amount</u>
Cash	<u>\$ 78,252</u>	<u>\$ 67,024</u>

Custodial credit risk is the risk that in the event of a bank failure, the Office's deposits may not be returned to it. The Office has a written policy for custodial credit risk. As of June 30, 2017, the Office's bank balances of \$78,252 were fully insured by federal deposit insurance.

**Note 3 - DUE FROM OTHER GOVERNMENTAL UNITS**

Amounts due from other governmental units as of June 30, 2017, consisted of the following:

Sheriff, Parish of St. Bernard	\$ 10,577
Louisiana Public Defender Board	<u>4,081</u>
Total	<u>\$ 14,658</u>

The amount due from the St. Bernard Parish Sheriff is for fines and fees collected.

**Note 4 - CHANGES IN CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Balance June 30, 2017</u>
Capital assets being depreciated:			
Office furniture, fixtures, and equipment	\$ 16,095	\$ -	\$ 16,095
Less accumulated depreciation for:			
Office furniture, fixtures, and equipment	<u>(15,500)</u>	<u>(136)</u>	<u>(15,636)</u>
Total capital assets, net	<u>\$ 595</u>	<u>\$ (136)</u>	<u>\$ 459</u>

**Note 5 - ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES**

Accounts payable and accrued expenditures as of June 30, 2017, consisted of the following:

Contract attorneys	\$ 250
Salaries and benefits	<u>5,365</u>
Total	<u>\$ 5,615</u>

**Note 6 - GOVERNMENTAL FUND REVENUES AND EXPENDITURES**

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

<b>Revenues:</b>	
State government:	
Grants	\$ 338,306
Local government:	
Statutory fines, fees, court costs, and other	189,531
Interest income	<u>96</u>
Total revenues	<u>\$ 527,933</u>
 <b>Expenditures:</b>	
Operating costs:	
Supplies	\$ 4,003
Salaries	94,000
Payroll taxes	7,383
Retirement contributions	10,329
Contract services - attorney/legal	328,513
Contract services - other	9,000
Library and research	1,965
Office	3,529
Miscellaneous	<u>14,946</u>
Total expenditures	<u>\$ 473,668</u>

**Note 7 - PENSION PLAN**

**Plan Description.** The Office contributes to Plan B 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 the year 1979, established by the Legislature of the State of Louisiana, revised the System to create Plan A and Plan B to replace the "regular plan" and the "supplemental plan". Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date. The Retirement System is governed by Louisiana Revised Statutes, Title 11, Section 1901 through 2025, specifically and other general laws of the State of Louisiana.

**Note 7 - PENSION PLAN (Continued)**

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

**Contributions.** According to state statute, contributions for all employers are actuarially determined each year. For the plan year ending December 31, 2016, the actuarial employer contribution rate was 7.20% of member's compensation. However, the actual rate for the plan year ending December 31, 2016 was 8.00%.

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

Contributions to the System from the Office were \$7,520 for the year ended June 30, 2017.

**Note 7 - PENSION PLAN (Continued)**

**Pension Liabilities.** As of June 30, 2017, the Office reported a liability of \$12,254 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2016, the Office's proportion was .094359%, which was a decrease of 0.003439% from its proportion measured as of December 31, 2015.

**Pension Expense.** For the year ended June 30, 2017, the Office recognized pension expense of \$6,569.

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** As of June 30, 2017, 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	\$ -	\$ (3,499)
Change in assumptions	1,462	-
Net difference between projected and actual earnings on pension plan investments	12,238	-
Changes in proportionate share	55	(4)
Contributions subsequent to the measurement date	<u>3,760</u>	<u>-</u>
Totals	<u>\$ 17,515</u>	<u>\$ (3,503)</u>

The Office reported \$3,760 as deferred outflows of resources related to pensions resulting from Office contributions subsequent to the measurement date and will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Note 7 - PENSION PLAN (Continued)**

Year Ending June 30th,	Amount
2018	\$ 3,421
2019	4,239
2020	2,941
2021	(345)
Total	\$ 10,256

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

Valuation Date	December 31, 2016
Actuarial Cost Method	Entry Age Method
Actuarial Assumptions:	
Expected Remaining Service Lives	4 years
Investment Rate of Return	7.00%, net of investment expense
Projected Salary Increases	5.25% (2.75% inflation, 2.50% merit)
Mortality Rates	RP-2000 Employee Mortality Table was selected for active members. RP-2000 Healthy Annuitant Mortality Table was selected for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.
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 7 - PENSION PLAN (Continued)**

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing method (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.66% for the year ended December 31, 2016.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2016 are as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	35.00%	1.24%
Equity	52.00%	3.63%
Alternatives	11.00%	0.67%
Real assets	2.00%	0.12%
Total	100.00%	5.66%
Inflation		2.00%
Expected arithmetic nominal rate		7.66%

**Discount Rate.** The discount rate used to measure the collective pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement System's Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Note 7 - PENSION PLAN (Continued)**

**Sensitivity of the Office's Proportionate Share of the Collective Net Pension Liability to Changes in the Discount Rate.** The following presents the Office's proportionate share of the collective net pension liability using the discount rate of 7.00%, as well as what the Office's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.00%) or one percentage-point higher (8.00%) than the current rate:

	<u>1.0% Decrease (6.00)%</u>	<u>Current Discount Rate (7.00%)</u>	<u>1.0% Increase (8.00%)</u>
District's proportionate share of the net pension liability	<u>\$46,601</u>	<u>\$12,254</u>	<u>\$(16,733)</u>

**Pension Plan Fiduciary Net Position.** The Parochial Employees' Retirement System of Louisiana issued a stand-alone audit report on their financial statements for the year ended December 31, 2016. Access to the audit report can be found on the System's website, [www.persla.org](http://www.persla.org) or on the Louisiana Legislative Auditor's website, [www.la.la.gov](http://www.la.la.gov).

**Note 8 - RISK MANAGEMENT**

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

**Note 9 - CONTRACTUAL SERVICES**

For the year ended June 30, 2017, the District Public Defender was the only employee. As a result, all defense attorneys were contracted for their services.

**Note 10 - EXPENDITURES NOT INCLUDED IN ACCOMPANYING FINANCIAL STATEMENTS**

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

**REQUIRED SUPPLEMENTARY INFORMATION**

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

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

June 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Office's proportion of the net pension liability	<u>0.0944%</u>	<u>0.0978%</u>	<u>0.1025%</u>
Office's proportionate share of the net pension liability	<u>\$12,254</u>	<u>\$17,413</u>	<u>\$1,974</u>
Office's covered-employee payroll	<u>\$94,000</u>	<u>\$94,000</u>	<u>\$94,000</u>
Office's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>13.0360%</u>	<u>18.1790%</u>	<u>2.1000%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>94.1500%</u>	<u>93.4800%</u>	<u>99.1500%</u>

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

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

June 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 7,520	\$ 7,990	\$ 9,374
Contributions in relation to the contractually required contribution	<u>(7,520)</u>	<u>(7,990)</u>	<u>(9,374)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Office's covered-employee payroll	<u>\$ 94,000</u>	<u>\$ 94,000</u>	<u>\$ 94,000</u>
Contributions as a percentage of covered - employee payroll	<u>8.00%</u>	<u>8.50%</u>	<u>9.97%</u>

**NOTES TO REQUIRED PENSION**  
**SUPPLEMENTARY INFORMATION**

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

For the year ended June 30, 2017

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

**SUPPLEMENTARY INFORMATION SECTION**

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

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

For the year ended June 30, 2017

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

**Purpose**

Salary	\$ 94,000
Benefits - insurance	9,829
Benefits - retirement	7,520
Benefits - other (malpractice insurance)	2,476
Car allowance	0
Vehicle provided by government	0
Per diem	0
Reimbursements	1,819
Travel	0
Registration fees	0
Conference travel	0
Continuing professional education fees	0
Housing	0
Unvouchered expenses	0
Special meals	0
	<hr/>
	<b><u>\$ 115,644</u></b>

**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS**

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major funds of the Thirty-Fourth Judicial District Office of the Public Defenders (the "Office") as of and for the year ended June 30, 2017, 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 28, 2017.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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



Certified Public Accountants.

New Orleans, Louisiana,  
December 28, 2017.



**Section III - Federal Award Findings and Questioned Cost**

The Thirty-Fourth Judicial District Office of the Public Defenders did not expend federal awards in excess of \$750,000 during the year ended June 30, 2017.

**REPORTS BY MANAGEMENT**

## **SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES**

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

For the year ended June 30, 2017

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

##### **Compliance and Other Matters**

###### **2016-01 Budget Variance**

**Recommendation** - The Office should monitor its expenses periodically to determine the needs of the Office. The Office's budget should be amended accordingly.

**Management's Response** - Resolved. The Office's actual expenses exceeded the budgeted expense amount by more than 5% for one item. The Office will monitor expense more closely in the future.

#### **Section II - Compliance Material to Federal Awards**

The Thirty-Fourth Judicial District Office of the Public Defenders did not expend federal awards during the fiscal year ended June 30, 2016.

#### **Section III - Management Letter**

A management letter was not issued in connection with the audit of the financial statements for the fiscal year ended June 30, 2016.

**MANAGEMENT'S CORRECTIVE ACTION PLAN**  
**ON CURRENT YEAR FINDINGS**

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

For the year ended June 30, 2017

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

**Internal Control Over Financial Reporting**

No finding were reported during the audit of the basic financial statements for the year ended June 30, 2017.

**Compliance and Other Matters**

No finding were reported during the audit of the basic financial statements for the year ended June 30, 2017.

**Section II - Compliance Material to Federal Awards**

The Thirty-Fourth Judicial District Office of the Public Defenders did not expend federal awards during the year ended June 30, 2017.

**Section III - Management Letter**

A management letter was not issued in connection with the review of the financial statements for the year ended June 30, 2017.

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

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

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

We have performed the procedures enumerated below, which were agreed to by the management of Thirty-Fourth Judicial District Office of the Public Defenders (the "Office") and the Louisiana Legislative Auditor solely to assist the specified users of the report in evaluating management's assertions about the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUPs) accompanying the annual financial statements of the Office for the year ended June 30, 2017 and to determine whether the C/C areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures are free of obvious errors and omissions. Management of the Office is responsible for its C/C areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures. The sufficiency of these procedures is solely the responsibility of the specified parties in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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

**Written Policies and Procedures**

- 1. Obtain 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:**

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

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

No exceptions were noted.

**Written Policies and Procedures (Continued)**

- b) Purchasing, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Louisiana Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes, if any.**

No exceptions were noted.

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

No exceptions were noted.

- d) Receipts, including receiving, recording, and preparing deposits.**

No exceptions were noted.

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

No exceptions were noted.

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

No exceptions were noted.

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

Not applicable. The Office does not use credit cards.

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

No exceptions were noted.

**Written Policies and Procedures (Continued)**

- i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofit organizations.**

The Office does have a written ethics policy.

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

Not applicable, the Office does not have any debt.

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

**2. Obtain and review the board/committee minutes for the fiscal period, and:**

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.**

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

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the Office's prior audit (GAAP-basis).**

Not applicable.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g., approval of contracts and disbursements) for at least one meeting during the fiscal period.**

Not applicable.

**Bank Reconciliations**

- 3. Obtain a listing of the Office's bank accounts from management and management's representation that the listing is complete.**

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

- 4. Using the listing provided by management, select all of the Office's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than five accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:**

We selected all of the Office's bank accounts. For each bank account we verified the following:

- a) Bank reconciliations have been prepared.**

No exceptions were noted.

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

The review of the bank reconciliations is not evidenced by initials and dating that the procedure was performed, but the District Defender has confirmed that this procedure is performed monthly.

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

No exceptions were noted.

**Collections**

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

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

**Collections (Continued)**

**6. Using the listing provided by management, select all of the Office's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than five locations). For each cash collection location selected:**

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

We obtained written documentation and determined that each person collecting cash is bonded. The same person is responsible for depositing cash in the bank, recording the related transaction, and reconciling the related bank account.

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

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

The Office does not have a formal process or written documentation to reconcile cash collections to the general ledger by a person who is not responsible for cash collections.

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

**Collections (Continued)**

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

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

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

The deposits tested were deposited within one day of collection.

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

Daily cash collections tested were supported by documentation.

No exceptions were noted.

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

The Office does not have written documentation or a process to determine completeness of collections.

Completeness of collections is determined by the District Defender reviewing monthly wires received from the Louisiana Public Defender Board, monthly checks received from the local Sheriff for fines, court costs, and fees collected by the Sheriff, and checks received periodically from the local District Attorney for bond forfeitures collected by the District Attorney. The remaining funds collected are in the form of money orders collected from indigents. These funds are not material to the funds collected as a whole.

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

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

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

- 9. Using the disbursement population from Step 8 above, randomly select 25 disbursements (or randomly selected disbursements constituting at least one-third of the dollar disbursement population if the Office had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-Card purchases or payments. Obtain supporting documentation (e.g., purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:**

We selected 25 disbursements, examined supporting documentation and verified the following:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.**

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

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

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

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

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

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

- c) Payments for purchases were not processed without an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.**

None of the disbursements included an approved purchase order. All 25 disbursements did agree to an approved invoice and included a receiving report, if applicable.

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

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

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

No exceptions were noted.

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

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

The supply of unused checks is maintained in locked safe in a locked location with access restricted to the accountant and the District Defender. The District Defender has access to the unused checks and has signatory authority.

A mitigating control is in place which requires checks to be printed only by the accountant.

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

The signer has a signature stamp kept in a locked office. Only the signer has access to the signature stamp. The signer physically signs all checks and then gives the check to the accountant to mail.

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

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

Not applicable. The Office does not use credit cards, debit cards, fuel cards, or P-Cards.

- 15. Using the listing prepared by management, randomly select ten cards (or at least one-third of the cards if the entity has less than ten cards) that were used during the fiscal period, rotating cards each year.**

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

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.**

Not applicable.

**Credit Cards/Debit Cards/Fuel Cards/P-Cards (Continued)**

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

Not applicable.

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

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

- 1. An original itemized receipt (i.e., identifies precisely what was purchased)**

Not applicable.

- 2. Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.**

Not applicable.

- 3. Other documentation that may be required by written policy (e.g., purchase order, written authorization.)**

Not applicable.

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

Not applicable.

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

**Credit Cards/Debit Cards/Fuel Cards/P-Cards (Continued)**

Not applicable.

**Travel and Expense Reimbursement**

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

We obtained the general ledger detail and sorted and filtered for travel reimbursements.

We obtained a representation from management that the listing was complete.

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

No exceptions were noted.

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

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

We tested the largest travel reimbursement during the year. The reimbursement was for an overnight business trip including meals, mileage, and lodging. The reimbursement tested was in accordance with written policy and at or below the established GSA rates.

- b) Report whether each expense is supported by:**

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

**Travel and Expense Reimbursement (Continued)**

No exceptions were noted.

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

No exceptions were noted.

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

No additional documentation is required by written policy.

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

No exceptions were noted.

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

For the expense selected in Step 19a, we reviewed written approval was evidenced by the person receiving reimbursement.

**Contracts**

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

We obtained a listing of all contracts in effect during the year ended June 30, 2017.

We obtained management's representation that the listing is complete.

**Contracts (Continued)**

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

We selected five of the highest paid contract "vendors" for the fiscal period.

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

No exception were noted.

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

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

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

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

Not applicable.

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

None of the contracts selected were amended.

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

None of the contracts included invoices. We examined copies of check stubs for the payments to the vendors, all of which complied with the terms of the contracts.

The Office now receives and maintains invoices for all contracts.

**Contracts**

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

Not applicable.

**Payroll and Personnel**

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

We obtained a listing of employees and a representation from management that the listing is complete. We selected the only employee and obtained his personnel file and performed the following:

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

We verified compensation was in accordance with the terms of the employment contracts for the employee selected.

No exceptions were noted.

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

For the employee selected in Step 22a, we obtained contract with State Public Defenders Board's approval of the employee's pay rate. The employee's pay rate did not change during the year.

No exceptions were noted.

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

**Payroll and Personnel (Continued)**

- a) Report whether all selected employees documented their daily attendance and leave (e.g., vacation, sick, compensatory).**

No exceptions were noted.

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

No exceptions were noted.

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

No exceptions were noted.

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

We determined that no employees were terminated during the year.

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

We examined supporting documentation and verified that required payments of payroll taxes and retirement contributions as well as the required reporting forms were made timely.

No exceptions were noted.

**Ethics**

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

No exceptions were noted.

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

Management represented that no ethics violations were reported to them during the fiscal period.

**Debt**

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

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

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

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

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

Not applicable. The Office does not receive tax millages.

Other

- 31. Inquire of management whether the Office had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether The Office reported the misappropriation to the Louisiana Legislative Auditor and the district attorney of the parish in which The Office is domiciled.**

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

- 32. 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](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.**

The Office did not post the notice as they were unaware of this requirement. The Office has since posted the notice required by R.S. 24:523.1 on its premises. The Office does not have a website.

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

We did not observe or otherwise identify any exceptions regarding management's representations in the procedures above.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. We are not engaged to, and did not perform an examination, or review, the objective of which would be the expression of an opinion or conclusion, respectively, on management's assertions. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, Louisiana,  
December 28, 2017.