

Financial Report

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

Houma, Louisiana

June 30, 2023

Financial Report

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32nd JDC Parish of Terrebonne*

Houma, Louisiana

June 30, 2023

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32nd JDC Parish of Terrebonne
Houma, Louisiana**

June 30, 2023

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Office of the District Public Defender 32nd JDC Parish of Terrebonne (the "Office"), State of Louisiana, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Office's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the Office of the District Public Defender 32nd JDC Parish of Terrebonne as of June 30, 2023, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Office and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Office's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently know information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud and error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Office's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Office's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Schedule of the Office's Proportionate Share of the Net Pension Liability (Asset) and Schedule of the Office's Contributions on pages 5 through 10, 34, and 35, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considered it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Office's basic financial statements. The Justice System Funding Schedule - Receiving Entity as Required by Act 87 of 2020 Regular Legislative Session, on page 36, and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer, on page 37, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer is required by Louisiana Revised Statute 24:513(A)(3). 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 19, 2023 on our consideration of the Office's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Office's internal control over 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.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
December 19, 2023.

MANAGEMENT’S DISCUSSION AND ANALYSIS

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

June 30, 2023

The Management’s Discussion and Analysis of the Office of the District Public Defender 32nd JDC Parish of Terrebonne (the “Office”) financial performance presents a narrative overview and analysis of the Office’s financial activities for the year ended June 30, 2023. 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, 2023 by \$810,411 (net position), which represents a \$66,564 decrease from last fiscal period.

The Office’s revenues decreased \$26,228 (or 1.90%) primarily due to a decrease in grants.

The Office’s expenses increased by \$555,064 (or 64.07%) primarily due to pension expense adjustments.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

Governmental Funds

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

The Office maintains one individual governmental fund. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund. The Office adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 11 through 15 of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**Notes to the Financial Statements**

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the Office's financial position. As of June 30, 2023, assets exceeded its liabilities by \$810,411 (net position). Net position investment in capital assets is reported at \$496,249 (net of accumulated depreciation) and is not available for future spending.

Condensed Statements of Net Position

	June 30,		Dollar
	<u>2023</u>	<u>2022</u>	<u>Change</u>
Current and other assets	\$ 414,694	\$ 404,970	\$ 9,724
Net pension asset	-	462,122	(462,122)
Capital assets	496,249	521,193	(24,944)
Total assets	<u>910,943</u>	<u>1,388,285</u>	<u>(477,342)</u>
Deferred outflows of resources	472,959	87,851	385,108
Total assets and deferred outflows of resources	<u>1,383,902</u>	<u>1,476,136</u>	<u>(92,234)</u>
Current liabilities	85,183	90,401	(5,218)
Net pension liability	446,166	-	446,166
Long-term obligations	-	67,411	(67,411)
Total liabilities	<u>531,349</u>	<u>157,812</u>	<u>373,537</u>
Deferred inflows of resources	42,142	441,349	(399,207)
Total liabilities and deferred inflows of resources	<u>573,491</u>	<u>599,161</u>	<u>(25,670)</u>
Net position:			
Net investment in capital assets	496,249	521,193	(24,944)
Unrestricted	314,162	355,782	(41,620)
Total net position	<u>\$ 810,411</u>	<u>\$ 876,975</u>	<u>\$ (66,564)</u>

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

Governmental activities decreased the Office's net position by \$66,564. Key elements of this increase are as follows:

Condensed Statements of Activities

	<u>June 30,</u>		<u>Dollar</u>	<u>Total</u>
	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>Percent</u>
				<u>Change</u>
Revenues:				
Service fees	\$ 582,203	\$ 495,044	\$ 87,159	17.61%
Grants	769,342	880,546	(111,204)	-12.63%
Charges for services	2,267	3,030	(763)	-25.18%
Miscellaneous	1,026	2,446	(1,420)	-58.05%
Total revenues	<u>1,354,838</u>	<u>1,381,066</u>	<u>(26,228)</u>	-1.90%
Expenses:				
General government	<u>1,421,402</u>	<u>866,338</u>	<u>555,064</u>	64.07%
Increase (decrease) in net position	(66,564)	514,728	(581,292)	-112.93%
Net position, beginning of year	876,975	362,247	514,728	142.09%
Net position, end of year	<u>\$ 810,411</u>	<u>\$ 876,975</u>	<u>\$ (66,564)</u>	-7.59%

In total, general government revenues decreased by \$26,228. The decrease in revenues is primarily due to decreased grant revenue. In total, general government expenses increased by \$555,064. The increase in expenses is primarily due to an increase of \$551,651 in personal services as a result of adjustments to the pension liability recognized in fiscal year 2023.

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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal period. As of June 30, 2023, the Office's governmental fund reported an ending fund balance of \$329,511, an increase of \$14,942 and is classified as unassigned.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (Continued)**General Fund Budgetary Highlights**

The budget was amended once during the year ended June 30, 2023. During the year ended June 30, 2023, revenues were above budgetary estimates, and expenditures were below budgetary estimates. Grant and service fee revenue reported a favorable budget variance of \$128,773 and \$65,309, respectively, while personal services reported a favorable variance of \$7,126 and operating costs reported a favorable variance of \$2,684. The Office reported a net favorable budget variance of \$196,891.

CAPITAL ASSETS AND DEBT ADMINISTRATION**Capital Assets**

The Office's net investment in capital assets for its governmental activities as of June 30, 2023, amounts to \$496,249 (net of accumulated depreciation). This investment in capital assets includes building, equipment, furniture and fixtures, vehicle, and law books.

	<u>2023</u>	<u>2022</u>
Building	\$470,654	\$487,463
Equipment	10,902	9,895
Furniture and fixture	14,693	18,737
Vehicle	<u>-</u>	<u>5,098</u>
Totals	<u>\$496,249</u>	<u>\$521,193</u>

The Office purchased 5 new laptop computers during the year ended June 30, 2023.

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

Long-Term Obligations

Long-term obligations consisted of non-current liabilities for compensated absences of \$66,937 and a net pension liability of \$379,229. For the year ended June 30, 2023, compensated absence liabilities decreased \$474. The net pension liability to the Parochial Employees Retirement System increased \$379,229 as of June 30, 2023 as it was previously a net pension asset.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

- Revenue from the State Government is based on the amount provided by the State Office, revenue from and all other sources are budgeted based on prior year's level of activities.
- Operations are expected to continue at the same basic level with no expected changes.

REQUESTS FOR INFORMATION

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

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

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

June 30, 2023

	General Fund	Adjustments (Exhibit B)	Statement of Net Assets
Assets			
Cash	\$ 364,036	\$ -	\$ 364,036
Due from other governmental units	50,658	-	50,658
Capital assets:			
Depreciable, net of accumulated depreciation	-	496,249	496,249
Total assets	414,694	496,249	910,943
Deferred Outflow of Resources	-	472,959	472,959
Total assets and deferred outflows of resources	\$ 414,694	969,208	1,383,902
Liabilities			
Accounts payable and accrued expenditures	\$ 85,183	-	85,183
Non-current liabilities	-	446,166	446,166
Total liabilities	85,183	446,166	531,349
Deferred Inflow of Resources	-	42,142	42,142
Total liabilities and deferred inflow of resources	85,183	488,308	573,491
Fund Balance/Net Position			
Fund balance:			
Unassigned	329,511	(329,511)	-
Total liabilities and fund balance	\$ 414,694	158,797	573,491
Net position:			
Net investment in capital assets		496,249	496,249
Unrestricted		314,162	314,162
Total net position		\$ 810,411	\$ 810,411

See notes to financial statements.

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

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

June 30, 2023

Fund Balance - Governmental Fund	\$ 329,511
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.	
Capital assets	\$ 750,082
Less accumulated depreciation	<u>(253,833)</u> 496,249
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.	
	472,959
Long term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund.	
Compensated absences payable	(66,937)
Net pension liability	<u>(379,229)</u> (446,166)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the governmental fund.	
	<u>(42,142)</u>
Net Position of Governmental Activities	<u><u>\$ 810,411</u></u>

See notes to financial statements.

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

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

For the year ended June 30, 2023

	General Fund	Adjustments (Exhibit D)	Statement of Activities
Revenues			
Service fees:			
Terrebonne Parish Consolidated			
Government	\$ 275,110	\$ -	\$ 275,110
Terrebonne Parish Sheriff	166,321	-	166,321
City Court of Houma	140,772	-	140,772
Grants:			
Louisiana Public Defender Board	769,342	-	769,342
Charges for services	2,267	-	2,267
Miscellaneous:			
Interest	1,026	-	1,026
	1,354,838	-	1,354,838
Total revenues			
Expenditures/Expenses			
General government:			
Personal services	973,196	56,562	1,029,758
Professional development	5,987	-	5,987
Operating costs	355,139	-	355,139
Capital outlay	5,574	(5,574)	-
Depreciation	-	30,518	30,518
	1,339,896	81,506	1,421,402
Total expenditures/expenses			
Excess (Deficit) of Revenues Over Expenditures	14,942	(14,942)	-
Change in Net Position	-	(66,564)	(66,564)
Fund Balance/Net Position			
Beginning of year	314,569	562,406	876,975
End of year	\$ 329,511	\$ 480,900	\$ 810,411

See notes to financial statements.

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

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

For the year ended June 30, 2023

Net Change in Fund Balance - Governmental Fund		\$ 14,942
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	\$ 5,574	
Depreciation expense	<u>(30,518)</u>	(24,944)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental fund.		
Pension expense	(57,036)	
Compensated absences payable	<u>474</u>	<u>(56,562)</u>
Change in Net Position of Governmental Activities		<u><u>\$ (66,564)</u></u>

See notes to financial statements.

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

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

For the year ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Service fees:				
Terrebonne Parish Consolidated Government	\$ 285,448	\$ 230,167	\$ 275,110	\$ 44,943
Terrebonne Parish Sheriff	159,423	166,242	166,321	79
City Court of Houma	82,374	120,485	140,772	20,287
Grants:				
Louisiana Public Defender Board	660,113	640,569	769,342	128,773
Charges for services	2,882	2,501	2,267	(234)
Miscellaneous:				
Interest	151	973	1,026	53
	<u>1,190,391</u>	<u>1,160,937</u>	<u>1,354,838</u>	<u>193,901</u>
Total revenues				
Expenditures				
Current:				
General government:				
Personal services	954,150	980,322	973,196	7,126
Professional development	5,789	4,561	5,987	(1,426)
Operating costs	359,967	358,003	355,139	2,864
Capital outlay	-	-	5,574	(5,574)
	<u>1,319,906</u>	<u>1,342,886</u>	<u>1,339,896</u>	<u>2,990</u>
Total expenditures				
Expenditures Over Revenues	(129,515)	(181,949)	14,942	196,891
Fund Balance				
Beginning of year	<u>354,168</u>	<u>314,569</u>	<u>314,569</u>	<u>-</u>
End of year	<u>\$ 224,653</u>	<u>\$ 132,620</u>	<u>\$ 329,511</u>	<u>\$ 196,891</u>

See notes to financial statements.

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

June 30, 2023

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Reporting Entity and Period

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Reporting Entity and Period (Continued)

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

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

b) Basis of Presentation

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

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

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting

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

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

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

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

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

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

f) Accounts Receivable

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

g) Capital Assets

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Capital Assets (Continued)

Government-Wide Financial Statements:

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

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

Buildings	40 years
Equipment	5-12 years
Furniture and fixtures	5 years
Vehicle	5 years
Law books	5 years

Fund Financial Statements:

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

h) Deferred Outflows/Inflows of Resources

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Vacation and Sick Leave

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

j) Pensions

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

k) Fund Equity

Government-Wide Statements:

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. As of June 30, 2023, there were no outstanding balances of debt.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

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, 2023, the Office did not have restricted net position.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Fund Equity (Continued)

Fund Financial Statements:

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

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

For the classification of governmental fund balances, the Office considers an expenditure to be made from the most restrictive first when more than one classification is available. The Office's fund balance was classified as unassigned as of June 30, 2023.

l) New GASB Statements

During the year ending June 30, 2023, the Office implemented the following GASB Statements:

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I) New GASB Statements (Continued)

Statement No. 94, “*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*” improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This Statement did not affect the financial statements.

Statement No. 96, “*Subscription-based Information Technology Arrangements*” provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. This Statement did not affect the financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) New GASB Statements (Continued)

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

Statement No. 99, “*Omnibus 2022*” provides objectives to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial report for financial guarantees. The requirements of this Statement apply to all financial statements at dates varying from upon issuance to fiscal periods beginning after June 15, 2023. Management has yet to determine the effect of this Statement on the financial statements.

Statement No. 100, “*Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*” provides guidance to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has yet to determine the effect of this Statement on the financial statements.

Statement No. 101, “*Compensated Absences*” provides guidance to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has yet to determine the effect of this Statement on the financial statements.

m) Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through December 19, 2023, which is the date the financial statements were available to be issued.

Note 2 - DEPOSITS

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

Bank Deposits

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

The year-end balances of deposits are as follows:

	<u>Bank Balance</u>	<u>Reported Amount</u>
Cash	<u>\$387,653</u>	<u>\$364,036</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, 2023, \$137,653 of the Office’s bank balance of \$387,653 was exposed to custodial credit risk because it was not fully covered by FDIC insurance.

As of June 30, 2023, cash was adequately collateralized in accordance with state law by securities held by unaffiliated banks for the account of the Office. The GASB, which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the deposits are considered subject to custodial credit risk under the provisions of GASB, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Note 3 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units as of June 30, 2023 consisted of the following:

	Amount
Terrebonne Parish Sheriff	\$ 9,553
Terrebonne Parish Consolidated Government	26,864
City Court of Houma	14,241
Total	\$50,658

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

Note 4 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital assets being depreciated:				
Building	\$504,272	\$ -	\$ -	\$504,272
Equipment	186,313	5,574	(6,824)	185,063
Furniture and fixtures	31,261	-	-	31,261
Vehicle	25,486	-	-	25,486
Law books	4,000	-	-	4,000
Total capital assets being depreciated	751,332	5,574	(6,824)	750,082
Less accumulated depreciation for:				
Building	(16,809)	(16,809)	-	(33,618)
Equipment	(176,418)	(4,567)	6,824	(174,161)
Furniture and fixtures	(12,524)	(4,044)	-	(16,568)
Vehicle	(20,388)	(5,098)	-	(25,486)
Law books	(4,000)	-	-	(4,000)
Total accumulated depreciation	(230,139)	(30,518)	6,824	(253,833)
Total capital assets, net	\$521,193	\$(24,944)	\$ -	\$496,249

Note 5 - ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES

Accounts payable and accrued expenditures as of June 30, 2023 consisted of the following:

	<u>Amount</u>
Contract attorneys	\$ 16,300
Salaries and benefits	68,883
Total	\$85,183

Note 6 - NON-CURRENT LIABILITIES

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

The following is a summary of the changes in long-term obligations of the Office as of June 30, 2023:

	<u>Payable June 30, 2022</u>	<u>Obligations</u>		<u>Payable June 30, 2023</u>
		<u>Retired</u>	<u>Generated</u>	
Compensated absences	\$67,411	\$(30,936)	\$ 30,462	\$ 66,937
Net pension liability	-	-	379,229	379,229
	\$67,411	\$(30,936)	\$409,691	\$446,166

Compensated absences are described in Note 1i.

Net pension liability is described in Note 8.

Note 7 - GOVERNMENTAL FUND REVENUES AND EXPENDITURES

For the year ended June 30, 2023, the major sources of governmental fund revenues and expenditures were as follows:

Revenues:	
State government:	
Grants	\$ 769,342
Local government:	
Statutory fines, fees, court costs, and other	582,203
Charges for services	2,267
Investment earnings	<u>1,026</u>
Total revenues	<u><u>\$ 1,354,838</u></u>
 Expenditures:	
Personnel services:	
Salaries	\$ 809,503
Insurance	63,786
Payroll taxes	<u>99,907</u>
Total personnel services	<u>973,196</u>
Professional development:	
Dues, licenses, and registrations	3,825
Travel	<u>2,162</u>
Total professional development	<u>5,987</u>
Operating costs:	
Library and research	14,871
Contract services - attorney/legal	212,720
Contract services - other	22,340
Rent - storage	10,265
Expert fees	10,870
Insurance	36,688
Supplies	25,497
Repairs and maintenance	12,580
Utilities and telephone	7,984
Other	<u>1,324</u>
Total operating costs	<u>355,139</u>
Capital outlay	<u>5,574</u>
Total expenditures	<u><u>\$ 1,339,896</u></u>

Note 8 - PENSION PLAN

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

Benefits Provided. The System provides retirement, deferred retirement, disability and death benefits. Retirement benefits are generally equal to 3.0% of the member's final average compensation multiplied by the years of creditable service. For members hired prior to January 1, 2007 they may retire with full benefits at any age upon completing 30 years of service, retire at age 55 after completing 25 years of service, retire at age 60 after completing 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 participation in DROP, employer contributions are payable into a DROP Fund, but employee contributions cease. The election to participate in DROP is irrevocable once participation begins. Upon termination of employment a participant in DROP may receive a lump sum equal to payments into the participant's account, an annuity or a roll over to an individual retirement account. Members hired before January 1, 2007 with five or more years of service who become disabled may receive retirement benefits determined in the same manner as retirement benefits. Members hired after January 1, 2007 with seven or more years of service who become disabled may receive retirement benefits determined in the same manner as retirement benefits. Death benefits are payable to eligible surviving dependents based on the deceased member's years of creditable service and compensation and the dependent's relationship to the deceased member. The System provides permanent benefit increases, cost of living adjustments (COLA) as approved by the State Legislature.

Contributions. According to state statute, contributions for all employers are actuarially determined each year. For the plan year ending December 31, 2022, the actuarially determined employer contribution rate was 7.10% of member's compensation. However, the actual rate for the plan years ended June 30, 2023 and 2022 was 11.50% and 12.25%, respectively.

Note 8 - PENSION PLAN (Continued)

According to state statute, the System also receives ¼ of 1.00% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the members' compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

Contributions to the System from the Office were \$83,506 for the year ended June 30, 2023.

Pension Liability. As of June 30, 2023, the Office reported a liability of \$379,229 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022 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, 2022, the Office's proportion was .098532%, which was a decrease of .00043% from its proportion measured as of December 31, 2021.

Pension Expense. For the year ended June 30, 2023, the Office recognized pension expense of \$140,542.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. As of June 30, 2023, 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	\$ 14,021	\$(41,782)
Net difference between projected and actual earnings on pension plan investments	400,344	-
Change in proportionate share	3,665	(360)
Changes in assumptions	12,103	-
Office contributions subsequent to the measurement date	<u>42,826</u>	<u>-</u>
	<u>\$472,959</u>	<u>\$(42,142)</u>

Note 8 - PENSION PLAN (Continued)

The Office reported \$42,826 as deferred outflows of resources related to pensions resulting from Office contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2024	\$ 14,263
2025	66,516
2026	127,740
2027	179,472
Total	\$387,991

Actuarial Assumptions. A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2022 are as follows:

Valuation Date	December 31, 2022
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	4 years
Inflation Rate	2.30%
Investment Rate of Return	6.40%, net of investment expense, including inflation.
Projected Salary Increases	4.75% (2.30% Inflation, 2.45% Merit).
Mortality Rates	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants.
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

Note 8 - 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 2.10% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.70% for the year ended December 31, 2022.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2022 are as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	33.00%	1.17%
Equity	51.00%	3.58%
Alternatives	14.00%	0.73%
Real assets	2.00%	0.12%
Totals	100.00%	5.60%
Inflation		2.10%
Expected Arithmetic Nominal Rate		7.70%

Discount Rate. The discount rate used to measure the collective pension liability was 6.40% as of December 31, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 8 - PENSION PLAN (Continued)

Sensitivity of the Office’s Proportionate Share of the Collective Net Pension (Liability) Asset to Changes in the Discount Rate. The following presents the Office’s proportionate share of the Collective Net Pension (Liability) Asset using the discount rate of 6.40%, as well as what the Office’s proportionate share of the Net Pension (Liability) Asset would be if it were calculated using a discount rate that is one percentage-point lower (5.40%) or one percentage-point higher (7.40%) than the current rate:

	<u>1.00% Decrease (5.40%)</u>	<u>Current Discount Rate (6.40%)</u>	<u>1.00% Increase (7.40%)</u>
Office’s proportionate share of the net pension (liability) asset	<u>\$937,846</u>	<u>\$(379,229)</u>	<u>\$(89,100)</u>

Payables to the Pension Plan

As of June 30, 2023 the Office had payables to the pension plan as follows:

	<u>Amount</u>
Quarterly contributions	
Employer	\$21,789
Employees	<u>18,000</u>
Total	<u>\$39,789</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, 2022. Access to the audit report can be found on the System’s website, www.persla.org or on the Louisiana Legislative Auditor’s website, www.la.la.gov.

Note 9 - RISK MANAGEMENT

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

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE OFFICE’S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY (ASSET)**

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

June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Office’s proportion of the net pension liability (asset)	<u>0.09853%</u>	<u>0.09811%</u>	<u>0.08975%</u>	<u>0.09000%</u>	<u>0.09661%</u>	<u>0.08705%</u>	<u>0.08218%</u>	<u>0.10526%</u>
Office’s proportionate share of the net pension liability (asset)	<u>\$ 379,229</u>	<u>\$ (462,122)</u>	<u>\$ 157,376</u>	<u>\$ 4,237</u>	<u>\$ 428,803</u>	<u>\$ (64,616)</u>	<u>\$ 169,257</u>	<u>\$ 277,072</u>
Office’s covered-employee payroll *	<u>\$ 665,295</u>	<u>\$ 650,628</u>	<u>\$ 587,577</u>	<u>\$ 570,692</u>	<u>\$ 593,936</u>	<u>\$ 521,243</u>	<u>\$ 498,409</u>	<u>\$ 603,508</u>
Office’s proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>57.002%</u>	<u>-71.027%</u>	<u>26.784%</u>	<u>0.742%</u>	<u>72.197%</u>	<u>-12.397%</u>	<u>33.959%</u>	<u>45.910%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>91.74%</u>	<u>110.46%</u>	<u>104.00%</u>	<u>99.89%</u>	<u>88.86%</u>	<u>101.98%</u>	<u>94.15%</u>	<u>92.23%</u>

*For the valuation year ended December 31st.

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

SCHEDULE OF OFFICE’S CONTRIBUTIONS

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

June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 83,506	\$ 79,702	\$ 73,609	\$ 69,110	\$ 67,847	\$ 71,996	\$ 57,479	\$ 88,610
Contributions in relation to the contractually required contribution	<u>83,506</u>	<u>79,702</u>	<u>73,609</u>	<u>69,110</u>	<u>67,847</u>	<u>71,996</u>	<u>57,479</u>	<u>88,610</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Office’s covered-employee payroll *	<u>\$ 726,133</u>	<u>\$ 646,537</u>	<u>\$ 600,891</u>	<u>\$ 581,453</u>	<u>\$ 589,977</u>	<u>\$ 599,613</u>	<u>\$ 450,781</u>	<u>\$ 634,563</u>
Contributions as a percentage of covered-employee payroll	<u>11.50%</u>	<u>12.33%</u>	<u>12.25%</u>	<u>11.89%</u>	<u>11.50%</u>	<u>12.01%</u>	<u>12.75%</u>	<u>13.96%</u>

*For the contribution year ended June 30th.

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

SUPPLEMENTARY INFORMATION SECTION

JUSTICE SYSTEM FUNDING SCHEDULE -
RECEIVING ENTITY AS REQUIRED BY ACT 87
OF THE 2020 REGULAR LEGISLATIVE SESSION

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

June 30, 2023

	<u>First Six Month Period Ended December 31, 2022</u>	<u>Second Six Month Period Ended June 30, 2023</u>
Collections:		
Terrebonne Parish Consolidated Government, Criminal Court Fees	\$ 104,344	\$ 164,313
Terrebonne Parish Sheriff's Office, Bond Fees	61,893	48,796
Terrebonne Parish Sheriff's Office, Drug Court Fees	945	1,300
Terrebonne Parish Sheriff's Office, C.O.R. Fees	9,759	5,877
Terrebonne Parish Sheriff's Office, Criminal Fines	18,525	22,750
City Court of Houma, Criminal Court Fees	<u>59,210</u>	<u>74,182</u>
Subtotal receipts	<u>254,676</u>	<u>317,218</u>
Ending balance of amounts assessed but not received	<u>\$ -</u>	<u>\$ -</u>

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

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

June 30, 2023

Agency Head Name: Anthony Champagne, Chief Defender

Purpose

Salary	\$ 98,280
Benefits - insurance	10,546
Benefits - retirement	11,302
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Meals	-
	<hr/>
	<u>\$ 120,128</u>

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

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the General Fund of the Office of the District Public Defender 32nd JDC Parish of Terrebonne (the “Office”), State of Louisiana, as of and for the year ended June 30, 2023, 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 19, 2023.

Report on 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”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Office’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Office’s internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 or significant deficiencies may exist that have not been identified.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters required to be reported under *Government Auditing Standards*.

Office's Response to Management Letter Comments

The Office's responses to certain matters we reported to management of the Office in a separate letter dated December 19, 2023 are described in the accompanying Management's Corrective Action Plan. The Office's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Certified Public Accountants.

Houma, Louisiana,
December 19, 2023.

SCHEDULE OF FINDINGS AND RESPONSES

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

For the year ended June 30, 2023

Section I - Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes No

b) Federal Awards

The Office of the District Public Defender 32nd JDC Parish of Terrebonne did not expend federal awards during the year ended June 30, 2023.

**Section II - Internal Control Over Financial Reporting and Compliance and Other Matters
Material to the Basic Financial Statement Findings**

There were no internal control over financial reporting or compliance and other matters findings were reported during the audit for the year ended June 30, 2023.

Section III - Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

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

For the year ended June 30, 2023

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

Internal Control Over Financial Reporting

No findings were reported during the audit for the year ended June 30, 2022.

Compliance and Other Matters

No findings material to the basic financial statements were reported during the audit for the year ended June 30, 2022.

Section II - Federal Award Findings and Questioned Costs

The Office of the District Public Defender 32nd JDC Parish of Terrebonne did not expend federal awards during the year ended June 30, 2022.

Section III - Management Letter

2022-001 Unclaimed Funds

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

Management's Response - Unresolved - The Office will follow the recommendation from the State and will continue to research the status of outstanding checks promptly. See management letter comment **2023-001**.

MANAGEMENT'S CORRECTIVE ACTION PLAN

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

For the year ended June 30, 2023

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

Internal Control Over Financial Reporting

No findings were reported during the audit for the year ended June 30, 2023.

Compliance and Other Matters

No findings material to the basic financial statements were reported during the audit for the year ended June 30, 2023.

Section II - Federal Award Findings and Questioned Costs

The Office of the District Public Defender 32nd JDC Parish of Terrebonne did not expend federal awards during the year ended June 30, 2023.

Section III - Management Letter

2023-001 Unclaimed Funds

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

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

STATEWIDE AGREED-UPON PROCEDURES

INDEPENDENT ACCOUNTANT’S REPORT ON
APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures described in Schedule 3 on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor’s (LLA) Statewide Agreed-Upon Procedures (SAUP) for the fiscal period July 1, 2022 through June 30, 2023. The Office of the District Public Defender 32nd JDC Parish of Terrebonne’s (the “Office”) management is responsible for those C/C areas identified in the SAUPs.

The Office has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA’s SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are described in Schedule 3.

We were engaged by the Office to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on these C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Office and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Bourgeois Bennett, L.L.C.

Certified Public Accountants

Houma, Louisiana,
December 19, 2023.

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

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

For the year ended June 30, 2023

The required procedures and our findings are as follows:

1) Procedures Performed on the Office's Written Policies and Procedures:

A. Obtain and inspect the Office's written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and the Office's operations:

i. Budgeting, including preparing, adopting, monitoring, and amending the budget.

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

Exceptions: There were no exceptions noted.

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

Performance: Obtained and read the written policy for purchasing.

Exceptions: This policy does not contain a provision on how vendors are added to the vendor list.

iii. Disbursements, including processing, reviewing, and approving.

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

Exceptions: There were no exceptions noted.

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

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

Exceptions: There were no exceptions noted.

1) Procedures Performed on the Office's Written Policies and Procedures: (Continued)

- v. Payroll/Personnel, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
Performance: Obtained and read the written policy for payroll and personnel.
Exceptions: This policy does not address the approval process for employee rate of pay or approval and maintenance of pay rate schedules.

- vi. Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
Performance: Obtain and read the written policy for contracts and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.

- vii. Travel and Expense Reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
Performance: Obtained and read the written policy for travel and expense reimbursement and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.

- viii. 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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
Performance: Obtained and read the written policy for credit cards and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.

- ix. Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the Office's ethics policy.
Performance: Obtained and read the written policy for ethics.
Exceptions: This policy does not contain a provision for the requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the Office's ethics policy.

1) Procedures Performed on the Office's Written Policies and Procedures: (Continued)

- x. Debt Service, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
Not applicable as the Office cannot issue debt.

- xi. Information Technology Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of data backups; (2) storage of backups in a separate physical location isolated from the network; (3) periodic testing/verification that backups can be restored; (4) use of antivirus software on all systems; (5) timely application of all available system and software patches/updates; and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
Performance: Inquired of management regarding the Office's information technology disaster recovery/business continuity policy.
Exceptions: The Office does not have an information technology disaster recovery/business continuity policy.

- xii. Prevention of Sexual Harassment, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.
Performance: Obtained and read the written policy for sexual harassment.
Exceptions: This policy does not contain a provision for annual reporting.

2) Procedures Performed on the Office's Board:

- A. Obtain and inspect the board minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period and:
 - i. Observe that the board met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
Performance: The Office does not have a board; therefore, this step is not applicable.
Exceptions: There were no exceptions noted.

 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.
Performance: The Office does not have a board; therefore, this step is not applicable.
Exceptions: There were no exceptions noted.

2) Procedures Performed on the Office's Board: (Continued)

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

Performance: The Office does not have a board; therefore, this step is not applicable.

Exceptions: There were no exceptions noted.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Performance: The Office does not have a board; therefore, this step is not applicable.

Exceptions: There were no exceptions noted.

3) Procedures Performed on the Office's Bank Reconciliations:

- A. Obtain a listing of the Office's bank accounts from management and management's representation that the listing is complete. Ask management to identify the main operating account. Select the Office's main operating account and select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain, and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

Performance: Obtained the listing of bank accounts from management and received management's representation that the listing is complete in a separate letter.

Exceptions: There were no exceptions noted.

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Performance: Obtained monthly bank reconciliation for the month of June for the main operating account. Inspected management's documentation for timely preparation of the bank reconciliations.

Exceptions: There were no exceptions noted.

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

Performance: Obtained the Office's documentation of bank reconciliation and observed that the reconciliation was reviewed by a member of management who does not handle cash.

Exceptions: There were no exceptions noted.

3) Procedures Performed on the Office's Bank Reconciliations: (Continued)

- iii. Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement's closing date, if applicable.

Performance: Obtained the bank reconciliation and observed for reconciling items outstanding for more than 12 months from the statement closing date, 14 such items were noted.

Exceptions: There was no documentation of research related to the 14 items.

4) Procedures Performed on the Office's Collections (Excluding Electronic Funds Transfers):

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money order (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

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

Exceptions: There were no exceptions noted.

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

Performance: Obtained the listing of collection locations from management and received management's representation in a separate letter that the listing is complete. The Office has one collection location.

Exceptions: There were no exceptions noted.

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

Performance: Inspected policy manuals, inquired on management and observed that the employees do not share cash drawers/registers. Administrative assistants collect cash at windows and subsequently place funds into a lockbox which they have no access to.

Exceptions: There were no exceptions noted.

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

Performance: Inspected policy manuals, inquired of management and observed employees collecting cash are not responsible for preparing/making deposits.

Exceptions: There were no exceptions noted.

**4) Procedures Performed on the Office's Collections (Excluding Electronic Funds Transfers):
(Continued)**

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

- Performance: Inspected policy manuals, inquired of management and observed employees collecting cash do not post collection entries.

- Exceptions: There were no exceptions noted.

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

- Performance: Inspected policy manuals, inquired of management and observed employees performing reconciliation do not collect cash.

- Exceptions: There were no exceptions noted.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

- Performance: Obtained a copy of the insurance policy for theft and a listing of all employees covered by the policy. The policy was in force during the fiscal period.

- Exceptions: There were no exceptions noted.

- D. Randomly select two deposit dates for each of the Office's three bank accounts selected for procedures #3A under "Procedures Performed on the Office's Bank Reconciliations" (select the next deposit date chronologically if no deposits were made on the dates selected and randomly select a deposit if multiple deposits were made on the same day). Obtain supporting documentation for each of the deposits selected and:

- i. Observe that receipts are sequentially pre-numbered.

- Performance: Obtained supporting documentation for the selected deposits and observed that receipts were sequentially pre-numbered.

- Exceptions: There were no exceptions noted.

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

- Performance: Traced supporting documentation to the deposit slip.

- Exceptions: There were no exceptions noted.

**4) Procedures Performed on the Office's Collections (Excluding Electronic Funds Transfers):
(Continued)**

- iii. Trace the deposit slip total to the actual deposit per the bank statement.
Performance: Traced deposit slip total to actual deposit per bank statement.
Exceptions: There were no exceptions noted.

- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than ten miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
Performance: Observed that the deposits tested were made within one business day of receipt.
Exceptions: There were no exceptions noted.

- v. Trace the actual deposit per the bank statement to the general ledger.
Performance: Traced the actual deposit per the bank statement to the general ledger.
Exceptions: There were no exceptions noted.

5) Procedures Performed on the Office's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases):

- A. Obtain a listing of locations that process payments for the fiscal period, and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
Performance: Obtained a listing of locations that process payments for the fiscal period from management and received management's representation that the listing is complete in a separate letter. The Office has 2 locations that processes payments.
Exceptions: There were no exceptions noted.

- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the Office has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
Performance: Obtained a listing of employees involved in non-payroll purchasing and payment functions and received management's representation in a separate letter that the listing is complete.
Exceptions: There were no exceptions noted.

- i. At least 2 employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
Performance: Obtained a listing of employees involved in initiating a purchase request, approving a purchasing, and placing an order/making a purchase.
Observed at least 2 employees are involved.
Exceptions: There were no exceptions noted.

5) Procedures Performed on the Office's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases): (Continued)

- ii. At least 2 employees are involved in processing and approving payments to vendors.
Performance: Obtained a listing of employees involved in processing and approving payments to vendors. Observed at least 2 employees are involved.
Exceptions: There were no exceptions noted.
 - iii. The employees responsible for processing payments are prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.
Performance: Obtained a listing of employees involved in processing payments to vendors. Observed if any employees involved are adding/modifying vendor files.
Exceptions: The same employee who processes payments can also add/modify vendor files.
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
Performance: Obtained a listing of employees involved with signing and mailing checks.
Exceptions: The same employee who processes payments mails the signed check.
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other means.
Performance: Obtained a listing of employees authorized to sign checks.
Exceptions: There were no exceptions noted.
- C. For each location selected under procedure #5A, obtain the Office's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- Performance: Obtained the Office's non-payroll disbursement transaction population and management's representation that the population is complete in a separate letter.
Exceptions: There were no exceptions noted.
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the Office.
Performance: Observed the 5 disbursements matched the related original invoice/billing statements and observed supporting documentation indicating the deliverables were received.
Exceptions: There were no exceptions noted.

5) Procedures Performed on the Office's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases): (Continued)

- ii. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B, as applicable.

Performance: Observed the 5 disbursements included evidence of segregation of duties.

Exceptions: There were no exceptions noted.

- D. Using the Office's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the Office's policy, and (b) approved by the required number of authorized signers per the Office's policy.

Performance: Obtained the bank statement and observed electronic disbursements. All electric disbursements noted were related to payroll. Therefore, testing is not applicable.

Exceptions: There were no exceptions noted.

6) Procedures Performed on the Office's Credit Cards, Debit Cards, Fuel Cards, P-Cards:

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

Performance: Inquired of management about a listing of active credit cards, bank debit cards, fuel cards, and P-cards. The Office does not have any credit cards, therefore, this step is not applicable.

Exceptions: There were no exceptions noted.

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period, rotating cards each year. Select one monthly statement or combined statement for each card (for a debit card, select one monthly bank statement), obtain supporting documentation, and:

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

Performance: The Office does not have any credit cards, therefore, this step is not applicable.

Exceptions: There were no exceptions noted.

**6) Procedures Performed on the Office's Credit Cards, Debit Cards, Fuel Cards, P-Cards:
(Continued)**

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

Performance: The Office does not have any credit cards, therefore, this step is not applicable.

Exceptions: There were no exceptions noted.

- C. Using the monthly statements or combined statements selected under procedure #6B, excluding fuel cards, select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, report whether the transaction is supported by:

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

Performance: The Office does not have any credit cards, therefore, this step is not applicable.

Exceptions: There were no exceptions noted.

- ii. Written documentation of the business/public purpose.

Performance: The Office does not have any credit cards, therefore, this step is not applicable.

Exceptions: There were no exceptions noted.

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

Performance: The Office does not have any credit cards, therefore, this step is not applicable.

Exceptions: There were no exceptions noted.

**7) Procedures Performed on the Office's Travel and Travel-Related Expense Reimbursements
(Excluding Card Transactions):**

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Performance: Obtained general ledger for travel and travel-related expense reimbursements and management's representation in a separate letter that the listing is complete.

Exceptions: There were no exceptions noted.

7) Procedures Performed on the Office's Travel and Travel-Related Expense Reimbursements (Excluding Card Transactions): (Continued)

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

Performance: Inspected reimbursements selected. None were reimbursed using a per diem.

Exceptions: There were no exceptions noted.

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

Performance: Inspected reimbursements selected. All were supported by an original itemized receipt.

Exceptions: There were no exceptions noted.

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

Performance: Inspected reimbursements selected, and all were supported by documentation of the business/public purpose and other documentation required by written policy.

Exceptions: There were no exceptions noted.

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

Performance: Inspected reimbursements selected, and all were reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

Exceptions: There were no exceptions noted.

8) Procedures Performed on the Office's Contracts:

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract and:

Performance: Obtained a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period and received management's representation that the listing is complete. No contracts were initiated or renewed during the fiscal period.

Exceptions: There were no exceptions noted.

8) Procedures Performed on the Office's Contracts: (Continued)

- i. Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
Performance: No contracts were initiated or renewed during the fiscal period; therefore, testing is not applicable.
Exceptions: There were no exceptions noted.
- ii. Observe that the contract was approved by the governing body/District Council, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
Performance: No contracts were initiated or renewed during the fiscal period; therefore, testing is not applicable.
Exceptions: There were no exceptions noted.
- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (i.e., if approval is required for any amendment, the documented approval).
Performance: No contracts were initiated or renewed during the fiscal period; therefore, testing is not applicable.
Exceptions: There were no exceptions noted.
- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.
Performance: No contracts were initiated or renewed during the fiscal period; therefore, testing is not applicable.
Exceptions: There were no exceptions noted.

9) Procedures Performed on the Office's Payroll and Personnel:

- A. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Select 5 employees/officials, paid salaries, and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
Performance: Obtained the listing of employees and their related salaries from management and received management's representations that the listing is complete in a separate letter. Selected 5 employees and agreed paid salaries to authorized salaries or pay rates per the personnel files.
Exceptions: There were no exceptions noted.

9) Procedures Performed on the District's Payroll and Personnel: (Continued)

B. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under procedure #9A, obtain attendance records and leave documentation for the pay period, and:

i. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Performance: Selected pay period for the first week of October. Inspected daily attending and leave records for proper documentation.

Exceptions: There were no exceptions noted.

ii. Observe that supervisors approved the attendance and leave of the selected employees/officials.

Performance: Inspected the approval of attendance and leave by the supervisors for the selected employee/officials.

Exceptions: There were no exceptions noted.

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

Performance: Observed that any leave accrued or taken during the pay period was reflected in the cumulative leave records.

Exceptions: There were no exceptions noted.

iv. Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Performance: Inspected and agreed the rate paid to employees to the authorized pay rate in the personnel files.

Exceptions: There were no exceptions noted.

C. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the Office's policy on termination payments. Agree the hours to the employees'/officials' cumulative leave records, agree the pay rates to the employees'/officials' authorized pay rates in the employees'/officials' personnel files, and agree the termination payment to the Office's policy.

Performance: Inquired of management of those employees/officials that terminated during the fiscal period and received management's representation that the listing is complete in a separate letter. Agreed the hours to the employees' cumulative leave records, agreed the pay rates to the employees' authorized rates in the employees' personnel file and agreed the termination payment to the Office's policy for the two employees selected.

Exceptions: There were no exceptions noted.

9) Procedures Performed on the District's Payroll and Personnel: (Continued)

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

Performance: Obtained management's representation of the timely filing of payroll forms and timely payments and inspected payroll reporting forms to confirm that all payments were submitted to the applicable agencies by the required deadlines.

Exceptions: There were no exceptions noted.

10) Procedures Performed on the Office's Ethics:

- A. Using the 5 randomly selected employees/officials from procedure #9A under "Procedures Performed on the Office's Payroll and Personnel", obtain ethics compliance documentation from management and:

- i. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period as required by R.S. 42:1170.

Performance: Inspected personnel files and ethics course completion certificates for the 5 employees tested.

Exceptions: There were no exceptions noted.

- ii. Observe whether the Office maintains documentation which demonstrates each employee and official were notified of any changes to the Office's ethics policy during the fiscal period, as applicable.

Performance: There were no changes to the ethics policy during the year.

Exceptions: There were no exceptions noted.

- B. Inquire and/or observe whether the Office has appointed an ethics designee as required by R.S. 42:1170.

Performance: We inquired as to whether the Office appointed an ethics designee.

Exceptions. There were no exceptions noted.

11) Procedures Performed on the Office's Debt Service:

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

Not applicable as the Office cannot issue debt.

11) Procedures Performed on the Office's Debt Service: (Continued)

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

Not applicable as the Office cannot issue debt.

12) Procedures Performed on the Office's Fraud Notice:

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the Office reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the Office is domiciled as required by R.S. 24:523.

Performance: Inquired of management of any misappropriations of public funds and assets during the fiscal period and received management's representation in a separate letter that the listing is complete. None were noted.

Exceptions: There were no exceptions noted.

- B. Observe the Office has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Performance: Observed fraud notice posted on the premises and website concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Exceptions: There were no exceptions noted.

**13) Procedures Performed on the Office's Information Technology Disaster Recovery/
Business Continuity:**

- A. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."

- i. Obtain and inspect the Office's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personal responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the Office's local server or network, and (c) was encrypted.

Performance: We performed the procedure and discussed the results with management.

**13) Procedures Performed on the Office's Information Technology Disaster Recovery/
Business Continuity: (Continued)**

- ii. Obtain and inspect the Office's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

Performance: We performed the procedure and discussed the results with management.

- iii. Obtain a listing of the Office's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Performance: We performed the procedure and discussed the results with management.

- B. Randomly Select 5 terminated employees (or all terminated employees if less than 5) using a list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Performance: We performed the procedure and discussed the results with management.

14) Procedures Performed on the Office's Prevention of Sexual Harassment:

- A. Using the 5 randomly selected employees/officials from "Procedures Performed on the Office's Payroll and Personnel" #9A, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

Performance: Examined sexual harassment training documentation for the 5 employees tested.

Exceptions: There were no exceptions noted.

- B. Observe the Office has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the Office's premises if the Office does not have a website).

Performance: Inquired of management regarding the sexual harassment policy and complaint procedure on its website or on the entity's premises. The policy is posted on the premises.

Exceptions: There were no exceptions noted.

14) Procedures Performed on the Office's Prevention of Sexual Harassment: (Continued)

C. Obtain the Office's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

Performance: Obtained the Office's annual sexual harassment report.

Exceptions: There were no exceptions noted.

i. Number and percentage of public servants in the agency who have completed the training requirements.

Performance: Inspected the annual sexual harassment report to observe it contained the above requirement.

Exceptions: There were no exceptions noted.

ii. Number of sexual harassment complaints received by the agency.

Performance: Inspected the annual sexual harassment report to observe it contained the above requirement.

Exceptions: There were no exceptions noted.

iii. Number of complaints which resulted in a finding that sexual harassment occurred.

Performance: Inspected the annual sexual harassment report to observe it contained the above requirement.

Exceptions: There were no exceptions noted.

iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action.

Performance: Inspected the annual sexual harassment report to observe it contained the above requirement.

Exceptions: There were no exceptions noted.

v. Amount of time it took to resolve each complaint.

Performance: Inspected the annual sexual harassment report to observe it contained the above requirement.

Exceptions: There were no exceptions noted.

Management's Overall Response to Exceptions:

1)A(ii) Management will consider adding the required provision to the existing purchasing policy.

1)A(v) Management will consider adding the required provision to the existing payroll/personnel policy.

1)A(ix) Management will consider adding the required provisions to the existing ethics policy.

Management's Overall Response to Exceptions: (Continued)

- 1)A(xi) Management will develop and adopt an information technology disaster recovery/business continuity policy.
- 1)A(xii) Management will consider adding the required provision to the sexual harassment policy.
- 3)A(iii) Management will maintain research on all reconciling items that are three months old.
- 5)B(iii) Management will consider having an employee that does not process payments add/modify the vendor fees.
- 5)B(iv) Management will consider having an employee that does not process payments or mail signed checks.