

THE THIRTY-EIGHTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND
PARISH OF CAMERON, LOUISIANA

ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT
ACCOUNTANTS' COMPILATION REPORT

Year Ended June 30, 2017

CONTENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS	3-7
INDEPENDENT ACCOUNTANTS' COMPILATION REPORT	8
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of net position	11
Statement of activities	12
FUND FINANCIAL STATEMENTS	
Balance sheet-governmental fund	14
Reconciliation of the balance sheet-Governmental Fund to the statement of net position	15
Statement of revenues, expenditures and changes in fund balance-governmental fund	16
Reconciliation of the statement of revenues, expenditures and changes in fund balance-governmental fund to the statement of activities	17
NOTES TO BASIC FINANCIAL STATEMENTS	18-32
REQUIRED SUPPLEMENTAL INFORMATION	
Budgetary comparison schedule - general fund	34
Schedule of employer's proportionate share of net pension liability	35
Schedule of employer contributions	36
OTHER INFORMATION	
Schedule of compensation, benefits and other payments to chief executive officer	38

THE THIRTY-EIGHTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Management's Discussion and Analysis

Within this section of The Thirty-Eighth Judicial District Indigent Defender Fund's (District) financial report, the District's management is pleased to provide this narrative discussion and analysis of the financial activities of the District for the year ended June 30, 2017. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

- The District's assets were in excess of its liabilities by \$189,294 (net position) for the fiscal year reported.
- Total revenues of \$103,835 were in excess of total expenses of \$76,160, which resulted in a current year excess of \$27,675, compared to a prior year deficit of \$7,953.
- Total net position are comprised of the following:
 - (1) Investment in capital assets, of \$0 includes property and equipment, net of accumulated depreciation. There is no outstanding debt related to the purchase or construction of capital assets.
 - (2) Unrestricted net position of \$179,144 represent the portion available to maintain the District's continuing obligations.
 - (3) Restricted net position of \$10,150 represent the amount restricted for expert witness and testing for non-capital and juvenile cases.
- Overall, the District is continuing to work to improve on this financial position; however, funding sources are limited.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF FINANCIAL STATEMENTS

This Management's Discussion and Analysis document introduces the District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The District also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available.

THE THIRTY-EIGHTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Management's Discussion and Analysis (Continued)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the District's assets and liabilities, 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 District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other nonfinancial factors such as diversification of the revenue base, or the condition of District fixed assets in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenues provided to the District.

Both government-wide financial statements distinguish governmental activities of the District that are principally supported by court costs and from activities that are intended to recover all or a significant portion of their costs through user fees and charges.

FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole.

The District has one kind of fund:

Governmental fund is reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District's governmental fund. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

THE THIRTY-EIGHTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Management's Discussion and Analysis (Continued)

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the District's budget presentations. Budgetary comparison statements are included as "required supplemental information" for the general fund. This schedule demonstrates compliance with the District's adopted and final revised budget.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the District as a whole. The District's net position at June 30, 2017 is \$189,294. The following table provides a summary of the District's net position:

	<u>2017</u>	<u>2016</u>
Assets:		
Current assets	\$ 186,406	\$ 154,576
Capital assets, net	<u>-</u>	<u>-</u>
Total Assets	186,406	154,576
DEFERRED OUTFLOWS OF RESOURCES	<u>15,964</u>	<u>22,306</u>
Liabilities:		
Current liabilities	<u>11,126</u>	<u>12,382</u>
DEFERRED INFLOWS OF RESOURCES	<u>1,950</u>	<u>2,881</u>
Net position:		
Net investment in capital assets	-	-
Unrestricted	179,144	151,519
Restricted	<u>10,150</u>	<u>10,100</u>
Total net position	<u>\$ 189,294</u>	<u>\$ 161,619</u>

THE THIRTY-EIGHTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Management's Discussion and Analysis (Continued)

The following table provides a summary of the District's changes in net position:

	<u>2017</u>	<u>2016</u>
Revenues	\$ 103,835	\$ 78,414
Expenses	<u>76,160</u>	<u>86,367</u>
Change in Net Position	27,675	(7,953)
Beginning Net Position	<u>161,619</u>	<u>169,572</u>
Ending Net Position	<u>\$ 189,294</u>	<u>\$ 161,619</u>

GOVERNMENTAL REVENUES

The District is heavily reliant on court costs to support governmental operations. Court costs provided 97% (97% for 2016) of the District's total revenues. As a result, the court system has a major impact on the District's revenue stream.

BUDGETARY HIGHLIGHTS

When the original budget was adopted, it was anticipated that the total revenues were going to be \$170 less than the prior year's budget, mainly due to interest income. Expenditures were anticipated to be \$1,179 less than the previous fiscal year's budget, mainly due to salaries and related benefits.

The budget was not amended during the year.

The actual revenues were in excess of the final budget by \$35,945 or 53% and the actual expenditures were short of the final budget by \$14,901 or 17%.

THE THIRTY-EIGHTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Management's Discussion and Analysis (Continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The District's net investment in capital assets, net of accumulated depreciation as of June 30, 2017, was \$0. See Note B for additional information about changes in capital assets during the year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

	<u>2017</u>	<u>2016</u>
Depreciable assets:		
Equipment	\$ 2,727	\$ 2,727
Less accumulated depreciation	<u>2,727</u>	<u>2,727</u>
Book value-depreciable assets	<u>\$ -</u>	<u>\$ -</u>
Percentage depreciated	<u>100 %</u>	<u>100 %</u>
Book value-all assets	<u>\$ -</u>	<u>\$ -</u>

DEBT

At the end of the year, the District had no debt.

ECONOMIC CONDITIONS AFFECTING THE DISTRICT

Since the primary revenue stream for the District is court costs, the District's court costs revenues are subject to changes in the court system without regard to District operating expenses.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the District at 1057 Richmond Circle, Lake Charles, LA 70605.



Gragson, Casiday & Guillory, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

RAYMOND GUILLORY, JR., C.P.A.
COY T. VINCENT, C.P.A.
MICHELLE LEE, C.P.A.
BRADLEY J. CASIDAY, C.P.A., C.V.A.
GRAHAM A. PORTUS, E.A.
KATHRYN BLESSINGTON, C.P.A.
JACKLYN BARLOW, C.P.A.
BRIAN MCCAIN, C.P.A.

September 29, 2017

Board of Directors
The Thirty-Eighth Judicial District Indigent Defender Fund
Cameron, Louisiana

Management is responsible for the accompanying financial statements of the governmental activities and major fund of The Thirty-Eighth Judicial District Indigent Defender Fund, a component unit of the Louisiana Public Defender Board, as of June 30, 2017 and for the year then ended, and the related notes to the financial statements, which collectively comprise The Thirty-Eighth Judicial District Indigent Defender Fund's financial statements as listed in the table of contents in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Other Information

The accompanying schedule of compensation, benefits, and other payments to the chief executive officer is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. The information was subject to our compilation engagement, but we have not audited or reviewed the supplemental information and accordingly, do not express an opinion, a conclusion, nor provide any assurance on such information.

Required Supplemental Information

Accounting principles generally accepted in the United States of America required that the following supplemental information be presented to supplement the basic financial statements:

Management's Discussion and Analysis
Budgetary Comparison Schedule
Schedule of Employer's Proportionate Share of Net Liability
Schedule of Employer Contributions

Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have not audited or reviewed the information and accordingly, do not express an opinion, a conclusion, nor provide any assurance on such information.

Gragson, Casiday & Guillory

145 East Street • Lake Charles, LA 70601
Mailing Address: P.O. Drawer 1847 • Lake Charles, LA 70602-1847
phone: 337.439.1986 • fax: 337.439.1366 • www.gcgcpa.com

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

THE THIRTY-EIGHTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Statement of Net Position

June 30, 2017

ASSETS	
Cash - unrestricted	\$ 168,201
Cash - restricted	10,150
Accounts Receivable	8,055
Capital assets, net	-
Total assets	<u>186,406</u>
DEFERRED OUTFLOWS OF RESOURCES	
	<u>15,964</u>
LIABILITIES	
Accounts payable	123
Net pension liability	11,003
Total liabilities	<u>11,126</u>
DEFERRED INFLOWS OF RESOURCES	
	<u>1,950</u>
NET POSITION	
Net invested in capital assets	-
Unrestricted	179,144
Restricted	10,150
Total net position	<u>\$ 189,294</u>

See accompanying notes and accountants' compilation reprot.

THE THIRTY-EIGHTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Statement of Activities

Year Ended June 30, 2017

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenues (Expenses) and</u>
		<u>Charges for</u>	<u>Operating Grants</u>	<u>Changes in Net Assets</u>
		<u>Services</u>	<u>and Contributions</u>	<u>Governmental</u>
				<u>Activities</u>
Governmental Activities:				
General government	\$ 76,160	\$ 103,788	\$ -	\$ 27,628
		General Revenues:		
		Interest income		47
		Change in Net Position		<u>27,675</u>
		Net Position, beginning		<u>161,619</u>
		Net Position, ending		<u>\$ 189,294</u>

See accompanying notes and accountants' compilation report.

FUND FINANCIAL STATEMENTS

THE THIRTY-EIGHTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Balance Sheet - Governmental Fund

June 30, 2017

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash - unrestricted	\$ 168,201	\$ 138,236
Cash - restricted	10,150	10,100
Accounts Receivable	8,055	6,240
Total assets	<u>186,406</u>	<u>154,576</u>
 DEFERRED OUTFLOWS OF RESOURCES	 <u>-</u>	 <u>-</u>
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	 <u><u>\$ 186,406</u></u>	 <u><u>\$ 154,576</u></u>
 LIABILITIES		
Accounts payable	\$ 123	\$ 31
 DEFERRED INFLOWS OF RESOURCES	 <u>-</u>	 <u>-</u>
 FUND BALANCE		
Restricted	10,150	10,100
Unassigned	176,133	144,445
Total Fund Balance	<u>186,283</u>	<u>154,545</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 <u><u>\$ 186,406</u></u>	 <u><u>\$ 154,576</u></u>

See accompanying notes and accountants' compilation report.

THE THIRTY-EIGHTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Reconciliation of the Balance Sheet-Governmental Fund to the
Statement of Net Position

June 30, 2017

Total fund balance for governmental fund at June 30, 2017		\$	186,283
Total net position reported for governmental activities in the statement of net position is different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:			
Capital assets, net of \$2,727 accumulated depreciation			-
Deferred outflows and inflows are not financial resources or currently payable:			
Deferred outflows	\$	15,964	
Deferred inflows		<u>(1,950)</u>	14,014
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Net pension liability			<u>(11,003)</u>
Total net position of governmental activities at June 30, 2017		\$	<u><u>189,294</u></u>

See accompanying notes and accountants' compilation report.

THE THIRTY-EIGHTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Statement of Revenues, Expenditures and
Changes in Fund Balance - Governmental Fund

Year Ended June 30, 2017

	<u>2017</u>	<u>2016</u>
REVENUES		
Court costs on fines and forfeitures	\$ 100,888	\$ 76,272
Fees from individuals	2,900	2,100
Interest income	47	42
TOTAL REVENUES	<u>103,835</u>	<u>78,414</u>
EXPENDITURES		
General Government		
Salaries and related benefits	49,763	48,920
Professional services	9,550	10,000
Litigation support	8,222	20,673
Material and supplies	1,163	939
Travel	2,744	2,632
Telephone	600	2,543
Other operating expenditures	55	-
Capital Outlay	-	-
TOTAL EXPENDITURES	<u>72,097</u>	<u>85,707</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	31,738	(7,293)
FUND BALANCE - BEGINNING	<u>154,545</u>	<u>161,838</u>
FUND BALANCE - ENDING	<u>\$ 186,283</u>	<u>\$ 154,545</u>

See accompanying notes and accountants' compilation report.

THE THIRTY-EIGHTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance-Governmental Fund to the Statement of Activities

Year Ended June 30, 2017

Total net changes in fund balance at June 30, 2017 per Statement of Revenues, Expenditures and Changes in Fund Balance		\$	31,738
The change in net position reported for governmental activities in the statement of activities 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 which is considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balance	\$	-	
Depreciation expense for the year ended June 30, 2017		<u>-</u>	-
Net pension expense is reported in the governmental funds as expenditures as they are paid, however, in the statement of activities the net position expense is reported according to estimates required by GASB 68:			
Pension expenses paid		5,331	
Pension expenses per GASB 68		<u>(9,394)</u>	<u>(4,063)</u>
Total changes in net position at June 30, 2017 per Statement of Activities			<u>\$ 27,675</u>

See accompanying notes and accountants' compilation report.

THE THIRTY-EIGHTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Notes to Basic Financial Statements

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Thirty-Eighth Judicial District Indigent Defender Fund, Parish of Cameron, Louisiana (District), is established in compliance with Louisiana Revised Statutes 15:144-149, to provide and compensate counsel appointed to represent indigents in criminal and quasi-criminal cases on the district court level. The judicial district encompasses the Parish of Cameron, Louisiana.

The more significant of the government's accounting policies are described below.

1. Reporting Entity

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Statement No. 14, The Thirty-Eighth Judicial District Indigent Defender Fund includes all funds, account groups, et cetera, that are within the oversight responsibility of The Thirty-Eighth Judicial District Indigent Defender Fund.

As the governing authority, for reporting purposes, the Louisiana Public Defender Board is the financial reporting entity. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Louisiana Public Defender Board for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability.

THE THIRTY-EIGHTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Notes to Basic Financial Statements

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body and
 - a. The ability of the Louisiana Public Defender Board to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Louisiana Public Defender Board.
2. Organizations for which the Louisiana Public Defender Board does not appoint a voting majority but are fiscally dependent on the Louisiana Public Defender Board.
3. Organizations for which the reporting entity financial statements could be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based upon the application of these criteria, The Thirty-Eighth Judicial District Indigent Defender Fund is a component unit of Louisiana Public Defender Board.

2. Basis of Presentation

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through court costs, intergovernmental revenues, and other nonexchange revenues.

THE THIRTY-EIGHTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Notes to Basic Financial Statements

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include (a) fees and charges paid by the recipients of services offered by the District; and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements

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

The District has one fund, the General Fund, which is therefore considered its major fund.

3. Measurement Focus/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.

Measurement Focus

On the government-wide statement of net position and the statement of activities, the activities are presented using the economic resources measurement focus. In the fund financial statements, the "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

THE THIRTY-EIGHTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Notes to Basic Financial Statements

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Basis of Accounting

In the government-wide statement of net position and statement of activities, the activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting.

4. Cash

Cash includes amounts in demand deposits and time deposits with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. At June 30, 2017 the carrying amount was \$178,351 and the bank balance was \$178,805, all of which was covered by federal depository insurance.

Restricted cash of \$10,150 represent the amount restricted for expert witness and testing for non-capital and juvenile cases.

THE THIRTY-EIGHTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Notes to Basic Financial Statements

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. Budgets

A budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the district's Board of Directors for review. The board may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated.

Expenditures may not legally exceed budgeted appropriations at the activity level.

6. Accounts Receivable

No reserve for uncollectible receivables had been recorded as of June 30, 2017, as all receivables were considered collectible.

7. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The minimum capitalization threshold is any individual item with a total cost greater than \$500.

THE THIRTY-EIGHTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Notes to Basic Financial Statements

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Depreciation of all exhaustible capital assets is recorded as an allocated 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:

Equipment	3-7 years
-----------	-----------

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.

8. Compensated Absences

All permanent, full-time employees earn from 22 to 42 days of vacation and sick leave each year, depending upon length of service. Leave is available for use by employees in the fiscal year it was earned. At June 30, 2017, the liability for compensated absences was zero.

9. 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

THE THIRTY-EIGHTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Notes to Basic Financial Statements

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

10. Equity Classification

In the 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.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of "restricted" or "net investment in capital assets".

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as restricted, assigned and unassigned.

- a. Restricted fund balance - includes fund balance amounts that are intended to be used for specific purposes based on generally outside actions.
- b. Assigned fund balance – includes fund balance amounts that are intended to be used for specific purposes based on internal (board) actions.
- c. Unassigned fund balance – includes positive fund balance within the general fund which has not been classified within the above mentioned categories.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the District to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the District the committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

THE THIRTY-EIGHTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Notes to Basic Financial Statements

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

11. Subsequent Events

Management has evaluated subsequent events through September 29, 2017, the date the financial statements were available to be issued.

12. Comparative Data

Comparative totals for the prior period have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations.

NOTE B - CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2017 follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Governmental activities:				
Equipment	\$ 2,727	\$ -	\$ -	\$ 2,727
Less accumulated depreciation for:				
Equipment	<u>2,727</u>	<u>-</u>	<u>-</u>	<u>2,727</u>
Governmental activities capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE C - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

THE THIRTY-EIGHTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Notes to Basic Financial Statements

June 30, 2017

NOTE D – GOVERNMENT FUND REVENUES AND EXPENDITURES

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

Revenues:

State Government	
Grants	\$ -
Local Government	
Statutory fines, forfeitures, fees	
court costs and others	100,888
Charges for services	2,900
Investment earnings	47
Miscellaneous	-
Total Revenues	<u>\$ 103,835</u>

Expenditures:

Personnel Services and Benefits	
Salaries	\$ 42,696
Insurance	1,129
Payroll taxes	607
Retirement contributions	<u>5,331</u>
	49,763
Professional Development	
Law library subscription	-
Operating Costs	
Contract services – attorney/legal	5,722
Contract services – other	12,050
Lease – equipment	-
Travel – transportation	2,744
Supplies	1,163
Telephone	600
Other	<u>55</u>
	22,334
Capital outlay	-
Total Expenditures	<u>\$ 72,097</u>

THE THIRTY-EIGHTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Notes to Basic Financial Statements

June 30, 2017

NOTE E – PENSION PLANS

Parochial Employees Retirement System of Louisiana

The employee of The Thirty-Eighth Judicial District Indigent Defender Fund is a member of the Parochial Employees Retirement System of Louisiana (System), a cost-sharing, a multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two plans, Plan A and Plan B, with separate assets and benefit provisions. The employee is a member of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from district funds are eligible to participate in the System. Under Plan A, for employees hired prior to January 1, 2007 (after January 1, 2007), employees who retire at or after age 65 (67) with at least 7 years of creditable service, at or after age 60 (62) with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age (55) with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (504) 928-1361.

Under Plan A, members are required by state statute to contribute 9.00 percent of their annual covered salary and the employer is required to contribute at an actuarially determined rate. The current rate is 13.00 percent of annual covered payroll.

THE THIRTY-EIGHTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Notes to Basic Financial Statements

June 30, 2017

NOTE E – PENSION PLANS (CONTINUED)

Contributions to the System also include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge Parishes. These tax dollars are divided between Plan A and Plan B, based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the employers are established, and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Thirty-Eighth Judicial District Indigent Defender Fund's contributions to the System under Plan A for the years ended June 30, 2017, 2016, 2015 and 2014 were \$5,331, \$5,723, \$6,123 and \$5,965.

The \$5,331 contribution was 57% of the \$9,394 pension expense for the year ended June 30, 2017 and the \$5,723 contribution was 89% of the \$6,384 pension expense for the year ended June 30, 2016.

At June 30, 2017, the District reported a liability of \$11,003 for its proportionate share of the net pension liability (\$12,351 at June 30, 2016). The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to their pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2017, the District's proportion was .0053427%.

For the year ended June 30, 2017, the District recognized pension expense of \$9,394 (\$6,384 for the year ended June 30, 2016) including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$20. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

THE THIRTY-EIGHTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Notes to Basic Financial Statements

June 30, 2017

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 1,925
Changes in proportion and differences between:		
Changes in:		
Assumptions	2,089	
Contributions and proportionate share of contributions	8,544	25
Contributions subsequent to the measurement date	<u>5,331</u>	<u>-</u>
Total	<u>\$ 15,964</u>	<u>\$ 1,950</u>

\$5,331 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other accounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	<u>Amount</u>
2018	\$ 2,170
2019	2,171
2020	2,171
2021	2,171
2022	-
2023	-
Thereafter	-

THE THIRTY-EIGHTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Notes to Basic Financial Statements

June 30, 2017

NOTE E – PENSION PLANS (CONTINUED)

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

Valuation Date	December 31, 2016
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.00% (Net of investment expense)
Expected Remaining Service Lives	4 years
Projected Salary Increases	Plan A – 5.25% (2.75% Merit/2.50% Inflation)
Cost of Living Adjustments	The present values 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 amortized by the Board of Trustees.
Mortality	RP-2000 Employee Sex Distinct Table was selected for employees. RP-2000 Health Annuitant Sex Distinct Tables were selected for annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.

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

THE THIRTY-EIGHTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Notes to Basic Financial Statements

June 30, 2017

NOTE E – PENSION PLANS (CONTINUED)

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

Best estimates of arithmetic real rates of return for major asset class included in the System's target asset allocation as of December 31, 2016 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed income	35%	1.24%
Equity	52%	3.63%
Alternatives	11%	0.67%
Real assets	2%	0.12%
Total	100%	5.66%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.66%

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

THE THIRTY-EIGHTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Notes to Basic Financial Statements

June 30, 2017

NOTE E – PENSION PLANS (CONTINUED)

Sensitivity to changes in discount rate. The following presents the net pension liability of the District calculated using the discount rate of 7.00%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.00% or one percentage point higher 8.00% than the current rate.

	Changes in Discount Rate		
	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability (Asset)	\$ 32,915	\$ 11,003	\$ (7,524)

REQUIRED SUPPLEMENTAL INFORMATION

THE THIRTY-EIGHTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2017

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Court costs on fines and forfeitures	\$ 60,000	\$ 100,888	\$ 40,888
Intergovernmental	6,000	-	\$ (6,000)
Fees from indigents	1,850	2,900	\$ 1,050
Interest	40	47	\$ 7
TOTAL REVENUES	67,890	103,835	35,945
EXPENDITURES			
General Government			
Salaries and related benefits	47,030	49,763	(2,733)
Professional services	10,000	9,550	450
Litigation support	23,400	8,222	15,178
Materials and supplies	1,000	1,163	(163)
Travel	3,000	2,744	256
Telephone	2,568	600	1,968
Other operating expenditures	-	55	(55)
Capital Outlay	-	-	-
TOTAL EXPENDITURES	86,998	72,097	14,901
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(19,108)	31,738	50,846
FUND BALANCE - BEGINNING	154,545	154,545	-
FUND BALANCE - ENDING	\$ 135,437	\$ 186,283	\$ 50,846

See accountants' compilation report.

THE THIRTY-EIGHTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Schedule of Employer's Proportionate Share of Net Pension Liability

Year Ended June 30, 2017*

Louisiana Assessor's Retirement Fund	<u>2016</u>	<u>2015</u>
Employer's portion of the net pension liability (asset)	0.005343%	0.005234%
Employer's proportionate share of the net pension liability (asset)	\$ 11,003	\$ 13,777
Employer's covered payroll	\$ 41,846	\$ 41,539
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	26%	33%
Plan fiduciary net position as a percentage of the total pension liability	94%	92%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

*The amounts presented have a measurement date of December 31, 2016.

See accountants' compilation report.

THE THIRTY-EIGHTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Schedule of Employer Contributions

Year Ended June 30, 2017

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2013	\$ 5,965	\$ 5,965	\$ -	\$ 36,308	16.43%
2014	\$ 6,123	\$ 6,123	\$ -	\$ 40,000	15.31%
2015	\$ 5,723	\$ 5,723	\$ -	\$ 41,539	13.78%
2016	\$ 5,331	\$ 5,331	\$ -	\$ 41,846	12.74%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accountants' compilation report.

OTHER INFORMATION

THE THIRTY-EIGHTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Schedule of Compensation, Benefits and Other Payments
To Chief Executive Officer

Year Ended June 30, 2017

Chief Executive Officer: Harry Fontenot, Chief Defender

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 10,000
Benefits-insurance	294
Benefits-retirement	1,275
Benefits-cell phone	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing Unvouchered expenses	-
Special meals	-

See accountants' compilation report.