

*Financial Report*

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

*Houma, Louisiana*

*June 30, 2020*

*Financial Report*

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

*Houma, Louisiana*

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## TABLE OF CONTENTS

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

June 30, 2020

	<u>Exhibits</u>	<u>Page Numbers</u>
<b>Financial Section</b>		
Independent Auditor's Report		1 - 3
Management's Discussion and Analysis		4 - 9
Basic Financial Statements:		
Government-wide and Fund Financial Statements:		
Statement of Net Position and Governmental Fund Balance Sheet	A	10
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	B	11
Statement of Activities and Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance	C	12
Reconciliation of the Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	D	13
Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	E	14
Notes to Financial Statements	F	15 - 37
<b>Required Supplementary Information</b>		
Schedule of the Office's Proportionate Share of the Net Pension Liability	G	38
Schedule of Office's Contributions	H	39

**TABLE OF CONTENTS**  
**(Continued)**

	<u>Schedule</u>	<u>Page Numbers</u>
<b>Supplementary Information Section</b>		
Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer	1	40
<b>Special Reports Of Certified Public Accountants</b>		
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		41 - 42
Schedule of Findings and Responses		43
<b>Reports By Management</b>		
Schedule of Prior Year Findings and Responses		44 - 45
Management's Corrective Action Plan		46

**FINANCIAL SECTION**

## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Office of the District Public Defender 32nd JDC Parish of Terrebonne (the "Office"), State of Louisiana, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Office's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the General Fund of the Office of the District Public Defender 32nd JDC Parish of Terrebonne as of June 30, 2020, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Schedule of the Office's Proportionate Share of the Net Pension Liability and Schedule of the Office's Contributions on pages 4 through 9, 38, and 39, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Office's basic financial statements. The accompanying supplementary information, on page 40, Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2021 on our consideration of the Office's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Office's internal control over financial reporting and compliance.

*Bougeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
January 21, 2021.



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

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

June 30, 2020

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, 2020. 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, 2020 by \$460,262 (net position), which represents a \$60,247 decrease from last fiscal period.

The Office's revenues decreased \$83,070 (or 6.16%).

The Office's expenses decreased by \$52,919 (or 3.84%) primarily due to decreases in pension expense, professional development.

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

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

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

## **OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

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

### **Government-wide Financial Statements**

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

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

### **Fund Financial Statements**

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

### **Governmental Funds**

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

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

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

**Notes to the Financial Statements**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the Office's financial position. As of June 30, 2020, assets exceeded its liabilities by \$460,262 (net position). Net position investment in capital assets is reported at \$32,376 (net of accumulated depreciation), and is not available for future spending.

**Condensed Statements of Net Position**

	<u>June 30,</u>		<u>Dollar</u>
	<u>2020</u>	<u>2019</u>	<u>Change</u>
Current and other assets	\$698,975	\$ 744,208	\$(45,233)
Capital assets	<u>32,376</u>	<u>36,777</u>	<u>(4,401)</u>
Total assets	731,351	780,985	(49,634)
Deferred outflows of resources	<u>99,200</u>	<u>350,764</u>	<u>(251,564)</u>
Total assets and deferred outflows of resources	<u>830,551</u>	<u>1,131,749</u>	<u>(301,198)</u>
Current liabilities	95,882	94,184	1,698
Net pension liability	4,237	428,803	(424,566)
Long-term obligations	<u>66,112</u>	<u>61,808</u>	<u>4,304</u>
Total liabilities	166,231	584,795	(418,564)
Deferred inflows of resources	<u>204,058</u>	<u>26,445</u>	<u>177,613</u>
Total liabilities and deferred inflows of resources	<u>370,289</u>	<u>611,240</u>	<u>(240,951)</u>
Net position:			
Net investment in capital assets	32,376	36,777	(4,401)
Restricted	-	-	-
Unrestricted	<u>427,886</u>	<u>483,732</u>	<u>(55,846)</u>
Total net position	<u>\$460,262</u>	<u>\$ 520,509</u>	<u>\$(60,247)</u>

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

Governmental activities decreased the Office's net position by \$60,247. Key elements of this increase are as follows:

**Condensed Statements of Activities**

	<u>June 30,</u>		<u>Dollar</u>	<u>Total</u>
	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>Percent</u>
				<u>Change</u>
<b>Revenues:</b>				
Service fees	\$ 670,866	\$ 889,445	\$(218,579)	-24.57%
Grants	584,092	447,403	136,689	30.55%
Charges for services	5,895	9,380	(3,485)	-37.15%
Miscellaneous	5,047	2,742	2,305	84.06%
Total revenues	<u>1,265,900</u>	<u>1,348,970</u>	<u>(83,070)</u>	<u>-6.16%</u>
<b>Expenses:</b>				
General government	<u>1,326,147</u>	<u>1,379,066</u>	<u>(52,919)</u>	<u>-3.84%</u>
(Decrease) increase in net position	(60,247)	(30,096)	(30,151)	100.18%
Net position, beginning of year	<u>520,509</u>	<u>550,605</u>	<u>(30,096)</u>	<u>-5.47%</u>
Net position, end of year	<u>\$ 460,262</u>	<u>\$ 520,509</u>	<u>\$ (60,247)</u>	<u>-11.57%</u>

In total, general government revenues decreased by \$83,070. The decrease in revenues is primarily due to decreased services fees revenue. In total, general government expenses decreased by \$52,919. The decrease in expenses is primarily due to decreases of \$63,068 in personal services. Personal services decrease includes a decrease in pension expense of \$87,515.

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

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

The focus of the Office's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Office's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal period. As of June 30, 2020, the Office's governmental fund reported an ending fund balance of \$603,093, a decrease of \$46,931. Ending fund balance of \$4,398 is not available for spending because it is in a nonspendable form. The unassigned fund balance is \$598,695.

**General Fund Budgetary Highlights**

The budget was amended once during the year ended June 30, 2020. During the year ended June 30, 2020, revenues were below budgetary estimates and expenditures were above budgetary estimates. Service fee revenue reported an unfavorable budget variance of \$57,084, while personal services reported favorable variances of \$7,218 and operating costs reported unfavorable variances of \$4,874. The Office reported a net unfavorable budget variance of \$39,399.

**CAPITAL ASSETS AND DEBT ADMINISTRATION****Capital Assets**

The Office's net investment in capital assets for its governmental activities as of June 30, 2020, amounts to \$32,376 (net of accumulated depreciation). This investment in capital assets includes equipment, furniture and fixtures, vehicle and law books.

	<u>2020</u>	<u>2019</u>
Equipment	\$181,733	\$179,511
Furniture and fixture	11,043	11,043
Vehicle	25,486	25,486
Law books	<u>4,000</u>	<u>4,000</u>
Totals	<u>\$222,262</u>	<u>\$220,040</u>

The Office purchased a new shredder and new computers during the year ended June 30, 2020.

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

**CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)**

**Long-term Obligations**

Long-term obligations consisted of non-current liabilities for compensated absences of \$66,112. For the year ended June 30, 2020, compensated absence liabilities increased \$4,304, primarily due to the accumulation of unused vacation hours. The net pension liability to the Parochial Employees Retirement System decreased \$424,566 for the year ended June 30, 2020.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

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

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

**REQUESTS FOR INFORMATION**

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

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

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

June 30, 2020

	General Fund	Adjustments (Exhibit B)	Statement of Net Assets
<b>Assets</b>			
Cash	\$ 650,890	\$ -	\$ 650,890
Due from other governmental units	43,687	-	43,687
Other assets	4,398	-	4,398
Capital assets:			
Depreciable, net of accumulated depreciation	-	32,376	32,376
Total assets	698,975	32,376	731,351
<b>Deferred Outflow of Resources</b>			
	-	99,200	99,200
Total assets and deferred outflows of resources	\$ 698,975	131,576	830,551
<b>Liabilities</b>			
Accounts payable and accrued expenditures	\$ 95,882	-	95,882
Net pension liability	-	4,237	4,237
Non-current liabilities	-	66,112	66,112
Total liabilities	95,882	70,349	166,231
<b>Deferred Inflow of Resources</b>			
	-	204,058	204,058
Total liabilities and deferred inflow of resources	95,882	274,407	370,289
<b>Fund Balance/Net Position</b>			
Fund balance:			
Nonspendable-other assets	4,398	(4,398)	-
Unassigned	598,695	(598,695)	-
Total fund balance	603,093	(603,093)	-
Total liabilities and fund balance	\$ 698,975	(328,686)	370,289
<b>Net position:</b>			
Net investment in capital assets		32,376	32,376
Unrestricted		427,886	427,886
Total net position		\$ 460,262	\$ 460,262

See notes to financial statements.

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

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

June 30, 2020

<b>Fund Balance - Governmental Fund</b>		<b>\$ 603,093</b>
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.		
Capital assets	\$ 222,262	
Less accumulated depreciation	<u>(189,886)</u>	32,376
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		
		99,200
Long term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund.		
Net pension liability	(4,237)	
Compensated absences payable	<u>(66,112)</u>	(70,349)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in governmental funds.		
		<u>(204,058)</u>
<b>Net Position of Governmental Activities</b>		<b><u><u>\$ 460,262</u></u></b>

See notes to financial statements.



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

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

For the year ended June 30, 2020

	General Fund	Adjustments (Exhibit D)	Statement of Activities
<b>Revenues</b>			
Service fees:			
Terrebonne Parish Consolidated Government	\$ 377,613	\$ -	\$ 377,613
Terrebonne Parish Sheriff	155,389	-	155,389
City Court of Houma	137,864	-	137,864
Grants:			
Louisiana Public Defender Board	584,092	-	584,092
Charges for services	5,895	-	5,895
Miscellaneous:			
Gain on disposition of assets	3,117	-	3,117
Interest	1,930	-	1,930
Total revenues	1,265,900	-	1,265,900
<b>Expenditures/Expenses</b>			
General government:			
Personal services	866,080	8,915	874,995
Professional development	3,536	-	3,536
Operating costs	437,222	-	437,222
Capital outlay	5,993	(5,993)	-
Depreciation	-	10,394	10,394
Total expenditures/expenses	1,312,831	13,316	1,326,147
<b>Deficiency of Revenues Over Expenditures</b>	(46,931)	46,931	-
<b>Change in Net Position</b>	-	(60,247)	(60,247)
<b>Fund Balance/Net Position</b>			
Beginning of year	650,024	(129,515)	520,509
End of year	\$ 603,093	\$ (142,831)	\$ 460,262

See notes to financial statements.

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

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

For the year ended June 30, 2020

**Net Change in Fund Balance - Governmental Fund** **\$ (46,931)**

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	\$ 5,993	
Depreciation expense	<u>(10,394)</u>	(4,401)

Some expenses reported in the Statement of Activities do therefore, are not reported as expenditures in the governmental fund.

Pension expense	(4,611)	
Compensated absences payable	<u>(4,304)</u>	<u>(8,915)</u>

**Change in Net Position of Governmental Activities** **\$ (60,247)**

See notes to financial statements.

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

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

For the year ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Service fees:				
Terrebonne Parish Consolidated				
Government	\$ 438,765	\$ 431,814	\$ 377,613	\$ (54,201)
Terrebonne Parish Sheriff	172,082	163,160	155,389	(7,771)
City Court of Houma	213,801	132,976	137,864	4,888
Grants:				
Louisiana Public Defender Board	594,360	567,019	584,092	17,073
Charges for services	10,435	6,108	5,895	(213)
Miscellaneous:				
Gain on disposition of assets	-	3,117	3,117	-
Interest	1,161	1,952	1,930	(22)
Total revenues	<u>1,430,604</u>	<u>1,306,146</u>	<u>1,265,900</u>	<u>(40,246)</u>
<b>Expenditures</b>				
Current:				
General government:				
Personal services	990,995	873,298	866,080	7,218
Professional development	10,045	3,871	3,536	335
Operating costs	427,713	432,348	437,222	(4,874)
Capital outlay	10,000	4,161	5,993	(1,832)
Total expenditures	<u>1,438,753</u>	<u>1,313,678</u>	<u>1,312,831</u>	<u>847</u>
<b>Revenues Over Expenditures/ (Expenditures Over Revenues)</b>	(8,149)	(7,532)	(46,931)	(39,399)
<b>Fund Balance</b>				
Beginning of year	650,024	650,024	650,024	-
End of year	<u>\$ 641,875</u>	<u>\$ 642,492</u>	<u>\$ 603,093</u>	<u>\$ (39,399)</u>

See notes to financial statements.

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

June 30, 2020

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**a) Reporting Entity and Period**

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

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

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

**a) Reporting Entity and Period (Continued)**

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

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

**b) Basis of Presentation**

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

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

**Government-wide Financial Statements:**

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

**Fund Financial Statements:**

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

**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.

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

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

Fund Financial Statements: (Continued)

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

**d) Use of Estimates**

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

**e) Operating Budgetary Data**

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

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

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

**f) Accounts Receivable**

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

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

**g) Capital Assets**

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

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

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

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

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



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

**i) Vacation and Sick Leave**

After one year of service, employees receive 10 days of vacation. After 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, 2020, there were no outstanding balances of debt.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

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

**k) Fund Equity (Continued)**

Government-wide Statements: (Continued)

When both restricted and unrestricted resources are available for use, it is the Office's policy to use restricted resources first, then unrestricted resources as they are needed. As of June 30, 2020, the Office did not have restricted net position.

Fund Financial Statements:

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

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

For the classification of governmental fund balances, the Office considers an expenditure to be made from the most restrictive first when more than one classification is available. The Office's fund balance was classified as non-spendable, and unassigned as of June 30, 2020.

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

**1) New GASB Statements**

Statement No. 95, "*Postponement for the Effective Dates of Certain Authoritative Guidance*" provides temporary relief to governments and other stockholders in light of the coronavirus (COVID-19), as a pandemic. That objective is accomplished by postponing the effective dates of certain statements and implementation guides to those dates reported below.

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

Statement No. 84, "*Fiduciary Activities*" improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 87, "*Leases*" increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

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

**1) New GASB Statements (Continued)**

Statement No. 89, "*Accounting for Interest Cost Incurred before the End of a Construction Period*" establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*", which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 90, "*Majority Equity Interest*" the primary objectives of this Statement are to improve the consistency and comparability of reporting government's majority equity interest in legally separate organization and to improve the relevance of financial statement information for certain component units. It specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as component unit. The requirements of this Statement are effective for reporting period beginning after December 15, 2019. Management has not yet determined the effect of this Statement on the financial statements.

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

**1) New GASB Statements (Continued)**

Statement No. 91, "*Conduit Debt Obligations*" provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 92, "*Omnibus 2020*" establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance related activities of public entity risk pools, fair value measurements, and derivative instruments. The requirements of this Statement apply to all financial statements of all state and local governments at dates varying from upon issuance to fiscal periods beginning after June 15, 2021. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 93, "*Replacement of Interbank Offered Rates*" some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates. This Statement will preserve the consistency and comparability of reporting hedging derivative instruments and leases after governments amend or replace agreements to replace an IBOR. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management has not yet determined the effect of this Statement on the financial statements.

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

**1) New GASB Statements (Continued)**

Statement No. 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. The requirements of this Statement are effective for the years beginning after June 15, 2022. Management has yet to determine the effect of this Statement on 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. The requirements of this Statement are effective for the years beginning after June 15, 2022. Management has yet to determine the effect of this Statement on the financial statements.

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

**l) New GASB Statements (Continued)**

Statement No. 97, "*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*" provides objectives to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective for the years beginning after June 15, 2021. 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 financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through January 21, 2021, 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.

**Note 2 - DEPOSITS (Continued)**

**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>\$670,187</u>	<u>\$650,890</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, 2020, \$420,187 of the Office's bank balance of \$670,187 was exposed to custodial credit risk because it was not fully covered by FDIC insurance.

As of June 30, 2020, 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 10 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, 2020 consisted of the following:

	<u>Amount</u>
Terrebonne Parish Sheriff	\$ 10,414
Terrebonne Parish Consolidated Government	12,587
City Court of Houma	20,189
Other	497
Total	<u>\$43,687</u>

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, 2020 was as follows:

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
Capital assets being depreciated:				
Equipment	\$ 179,511	\$ 5,993	\$(3,771)	\$ 181,733
Furniture and fixtures	11,043	-	-	11,043
Vehicle	25,486	-	-	25,486
Law books	4,000	-	-	4,000
Total capital assets being depreciated	220,040	5,993	(3,771)	222,262
Less accumulated depreciation for:				
Equipment	(163,123)	(5,297)	3,771	(164,649)
Furniture and fixtures	(11,043)	-	-	(11,043)
Vehicle	(5,097)	(5,097)	-	(10,194)
Law books	(4,000)	-	-	(4,000)
Total accumulated depreciation	(183,263)	(10,394)	3,771	(189,886)
Total capital assets, net	<u>\$ 36,777</u>	<u>\$(4,401)</u>	<u>\$ -</u>	<u>\$ 32,376</u>

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

Accounts payable and accrued expenditures as of June 30, 2020 consisted of the following:

	<u>Amount</u>
Contract attorneys	\$18,800
Salaries and benefits	74,685
Other	2,397
Total	<u>\$95,882</u>

**Note 6 - NON-CURRENT LIABILITIES**

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

The following is a summary of the changes in long-term obligations of the Office as of June 30, 2020:

	<u>Payable June 30, 2019</u>	<u>Obligations</u>		<u>Payable June 30, 2020</u>
		<u>Retired</u>	<u>Generated</u>	
Compensated absences	\$ 61,808	\$ (27,033)	\$31,337	\$66,112
Net pension liability	428,803	(424,566)	-	4,237
	<u>\$490,611</u>	<u>\$(451,599)</u>	<u>\$31,337</u>	<u>\$70,349</u>

Compensated absences are described in Note 1i.

The net pension liability is described in Note 9.

**Note 7 - GOVERNMENTAL FUND REVENUES AND EXPENDITURES**

For the year ended June 30, 2020, the major sources of governmental fund revenues and expenditures were as follows:

<b>Revenues:</b>	
State government:	
Grants	\$ 584,092
Local government:	
Statutory fines, fees, court costs and other	670,866
Charges for services	5,895
Miscellaneous	3,117
Investment earnings	<u>1,930</u>
Total revenues	<u>\$ 1,265,900</u>
<b>Expenditures:</b>	
Personnel services and benefits:	
Salaries	\$ 715,637
Retirement contributions	69,110
Insurance	52,830
Payroll taxes	<u>28,503</u>
Total personnel services and benefits	<u>866,080</u>
Professional development:	
Dues, licenses and registrations	812
Travel	<u>2,724</u>
Total professional development	<u>3,536</u>
Operating costs:	
Library and research	20,787
Contract services - attorney/legal	262,373
Contract services - other	19,053
Lease - Office	65,772
Expert fees	1,972
Insurance	28,662
Supplies	18,325
Repairs and maintenance	9,045
Utilities and telephone	4,778
Other	<u>6,455</u>
Total operating costs	<u>437,222</u>
Capital outlay	<u>5,993</u>
Total expenditures	<u>\$ 1,312,831</u>

**Note 8 - COMMITMENTS**

On December 1, 2015, the Office renewed an office space lease for five years at \$4,800 per month. On November 20, 2020, the Office renewed an office space lease for five years at \$5,000 per month. This lease is considered an operating lease. The Office also rents storage space on a month-to-month basis.

Rental expenditures incurred for office space and storage for the year ended June 30, 2020 amounted to \$64,646. Commitments under the office lease is as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2021	\$ 59,000
2022	60,000
2023	60,000
2024	60,000
2025	60,000
2026	<u>25,000</u>
Total	<u>\$324,000</u>

**Note 9 - PENSION PLAN**

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

Note 9 - PENSION PLAN (Continued)

**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, 2019, the actuarially determined employer contribution rate was 12.18% of member's compensation. However, the actual rate for the Plan year ending December 31, 2020 was 12.25% and the actual rate for the Plan year ending December 31, 2019 was 11.50%.

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

**Note 9 - PENSION PLAN (Continued)**

Contributions to the System from the Office were \$69,110 for the year ended June 30, 2020.

**Pension Liabilities.** As of June 30, 2020, the Office reported a liability of \$4,237 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Office's proportion of the net pension liability was based on a projection of the Office's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2019, the Office's proportion was .090004%, which was a decrease of .00661% from its proportion measured as of December 31, 2018.

**Pension Expense.** For the year ended June 30, 2020, the Office recognized pension expense of \$73,721.

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** As of June 30, 2020, 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	\$ -	\$ (37,929)
Net difference between projected and actual earnings on pension plan investments	-	(158,821)
Change in proportionate share	2,990	(7,308)
Changes in assumptions	59,174	-
Office contributions subsequent to the measurement date	<u>37,036</u>	<u>-</u>
	<u>\$ 99,200</u>	<u>\$(204,058)</u>

The Office reported \$37,036 as deferred outflows of resources related to pensions resulting from Office contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension asset in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Note 9 - PENSION PLAN (Continued)**

Year Ending June 30,	Amount
2021	\$ (31,153)
2022	(40,890)
2023	1,651
2024	(71,502)
Total	\$(141,894)

**Actuarial Assumptions.** A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2019 are as follows:

<b>Valuation Date</b>	December 31, 2019
<b>Actuarial Cost Method</b>	Entry Age Normal
<b>Actuarial Assumptions:</b>	
<b>Expected Remaining Service Lives</b>	4 years
<b>Inflation Rate</b>	2.40%
<b>Investment Rate of Return</b>	6.50%, net of investment expense, including inflation.
<b>Projected Salary Increases</b>	4.75% (2.40% Inflation, 2.35% Merit)
<b>Mortality Rates</b>	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.
<b>Cost of Living Adjustments</b>	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

**Note 9 - PENSION PLAN (Continued)**

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing method (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.18% for the year ended December 31, 2019.

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, 2019 are as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	35.00%	1.05%
Equity	52.00%	3.41%
Alternatives	11.00%	0.61%
Real assets	<u>2.00%</u>	<u>0.11%</u>
Total	<u>100.00%</u>	5.18%
Inflation		<u>2.00%</u>
Expected Arithmetic Nominal Rate		<u>7.18%</u>

**Discount Rate.** The discount rate used to measure the collective pension liability was 6.50% as of December 31, 2019. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.



**Note 9 - PENSION PLAN (Continued)**

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

	<u>1.00% Decrease (5.50%)</u>	<u>Current Discount Rate (6.50%)</u>	<u>1.00% Increase (7.50%)</u>
Office's proportionate share of the net pension liability	<u>\$457,931</u>	<u>\$ 4,237</u>	<u>\$(375,950)</u>

**Payables to the Pension Plan**

As of June 30, 2020 the Office had payables to the pension plan as follows:

	<u>Amount</u>
Quarterly contributions	
Employer	\$16,352
Employees	<u>12,636</u>
Total	<u>\$28,988</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, 2019. Access to the audit report can be found on the System's website, [www.persla.org](http://www.persla.org) or on the Louisiana Legislative Auditor's website, [www.lla.la.gov](http://www.lla.la.gov).

**Note 10 - RISK MANAGEMENT**

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

**Note 11 - CORONAVIRUS**

The recent global outbreak of the Coronavirus (COVID-19) has raised concerns regarding operations and the financial markets have recently experienced significant volatility. While the Office's operations has been impacted, the long term impact on the Office's operations and its investments is uncertain at this time.

**REQUIRED SUPPLEMENTARY INFORMATION**

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

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

June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Office's proportion of the net pension liability	<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>\$ 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>\$ 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 as a percentage of its covered-employee payroll	<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>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 31<sup>st</sup>.

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

**SCHEDULE OF OFFICE'S CONTRIBUTIONS**

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

June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 69,110	\$ 67,847	\$ 71,996	\$ 57,479	\$ 88,610
Contributions in relation to the contractually required contribution	<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>
Office's covered-employee payroll *	<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>11.89%</u>	<u>11.50%</u>	<u>12.01%</u>	<u>12.75%</u>	<u>13.96%</u>

\*For the contribution year ended June 30<sup>th</sup>.

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

**SUPPLEMENTARY INFORMATION SECTION**

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

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

June 30, 2020

**Agency Head Name:** Anthony Champagne, Chief Defender

<b>Purpose</b>	
Salary	\$ 98,280
Benefits - insurance	9,244
Benefits - retirement	11,671
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/>
	<b><u>\$ 119,195</u></b>

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, 2020, and the related notes to the financial statements, which collectively comprise the Office's basic financial statements and have issued our report thereon dated January 21, 2021.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Office's Response to Management Letter Comments**

The Office's responses to certain matters we reported to management of the Office in a separate letter dated January 21, 2021 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,  
January 21, 2021.

**SCHEDULE OF FINDINGS AND RESPONSES**

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

For the year ended June 30, 2020

**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, 2020.

**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, 2020.

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

Not applicable.

**REPORTS BY MANAGEMENT**

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

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

For the year ended June 30, 2020

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

##### **Internal Control Over Financial Reporting**

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

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

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

#### **Section II - Federal Award Findings and Questioned Costs**

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

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

##### **2019-001 General Fund Budget**

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

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

**Section III - Management Letter (Continued)**

**2019-002 Unclaimed Funds**

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

**Management's Response** - 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 2020-001.

**2019-003 Approval of Invoices**

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

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

# **MANAGEMENT'S CORRECTIVE ACTION PLAN**

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

For the year ended June 30, 2020

### **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, 2020.

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

No findings material to the basic financial statements were reported during the audit for the year ended June 30, 2020.

### **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, 2020.

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

#### **2020-001 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.