

Financial Report

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

Houma, Louisiana

June 30, 2021

Financial Report

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Houma, Louisiana

June 30, 2021

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32nd JDC Parish of Terrebonne
Houma, Louisiana**

June 30, 2021

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Office of the District Public Defender 32nd JDC Parish of Terrebonne (the "Office"), State of Louisiana, as of and for the year ended June 30, 2021, 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, 2021, 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 Justice System Funding Schedule - Receiving Entity as Required by Act 87 of 2020 Regular Legislative Session, on page 40, and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer, on page 41, are presented for purposes of additional analysis and are 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 March 16, 2022 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,
March 16, 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

June 30, 2021

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, 2021. 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, 2021 by \$362,247 (net position), which represents a \$98,015 decrease from last fiscal period.

The Office's revenues increased \$249,143 (or 19.68%) primarily due to an increase in grant funding.

The Office's expenses increased by \$286,911 (or 21.63%) primarily due to increases in pension expense.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Government-wide Financial Statements

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the Office's financial position. As of June 30, 2021, assets exceeded its liabilities by \$362,247 (net position). Net position investment in capital assets is reported at \$23,765 (net of accumulated depreciation), and is not available for future spending.

Condensed Statements of Net Position

	<u>June 30,</u>		<u>Dollar</u>
	<u>2021</u>	<u>2020</u>	<u>Change</u>
Current and other assets	\$ 879,972	\$698,975	\$180,997
Capital assets	23,765	32,376	(8,611)
Total assets	<u>903,737</u>	<u>731,351</u>	<u>172,386</u>
Deferred outflows of resources	129,703	99,200	30,503
Total assets and deferred outflows of resources	<u>1,033,440</u>	<u>830,551</u>	<u>202,889</u>
Current liabilities	116,780	95,882	20,898
Net pension liability	157,376	4,237	153,139
Long-term obligations	65,934	66,112	(178)
Total liabilities	<u>340,090</u>	<u>166,231</u>	<u>173,859</u>
Deferred inflows of resources	331,103	204,058	127,045
Total liabilities and deferred inflows of resources	<u>671,193</u>	<u>370,289</u>	<u>300,904</u>
Net position:			
Net investment in capital assets	23,765	32,376	(8,611)
Unrestricted	338,482	427,886	(89,404)
Total net position	<u>\$ 362,247</u>	<u>\$460,262</u>	<u>\$ (98,015)</u>

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

Governmental activities decreased the Office's net position by \$98,015. Key elements of this increase are as follows:

Condensed Statements of Activities

	<u>June 30,</u>		<u>Dollar</u>	<u>Total</u>
	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>Percent</u>
				<u>Change</u>
Revenues:				
Service fees	\$ 680,790	\$ 670,866	\$ 9,924	1.48%
Grants	828,550	584,092	244,458	41.85%
Charges for services	5,378	5,895	(517)	-8.77%
Miscellaneous	325	5,047	(4,722)	-93.56%
Total revenues	<u>1,515,043</u>	<u>1,265,900</u>	<u>249,143</u>	19.68%
Expenses:				
General government	<u>1,613,058</u>	<u>1,326,147</u>	<u>286,911</u>	21.63%
(Decrease) increase in net position	(98,015)	(60,247)	(37,768)	62.69%
Net position, beginning of year	<u>460,262</u>	<u>520,509</u>	(60,247)	-11.57%
Net position, end of year	<u><u>\$ 362,247</u></u>	<u><u>\$ 460,262</u></u>	<u><u>\$ (98,015)</u></u>	-21.30%

In total, general government revenues increased by \$249,143. The increase in revenues is primarily due to increased services fees revenue and grant revenue. In total, general government expenses increased by \$286,911. The increase in expenses is primarily due to increases of \$271,524 in personal services. Personal services increase includes an increase in pension expense of \$245,007.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

The focus of the Office's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Office's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal period. As of June 30, 2021, the Office's governmental fund reported an ending fund balance of \$763,192, an increase of \$160,099. Ending fund balance of \$4,398 is not available for spending because it is in a nonspendable form. The unassigned fund balance is \$758,794.

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

The budget was amended once during the year ended June 30, 2021. During the year ended June 30, 2021, revenues and expenditures were above budgetary estimates. Service fee revenue reported a favorable budget variance of \$32,028, while personal services reported an unfavorable variance of \$4,431 and operating costs reported an unfavorable variance of \$20,896. The Office reported a net favorable budget variance of \$1,518.

CAPITAL ASSETS AND DEBT ADMINISTRATION**Capital Assets**

The Office's net investment in capital assets for its governmental activities as of June 30, 2021, amounts to \$23,765 (net of accumulated depreciation). This investment in capital assets includes equipment, furniture and fixtures, vehicle and law books.

	<u>2021</u>	<u>2020</u>
Equipment	\$183,483	\$181,733
Furniture and fixture	11,841	11,043
Vehicle	25,486	25,486
Law books	<u>4,000</u>	<u>4,000</u>
Totals	<u>\$224,810</u>	<u>\$222,262</u>

The Office purchased a new office desk and new printers during the year ended June 30, 2021.

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

Long-term Obligations

Long-term obligations consisted of non-current liabilities for compensated absences of \$65,934. For the year ended June 30, 2021, compensated absence liabilities decreased \$178. The net pension liability to the Parochial Employees Retirement System increased \$153,139 for the year ended June 30, 2021.

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
Houma, Louisiana**

June 30, 2021

	General Fund	Adjustments (Exhibit B)	Statement of Net Assets
Assets			
Cash	\$ 802,882	\$ -	\$ 802,882
Due from other governmental units	72,692	-	72,692
Other assets	4,398	-	4,398
Capital assets:			
Depreciable, net of accumulated depreciation	-	23,765	23,765
Total assets	879,972	23,765	903,737
Deferred Outflow of Resources	-	129,703	129,703
Total assets and deferred outflows of resources	\$ 879,972	153,468	1,033,440
Liabilities			
Accounts payable and accrued expenditures	\$ 116,780	-	116,780
Net pension liability	-	157,376	157,376
Non-current liabilities	-	65,934	65,934
Total liabilities	116,780	223,310	340,090
Deferred Inflow of Resources	-	331,103	331,103
Total liabilities and deferred inflow of resources	116,780	554,413	671,193
Fund Balance/Net Position			
Fund balance:			
Nonspendable-other assets	4,398	(4,398)	-
Unassigned	758,794	(758,794)	-
Total fund balance	763,192	(763,192)	-
Total liabilities and fund balance	\$ 879,972	(208,779)	671,193
Net position:			
Net investment in capital assets		23,765	23,765
Unrestricted		338,482	338,482
Total net position		\$ 362,247	\$ 362,247

See notes to financial statements.

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

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

June 30, 2021

Fund Balance - Governmental Fund		\$ 763,192
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	\$ 224,810	
Less accumulated depreciation	<u>(201,045)</u>	23,765
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		
		129,703
Long term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund.		
Net pension liability	(157,376)	
Compensated absences payable	<u>(65,934)</u>	(223,310)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in governmental funds.		
		<u>(331,103)</u>
Net Position of Governmental Activities		<u><u>\$ 362,247</u></u>

See notes to financial statements.

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

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

For the year ended June 30, 2021

	General Fund	Adjustments (Exhibit D)	Statement of Activities
Revenues			
Service fees:			
Terrebonne Parish Consolidated Government	\$ 337,113	\$ -	\$ 337,113
Terrebonne Parish Sheriff	210,159	-	210,159
City Court of Houma	133,518	-	133,518
Grants:			
Louisiana Public Defender Board	828,550	-	828,550
Charges for services	5,378	-	5,378
Miscellaneous:			
Interest	325	-	325
	<u>1,515,043</u>	<u>-</u>	<u>1,515,043</u>
Expenditures/Expenses			
General government:			
Personal services	897,016	249,503	1,146,519
Professional development	6,864	-	6,864
Operating costs	448,516	-	448,516
Capital outlay	2,548	(2,548)	-
Depreciation	-	11,159	11,159
	<u>1,354,944</u>	<u>258,114</u>	<u>1,613,058</u>
Excess of Revenues Over Expenditures	160,099	(160,099)	-
Change in Net Position	-	(98,015)	(98,015)
Fund Balance/Net Position			
Beginning of year	603,093	(142,831)	460,262
End of year	<u>\$ 763,192</u>	<u>\$ (400,945)</u>	<u>\$ 362,247</u>

See notes to financial statements.

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

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

For the year ended June 30, 2021

Net Change in Fund Balance - Governmental Fund	\$ 160,099
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p>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.</p>	
Capital outlay	\$ 2,548
Depreciation expense	<u>(11,159)</u>
	(8,611)
<p>Some expenses reported in the Statement of Activities do therefore, are not reported as expenditures in the governmental fund.</p>	
Pension expense	(249,681)
Compensated absences payable	<u>178</u>
	<u>(249,503)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (98,015)</u></u>

See notes to financial statements.

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

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

For the year ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Favorable</u>
				<u>(Unfavorable)</u>
Revenues				
Service fees:				
Terrebonne Parish Consolidated				
Government	\$ 333,147	\$ 317,205	\$ 337,113	\$ 19,908
Terrebonne Parish Sheriff	157,420	201,459	210,159	8,700
City Court of Houma	132,976	130,098	133,518	3,420
Grants:				
Louisiana Public Defender Board	480,758	828,550	828,550	-
Charges for services	6,108	5,823	5,378	(445)
Miscellaneous:				
Interest	1,952	339	325	(14)
Total revenues	<u>1,112,361</u>	<u>1,483,474</u>	<u>1,515,043</u>	<u>31,569</u>
Expenditures				
Current:				
General government:				
Personal services	875,393	892,585	897,016	(4,431)
Professional development	3,871	4,688	6,864	(2,176)
Operating costs	434,414	427,620	448,516	(20,896)
Capital outlay	-	-	2,548	(2,548)
Total expenditures	<u>1,313,678</u>	<u>1,324,893</u>	<u>1,354,944</u>	<u>(30,051)</u>
Revenues Over Expenditures/ (Expenditures Over Revenues)	(201,317)	158,581	160,099	1,518
Fund Balance				
Beginning of year	<u>642,492</u>	<u>603,093</u>	<u>603,093</u>	-
End of year	<u>\$ 441,175</u>	<u>\$ 761,674</u>	<u>\$ 763,192</u>	<u>\$ 1,518</u>

See notes to financial statements.

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

June 30, 2021

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.

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Use of Estimates

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

e) Operating Budgetary Data

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

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

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

f) Accounts Receivable

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

g) Capital Assets

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Capital Assets (Continued)

Government-wide Financial Statements:

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

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The 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 ten days of vacation. After ten years of employment an additional day will be earned each year maxing out at 20 days. Unused vacation at year-end may be carried forward to following years. Also, employees have 40 hours of sick leave per year. Upon termination, unused vacation for the year will be paid on a pro-rated basis, but sick leave will not be paid.

j) Pensions

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

k) Fund Equity

Government-wide Statements:

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. As of June 30, 2021, 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, 2021, 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, 2021.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D) New GASB Statements

During the year ending June 30, 2021, the Office implemented the following GASB Statements:

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. This Statement did not affect the Office's financial statements as of and for the year ended June 30, 2021.

Statement No. 90, "*Majority Equity Interest*" improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and 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 a component unit. This Statement did not affect the Office's financial statements as of and for the year ended June 30, 2021.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I) New GASB Statements (Continued)

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

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.

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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D) 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)

D) 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 the 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. 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 years beginning after June 15, 2022. Management has not as yet determined the effect of the Statement on the financial statements.

Statement No. 96, "*Subscription-Based Information Technology Arrangements*" provides guidance on accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87 "*Leases*", as amended. Under this Statement a government should recognize a right to use subscription asset and a corresponding subscription liability at the commencement of the subscription term. The subscription liability should be measured at the present value of subscription payments. Future subscription payments should be discounted using the interest rate the vendor charges the government or the government's incremental borrowing rate. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example interest expense) in future financial reporting periods. Activities associated with SBITAs, other than subscription payments, should be grouped into three stages and costs meeting specific capitalization criteria, including costs necessary to place the subscription asset in service, should be capitalized in the subscription asset, otherwise costs should be expensed as incurred. This Statement provides an exception for short-term SBITAs of 12 months or less, including options to extend. Subscription payments for short-term SBITAs should be expensed as incurred. This Statement requires disclosure of descriptive information about SBITAs other than short-term SBITAs. The requirements of this Statement are

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D) New GASB Statements (Continued)

effective for years beginning after June 15, 2022. Management has not as yet determined the effect of the Statement on the financial statements.

Statement No. 97, "*Certain Component Unit Criteria and Accounting and Report for Internal Revenue Code Section 457 Deferred Compensation Plans*" provides for purposes of determining whether a primary government is financially accountable for a potential component unit, the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84 "*Fiduciary Activities*", be applicable to only defined pension plans and defined OPEB plans that are administered through trusts. The Statement also requires that IRC Section 457 deferred compensation plan be classified as either a pension plan or as an other employee benefit plans depending on whether the plan meets the definition of a pension plan and clarifies that Statement No. 84 should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. The requirements of this Statement that the absence of a governing board for a potential component unit should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform and limit the financial burden criterion in paragraph 7 of Statement No. 84, be applicable to only defined pension plans and defined OPEB plans that are administered through trusts are effective immediately. The requirements in this Statement that are related to accounting and reporting for IRC Section 457 plans are effective for years beginning after June 15, 2021. Management has not as yet determined the effect of the Statement on the financial statements.

Statement No. 98, "*The Annual Comprehensive Financial Report*" establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym sounds like a profoundly objectionable racial slur. The requirements of this Statement are effective for fiscal years ending after December 15, 2021. Management believes this Statement will not affect the District's financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through March 16, 2022, which is the date the financial statements were available to be issued.

Note 2 - DEPOSITS

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

Bank Deposits

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

The year-end balances of deposits are as follows:

	<u>Bank Balance</u>	<u>Reported Amount</u>
Cash	<u>\$815,324</u>	<u>\$802,882</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, 2021, \$565,324 of the Office's bank balance of \$815,324 was exposed to custodial credit risk because it was not fully covered by FDIC insurance.

Note 2 - DEPOSITS (Continued)

Bank Deposits (Continued)

As of June 30, 2021, cash was adequately collateralized in accordance with state law by securities held by unaffiliated banks for the account of the Office. The GASB, which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the deposits are considered subject to custodial credit risk under the provisions of GASB, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Note 3 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units as of June 30, 2021 consisted of the following:

	<u>Amount</u>
Terrebonne Parish Sheriff	\$29,408
Terrebonne Parish Consolidated Government	32,495
City Court of Houma	<u>10,789</u>
Total	<u>\$72,692</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, 2021 was as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets being depreciated:				
Equipment	\$ 181,733	\$ 1,750	\$ -	\$ 183,483
Furniture and fixtures	11,043	798	-	11,841
Vehicle	25,486	-	-	25,486
Law books	4,000	-	-	4,000
	<u>222,262</u>	<u>2,548</u>	<u>-</u>	<u>224,810</u>
Total capital assets being depreciated				
Less accumulated depreciation for:				
Equipment	(164,649)	(6,035)	-	(170,684)
Furniture and fixtures	(11,043)	(27)	-	(11,070)
Vehicle	(10,194)	(5,097)	-	(15,291)
Law books	(4,000)	-	-	(4,000)
	<u>(189,886)</u>	<u>(11,159)</u>	<u>-</u>	<u>(201,045)</u>
Total accumulated depreciation				
Total capital assets, net	<u>\$ 32,376</u>	<u>\$(8,611)</u>	<u>\$ -</u>	<u>\$ 23,765</u>

Note 5 - ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES

Accounts payable and accrued expenditures as of June 30, 2021 consisted of the following:

	Amount
Contract attorneys	\$ 39,635
Salaries and benefits	77,145
Total	<u>\$116,780</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, 2021:

	Payable June 30, 2020	Obligations		Payable June 30, 2021
		Retired	Generated	
Compensated absences	\$66,112	\$(31,235)	\$ 31,057	\$ 65,934
Net pension liability	4,237	-	153,139	157,376
	\$70,349	\$(31,235)	\$184,196	\$223,310

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, 2021, the major sources of governmental fund revenues and expenditures were as follows:

Revenues:	
State government:	
Grants	\$ 828,550
Local government:	
Statutory fines, fees, court costs and other	680,790
Charges for services	5,378
Investment earnings	<u>325</u>
Total revenues	<u>\$ 1,515,043</u>
Expenditures:	
Personnel services:	
Salaries	\$ 751,825
Retirement contributions	75,384
Insurance	50,683
Payroll taxes	<u>19,124</u>
Total personnel services	<u>897,016</u>
Professional development:	
Dues, licenses and registrations	5,965
Travel	<u>899</u>
Total professional development	<u>6,864</u>
Operating costs:	
Library and research	20,532
Contract services - attorney/legal	284,875
Contract services - other	16,462
Lease - Office	67,172
Insurance	25,720
Supplies	18,585
Repairs and maintenance	4,439
Utilities and telephone	6,117
Other	<u>4,614</u>
Total operating costs	<u>448,516</u>
Capital outlay	<u>2,548</u>
Total expenditures	<u>\$ 1,354,944</u>

Note 8 - COMMITMENTS

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. Subsequent to June 30, 2021, the Office purchased the building in which it was previously leasing this office space. See Note 11.

Rental expenditures incurred for office space and storage for the year ended June 30, 2021 amounted to \$67,172. Commitments under the office lease as of June 30, 2021 were as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2022	\$ 60,000
2023	60,000
2024	60,000
2025	60,000
2026	<u>25,000</u>
Total	<u>\$265,000</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, 2020, the actuarially determined employer contribution rate was 11.11% 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 \$71,978 for the year ended June 30, 2021.

Pension Liabilities. As of June 30, 2021, the Office reported a liability of \$157,376 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020 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, 2020, the Office's proportion was .089754%, which was a decrease of .00025% from its proportion measured as of December 31, 2019.

Pension Expense. For the year ended June 30, 2021, the Office recognized pension expense of \$325,065.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. As of June 30, 2021, 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	\$ 38,316	\$ (18,784)
Net difference between projected and actual earnings on pension plan investments	-	(307,152)
Change in proportionate share	1,232	(5,167)
Changes in assumptions	51,488	-
Office contributions subsequent to the measurement date	<u>38,667</u>	<u>-</u>
	<u>\$ 129,703</u>	<u>\$ (331,103)</u>

The Office reported \$38,667 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, 2022. 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
2022	\$ (67,259)
2023	(24,840)
2024	(97,785)
2025	(50,183)
Total	\$(240,067)

Actuarial Assumptions. A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2020 are as follows:

Valuation Date	December 31, 2020
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	4 years
Inflation Rate	2.30%
Investment Rate of Return	6.40%, net of investment expense, including inflation.
Projected Salary Increases	4.75% (2.30% Inflation, 2.45% Merit)
Mortality Rates	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants.
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

Note 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 7.00% for the year ended December 31, 2020.

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, 2020 are as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	33.00%	0.86%
Equity	51.00%	3.36%
Alternatives	14.00%	0.67%
Real assets	<u>2.00%</u>	<u>0.11%</u>
Total	<u>100.00%</u>	5.00%
Inflation		<u>2.00%</u>
Expected Arithmetic Nominal Rate		<u>7.00%</u>

Discount Rate. The discount rate used to measure the collective pension liability was 6.40% as of December 31, 2020. 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 6.40%, as well as what the Office's proportionate share of the Net Pension (Liability) Asset would be if it were calculated using a discount rate that is one percentage-point lower (5.40%) or one percentage-point higher (7.40%) than the current rate:

	<u>1.00% Decrease (5.40%)</u>	<u>Current Discount Rate (6.40%)</u>	<u>1.00% Increase (7.40%)</u>
Office's proportionate share of the net pension liability (asset)	<u>\$ (329,971)</u>	<u>\$ 157,376</u>	<u>\$ 565,519</u>

Payables to the Pension Plan

As of June 30, 2021 the Office had payables to the pension plan as follows:

	<u>Amount</u>
Quarterly contributions	
Employer	\$ 19,633
Employees	<u>15,225</u>
Total	<u>\$ 34,858</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, 2020. Access to the audit report can be found on the System's website, www.persla.org or on the Louisiana Legislative Auditor's website, www.la.gov.

Note 10 - RISK MANAGEMENT

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

Note 11 - SUBSEQUENT EVENTS

On July 14, 2021, the Office purchased the building on 504 Belanger Street in Houma, Louisiana for \$505,000 to use as office space.

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
Houma, Louisiana**

June 30, 2021

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

* For the valuation year ended December 31st.

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

SCHEDULE OF OFFICE'S CONTRIBUTIONS

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

June 30, 2021

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

*For the contribution year ended June 30th.

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

SUPPLEMENTARY INFORMATION SECTION

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

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

June 30, 2021

	<u>First Six Month Period Ended December 31, 2020</u>	<u>Second Six Month Period Ended June 30, 2021</u>
Collections:		
Terrebonne Parish Consolidated Government, Criminal Court Fees	\$ 161,066	\$ 156,139
Terrebonne Parish Sheriff's Office, Bond Fees	60,176	55,984
Terrebonne Parish Sheriff's Office, Drug Court Fees	495	435
Terrebonne Parish Sheriff's Office, C.O.R. Fees	6,539	12,662
Terrebonne Parish Sheriff's Office, Criminal Fines	16,600	38,275
City Court of Houma, Criminal Court Fees	<u>75,674</u>	<u>67,244</u>
Subtotal receipts	<u>320,549</u>	<u>330,739</u>
Ending balance of amounts assessed but not received	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

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

June 30, 2021

Agency Head Name: Anthony Champagne, Chief Defender

Purpose

Salary	\$ 98,280
Benefits - insurance	9,244
Benefits - retirement	12,039
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Meals	-
	<hr/>
	<u>\$ 119,563</u>

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

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the General Fund of the Office of the District Public Defender 32nd JDC Parish of Terrebonne (the "Office"), State of Louisiana, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Office's basic financial statements and have issued our report thereon dated March 16, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Office's Response to Management Letter Comments

The Office's responses to certain matters we reported to management of the Office in a separate letter dated March 16, 2022 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,
March 16, 2022.

SCHEDULE OF FINDINGS AND RESPONSES

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

For the year ended June 30, 2021

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, 2021.

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, 2021.

Section III - Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

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

For the year ended June 30, 2021

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 - 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 2021-001.

MANAGEMENT'S CORRECTIVE ACTION PLAN

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

For the year ended June 30, 2021

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, 2021.

Compliance and Other Matters

No findings material to the basic financial statements were reported during the audit for the year ended June 30, 2021.

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, 2021.

Section III - Management Letter

2021-001 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. See management letter comment 2021-001.