

**TWENTY-SECOND JUDICIAL DISTRICT
PUBLIC DEFENDER OFFICE
COVINGTON, LOUISIANA**

Annual Financial Statements

June 30, 2020



Contents

Independent Auditor's Report	1 - 3
------------------------------	-------

Basic Financial Statements

Government-Wide Financial Statements	
Statement of Net Position	5
Statement of Activities	6
Fund Financial Statements	
Governmental Funds	
Balance Sheet	8
Statement of Revenues, Expenditures, and Changes in Fund Balances	9
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	10
Notes to Financial Statements	11 - 21

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Governmental Funds	23
---	----

Other Supplementary Information

Schedule of Compensation, Benefits, and Other Payments to Agency Head	25
--	----

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	26 - 27
--	---------

Schedule of Findings and Responses	28
------------------------------------	----

Schedule of Prior Year Findings	29
---------------------------------	----

Independent Auditor's Report

Mr. John W. Linder, II, District Public Defender
and the Louisiana Public Defender Board
Twenty-Second Judicial District
Public Defender Office
Covington, Louisiana

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Twenty-Second Judicial District Public Defender Office (the Public Defender Office), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Public Defender 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 opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal 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.

LOUISIANA • TEXAS

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 respective financial position of the governmental activities and each major fund of the Twenty-Second Judicial District Public Defender Office as of June 30, 2020, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules of revenues, expenditures, and changes in fund balance - budget and actual 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.

Management has omitted the management's discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Public Defender Office's basic financial statements. The schedule of compensation, benefits, and other payments to agency head, as required by Louisiana Revised Statute (LRS) 24:513 A(3), is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The schedule of compensation, benefits, and other payments to agency head 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. Such 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 schedule of compensation, benefits, and other payments to agency head 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 October 23, 2020, on our consideration of the Twenty-Second Judicial District Public Defender Office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that 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 Public Defender Office's 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 Twenty-Second Judicial District Public Defender Office's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Covington, LA
October 23, 2020

**BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
COVINGTON, LOUISIANA
Statement of Net Position
June 30, 2020

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 422,181
Accounts Receivable	89,730
Probation Fees Receivable - Net of Allowance of \$1,340,872	96,975
Capital Assets, Net of Accumulated Depreciation	<u>4,389</u>
Total Assets	<u>613,275</u>
Liabilities	
Accounts Payable	162
Accrued Payroll Liabilities	7,321
Unearned Revenue - Felony Probation Fees	<u>96,975</u>
Total Liabilities	<u>104,458</u>
Net Position	
Net Investment in Capital Assets	4,389
Unrestricted	<u>504,428</u>
Total Net Position	<u>\$ 508,817</u>

The accompanying notes are an integral part of these financial statements.

**TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
COVINGTON, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2020**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities				
Public Defender	\$ 3,137,491	\$ 42,719	\$ 1,838,898	\$ (1,255,874)
General Revenues				
Court Costs, Fees, and Charges				1,005,559
Shared Revenues				225,851
Interest and Earnings on Investments				965
Other Income				3,308
Total General Revenues				<u>1,235,683</u>
Change in Net Position				(20,191)
Net Position, Beginning of Year				<u>529,008</u>
Net Position, End of Year				<u>\$ 508,817</u>

The accompanying notes are an integral part of these financial statements.

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS
GOVERNMENTAL FUNDS**

TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
COVINGTON, LOUISIANA
Balance Sheet
Governmental Funds
June 30, 2020

	General Fund	Special Revenue Fund	Total Governmental Funds
Assets			
Cash and Cash Equivalents	\$ 422,181	\$ -	\$ 422,181
Accounts Receivable	89,730	-	89,730
Probation Fees Receivable - Net of Allowance of \$1,340,872	96,975	-	96,975
Total Assets	\$ 608,886	\$ -	\$ 608,886
Liabilities			
Accounts Payable	\$ 162	\$ -	\$ 162
Accrued Payroll Liabilities	7,321	-	7,321
Unearned Revenue - Felony Probation Fees	96,975	-	96,975
Total Liabilities	104,458	-	104,458
Fund Balance			
Unassigned	504,428	-	504,428
Total Fund Balance	504,428	-	504,428
Total Liabilities and Fund Balance	\$ 608,886	\$ -	\$ 608,886

**Reconciliation of the governmental fund balance sheet to the
statement of net position**

Total Fund Balance	\$ 504,428
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	4,389
Net Position of Governmental Activities	\$ 508,817

The accompanying notes are an integral part of these financial statements.

**TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
COVINGTON, LOUISIANA
Statement of Revenues, Expenditures, and Changes
in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020**

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues			
Court Costs, Fees, and Charges	\$ 1,005,559	\$ -	\$ 1,005,559
Shared Revenues	225,851	-	225,851
Intake Fees	42,719	-	42,719
Grants and Awards			
Judicial District Court	122,082	-	122,082
State of Louisiana	-	1,716,816	1,716,816
Interest Income	965	-	965
Miscellaneous Income	3,308	-	3,308
Total Revenues	1,400,484	1,716,816	3,117,300
Expenditures			
Salaries, Wages, and Fringes	1,141,905	1,593,266	2,735,171
Contract Attorney Fees and Costs	136,882	123,550	260,432
Insurance	31,857	-	31,857
Telephone and Utilities	26,986	-	26,986
Other Operating Expenses	18,875	-	18,875
Office Supplies and Expenses	16,753	-	16,753
Accounting and Audit	15,694	-	15,694
Law Library	13,544	-	13,544
Rent	11,400	-	11,400
Travel	3,450	-	3,450
Continuing Education	2,127	-	2,127
Capital Outlays	4,220	-	4,220
Total Expenditures	1,423,693	1,716,816	3,140,509
Net Change in Fund Balances	(23,209)	-	(23,209)
Fund Balances, Beginning of Year	527,637	-	527,637
Fund Balances, End of Year	\$ 504,428	\$ -	\$ 504,428

The accompanying notes are an integral part of these financial statements.

**TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
COVINGTON, LOUISIANA
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2020**

Net Change in Fund Balances - Total Governmental Funds	\$ (23,209)
--	-------------

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. This is the amount by which capital outlay exceeded depreciation in the current period.

<u>3,018</u>

Change in Net Position of Governmental Activities

<u><u>\$ (20,191)</u></u>

The accompanying notes are an integral part of these financial statements.

**TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
COVINGTON, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

The Twenty-Second Judicial District Public Defender Office (the Public Defender Office) operates under Act 307 implemented August 15, 2007. The Public Defender Office provides counsel to represent indigent (needy) individuals in criminal cases at the district level. The Public Defender Office encompasses the Parishes of Washington and St. Tammany, which are located in the State of Louisiana.

The Public Defender Office is composed of a District Public Defender who works under the supervision of the Louisiana Public Defender Office. A State of Louisiana Public Defender Board governs the Louisiana Public Defender Office.

Revenues to finance the Public Defender Office's operations are provided primarily from court costs or fines imposed by the various courts within the district and from state revenues received through either annual distributions or targeted program funding from the Louisiana Public Defender Office.

Basis of Presentation

The accompanying basic financial statements of the Twenty-Second Judicial District Public Defender Office have been presented in conformity with governmental accounting standards generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

Government-Wide Financial Statements (GWFS)

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Public Defender Office. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
COVINGTON, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (FFS)

The Public Defender Office uses funds to maintain its financial records during the year. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The funds of the Public Defender Office are classified as governmental. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Public Defender Office or the total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds.

The Public Defender Office uses two funds to report the Public Defender Office's financial position and the results of operations. The General Fund reports all transactions of the Public Defender Office other than those funds to be used for a purpose specified by law or agreement. A Special Revenue Fund (grant fund) reports all transactions for grant money.

Reporting Entity

For financial statement reporting purposes, the Public Defender Office is a part of the district court system of the State of Louisiana. However, the state statutes that created the Public Defender Office also gave it control over all of its operations. This includes the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. The Public Defender Office is financially independent and operates independently from the district court system. The financial statements include only the transactions of the Public Defender Office.

Basis of Accounting

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. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

The amounts reflected in the governmental fund financial statements are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to the government-wide financial statements.

**TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
COVINGTON, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

The amounts reflected in the governmental fund financial statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined, and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Public Defender Office considers all revenues available if they are collected within 60 days after the fiscal year-end. Expenditures are recorded when the related fund liability is incurred. The General Fund uses the following practices in recording revenues and expenditures:

Revenues - Court costs or fines and forfeitures imposed by the district and city courts are recorded in the year they are collected by the contributing agencies. Fees from indigents are recorded when received. Interest income is accrued when earned. All other revenues and grants are recorded when earned.

Expenditures - Expenses, other than payroll, are generally recognized when incurred. Payroll liabilities are recognized when the related liability is incurred. Operating and non-operating liabilities are recorded when significant or material.

Budget Policies

The Public Defender Office is required by law to adopt an annual budget. The Public Defender Office adopted and prepared a budget for the General Fund and the Special Revenue Fund on the modified accrual basis of accounting for the year ended June 30, 2020. This budget is presented with these financial statements in the required supplementary information section of the report on pages 22 and 23.

This budget was integrated into the accounting records and employed as a management control device. Budget and actual financial performance are presented to the Louisiana Public Defender Board on an annual and monthly basis for corresponding balance sheet and income/expense performances. The Public Defender Office does not use encumbrance accounting and appropriations lapse at the end of each year.

Cash and Cash Equivalents and Investments

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

**TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
COVINGTON, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Probation Fees Receivable

Receivables for probation fees are fees imposed by the courts as a condition of probation and are reported net of uncollectible amounts. Traditionally, collection of these fees is highly questionable. Accordingly, the amounts considered to be collectible are recorded as unearned revenue.

Grants

The Public Defender Office's major grants are reported as special revenue in a Special Revenue Fund. These two grants are from the Louisiana Public Defender Office's District Assistance Fund and CINC Representation Fund.

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 the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Compensated Absences

The Public Defender Office's employees earn varying amounts of vacation and sick leave each year. Employees can carry over unused sick leave remaining at the end of the year. Employees are allowed to carry over only one week of unused vacation leave at the end of the year. Any remaining balance is forfeited.

Effective January 1, 2019, employees may not be compensated for any unused vacation leave at the termination of their employment.

Capital Assets

All fixed assets of the Public Defender Office are recorded at historical cost. Depreciation of all exhaustible fixed assets is charged as an expense against its operations.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. The Public Defender Office capitalizes equipment and furniture in excess of \$500. The following estimated useful lives and methods are used to compute depreciation:

Furniture, Fixtures, and Equipment	7 - 10 Years	Straight-Line
Computers	5 - 10 Years	Straight-Line

Depreciation expense amounted to \$1,202 for the year ended June 30, 2020.

TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
COVINGTON, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Equity Classifications

Government-wide net position is divided into three components:

1. *Net Investment in Capital Assets* - Consists of the historical cost of capital assets, including any restricted capital assets, net of accumulated depreciation.
2. *Restricted* - Consists of assets that have constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
3. *Unrestricted* - All other net position is reported in this category.

In the governmental fund financial statements, fund balances are classified as follows:

1. *Restricted Fund Balance* - Consists of amounts that can be spent only for specific purposes because of state or federal laws or externally imposed conditions by grantors, creditors, or citizens.
2. *Unassigned Fund Balance* - Consists of all other amounts not included in spendable classifications.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the Public Defender Office's policy is to apply restricted net position first.

New Upcoming Accounting Pronouncements

The GASB issued Statement No. 84, *Fiduciary Activities*. The objective of GASB 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purpose and how those activities should be reported. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the effective date of Statement No. 84 to reporting periods beginning after December 15, 2019.

The GASB issued Statement No. 87, *Leases*. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. 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. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the effective date of Statement No. 87 to reporting periods beginning after June 15, 2021.

TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
COVINGTON, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

New Upcoming Accounting Pronouncements (Continued)

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of GASB 89 are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest costs incurred before the end of a construction period. This Statement establishes accounting requirements for interest costs incurred before the end of a construction period. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the effective date of Statement No. 89 to reporting periods beginning after December 15, 2020.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The Statement provides guidance on the accounting and financial reporting for subscription based information-technology arrangements for government end users. The Statement is effective for fiscal years beginning after June 15, 2022.

The GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The Statement amends Questions 4.3 and 4.5 of Implementation Guide 201-2. The requirements of this Statement related to the accounting and financial reporting for Internal Revenue Code Section 457 plans are effective June 15, 2021.

Note 2. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents balances (book balances) at June 30, 2020:

Demand Deposits	<u>\$ 422,181</u>
-----------------	-------------------

These deposits are stated at cost, which approximates market.

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

**TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
COVINGTON, LOUISIANA**

Notes to Financial Statements

Note 2. Cash and Cash Equivalents (Continued)

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Public Defender Office's deposits may not be recovered. The Public Defender Office does not have a deposit policy for custodial credit risk. As of June 30, 2020, \$181,223 of the Public Defender Office's bank balance was exposed to custodial credit risk. However, these deposits were secured from risk by the pledge of securities owned by the fiscal agent bank.

Note 3. Capital Assets

The Public Defender Office's capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Furniture, Fixtures, and Equipment	\$ 54,535	\$ 4,220	\$ -	\$ 58,755
Less: Accumulated Depreciation	(53,164)	(1,202)	-	(54,366)
Net Capital Assets	\$ 1,371	\$ 3,018	\$ -	\$ 4,389

Note 4. Concentrations

The majority of revenue earned by the Public Defender Office comes from the Parish of St. Tammany and the City of Slidell, Louisiana in the form of court costs.

Note 5. Operating Leases

On January 1, 1999, the Public Defender Office entered into a lease in Washington Parish for office space with monthly payments of \$900. The lease term previously expired and the rent was paid on a month-to-month basis through April 2018. In May 2018, the Public Defender Office entered into a new lease in Washington Parish for office space with monthly payments of \$950 which expires in April 2023. Rent expense for the space totaled \$11,400 for the year ended June 30, 2020.

**TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
COVINGTON, LOUISIANA**

Notes to Financial Statements

Note 5. Operating Leases (Continued)

The Public Defender Office leases copy machines and a printer for the Covington and Franklinton offices. Each copy machine has a term of 60 months with monthly payments totaling \$285. The printer has a term of 36 months with a monthly payment of \$58.

Total payments made under these leases during the year ended June 30, 2020 were \$4,101.

Future minimum payments under these leases are as follows:

Year Ending June 30,	Amount
2021	\$ 14,814
2022	12,753
2023	<u>9,500</u>
Total	<u>\$ 37,067</u>

Note 6. Risk Management

The Public Defender Office is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Public Defender Office has obtained general liability insurance as well as professional liability insurance for its staff.

Note 7. Retirement Plan

The Public Defender Office established an Employee Savings Plan and Trust (the Plan) on April 28, 2017 with an effective implementation date of July 1, 2017. The Plan was established in accordance with Internal Revenue Code (IRC) 457(b). Plans established under IRC 457(b) are eligible plans and are available to certain state and local governments. The plan assets are held in a Trust.

The 457(b) plan has many tax advantages, including one similar to a 401(k) plan which allows employees of the Public Defender Office who are participants to defer income taxation on retirement savings on both employee contributions and employer contributions, as well as earnings on these contributions, into future years.

**TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
COVINGTON, LOUISIANA**

Notes to Financial Statements

Note 7. Retirement Plan (Continued)

The Plan has an accounting year of July 1 through June 30. The Public Defender Office has agreed to match contributions made by the employee as follows:

- Matching contributions will be made for the fiscal year, in amounts equal to 100% up to 3% of compensation deferred by the participant.

The Public Defender Office's matching contribution expense for the year ended June 30, 2020 was \$47,387.

Note 8. Governmental Fund Revenues and Expenditures

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

Governmental Fund Revenues

State Government	
Grants	\$ 1,716,816
Local Government	
Grants	122,082
Statutory Fines, Forfeitures, Fees, Court Costs, and Other	1,005,559
Other	<u>225,851</u>
Total	3,070,308
Charges for Services	42,719
Investment Income	965
Miscellaneous Income	<u>3,308</u>
Total Revenues	<u><u>\$ 3,117,300</u></u>

TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
COVINGTON, LOUISIANA

Notes to Financial Statements

Note 8. Governmental Fund Revenues and Expenditures (Continued)

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

Governmental Fund Expenditures

Personnel Services and Benefits

Salaries	\$ 2,280,649
Insurance	283,519
Payroll Taxes	<u>171,003</u>

Total 2,735,171

Professional Development

Dues, Licenses, and Registrations	2,127
Travel	<u>3,450</u>

Total 5,577

Charges for Services

Contract Attorney Fees and Cost	260,432
Insurance	31,857
Telephone and Utilities	26,986
Other	18,875
Lease - Office	16,753
Contract Services - Other	15,694
Supplies	13,544
Library and Research	<u>11,400</u>

Total 395,541

Capital Outlay 4,220

Total Expenditures \$ 3,140,509

**TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
COVINGTON, LOUISIANA**

Notes to Financial Statements

Note 9. Contingency

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern", and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Public Defender Office operates. It is unknown how long these conditions will last and what the complete financial effect will be to the Public Defender Office..

REQUIRED SUPPLEMENTARY INFORMATION

**TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
COVINGTON, LOUISIANA**
Schedule of Revenues, Expenditures, and Changes
in Fund Balance -Budget and Actual - Governmental Funds
For the Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Court Costs, Fees, and Charges	\$ 1,144,000	\$ 1,144,000	\$ 1,005,559	\$ (138,441)
Shared Revenues	240,000	240,000	225,851	(14,149)
Intake Fees	65,000	65,000	42,719	(22,281)
Grants and Awards				
State of Louisiana	1,362,797	1,362,797	1,716,816	354,019
Judicial District Court	127,000	127,000	122,082	(4,918)
Interest Income	1,600	1,600	965	(635)
Miscellaneous Income	-	-	3,308	3,308
Total Revenues	2,940,397	2,940,397	3,117,300	176,903
Expenditures				
Salaries, Wages, and Fringes	2,794,712	2,794,712	2,735,171	59,541
Contract Attorney Fees and Costs	305,000	305,000	260,432	44,568
Insurance	31,850	31,850	31,857	(7)
Telephone and Utilities	39,000	39,000	26,986	12,014
Other Operating Expenses	15,750	15,750	18,875	(3,125)
Office Supplies and Expenses	14,500	14,500	16,753	(2,253)
Accounting and Audit	15,000	15,000	15,694	(694)
Law Library	13,500	13,500	13,544	(44)
Rent	19,400	19,400	11,400	8,000
Travel	7,650	7,650	3,450	4,200
Continuing Education	15,000	15,000	2,127	12,873
Capital Outlays	2,500	2,500	4,220	(1,720)
Total Expenditures	3,273,862	3,273,862	3,140,509	133,353
Net Change in Fund Balance	<u>\$ (333,465)</u>	<u>\$ (333,465)</u>	(23,209)	<u>\$ 310,256</u>
Fund Balance, Beginning of Year			527,637	
Fund Balance, End of Year			<u>\$ 504,428</u>	

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

**TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
COVINGTON, LOUISIANA**
Schedule of Compensation, Benefits, and Other Payments
to Agency Head
For the Year Ended June 30, 2020

Agency Head
John W. Lindner, II, District Public Defender

Purpose	Amount
Salary	\$108,602
Benefits - Insurance	\$7,258
Benefits - Retirement	\$2,264
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$200
Travel	\$652
Registration Fees	\$425
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

See independent auditor's report.

**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**

Independent Auditor's Report

Mr. John W. Linder, II, District Public Defender
and the Louisiana Public Defender Board
Twenty-Second Judicial District
Public Defender Office
Covington, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Twenty-Second Judicial District Public Defender Office (the Public Defender Office), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Twenty-Second Judicial District Public Defender Office's basic financial statements, and have issued our report thereon dated October 23, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Twenty-Second Judicial District Public Defender 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 Public Defender Office's internal control. Accordingly, we do not express an opinion on the effectiveness of the Public Defender 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Public Defender Office's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Public Defender Office's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

Covington, LA
October 23, 2020

**TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
COVINGTON, LOUISIANA
Schedule of Findings and Responses
For the Year Ended June 30, 2020**

Part I - Summary of Auditor's Results

Financial Statements

- | | |
|--|---------------|
| 1. Type of auditor's report issued: | Unmodified |
| 2. Internal control over financial reporting and compliance and other matters: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified? | None Reported |
| c. Noncompliance material to the financial statements identified? | No |
| d. Other matters identified? | No |
| 3. Management letter comment provided? | None |

Federal Awards

Not applicable.

Part II - Findings Related to the Financial Statements

None.

Part III - Compliance and Other Matters

Compliance

None.

Other

None.

**TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
COVINGTON, LOUISIANA
Schedule of Prior Year Findings
For the Year Ended June 30, 2020**

None.