

Third Judicial District Public Defender Fund
Parishes of Lincoln and Union, Louisiana

Financial Statements
For the Fiscal Year Ended June 30, 2017



**Third Judicial District Public Defender Fund
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For the Fiscal Year Ended June 30, 2017**

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INDEPENDENT AUDITORS' REPORT

Third Judicial District Public Defender Fund
Parishes of Lincoln and Union, Louisiana

We have audited the accompanying financial statements of the governmental activities and each major fund of the Third Judicial District Public Defender Fund, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Fund'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.

Auditors' 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. 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.

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 Third Judicial District Public Defender Fund, as of June 30, 2017, 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 management's discussion and analysis and budgetary comparison information on pages 3-6 and 20-21 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 me 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 Third Judicial District Public Defender Fund's basic financial statements. The accompanying other financial information consisting of the schedule of compensation, reimbursements, benefits, and other payments to agency head on page 22 is presented for the purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary 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. 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 statement 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 other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards'

In accordance with *Government Auditing Standards*, We have also issued our report dated December 22, 2017, on our consideration of the Third Judicial District Public Defender Fund's internal control over financial reporting and on 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 Third Judicial District Public Defender Fund's internal control over financial reporting and compliance.

Cameron Hines & Company (APAC)

West Monroe, Louisiana
December 22, 2017

Third Judicial District Public Defender Fund Management's Discussion And Analysis For The Fiscal Year Ended June 30, 2017

The management of the Third Judicial District Public Defender Fund offers readers of the Third Judicial District Public Defender Fund (Fund) financial statements this narrative overview and analysis of the financial activities of the Fund for the fiscal year ended June 30, 2017. This management discussion and analysis ("MD&A") is designed to provide an objective analysis of the Fund's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of the Fund's finances. It is also intended to provide readers with an analysis of the Fund's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the Fund. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Fund's financial activity, identify changes in the Fund's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Fund's basic financial statements. The Fund's basic financial statements consist of the government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information, which is in addition to the basic financial statements themselves.

Government-Wide Financial Statements

Government-wide financial statements are designed by GASB Statement No. 34 to change the way in which governmental financial statements are presented. It now provides readers with a concise "entity-wide" Statement of Net Assets and Statement of Activities, which seek to give the user of the financial statements a broad overview of the Fund's financial position and results of operations in a manner similar to private sector businesses.

The statement of net position presents information on all of the Fund's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. The difference between the two is 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 Fund is improving or weakening.

The statement of activities presents information which shows how the government's net assets changed during this fiscal year. All changes in net assets are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g. uncollected fines).

Government-wide Financial Analysis

As noted earlier, net assets may, over time, serve as a useful indicator of a government's financial position. At the close of the most recent period, the Fund's assets exceeded its liabilities by \$384,586 (net position); this represents an increase of \$260,662 from the last fiscal year. Of this total net position amount, \$384,586 is unrestricted net position. The Fund's net assets are comprised of \$384,586 from governmental activities.

**Third Judicial District Public Defender Fund
Management's Discussion And Analysis
For The Fiscal Year Ended June 30, 2017**

The following is a condensed statement of the Third Judicial District Public Defender Fund's net assets as of June 30, 2017:

	Governmental-Type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Assets				
Current & Other Assets	\$ 392,781	\$ 125,427	\$ 392,781	\$ 125,427
Capital Assets (net)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>392,781</u>	<u>125,427</u>	<u>392,781</u>	<u>125,427</u>
Liabilities				
Other Liabilities	\$ 8,195	\$ 1,503	\$ 8,195	\$ 1,503
Long-term Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>8,195</u>	<u>1,503</u>	<u>8,195</u>	<u>1,503</u>
Net Position				
Invested in capital assets, net	-	-	-	-
Restricted	-	-	-	-
Unrestricted	<u>384,586</u>	<u>123,924</u>	<u>384,586</u>	<u>123,924</u>
Total Net Position	<u>\$ 384,586</u>	<u>\$ 123,924</u>	<u>\$ 384,586</u>	<u>\$ 123,924</u>

The Fund has an unrestricted net position of \$384,586, which may be used to meet the government's on-going obligation to citizens and creditors.

The Fund had no capital assets or long-term debt.

**Third Judicial District Public Defender Fund
Management's Discussion And Analysis
For The Fiscal Year Ended June 30, 2017**

The following is a summary of the statement of activities:

	Governmental-Type Activities		Total	
	2017	2016	2017	2016
Revenue				
Program Revenue	\$ 823,555	\$ 626,517	823,555	\$ 626,517
General Revenue & Transfers	284	80	284	80
Total Revenue	<u>823,839</u>	<u>626,597</u>	<u>823,839</u>	<u>626,597</u>
Expenses				
Judicial	505,883	502,241	505,883	502,241
General & Administrative	57,294	53,957	57,294	53,957
Total Expenses	<u>563,177</u>	<u>556,198</u>	<u>563,177</u>	<u>556,198</u>
 Increase (Decrease) in Net Assets	 260,662	 70,399	 260,662	 70,399
 Net Assets, Beginning	 <u>123,924</u>	 <u>53,525</u>	 <u>123,924</u>	 <u>53,525</u>
 Net Assets, Ending	 <u>\$ 384,586</u>	 <u>\$ 123,924</u>	 <u>\$ 384,586</u>	 <u>\$ 123,924</u>

Total revenues increased \$197,242 from the prior period.

Expenses increased \$6,979 from the prior period.

Governmental Activities

The governmental activities of the Fund include judicial activities. Revenues associated with support for public defenders such as fees and grants are sufficient for the funding of these activities.

Business-type Activities

The Fund does not have any business-type activities.

Fund Financial Statements – Governmental Funds

The fund financial statements provide more detailed information about the Fund's most significant funds – not the Fund as a whole. Funds are accounting devices that the Fund uses to keep track of specific sources of funding and spending for a particular purpose.

The Fund adopts an annual budget for the General Fund. A statement of revenues, expenditures, and changes in fund balance for the General Fund is presented in the Required Supplemental Information (Schedule 1), which compares actual revenues and expenditures to the original budget and amended budget (if applicable) figures.

**Third Judicial District Public Defender Fund
Management's Discussion And Analysis
For The Fiscal Year Ended June 30, 2017**

Financial Analysis of the Fund's Governmental Fund

The Third Judicial District Public Defender Fund's governmental fund (General Fund) reported an ending fund balance of \$384,586, which is an increase of \$260,662. The entire ending fund balance of \$384,586 is unreserved.

General Fund Budgetary Highlights

The Fund did not amend the original General Fund budget during the course of the year.

The difference between the General Fund final budgeted revenues and actual revenues for the year ended June 30, 2017, totaled \$237,153, a positive variance. The actual expenditures were less than the final budgeted expenditures for the year ended June 30, 2017, by \$47,623, a positive variance.

Capital Asset and Debt Administration

The Fund does not have capital assets or debt.

Current Financial Factors

The Fund is working diligently to gain more revenue while decreasing expenses.

Request for Information

This financial report is designed to provide a general overview of the Third Judicial District Public Defender Fund's finances for all with an interest in the government's operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Rick Lane Candler, District Public Defender
Third Judicial District Public Defender Fund
505 S. Vienna Street
Ruston, LA 71270

Basic Financial Statements

Third Judicial District Public Defender Fund
Statement of Position
June 30, 2017

	<u>Governmental Activities</u>
Assets	
Cash and Equivalents	\$ 337,515
Receivables	55,266
Total Assets	<u>\$ 392,781</u>
Liabilities	
Accounts Payable	\$ 8,195
Total Liabilities	<u>8,195</u>
Net Position	
Unassigned	384,586
Total Net Position	<u>\$ 384,586</u>

The accompanying notes are an integral part of this financial statement.

**Third Judicial District Public Defender Fund
Statement of Activities
For The Fiscal Year Ended June 30, 2017**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Primary Government			
	Expenses	Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
Judiciary	\$ 563,177	\$ -	\$ -	\$ -	\$ (563,177)	\$ -	\$ (563,177)
Total Governmental Activities	<u>\$ 563,177</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (563,177)</u>	<u>\$ -</u>	<u>\$ (563,177)</u>
Business-Type Activities:							
Total Business-Type Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Primary Government	<u>\$ 563,177</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (563,177)</u>	<u>\$ -</u>	<u>\$ (563,177)</u>

General Revenues:

Court Costs on Fines	823,555	-	823,555
Interest Income	284	-	284
Miscellaneous	-	-	-
Total General Revenues, Special Items, and Transfers	<u>823,839</u>	<u>-</u>	<u>823,839</u>
Changes in Net Position	260,662	-	260,662
Net Position - Beginning	123,924	-	123,924
Net Position - Ending	<u>\$ 384,586</u>	<u>\$ -</u>	<u>\$ 384,586</u>

The accompanying notes are an integral part of this financial statement.

Third Judicial District Public Defender Fund
Balance Sheet - Governmental Fund
June 30, 2017

	General Fund
Assets	
Cash and equivalents	\$ 337,515
Receivables	55,266
Total Assets	\$ 392,781
 Liabilities And Fund Equity	
Liabilities	
Accounts Payable	\$ 8,195
Total Liabilities	8,195
 Fund Equity	
Fund Balance - Unassigned	\$ 384,586
Total Fund Equity	384,586
 Total Liabilities And Fund Equity	 \$ 392,781
 Reconciliation to Statement of Net Position:	
There are no differences from amounts reported for <i>governmental activities</i> in the Statement of Net Position.	-
 Net Position of Governmental Activities	 \$ 384,586

The accompanying notes are an integral part of this financial statement.

Third Judicial District Public Defender Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For The Fiscal Year Ended June 30, 2017

Revenues	
Court costs on fines	\$ 823,555
Investment earnings	284
Total Revenues	<u>823,839</u>
Expenditures - Judicial	
Public defender fees and expenses	505,883
Operating expenses	57,294
Total Expenditures	<u>563,177</u>
Excess of Revenues Over Expenditures	260,662
Fund Balance:	
Beginning of Period	<u>123,924</u>
End of Period	<u>\$ 384,586</u>

The accompanying notes are an integral part of this financial statement.

Third Judicial District Public Defender Fund
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

INTRODUCTION

The Third Judicial District Public Defender Fund, established in compliance with Louisiana Revised Statutes 15:144-149, provides counsel to represent indigents (needy individuals) in criminal and quasi-criminal cases at the district level. The judicial district encompasses the parishes of Lincoln and Union. House Bill No. 436, adopted in the 2007 Regular Legislative Session created Louisiana Public Defender Funds within each judicial district, transferring all obligations, duties, powers and responsibilities from the previous boards. Revenues to finance the Fund's operations are provided primarily from court costs on fines imposed by the various courts within the district. The Fund has one employee, and has contracts with its District Defender and other attorneys to provide legal services to indigents.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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

B. REPORTING ENTITY

The public defender fund is part of the operations of the Louisiana Public Defender Board. The accompanying financial statements present information only on the funds maintained by the Third Judicial District Public Defender Fund.

C. FUND ACCOUNTING

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

Governmental Funds

Governmental funds account for all or most of the Third Judicial District Public Defender Fund's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the Fund. The following are the Fund's governmental funds:

Third Judicial District Public Defender Fund
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

General fund – the primary operating fund of the Third Judicial District Public Defender Fund and it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to Fund policy.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Fund Financial Statements (FFS)

The amounts reflected in the General Fund 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 report 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 a government-wide view of Third Judicial District Public Defender Fund operations.

The amounts reflected in the General Fund 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 Third Judicial District Public Defender Fund 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, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Court costs on fines and forfeitures are recorded in the year they are collected by the appropriate courts. Fees from indigents are recorded when received. Interest income is recorded in the year in which it is earned.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the Fund as a whole. These statements include all the financial activities of the Third Judicial District Public Defender Fund. Information contained in these statements reflect the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Third Judicial District Public Defender Fund
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

Program Revenues – Program revenues included in the column labeled Statement of Activities are derived directly from Fund users as a fee for services; program revenues reduce the cost of the function to be financed from the Fund’s general revenues.

E. FUND EQUITY

GASB Statement No. 54 establishes standards for five fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

Restricted Fund Balance - This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the District Defender – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the District Defender removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Fund Balance – This classification reflects the amounts constrained by the District Defender’s “intent” to be used for specific purposes, but are neither restricted nor committed. The District Defender has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned Fund Balance - This fund balance is the residual classification for the general fund. It is used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the District Defender’s policy to use externally restricted resources first, then unrestricted resources – committed, assigned and unassigned – in order as needed.

F. BUDGETS

The Third Judicial District Public Defender Fund uses the following budget practices:

Third Judicial District Public Defender Fund
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

The Fund adopted a budget for the year ended June 30, 2017 for the General Fund. The Fund follows the following procedures in establishing the budgetary data reflected in the financial statements. During the May meeting, the chief public defender submits to the board members a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. During the June meeting, the budget is legally enacted through passage of an ordinance. The public is invited to attend all meetings. The chief public defender is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the board members. Appropriations lapse at the end of the year.

G. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Third Judicial District Public Defender Fund may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

H. INVESTMENTS

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the Fund's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

GASB Statement No.31 requires the Fund to report investments at fair value in the balance sheet, except as follows:

1. Investments in *nonparticipating* interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, should be reported using a cost-based measure, provided that the fair value of those contracts is not significantly affected by the impairment of the credit standing of the issuer or other factors.
2. The Fund may report at amortized cost money investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or other factors. Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations. Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

I. COMPENSATED ABSENCES

The Third Judicial District Public Defender Fund does not have a formal leave policy.

Third Judicial District Public Defender Fund
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

J. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND CASH EQUIVALENTS

At June 30, 2017, the Third Judicial District Public Defender Fund had cash and cash equivalents (book balances) totaling \$337,515 as follows:

Interest-bearing demand deposits	\$ <u>337,515</u>
Total	\$ <u>337,515</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. 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.

At June 30, 2017, the Third Judicial District Public Defender Fund had \$352,197 in deposits (collected bank balances). These deposits are secured from risk by \$352,197 of federal deposit insurance and \$0 of pledged securities held by the custodial bank in the name of the fiscal agent bank. (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Third Judicial District Public Defender Fund that the fiscal agent has failed to pay deposited funds upon demand.

Third Judicial District Public Defender Fund
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

3. RECEIVABLES

The receivables of \$55,266 at June 30, 2017, are as follows:

<u>Class of Receivable</u>		<u>General Fund</u>
Union Parish Court costs on fines	\$	4,762
Lincoln Parish Court costs on fines		13,875
Probation Office		26
Ruston City Marshal Court Cost on fines		<u>36,603</u>
Total	\$	<u>55,266</u>

4. ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$8,195 at June 30, 2017, consisted of Accounts Payable.

5. GOVERNMENTAL FUND REVENUES AND EXPENDITURES

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

Revenues

State Government

Appropriations – General	\$	151,017
Appropriations - Special		-
Total		<u>151,017</u>

Local Government

Appropriations - General		-
Statutory fines, forfeitures, fees court costs, other		<u>672,538</u>
Total		672,538

Charges for Services

-

Investment Earnings

284

Miscellaneous

-

Total Revenues	\$	<u>823,839</u>
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Expenditures

Personnel Services and Benefits

Salaries	\$	25,200
Payroll Taxes		<u>1,979</u>
Total		<u>27,179</u>

Third Judicial District Public Defender Fund
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

Operating Costs		
Contract Services – Attorney & Legal	\$	488,250
Contract Services – Other		28,894
Lease – Office		7,800
Insurance		887
Supplies		134
Repairs and Maintenance		3,722
Utilities and Telephone		4,686
Other		1,625
Total		535,998
Total Expenditures	\$	563,177

6. RELATED PARTY TRANSACTIONS

The Third Judicial District Public Defender Fund rents office space from its chief public defender. Rent is on a month-to-month basis at \$650 per month. Total rent paid during the fiscal year was \$7,800.

7. SUBSEQUENT EVENTS

Date of Management Evaluation

Management has evaluated subsequent events through December 22, 2017, the date on which the financial statements were available to be issued.

Supplemental Information

**Third Judicial District Public Defender Fund
 Budgetary Comparison Schedule
 General Fund
 For The Fiscal Year Ended June 30, 2017**

Schedule 1

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Court costs on fines	\$ 586,671	\$ 586,671	\$ 823,555	\$ 236,884
Investment Earnings	15	15	284	269
Total Revenues	586,686	586,686	823,839	237,153
Expenditures				
Public defender fees and expenses	551,750	551,750	505,883	45,867
Operating expenses	59,050	59,050	57,294	1,756
Total Expenditures	610,800	610,800	563,177	47,623
Excess (Deficiency) of Revenues over (under) Expenditures	(24,114)	(24,114)	260,662	284,776
Fund Balance at Beginning of Year	123,924	123,924	123,924	-
Fund Balance at End of Year	\$ 99,810	\$ 99,810	\$ 384,586	\$ 284,776

See independent auditors' report.

**Third Judicial District Public Defender Fund
Notes to Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2017**

(1) Summary of Significant Accounting Policies

The Fund annually adopts a budget for the General Fund. All appropriations are legally controlled at the Fund level for operations. In May, 2016, the Fund prepared and presented its original budget to the Louisiana Public Defender Board.

The budgetary data, as presented in the financial statements for all funds with annual budgets, compare the expenditures with the amended budgets (if any). All budgets are presented on the modified accrual basis of accounting. Accordingly, the accompanying Budgetary Comparison Schedule for the Fund presents actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

See independent auditors' report.

Third Judicial District Public Defender Fund
Schedule of Compensation, Reimbursements, Benefits, and Other Payments to
Agency Head
For The Fiscal Year Ended June 30, 2017

Schedule 2

Agency Head:

	Rick Candler
District Public Defender	

Purpose:

Salary	\$ 75,000
Benefits - Payroll Taxes and Insurance	-
Travel	-
Office Rental	7,800
Reimbursements	643
Total Compensation, Benefits and Other Payments	\$ 83,443

See independent auditors' report.

CAMERON, HINES & COMPANY

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Certified Public Accountants

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INDEPENDENT AUDITORS' 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*

Third Judicial District Public Defender Fund
Parishes of Lincoln and Union, Louisiana

We have audited, in accordance with the 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 Third Judicial District Public Defender Fund, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Third Judicial District Public Defender Fund's basic financial statements, and have issued our report thereon dated December 22, 2017.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, we considered the Third Judicial District Public Defender Fund'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 Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Third Judicial District Public Defender Fund'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 a 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 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 Third Judicial District Public Defender Fund'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
December 22, 2017

**Third Judicial District Public Defender Fund
 Schedule of Findings and Questioned Costs
 For The Year Ended June 30, 2017**

We have audited the financial statements of the Third Judicial District Public Defender Fund as of and for the year ended June 30, 2017, and have issued our report thereon dated December 22, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2017, resulted in an unmodified opinion.

Section I- Summary of Auditors' Reports

A. Report on Internal Control and Compliance Material to the Financial Statements

	<u>Yes</u>	<u>No</u>
<u>Internal Control</u>		
Material Weaknesses		X
Significant Deficiencies		X
<u>Compliance</u>		
Noncompliance Material to Financial Statements		X

B. Federal Awards – N/A

C. Identification of Major Programs: N/A

**Third Judicial District Public Defender Fund
Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2017**

Section II- Financial Statement Findings

There were no findings for the year ended June 30, 2017.

Section III-Federal Award Findings and Question Costs

This section is not applicable for this entity.

**Third Judicial District Public Defender Fund
Schedule of Prior Year Findings
For the Year Ended June 30, 2017**

Internal Control and Compliance Material to the Financial Statements

There were no findings for the year ended June 30, 2016.

Management Letter

No management letter was issued.

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Third Judicial District Public Defender Fund and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Third Judicial District Public Defender Fund (Fund) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Fund's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the Fund's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the Fund does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving
 - d) **Receipts**, including receiving, recording, and preparing deposits
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the Fund's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Findings: Twenty-seven exceptions noted where the policies of the Fund did not meet the requirements set by the procedures listed above; primarily because there were no written policy or procedures.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the Fund's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
 - c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Findings: The Fund is under the jurisdiction of the State of Louisiana. No board meetings are required. Therefore, this step is not applicable.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Findings: We obtained the listing and management's representation.

4. Using the listing provided by management, select all of the Fund's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;
- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Findings: No exceptions noted.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Findings: We obtained the listing and management's representation.

6. Using the listing provided by management, select all of the Fund's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the Fund has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using Fund's collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Findings: One exception noted where each cash collection location did not have written documentation describing the formal process to reconcile the collections to the accounting records.

- 7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the Fund has a process specifically defined (identified as such by the Fund) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Findings: One exception noted where each cash collection location did not have written documentation of the process used to verify completeness of collections for the period.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

- 8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Findings: We obtained the general ledger and management's representation.

- 9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the Fund had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation

(e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Findings: No exceptions noted.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the Fund's purchasing/disbursement system.

Findings: No exceptions noted.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Findings: No exceptions noted.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Findings: No exceptions noted.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Findings: No exceptions noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

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

Findings: The Fund does not have electronic purchasing cards. This step is not applicable.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the Fund has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Findings: No exceptions noted.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the Fund's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
- c) For each transaction, compare the Fund's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Findings: This step is not applicable.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Findings: We obtained the general ledger and noted no travel and related expense reimbursements. We obtained management's representation.

18. Obtain the Fund's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Findings: No exceptions noted.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the Fund does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.
- b) Report whether each expense is supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
- c) Compare the Fund's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Findings: This step is not applicable.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Findings: We obtained the general ledger and noted no contracts in effect during the fiscal period. We obtained management's representation.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the Fund complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - If no, obtain supporting contract documentation and report whether the Fund solicited quotes as a best practice.
- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Findings: This step is not applicable.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
 - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Findings: All employees of the Fund are contract employees. Therefore, this step is not applicable.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the Fund had less than 25 employees during the fiscal period), and:
- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
 - c) Report whether there is written documentation that the Fund maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Findings: No exceptions noted.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Findings: We noted that the Fund did not have any employees who were terminated during the fiscal period. Therefore, this step is not applicable.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Findings: No payroll tax and retirement contribution payments are required since all employees are contract workers. Therefore, this step is not applicable.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the Fund maintained documentation to demonstrate that required ethics training was completed.

Findings: All employees of the Fund are contract employees. Therefore, this step is not applicable.

27. Inquire of management whether any alleged ethics violations were reported to the Fund during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the Fund's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Findings: We noted that no alleged ethics violations were reported to the Fund during the fiscal period.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the Fund, and report whether State Bond Fund approval was obtained.

Findings: We noted that no debt was issued during the fiscal period.

29. If the Fund had outstanding debt during the fiscal period, obtain supporting documentation from the Fund and report whether the Fund made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Findings: The Fund had no outstanding debt during the fiscal period. Therefore, this step is not applicable.

30. If the Fund had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Findings: We noted that the Fund does not have tax millages relating to debt service.

Other

31. Inquire of management whether the Fund had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the Fund reported

the misappropriation to the legislative auditor and the district attorney of the parish in which the Fund is domiciled.

Findings: We noted that there were no misappropriations of public funds or assets reported to the Fund.

32. Observe and report whether the Fund has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Findings: No exceptions noted.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Findings: We did not observe or otherwise identify any exceptions regarding management's representations in the procedures above.

Management's Response

We concur with the results of the procedures and are working diligently to improve controls.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Cameron Hines & Company (APAC)

West Monroe, Louisiana
December 22, 2017