

**FIRST JUDICIAL DISTRICT  
PUBLIC DEFENDERS' OFFICE  
CADDO PARISH, LOUISIANA  
JUNE 30, 2018**

FIRST JUDICIAL DISTRICT  
PUBLIC DEFENDERS' OFFICE  
CADDO PARISH, LOUISIANA

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**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the financial performance of the First Judicial District Public Defenders' Office, Caddo Parish, provides an overview of the Office's financial activities for the year ended June 30, 2018. Please read it in conjunction with the Office's financial statements, which begin on Page 3.

### USING THIS REPORT

This report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on Pages 3 and 4) provide information about the activities of the Public Defenders' Office as a whole and present a longer-term view of the Office's finances. For governmental activities, the fund statements tell how these services were financed in the short-term as well as what remains for future spending.

#### Reporting the Public Defenders' Office as a Whole

Our analysis of the Office as a whole begins on Page 3. One of the most important questions asked about the Office's finances is, "Is the Public Defenders' Office as a whole better off or worse off as a result of the period's activities?" The Statement of Net Position and the Statement of Activities report information about the Office as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current period's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Office's *net position* and changes in them. You can think of the Office's net position - the difference between assets and liabilities - as one way to measure the Office's financial health, or *financial position*. Over time, *increases or decreases* in the Office's net position are one indicator of whether its *financial health* is improving or deteriorating.

#### Reporting the Office's Most Significant Funds

The fund financial statements also begin on Page 3 and provide detailed information about the most significant funds - not necessarily the Office as a whole.

*Governmental funds (General Fund)* - All of the Office's basic services are reported in a governmental fund, which focuses on how money flows into and out of this fund and the balances left at period-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Office's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Office's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in a reconciliation included on the financial statements and in Note 1.

### THE PUBLIC DEFENDERS' OFFICE AS A WHOLE

The figures reflecting net position can be used to indicate the Office's financial position at that time or over a period of time. At the close of the most recent fiscal period, the Office's net position totaled \$356,970.

Of this figure, \$24,577 is its investment in capital assets such as equipment, furniture, computers, etc. The remaining portion of net position of \$332,393 is unrestricted. The Office's total net position changed from June 30, 2017, increasing by \$119,104, or 50% resulting from a decrease in long-term liabilities. Net position is shown below.

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Current and other assets	472,404	447,783
Capital assets	<u>24,577</u>	<u>30,635</u>
Total assets	496,981	478,418
Payables	1,515	-
Long-term liabilities	<u>138,496</u>	<u>240,552</u>
Total liabilities	140,011	240,552
Net position:		
Invested in capital assets, net of related debt	24,577	30,635
Unrestricted income (deficit)	<u>332,393</u>	<u>207,231</u>
Total net position income (deficit)	<u><u>356,970</u></u>	<u><u>237,866</u></u>

#### THE OFFICE'S ACTIVITIES

The governmental activities of the Office include all activities of the Office as required by law and are funded by court costs, fees paid by defendants, and grants from the state LPDB. Major expenditures of the Office, as well as revenues, for the year ended June 30, 2018 are shown below.

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Expenses:		
Salaries and related benefits	1,758,014	1,882,329
Contract services	825,430	643,365
Operating services	389,497	392,374
Travel and professional development	6,358	3,335
Depreciation	<u>7,498</u>	<u>9,595</u>
Total expenses	2,986,797	2,930,998
Revenues:		
Court costs (fines and forfeitures)	316,717	305,981
Charges for services	853,604	904,902
State and local revenues and reimbursements	1,833,524	2,037,333
Other income	<u>102,056</u>	<u>50,084</u>
Total revenues	<u><u>3,105,901</u></u>	<u><u>3,298,300</u></u>
Change in net position	119,104	367,302
Net position, beginning of year	<u>237,866</u>	<u>(129,436)</u>
Net position, end of period	<u><u>356,970</u></u>	<u><u>237,866</u></u>

Total revenues decreased \$192,399, from total revenues in 2017 of \$3,298,300 to total revenues of \$3,105,901 in 2018. The decrease in revenues was largely attributable to reductions in state and local revenues and reimbursements in 2018.

In addition, total expenses increased by \$55,799 from total expenses of \$2,930,998 in 2017 to total expenses of \$2,986,797 in 2018. This increase was attributable to an increase in contract services of \$182,065, paired with decreases in other expense items.

#### **CAPITAL ASSET ADMINISTRATION**

The Office's capital asset investment assists in carrying out the mandated functions of the Office. This investment, net of allowance for depreciation, as of June 30, 2018 was \$24,577. This investment includes equipment and fixtures. There was a capital asset addition for the year ended June 30, 2018 in the amount of \$1,440, which was additional computer equipment.

#### **CONTACTING THE OFFICE'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Office's finances and to show the Office's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the First Judicial District Public Defenders' Office's office at 400 Travis Street, Suite 2000, Shreveport, Louisiana 71101.

**AUDITED FINANCIAL STATEMENTS**

# HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

333 TEXAS STREET, SUITE 1525  
SHREVEPORT, LOUISIANA 71101  
318-429-1525 PHONE • 318-429-2070 FAX

December 18, 2018

The Chief Defender  
First Judicial District Public Defenders' Office  
Caddo Parish, Louisiana

## **Independent Auditor's Report**

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

We have audited the accompanying financial statements of the governmental activities and the major fund of the First Judicial District Public Defenders' Office as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Office's basic financial statements, as listed in the table of contents.

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

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

An audit involves performing procedures to obtain 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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### ***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 the major fund of the First Judicial District Public Defenders' Office as of June 30, 2018, and the respective changes in financial position thereof 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 i through iii and 14 through 15 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.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The current year's supplemental data included on Page 16 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 18, 2018, on our consideration of the Office's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of the effectiveness of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Office's internal control over financial reporting and compliance.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana

FIRST JUDICIAL DISTRICT  
PUBLIC DEFENDERS' OFFICE  
GOVERNMENT WIDE STATEMENT OF NET POSITION  
JUNE 30, 2018

<u>A S S E T S</u>	Governmental Fund Balance Sheet	<u>Adjustments</u>	<u>Statement of Net Position</u>
Cash	379,714	-	379,714
Receivables	92,690	-	92,690
Capital assets, net of allowance for depreciation	<u>-</u>	<u>24,577</u>	<u>24,577</u>
Total assets	<u>472,404</u>	<u>24,577</u>	<u>496,981</u>
 <u>LIABILITIES AND FUND EQUITY/NET POSITION</u>			
<u>Liabilities:</u>			
Payables	1,515	-	1,515
Accrued compensated absences	<u>-</u>	<u>138,496</u>	<u>138,496</u>
Total liabilities	1,515	138,496	140,011
 <u>Fund equity/net position:</u>			
Unassigned	470,889	(470,889)	-
Net position:			
Invested in capital assets	-	24,577	24,577
Unrestricted	<u>-</u>	<u>332,393</u>	<u>332,393</u>
Total fund equity/net position	<u>470,889</u>	<u>(113,919)</u>	<u>356,970</u>
Total liabilities and fund equity/net position	<u>472,404</u>	<u>24,577</u>	<u>496,981</u>

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

FIRST JUDICIAL DISTRICT  
PUBLIC DEFENDERS' OFFICE  
GOVERNMENT WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

	Governmental Fund Statement of Revenues and <u>Expenditures</u>	<u>Adjustments</u>	Statement of <u>Activities</u>
<u>Expenditures/Expenses:</u>			
Judiciary:			
Personal services	1,392,491	-	1,392,491
Contract services	825,430	-	825,430
Related benefits	365,523	(102,056)	263,467
Travel and professional development	6,358	-	6,358
Operating services	390,937	(1,440)	389,497
Depreciation	<u>-</u>	<u>7,498</u>	<u>7,498</u>
Total expenditures/expenses	2,980,739	(95,998)	2,884,741
<u>Program revenues:</u>			
Charge for services	853,604	-	853,604
Other charges	<u>316,717</u>	<u>-</u>	<u>316,717</u>
Net program revenues	1,170,321	-	1,170,321
<u>General revenues:</u>			
State and local revenues and reimbursements	<u>1,833,524</u>	<u>-</u>	<u>1,833,524</u>
Total general revenues	<u>1,833,524</u>	<u>-</u>	<u>1,833,524</u>
<u>Excess of revenues over expenditures/ expenses</u>	23,106	95,998	-
<u>Change in net position</u>	-	-	119,104
<u>Fund equity/net position (deficit):</u>			
Beginning of year	<u>447,783</u>	<u>(209,917)</u>	<u>237,866</u>
End of year	<u>470,889</u>	<u>(113,919)</u>	<u>356,970</u>

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

FIRST JUDICIAL DISTRICT

PUBLIC DEFENDERS' OFFICE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

**Introduction**

The First Judicial District Public Defenders' Office was established in compliance with Louisiana Revised Statutes 15:141-185.9 to provide and compensate counsel appointed to represent indigents in criminal and quasi-criminal cases on the district court level. The Judicial District encompasses the parish of Caddo, Louisiana.

The First Judicial District Fund is domiciled in Caddo Parish, Shreveport, Louisiana. All records of proceedings and official actions (all paper, documents, and records) are kept in Shreveport, Louisiana.

The First Judicial District Public Defenders' Office employs 56 people. There are 33 full-time staff attorneys and 23 contract attorneys. All employees are salaried.

**1. Summary of Significant Accounting Policies**

**Basis of Presentation**

The accompanying basic financial statements of the First Judicial District Public Defenders' Office have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999.

**Financial Reporting Entity**

For financial reporting purposes, in conformity with GASB Statement No. 14, the First Judicial District Public Defenders' Office is part of the operations of the Louisiana Public Defender Board. The Louisiana Public Defender Board was established as a state agency to provide supervision, administration, and delivery of a statewide public defender system that is independent of local politics. The Public Defenders' Office is financially independent and operates autonomously from the State of Louisiana and independently from the Louisiana Public Defender Board. Therefore, the Office reports as an independent reporting entity and the financial statements include only the transactions of the First Judicial District Public Defenders' Office.

**Fund Accounting**

The Public Defenders' Office 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 related to certain board functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental funds account for all of the Public Defenders' Office'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.

## 1. Summary of Significant Accounting Policies (Continued)

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 equity. In general, fund equity represents the accumulated expendable resources which may be used to finance future period programs or operations of the Office. The unassigned balance under fund equity of the Governmental Funds Statement of Revenues and Expenditures represents the increases and decrease in the funds expendable resources. The following are the Office's governmental funds:

**General Fund:** The General Fund is the primary operating fund of the Public Defenders' Office 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 board policy.

### Measurement Focus and Basis of Accounting

#### *Fund Financial Statements*

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 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 a government-wide view of Public Defenders' Office 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 Public Defenders' Office considers all revenues available if they are collected within 30 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 resources. The governmental funds use the following practices in recording revenues and expenditures:

**Revenues:** Court costs on fines and forfeitures imposed by the district and city courts are recorded in the year they are collected by the tax collectors and city courts within the judicial district. Interest earned in investments is recorded when the investments have matured and the income is available. Grants are recorded as revenue during the period in which the related expenditures are incurred. Substantially all other revenues are recorded when received.

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

#### *Government-Wide Financial Statements*

The government-wide financial statements (GWFS) (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Office.

The content and certain titles of the GWFS were changed upon the adoption by the Office in 2013 of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred*.

1. **Summary of Significant Accounting Policies** (Continued)

*Inflows of Resources, and Net Position.* This statement provides reporting guidance for deferred outflows of resources and deferred inflows of resources, and adds them, when applicable, as elements of the GWFS, because they are distinct from assets and liabilities. In addition, because these additional elements may affect the residual amount of all of the elements presented in a statement of financial position, GASB 63 renames that measure as net position rather than net assets. The Office had no deferred outflows or inflows of resources at June 30, 2018.

Accordingly, the statement of net position presents information on all of the Office's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Office is improving or deteriorating.

The statement of activities 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. There are no indirect expenses allocated to this function. Depreciation expense is included in the direct expense of the function. Program revenues, if any, include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Other items, such as interest income, not properly included among program revenues are reported instead as general revenues.

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*.

Program revenues included in the column labeled Statement of Activities are derived directly from board users as a fee for services. Program revenues reduce the cost of the function to be financed from the Office's general revenues.

The reconciliation of the items reflected in the fund column to the Statement of Net Position and Statement of Activities are as follows:

Fund Equity, Governmental Fund	470,889
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	24,577
Liabilities for accrued compensated absences that are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(138,496)</u>
Net Position of Governmental Activities	<u>356,970</u>
Excess of revenues over expenditures, Governmental Fund	23,106

1. **Summary of Significant Accounting Policies** (Continued)

Income deriving from the reduction of compensated absences liability reported in the Statement of Activities does not provide current financial resources and, therefore, is not reported as income in the governmental funds. 102,056

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. (6,058)

Change in Net Position of Governmental Activities 119,104

**Cash and Cash Equivalents**

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of three months or less from the date of acquisition. Under state law, the Public Defenders' Office 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.

**Capital Assets**

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets and their estimated fair market value at the date of donation. The Public Defenders' Office maintains a threshold level of \$1,000 or more for capitalizing capital assets. For capital asset additions over \$10,000, State Board approval is required.

Capital assets are recorded in the Statement of Net Position and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture and fixtures	5-15 years
Computer equipment	5 years

**Compensated Absences**

Employees are granted PTO based upon years of employment. During fiscal year ended June 30, 2017, the Office of the Public Defenders paid time off (PTO) policy was updated to limit the amount of accumulated PTO available for future use to 5 days. PTO earned under the current policy is not eligible to be paid upon separation of employment.

All unused vacation days accumulated prior to adoption of the new policy will continue to be held by the employee who carry it over until used by the employee and are eligible to be paid upon separation of employment. Amounts reflected as accrued compensated absences in the government wide statement of net assets represent these amounts.

1. **Summary of Significant Accounting Policies** (Continued)

**Net Position**

Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of any related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**Estimates**

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

2. **Budgets**

The Public Defenders' Office followed the following budget practices, as of June 30, 2018:

- (a) The District Defender prepares a proposed budget and submits same to the Louisiana Public Defender Board no later than fifteen days prior to the beginning of each fiscal year. The Louisiana Public Defender Board must approve proposed budget before adoption by the Defenders' Office.
- (b) The public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
- (c) A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted prior to the commencement of the fiscal year for which the budget is being adopted.
- (d) Effective August 15, 2007, budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases or decreases in expenditures resulting from revenues exceeding or failing to meet amounts estimated are submitted to Louisiana Public Defenders' Board.
- (e) Budgetary appropriations lapse at the end of each fiscal year.

The original budget was not amended for the year ended June 30, 2018.

3. **Cash and Cash Equivalents**

At June 30, 2018, the Public Defenders' Office had cash and cash equivalents (book balances) as follows:

Interest-bearing demand deposits	379,714
Petty cash	-
	<u>379,714</u>

3. **Cash and Cash Equivalents** (Continued)

These deposits are maintained in the Caddo Parish Commission’s pooled cash account. All deposits of the Caddo Parish Commission are held by area financial institutions. Under state law, cash 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 fair value of the securities plus the federal deposit insurance must at all times equal the amount of the deposit with the fiscal agent. At June 30, 2018, the Caddo Parish Commission’s deposits with banks were fully secured by federal deposit insurance and securities held by the pledging financial institution.

4. **Receivables**

Receivables of \$92,690 at June 30, 2018 result from items classified as Program Revenues, Other Charges in the general fund and General Revenues, State Grants.

All receivables are considered fully collectible and, therefore, no allowance for uncollectible amounts is provided. If amounts become uncollectible, they are charged to operations when that determination is made.

5. **Capital Assets**

Capital assets and depreciation activity as of and for the year ended June 30, 2018, are as follows:

	Beginning Balance <u>6/30/17</u>	<u>Increase</u>	<u>Decrease</u>	Ending Balance <u>6/30/18</u>
Governmental Activities:				
Computer equipment	160,115	1,440	-	161,555
Furniture and fixtures	164,109	-	-	164,109
Equipment	<u>136,428</u>	<u>-</u>	<u>-</u>	<u>136,428</u>
Total	460,562	1,440		462,092
Less accumulated depreciation	<u>(430,017)</u>	<u>(7,498)</u>	<u>-</u>	<u>(437,515)</u>
Capital assets, net	<u>30,635</u>	<u>(6,058)</u>	<u>-</u>	<u>24,577</u>

6. **Pension and Deferred Compensation Plans**

Under the guidelines established in accordance with the Internal Revenue Code Section 457, employees of the Public Defenders’ Office participate in the Caddo Parish Public Defenders’ 457 401(a) Plan. The 401(a) Plan and contributions to the pre-existing 457 Deferred Compensation Plan are administered by Security Benefit Retirement Corporation. The 401(a) Plan supersedes all other existing plans to which the Public Defenders’ Office contributes. The Plan is governed by the laws of the State of Louisiana and is available to all full-time employees.

The amount of monthly contribution for each participating employee under the 401(a) Plan must be greater than or equal to that percent of the employee’s compensation which the federal government would require withheld for the Federal Social Security System for employees not participating in a qualified retirement plan. At no time may the contribution fall below 7.5% of the compensation. Vesting provisions allow a participant to be fully vested in the employer’s contributions after seven (7) years of service, with the participant eligible to receive distributions from the Plan upon normal retirement, death, or permanent disability.

6. **Pension and Deferred Compensation Plans** (Continued)

It is the opinion of the Public Defenders' legal counsel that the Office is not liable for losses arising from depreciation or shrinkage in the value of any investments acquired under the deferred compensation plan. However, the Public Defenders' Office believes it has the duty of care that would be required of an ordinary prudent investor.

For the year ended June 30, 2018, the Public Defenders' Office had deferred compensation expense of \$113,706.

7. **Leases**

The Public Defenders' Office leases office space and office equipment at the Caddo Parish location. The Office incurred \$254,368 in lease expense for the year ended June 30, 2018. Office space is leased for a term of 120 months (10 years) at an approximate annual expense of \$243,737.

Office equipment is leased for terms ranging from 36 months to 60 months (3 to 5 years) at an approximate annual expense of \$10,631. The future minimum lease payments for the next five years are as follows:

2019	258,017
2020	260,121
2021	59,732
2022	21,911
2023	750
	<u>600,531</u>

8. **Governmental Fund Revenues and Expenditures**

Revenues:

**State Government**

Appropriations-general	-	
Appropriations-special	-	
Revenue sharing	-	
Grants	1,729,361	
On-behalf payments	-	
Other	-	
Total		1,729,361

**Local Government**

Appropriations-general	-	
Appropriations-special	-	
Grants	-	
Statutory fines, forfeitures, fees, court costs, and other	420,880	
Taxes-mileages, sales, special, and other	-	
Criminal court fund	-	
On-behalf payments	-	
Other	-	
Total		420,880

8. **Governmental Fund Revenues and Expenditures** (Continued)

<b>Federal Government</b>		
Grants-direct	-	
Grants-indirect	-	
Total	<u>-</u>	-
<b>Other Grants and Contributions</b>		
Non-profit organizations	-	
Private organizations	-	
Corporate	-	
Total	<u>-</u>	-
<b>Charges for Services</b>		853,604
<b>Investment earnings</b>		-
<b>Miscellaneous</b>		<u>-</u>
Total Revenues		<u><u>3,003,845</u></u>
Expenditures:		
<b>Personnel Services and Benefits</b>		
Salaries	1,392,491	
On-behalf payments-salaries	-	
Retirement contributions	113,706	
On-behalf payments-retirement	-	
Insurance	251,817	
On-behalf payments-insurance	-	
Payroll taxes	-	
Total	<u>-</u>	1,758,014
<b>Professional Development</b>		
Dues, licenses, and registrations	1,115	
Travel	5,243	
Other	-	
Total	<u>-</u>	6,358
<b>Operating Costs</b>		
Library and research	15,819	
Contract services-attorney/legal	825,430	
Contract services-other	25,295	
Lease-office	243,737	
Lease-autos and other	10,631	
Insurance	19,905	
Supplies	14,002	
Repairs and maintenance	-	
Utilities and telephone	18,401	
Other	43,147	
Total	<u>43,147</u>	1,216,367

8. **Governmental Fund Revenues and Expenditures** (Continued)

Debt Service	-
Capital Outlay	<u>-</u>
Total Expenditures	<u>2,980,739</u>

9. **Subsequent Events**

We evaluated events and transactions that occurred after the balance sheet date through the date the financial statements were made available to be issued for potential recognition or disclosure in the financial statements. We evaluated such events through December 18, 2018 and noted no subsequent events.

**REQUIRED SUPPLEMENTARY INFORMATION**

FIRST JUDICIAL DISTRICT  
PUBLIC DEFENDERS' OFFICE  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2018  
 (Unaudited)

	<u>Original Annual Budget</u>	<u>Amended/ Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance with Final Budget</u>
<u>Revenues:</u>				
Fines and forfeitures	289,829	289,829	316,717	26,888
Fees from indigents	888,506	888,506	853,604	(34,902)
State and local revenues and reimbursements	1,807,167	1,807,167	1,833,524	26,357
Investment earnings	-	-	-	-
Total revenues	<u>2,985,502</u>	<u>2,985,502</u>	<u>3,003,845</u>	<u>18,343</u>
<u>Expenditures:</u>				
Salaries	1,856,238	1,856,238	1,392,491	463,747
Retirement contributions and related benefits	159,708	159,708	113,706	46,002
Group health insurance	170,551	170,551	251,817	(81,266)
Library and research	18,051	18,051	15,819	2,232
Contract services-attorney/legal	656,000	656,000	825,430	(169,430)
Contract services-other	39,861	39,861	25,295	14,566
Lease-office and other	275,483	275,483	254,368	21,115
Education, travel and training	3,710	3,710	6,358	(2,648)
Insurance	19,578	19,578	19,905	(327)
Supplies	10,185	10,185	14,002	(3,817)
Other	22,741	22,741	61,548	(38,807)
Capital outlay	10,000	10,000	-	10,000
Total expenditures	<u>3,242,106</u>	<u>3,242,106</u>	<u>2,980,739</u>	<u>261,367</u>
<u>Excess of revenues over expenditures</u>	(256,604)	(256,604)	23,106	279,710
<u>Fund balance-July 1, 2017</u>	<u>(76,482)</u>	<u>447,783</u>	<u>447,783</u>	<u>-</u>
<u>Fund balance-June 30, 2018</u>	<u>(333,086)</u>	<u>191,179</u>	<u>470,889</u>	<u>279,710</u>

FIRST JUDICIAL DISTRICT

PUBLIC DEFENDERS' OFFICE

NOTES TO BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2018

(Unaudited)

1. Budget  
Refer to Note 2 of the financial statements for details regarding the budget process.
  
2. Budget Variances  
Actual total revenues were above budgeted revenues by 0.61%, and actual expenses were 8.06% below budgeted expenses. The Louisiana Revised Statute 39:13:11 requires an amendment to the Public Defenders' Office's budget when receipts plus projected revenue collection for the year fail to meet budgeted revenues by 5% or more, or when actual expenditures plus projected expenditures to year end exceed budgeted expenditures by 5% or more.

**SUPPLEMENTARY INFORMATION**

FIRST JUDICIAL DISTRICT  
PUBLIC DEFENDERS' OFFICE  
SUPPLEMENTARY INFORMATION IN ACCORDANCE WITH  
LOUISIANA REVISED STATUTE 24:513(A)(3) (ACT 706 OF 2014)  
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD  
FOR THE YEAR ENDED JUNE 30, 2018

Agency Head: Pamela Smart (7/1/17 – 6/30/18)

Salary	100,000
Benefits-insurance-health	5,228
Benefits-other-simple IRA plan	8,000
Per diem	75
Reimbursements	250
Travel	696
Registration fees	150

**OTHER REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

# HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

333 TEXAS STREET, SUITE 1525  
SHREVEPORT, LOUISIANA 71101  
318-429-1525 PHONE • 318-429-2070 FAX

December 18, 2018

The Chief Defender  
First Judicial District Public Defenders' Office  
Caddo Parish, Louisiana

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards*

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 the major fund of the First Judicial District Public Defenders' Office (Office) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Office's basic financial statements and have issued our report thereon dated December 18, 2018.

### **Internal Control over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

*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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2018-01 to be a material weakness.

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www.hmvcpa.com WEB ADDRESS

**Compliance and Other Matters**

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

**First Judicial District Public Defenders' Office's Response to Findings**

First Judicial District Public Defenders' Office's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. First Judicial District Public Defenders' Office's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control 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.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana

FIRST JUDICIAL DISTRICT  
PUBLIC DEFENDERS' OFFICE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018

**A. Summary of Audit Results**

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the First Judicial District Public Defenders' Office.
2. One material weakness is reported for the year ended June 30, 2018.
3. The First Judicial District Public Defenders' Office was not subject to a Federal Single Audit for the year ended June 30, 2018.
4. No material noncompliance was noted.

**B. Findings - Financial Statement Audit**

**2018-01 Internal Controls With Regard to Financial Reporting**

*Condition and Criteria:* As is common in small operations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare the annual financial statements. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles have not been established, nor has management demonstrated an ability to perform these functions in-house. This condition, even though intentional, represents a material weakness in internal control under generally accepted auditing standards, and results from management's need to balance the entity's financial complexity with the appropriate level of accounting expertise. It is not cost-effective for the entity to prepare its financial statements in-house.

*Effect and Recommendation:* Although generally accepted auditing standards require preparation of year-end adjusting entries and financial statements with note disclosures by the audited entity, prudent management dictates that the potential benefit from an internal control must exceed its cost. In this case, both management and the auditor do not believe that curing the control deficiency is cost effective, and do not believe that any corrective action is required.

FIRST JUDICIAL DISTRICT  
PUBLIC DEFENDERS' OFFICE  
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018

**Prior Findings – Financial Statement Audit**

**2017-01 Internal Controls With Regard to Financial Reporting**

*Condition and Criteria:* As is common in small operations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare the annual financial statements. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles have not been established, nor has management demonstrated an ability to perform these functions in-house. This condition, even though intentional, represents a material weakness in internal control under generally accepted auditing standards, and results from management's need to balance the entity's financial complexity with the appropriate level of accounting expertise. It is not cost-effective for the entity to prepare its financial statements in-house.

*Effect and Recommendation:* Although generally accepted auditing standards require preparation of year-end adjusting entries and financial statements with note disclosures by the audited entity, prudent management dictates that the potential benefit from an internal control must exceed its cost. In this case, both management and the auditor do not believe that curing the control deficiency is cost effective, and do not believe that any corrective action is required.

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December 18, 2018

The Chief Defender  
First Judicial District Public Defenders' Office  
Shreveport, Louisiana

Louisiana Legislative Auditor  
Baton Rouge, Louisiana

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by First Judicial District Public Defenders' Office (Public Defender) 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, 2017 through June 30, 2018. Public Defender'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*, issued by the Comptroller General of the United States. 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 and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
  - a) Budgeting, including preparing, adopting, monitoring, and amending the budget.

*The entity has written policies over the budget process that lack procedures for adopting and monitoring the budget.*

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- 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.

*The entity has written policies over the purchasing process. There is no documented procedure regarding how vendors are added to the vendor list.*

- c) Disbursements, including processing, reviewing, and approving.

*The entity does not have adequate written policies or procedures that deal with disbursements.*

- d) Receipts, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions.

*The entity has written procedures covering the handling of receipts. There is no documentation of policies to determine the completeness of all collections.*

- e) Payroll/personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

*The entity has written policy covering payroll review and approval of time and attendance records, including leave; however, the policy does not include procedures for processing payroll.*

- 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.

*The entity does not have adequate written policies or procedures that deal with contracting.*

- g) Credit cards (and debit cards, fuel cards, and 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.

*Not applicable, as the entity does not use credit, debit, fuel, or purchase cards.*

- h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

*The entity has policies that deal with travel and expense reimbursements; however, this policy does not include procedures about documentation requirements or required approvals.*

- 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 entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

*The entity does not have adequate written policies or procedures that deal with ethics.*

- j) Debt service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

*Not applicable, as the entity does not have the authority to issue debt.*

## ***Board or Finance Committee***

---

*Not applicable. As of August 2007, all public defender offices in Louisiana are offered oversight by a centralized Board located in Baton Rouge, Louisiana; therefore, there are no minutes to review.*

## ***Bank Reconciliations***

---

2. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

*The entity reconciled bank statements in a timely manner.*

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

*The entity does not document review; however, reconciled monthly financials are submitted to the state for approval.*

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

*The entity does not have any transactions outstanding greater than 12 months.*

## ***Collections***

---

3. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

*The only deposit site is the main office.*

4. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

*The entity has adequate separation of duties for this procedure.*

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

*The entity has adequate separation of duties for this procedure.*

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

*The entity has adequate separation of duties for this procedure.*

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

*The entity has adequate separation of duties for this procedure.*

5. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

*All employees are covered under a blanket theft bond policy.*

6. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #2 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

*The entity has sequentially pre-numbered receipts.*

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

*All related system reports and collection documentation for checks selected were traced to the deposit slips without exception.*

- c) Trace the deposit slip total to the actual deposit per the bank statement.

*All deposit slip totals were traced to the actual deposit per the bank statement without exception.*

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

*Cash is collected from the receptionist at the end of each day and then deposits are made in batches. In both selections, there was more than one business day between cash collection and deposit.*

- e) Trace the actual deposit per the bank statement to the general ledger.

*The deposit per the bank statement was traced to the general ledger without exception.*

***Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)***

---

7. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

*A listing was obtained from management.*

8. For each location selected under #7 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

*The purchase approval and initiation duties are properly separated.*

- b) At least two employees are involved in processing and approving payments to vendors.

*The entity has separation of duties in approving and processing payments to vendors.*

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

*The same individual responsible for processing payments also is responsible for adding vendors to the entity's disbursement system.*

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

*The same individual responsible for processing payments also is responsible for mailing out checks.*

9. For each location selected under #7 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

*No exceptions were noted.*

10. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #8, as applicable.

*The entity did not document separation of duties.*

### **Credit Cards/Debit Cards/Fuel Cards/P-Cards**

---

*Not applicable. Management represented that the entity has not issued any credit cards, debit cards, fuel cards, or purchase cards to any board member or staff.*

### **Travel and Travel-Related Expense Reimbursements**

---

11. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

*The entity uses the guidelines of the State of Louisiana to reimburse travel and meals. In three of the five selections, the entity did not follow the Louisiana Travel Guide relating to the maximum mileage to be paid. All other reimbursements abide by the Travel Guide.*

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

*All selections reimbursed using actual cost were supported by an original, itemized receipt.*

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

*All selected reimbursements were supported by documentation of the purpose.*

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*Each reimbursement was approved by an individual other than the person receiving the reimbursement.*

### **Contracts**

---

*Not applicable because no exceptions noted in previous year.*

## *Payroll and Personnel*

---

12. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

*A listing of all employees was obtained, and compensation paid to each selected employee was made in accordance with the terms and conditions of his contract or pay rate structure.*

13. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that 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.)

*The employees of the entity are salaried; therefore, no exact attendance records are kept. Timesheets keep track of leave taken throughout the year.*

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

*The entity requires the employees to submit leave slips. Leave slips submitted were approved. For two employees, leave slips were not approved until after the leave has already been taken.*

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

*Leave taken during the pay period was reflected on the cumulative leave records kept by the office manager.*

14. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

*A listing of all employees that terminated during the fiscal year was obtained. Their termination payments conformed to the policy and were approved by management.*

15. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines

*All employee and employer portions for payroll taxes and contributions, and related required reporting forms, were submitted to the applicable agencies by the required deadlines.*

### ***Ethics***

---

*Not applicable because no exceptions noted in previous year*

### ***Debt Service***

---

*Not applicable. Management represented that the entity does not have the authority to issue debt.*

### ***Other***

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*Not applicable because no exceptions noted in previous year.*

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.

*Heard, McElroy & Vestal, LLC*

Shreveport, Louisiana