

**19<sup>TH</sup> JUDICIAL DISTRICT  
PUBLIC DEFENDERS' OFFICE**

**FINANCIAL REPORT**

**June 30, 2019**

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## INDEPENDENT AUDITOR'S REPORT

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To the District Public Defender of the  
19<sup>th</sup> Judicial District Public Defenders' Office  
Baton Rouge, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund, of the 19<sup>th</sup> Judicial District Public Defenders' Office (District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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 the major fund of the District, as of June 30, 2019, 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 the budgetary comparison information on page 22 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.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2019, on our consideration of the District'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 effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

***KOLDER, SLAVEN & COMPANY, LLC***

Certified Public Accountants

Baton Rouge, Louisiana  
December 26, 2019

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS (GWFS)**

19<sup>TH</sup> JUDICIAL DISTRICT PUBLIC DEFENDERS' OFFICE  
Parish of East Baton Rouge

Statement of Net Position  
June 30, 2019

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and interest-bearing deposits	\$ 363,038
Due from other governmental agencies	135,820
Prepaid expenses	<u>47,798</u>
Total current assets	546,656
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>21,680</u>
Total assets	<u>568,336</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	10,325
Accrued liabilities	<u>364</u>
Total current liabilities	<u>10,689</u>
<b>NET POSITION</b>	
Net investment in capital assets	21,680
Unrestricted	<u>535,967</u>
Total net position	<u>\$ 557,647</u>

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

19<sup>TH</sup> JUDICIAL DISTRICT PUBLIC DEFENDERS' OFFICE  
Parish of East Baton Rouge

Statement of Activities  
For the Year Ended June 30, 2019

Activities	Expenses	Program Revenues		Governmental Activities Net (Expense) Revenue and Change in Net Position
		Charges for Services and Fines	Operating Grants and Contributions	
Governmental activities:				
General government	<u>\$ 4,622,692</u>	<u>\$ 2,117,363</u>	<u>\$ 2,169,726</u>	<u>\$(335,603)</u>
	General revenues:			
	Interest income			18,053
	Miscellaneous			<u>4,167</u>
				<u>22,220</u>
	Change in net position			(313,383)
	Net position, beginning			<u>871,030</u>
	Net position, ending			<u>\$ 557,647</u>

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

**FUND FINANCIAL STATEMENTS**

19<sup>TH</sup> JUDICIAL DISTRICT PUBLIC DEFENDERS' OFFICE  
Parish of East Baton Rouge  
Governmental Fund

Balance Sheet  
June 30, 2019

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and interest-bearing deposits	\$ 363,038
Due from other governmental agencies	135,820
Prepaid expenses	<u>47,798</u>
Total assets	<u>\$ 546,656</u>
<b>LIABILITIES AND FUND BALANCE</b>	
<b>Liabilities:</b>	
Accounts payable	\$ 10,325
Accrued liabilities	<u>364</u>
Total liabilities	<u>10,689</u>
<b>Fund balance:</b>	
Nonspendable - prepaid items	47,798
Unassigned	<u>488,169</u>
Total fund balance	<u>535,967</u>
Total liabilities and fund balance	<u>\$ 546,656</u>

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

19<sup>TH</sup> JUDICIAL DISTRICT PUBLIC DEFENDERS' OFFICE  
Parish of East Baton Rouge

Reconciliation of the Governmental Fund Balance Sheet  
to the Statement of Net Position  
June 30, 2019

Total fund balance for the governmental funds at June 30, 2019			\$ 535,967
Total net position reported for governmental activities in the statement of net position is different because:			
Capital assets used in governmental activities are not financial resources and; therefore, are not reported in the funds. Those assets consist of:			
Equipment, net of \$45,537 accumulated depreciation		\$ 21,024	
Furniture and fixtures, net of \$39,517 accumulated depreciation		<u>656</u>	<u>21,680</u>
Net position at June 30, 2019			<u>\$ 557,647</u>

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

19<sup>TH</sup> JUDICIAL DISTRICT PUBLIC DEFENDERS' OFFICE  
 Parish of East Baton Rouge  
 Governmental Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance -  
 For the Year Ended June 30, 2019

	<u>General Fund</u>
Revenues:	
Intergovernmental revenues -	
District assistance fund - Louisiana IDAB	\$2,110,171
Court cost and bond forfeitures	1,677,288
Rental taxes	51,262
Local grants	19,555
Charges for service -	
Partially indigent and application fees	388,813
Other Grants	40,000
Interest income	18,053
Miscellaneous	<u>4,167</u>
Total revenues	<u>4,309,309</u>
Expenditures:	
Current -	
Indigent defense:	
Operations	4,615,624
Capital outlay	<u>657</u>
Total expenditures	<u>4,616,281</u>
Deficiency of revenues over expenditures	(306,972)
Fund balance, beginning	<u>842,939</u>
Fund balance, ending	<u>\$ 535,967</u>

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

19<sup>TH</sup> JUDICIAL DISTRICT PUBLIC DEFENDERS' OFFICE  
Parish of East Baton Rouge

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balance of the Governmental Fund  
to the Statement of Activities  
For the Year Ended June 30, 2019

Net change in fund balance for the year ended June 30, 2019 per statement of revenues, expenditures and changes in fund balance			\$ (306,972)
The change in net position reported for governmental activities in the statement of activities is different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Capital outlay which is considered expenditures on statement of revenues, expenditures and changes in fund balance		\$ 657	
Depreciation expense for the year ended June 30, 2019		<u>(7,068)</u>	<u>(6,411)</u>
Total changes in net position for the year ended June 30, 2019 per statement of activities			<u>\$ (313,383)</u>

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

19<sup>TH</sup> JUDICIAL DISTRICT PUBLIC DEFENDERS' OFFICE  
Parish of East Baton Rouge

Notes to the Basic Financial Statements

INTRODUCTION

The 19th Judicial District Public Defenders' Office (District) provides criminal defense to indigent persons in Louisiana's 19<sup>th</sup> Judicial District. The function is accomplished by maintaining an administrative staff and contracting for legal and other defense experts.

The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governments. Such accounting and reporting procedures also conform to the requirements of the industry guide, *Audits of State and Local Governmental Units*.

(1) Summary of Significant Accounting Policies

A. Financial Reporting Entity

The District is part of the operations of the Louisiana Public Defender Board. House Bill No. 436, Act No. 307 of the 2007 regular legislative session enacted the Louisiana Public Defender Act, effective August 15, 2007, creating the Louisiana Public Defender Board with oversight responsibilities of service regions and individual district public defender offices. The Louisiana Public Defender Board, which is established as a state agency, is to provide for the supervision, administration, and delivery of a statewide public defender system that is independent of local politics. Service regions are created to help provide supervision over district offices. The Louisiana Public Defender Board has the power to provide for the powers and duties of district public defenders and for the filling of vacancies.

The accompanying financial statements present information only on the Offices maintained by the 19<sup>th</sup> Judicial District Public Defenders' Office.

B. Basis of Presentation

The accompanying basic financial statements of the District 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.

Government-Wide Financial Statements (GWFS)

The statement of net position and the statement of activities display information about the District as a whole. These statements include all the financial activities of the District. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from nonexchange transactions are recognized in accordance with professional standards.

19<sup>TH</sup> JUDICIAL DISTRICT PUBLIC DEFENDERS' OFFICE  
Parish of East Baton Rouge

Notes to the Basic Financial Statements (continued)

The statement of activities presents a comparison between direct expenses and program revenues for the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of services offered by the District, and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements (FFS)

The District 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 District's functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the District or its total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds. The major fund and only fund of the District is described below:

Governmental Fund --

General Fund -- This fund is the primary operating fund of the District and it accounts for the operations of the District. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and internal policy.

C. Measurement Focus/Basis of Accounting

The amounts reflected in the governmental 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 balance 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 the District's operations.

The amounts reflected in the governmental funds 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 District 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 fund uses the following practices in recording revenues and expenditures:

19<sup>TH</sup> JUDICIAL DISTRICT PUBLIC DEFENDERS' OFFICE  
Parish of East Baton Rouge

Notes to the Basic Financial Statements (continued)

Revenues

Court costs, bond forfeitures, fees from indigents, and intergovernmental revenues are recorded when the District is entitled to the funds.

Interest on interest-bearing deposits is recorded or accrued as revenues when earned. Substantially all other revenues are recorded when received.

Expenditures

The District's primary expenditures include salaries and contracted legal services, which are recorded when the liability is incurred. Capital expenditures and purchases of various operating supplies are regarded as expenditures at the time purchased.

D. Budgets

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with the Budget Act of the State of Louisiana, the District prepares an operating budget for the general fund at least fifteen days prior to the commencement of the budgetary year-end. The operating budgets include proposed expenditures and the means of financing them for the upcoming year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the District. Such amendments were not material in relation to the original appropriations.

E. Cash and Interest-Bearing Deposits

Cash and interest-bearing deposits include amounts in demand deposits, interest-bearing demand deposits, and time deposits. They are stated at cost, which approximates market.

19<sup>TH</sup> JUDICIAL DISTRICT PUBLIC DEFENDERS' OFFICE  
Parish of East Baton Rouge

Notes to the Basic Financial Statements (Continued)

F. 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 at their estimated fair market value at the date of donation. The District maintains a threshold level of \$500 or more for capitalizing capital assets.

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:

Assets Class	Estimated Useful Lives
Equipment	5 - 7 years
Furniture and fixtures	10 years

G. Compensated Absences

Employees of the District can earn from two to four weeks of vacation leave each year, depending on their position and length of service. Vacation leave must be taken in the year it is earned. Employees can earn one day of sick leave per month and can carry over unused leave to the next year. Personal leave is not compensable if an employee leaves the service of the District. At June 30, 2019, the District has no leave benefits required to be reported in accordance with generally accepted accounting principles.

H. Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. There are no deferred inflows or outflows as of June 30, 2019.

I. Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in three components:

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

19<sup>TH</sup> JUDICIAL DISTRICT PUBLIC DEFENDERS' OFFICE  
Parish of East Baton Rouge

Notes to the Basic Financial Statements (Continued)

- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Restricted net position is restricted assets reduced by liabilities and deferred inflows of resources related to the restricted assets.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

In the fund financial statements, governmental fund equity is classified as fund balance. As such, fund balance of the governmental fund is classified as follows:

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used only for specific purposes determined by a formal decision of the District, which is the highest level of decision-making authority.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District’s adopted policy, only the District may assign amounts for specified purposes.
- e. Unassigned – all other spendable amounts.

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District has provided otherwise in its commitment or assignment actions.

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.

19<sup>TH</sup> JUDICIAL DISTRICT PUBLIC DEFENDERS' OFFICE  
Parish of East Baton Rouge

Notes to the Basic Financial Statements (Continued)

(2) Cash and Interest-Bearing Deposits

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2019, the District had deposits (book balances) totaling \$363,038 as follows:

Noninterest-bearing deposits	\$ 222,055
Interest-bearing deposits	<u>140,983</u>
Total	<u>\$ 363,038</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 similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the District or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. These deposits are stated at cost, which approximates market.

Deposit balances (bank balances) at June 30, 2019 are secured as follows:

Bank balances	<u>\$458,110</u>
Federal deposit insurance	\$393,646
Pledged securities	<u>64,464</u>
Total	<u>\$458,110</u>

Deposits in the amount of \$64,464 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the District's name. The District does not have a policy for custodial credit risk.

(3) Due From Other Governmental Agencies

At June 30, 2019, the amounts due from other governmental agencies consist of the following:

Bond forfeitures & fees	\$ 50,153
Court fees	47,084
Sheriff settlement	26,294
Other	<u>12,289</u>
	<u>\$ 135,820</u>

19<sup>TH</sup> JUDICIAL DISTRICT PUBLIC DEFENDERS' OFFICE  
Parish of East Baton Rouge

Notes to the Basic Financial Statements (Continued)

(4) Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>7/1/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/2019</u>
Capital assets:				
Equipment	\$ 202,766	\$ 657	\$ 136,862	\$ 66,561
Furniture and fixtures	40,173	-	-	40,173
Totals	<u>242,939</u>	<u>657</u>	<u>136,862</u>	<u>106,734</u>
Less: accumulated depreciation				
Equipment	175,625	6,774	136,862	45,537
Furniture and fixtures	39,223	294	-	39,517
Total accumulated depreciation	<u>214,848</u>	<u>7,068</u>	<u>136,862</u>	<u>85,054</u>
Capital assets, net	<u>\$ 28,091</u>	<u>\$ (6,411)</u>	<u>\$ -</u>	<u>\$ 21,680</u>

Depreciation expense in the amount of \$7,068 was charged to general government.

(5) Operating Leases

The District leases office facilities from January 2019 through December 2019. Lease expense for the year ended June 30, 2019 totaled \$50,439. Effective at January 2020, the City-Parish Government of East Baton Rouge Parish has waived the office lease payments.

(6) Risk Management

The District is exposed to risks of loss in the areas of general liability, malpractice, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

(7) Deferred Compensation Plan

Certain employees of the District participate in the 19th Judicial District Public Defenders' Office Tax Sheltered Annuity Plan (Plan) adopted under the provisions of Internal Revenue Code Section 403(b), which is invested in American Funds, and administered by A.G. Edwards. The District does not have managerial or financial responsibility for the plan assets. Each participant is fully vested at the time of contribution, and the District contributes 7.5% of each participant's salary. At June 30, 2019, the District contributed \$204,887 to the Plan.

19<sup>TH</sup> JUDICIAL DISTRICT PUBLIC DEFENDERS' OFFICE  
Parish of East Baton Rouge

Notes to the Basic Financial Statements (Continued)

(8) Governmental Office Revenues and Expenditures

For the year ended June 30, 2019, the major sources of governmental fund revenues and expenditures were as follows:

Revenues:

State Government -	
Appropriations - general	\$ 2,110,171
Local Government -	
Statutory fines, forfeitures, fees, court costs, and other	1,728,550
Grants - City-Parish of East Baton Rouge	19,555
Other Grants and Contributions -	
Private organizations	40,000
Charges for Services	388,813
Investment Earnings	18,053
Miscellaneous	<u>4,167</u>
Total Revenues	<u>\$ 4,309,309</u>

Expenditures:

Personnel Services and Benefits -	
Salaries	\$ 3,080,090
Retirement contributions	204,887
Insurance	314,650
Payroll taxes	40,994
Other	<u>16,168</u>
Total	<u>3,656,789</u>
Professional Development -	
Dues, licenses, and registrations	<u>34,810</u>
Operating Costs -	
Library and research	37,100
Contract services - attorney/legal	564,794
Contract services - other	72,844
Lease - office	50,439
Lease - autos and other	21,387
Travel - other	18,303
Insurance	30,198
Supplies	87,382
Repairs and maintenance	233
Utilities and telephone	37,546
Other	<u>3,799</u>
Total	<u>924,025</u>
Capital Outlay	<u>657</u>
Total Expenditures	<u>\$ 4,616,281</u>

19<sup>TH</sup> JUDICIAL DISTRICT PUBLIC DEFENDERS' OFFICE  
Parish of East Baton Rouge

Notes to the Basic Financial Statements (Continued)

(9) Schedule of Compensation, Benefits, and Other Payments to Agency Head

The schedule of compensation, benefits, and other payments to Michael Mitchell, District Defender, for the year ended June 30, 2019 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 110,880
Benefits - Insurance	10,910
Benefits - Retirement	8,316
Reimbursements	178
Travel	107
Registration fees	60
Conference travel	834

**REQUIRED SUPPLEMENTARY INFORMATION**

19<sup>TH</sup> JUDICIAL DISTRICT PUBLIC DEFENDERS' OFFICE  
 Parish of East Baton Rouge  
 General Fund

Budgetary Comparison Schedule  
 For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>				
Intergovernmental revenues -				
District assistance fund - Louisiana IDAB	\$ 1,778,759	\$ 2,317,562	\$ 2,110,171	\$ (207,391)
Court cost and bond forfeitures	3,201,220	1,668,757	1,677,288	8,531
Rental taxes	54,000	42,059	51,262	9,203
Local grants	130,000	19,555	19,555	-
Charges for service -				
Partially indigent and application fees	261,915	387,974	388,813	839
Other Grants	40,000	40,000	40,000	-
Interest income	11,258	17,900	18,053	153
Miscellaneous	-	1,132	4,167	3,035
Total revenues	5,477,152	4,494,939	4,309,309	(185,630)
<b>Expenditures:</b>				
Current -				
Indigent defense:				
Operations	5,473,509	4,588,830	4,615,624	(26,794)
Capital outlay -	3,600	700	657	43
Total expenditures	5,477,109	4,589,530	4,616,281	(26,751)
Excess (deficiency) of revenues over expenditures	43	(94,591)	(306,972)	(212,381)
Fund balance, beginning	842,939	842,939	842,939	-
Fund balance, ending	\$ 842,982	\$ 748,348	\$ 535,967	\$ (212,381)

**INTERNAL CONTROL, COMPLIANCE  
AND  
OTHER MATTERS**

# KOLDER, SLAVEN & COMPANY, LLC

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## 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*

\* A Professional Accounting Corporation

WWW.KSRCPAS.COM

To the District Public Defender of the  
19<sup>th</sup> Judicial District Public Defenders' Office  
Baton Rouge, 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 the major fund of the 19<sup>th</sup> Judicial District Public Defenders' Office (District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 26, 2019.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as items 2019-001 and 2019-002 to be material weaknesses.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether District'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 under *Government Auditing Standards*.

## **The District's Response to Findings**

The District's response to the finding identified in our audit is described in the accompanying schedule of current and prior year audit findings and management's corrective action plan. The District'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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***KOLDER, SLAVEN & COMPANY, LLC***  
Certified Public Accountants

Baton Rouge, Louisiana  
December 26, 2019

19<sup>TH</sup> JUDICIAL DISTRICT PUBLIC DEFENDERS' OFFICE  
Parish of East Baton Rouge

Summary Schedule of Current and Prior Year Audit Findings  
And Management's Corrective Action Plan

Part I. Current Year Findings and Management's Corrective Action Plan

A. Internal Control Finding -

**2019-001 Inadequate Segregation of Accounting Functions**

Fiscal year finding initially occurred: Unknown

CRITERIA: The District should have a control policy according to which no person should be given responsibility for more than one related function.

CONDITION: The District did not have adequate segregation of functions within the accounting system.

CAUSE: Due to the size of the District, there are a small number of available employees.

EFFECT: The District has employees that are performing more than one related function.

RECOMMENDATION: The District should establish and monitor mitigating controls over functions that are not completely segregated.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Due to the size of the operations and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

**2019-002 Failure to Reconcile Insurance Withholding Liabilities**

Fiscal year finding initially occurred: 2018

CRITERIA: The District should have a control policy according to which all payroll liability accounts are reconciled to supporting schedules and/or subsidiary ledgers on a monthly basis.

CONDITION: The District did not have adequate procedures in place to reconcile payroll liability accounts on the general ledger to appropriate supporting documentation.

CAUSE: Due to the lack of policies and procedures, monthly reconciliations are not being performed.

EFFECT: The District did not adequately reconcile the insurance withholding payable accounts to supporting documentation resulting in adjustments to correct the actual balances due to incorrect employee withholding amounts being used when processing payroll.

RECOMMENDATION: The District should establish policies and procedures to ensure all insurance withholdings are properly reconciled to appropriate supporting documentation monthly and withholding rates are correctly withheld from employees.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The District will review its payroll procedures to ensure that insurance withholdings are reconciled to appropriate supporting documentation monthly and employee withholding amounts are properly updated.

19<sup>TH</sup> JUDICIAL DISTRICT PUBLIC DEFENDERS' OFFICE  
Parish of East Baton Rouge

Summary Schedule of Current and Prior Year Audit Findings  
And Management's Corrective Action Plan

Part II. Prior Year Findings and Management's Corrective Action Plan:

Internal Control Findings –

**2018-001**

CONDITION: The District did not have adequate segregation of functions within the accounting system.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Due to the size of the operations and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

CURRENT STATUS: Unresolved – See Internal Control Finding 2019-001.

**2018-002**

CONDITION: The District did not have adequate controls to ensure insurance liability accounts on the general ledger are being reconciled to appropriate supporting documentation.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The District is reconciling the payroll withholdings to supporting documentation to ensure the proper amounts are deducted through payroll. The District will review their policies and procedures and incorporate a monthly reconciliation of these liability accounts to supporting documentation.

CURRENT STATUS: Unresolved – See Internal Control Finding 2019-002.

**19<sup>TH</sup> JUDICIAL DISTRICT  
PUBLIC DEFENDERS' OFFICE**  
Baton Rouge, Louisiana

Independent Accountant's Report  
On Applying Agreed-Upon Procedures

Year Ended June 30, 2019

# KOLDER, SLAVEN & COMPANY, LLC

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

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The District Public Defender of the  
19<sup>th</sup> Judicial District Public Defenders' Office  
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the 19<sup>th</sup> Judicial District Public Defenders' Office (District) 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, 2018 through June 30, 2019. The District'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 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
  - 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/Collections**, 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 (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).
  - 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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- 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 entity's ethics policy.
- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) ***Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

***Board or Finance Committee***

**(Procedures were not performed due to the District not having a board/finance committee.)**

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
  - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

***Bank Reconciliations***

- 3. 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);
- 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
- 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.

**Collections (excluding EFTs)**

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4. 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).
5. 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.
  - 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.
  - 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.
  - 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.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 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.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - 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).

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

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

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- 8. 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).
- 9. For each location selected under #8 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.
  - b) At least two employees are involved in processing and approving 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.
  - 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.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.]]
- 10. For each location selected under #8 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.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

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- 11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, 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.
- 12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
  - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), 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) Observe that finance charges and late fees were not assessed on the selected statements.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

**Travel and Travel-Related Expense Reimbursements (excluding card transactions)**

**(The following procedures were not performed since there were no exceptions noted in the prior year)**

14. 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)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - 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).
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Contracts**

**(The following procedures were not performed since there were no exceptions noted in the prior year)**

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
  - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
  - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

### ***Payroll and Personnel***

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**(The following procedures were not performed since there were no exceptions noted in the prior year)**

16. 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.
17. 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.)
  - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. 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.
19. 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.

### ***Ethics***

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
  - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

### ***Debt Service***

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**(The following procedures were not performed since there were no exceptions noted in the prior year)**

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

**Other**

**(The following procedures were not performed since there were no exceptions noted in the prior year)**

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Exceptions:**

No exceptions were found as a result of applying the procedures listed above except:

**Written Policies and Procedures:**

1. The District does not have written policies and procedures set for budgeting, purchasing, disbursements, receipts, payroll/personnel, contracting, credit cards, travel reimbursements, ethics, debt service, and disaster recovery/business continuity.

**Management's response:** The District will update their written policies and procedures to include budgeting, purchasing, disbursements, receipts, payroll/personnel, contracting, credit cards, travel reimbursements, ethics, debt service, and disaster recovery/business continuity.

**Bank Reconciliations:**

2. This District did not have written evidence that a member of management who does not handle cash, post ledgers, or issue checks had reviewed and approved the bank reconciliations for the four bank accounts selected for testing.

**Management's response:** The District will incorporate in their policies and procedures documenting management's review on the bank reconciliations.

3. The District did not have evidence of researching items outstanding greater than 12 months on the selected bank reconciliations.

**Management's response:** The District will incorporate in their policies and procedures documenting the research of all items outstanding greater than 12 months on the bank reconciliations.

**Collections:**

4. The District did not have evidence of the receipt date on two of the deposits selected for testing; therefore, determination could not be made if the deposit was made within one business day.

**Management's response:** The District will review their policies and procedures and ensure that the date of receipt is documented for all collections.

**Non-Payroll Disbursements:**

5. The District has at least two employees involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase; however, there is no formal document indicating the initiation and approval process.

6. The employee responsible for processing payments is not prohibited from adding/modifying vendor files.

**Management's response:** The District will review their policies and procedures and determine any necessary procedural changes.

**Credit Cards:**

7. Of the five credit cards selected for testing, two credit cards had finance charges and late fees assessed on selected statements.
8. Of the twenty-two transactions reviewed from the five credit cards selected, one transaction did not have an original itemized receipt identifying precisely what was purchased.

**Management's response:** The District will review statements and ensure that all transactions are appropriately documented and paid on time to avoid charges and fees.

**Ethics:**

9. For the five employees selected for testing, all five employees did not have evidence of completing the one hour of ethics training during the fiscal period.

**Management's Response:** The District changed their policy to require all employees to conduct their annual ethics training by the end of the calendar year instead of their fiscal year. The change in policy will enable management to effectively monitor the mandatory ethics training as well as the recent requirements of Act 270 of the 2018 Legislative Session for all employees to conduct annual sexual harassment training. The District's employees will conduct both the required ethics training and sexual harassment training by December 31, 2019.

10. For the five employees selected for testing, the District did not have the employees sign that they have read the entity's ethics policy during the fiscal period.

**Management's Response:** The District will update their policies to include the requirement that all employees, including officials, annually attest through signature verification that they have read the entity's ethics policy.

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.

**Kolder, Slaven & Company, LLC**  
Certified Public Accountants

Baton Rouge, Louisiana  
December 26, 2019