

TWENTY-SIXTH JUDICIAL DISTRICT

PUBLIC DEFENDERS' OFFICE

BOSSIER AND WEBSTER PARISHES, LOUISIANA

JUNE 30, 2021

TWENTY-SIXTH JUDICIAL DISTRICT
PUBLIC DEFENDERS' OFFICE
BOSSIER AND WEBSTER PARISHES, 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 Twenty-Sixth Judicial District Public Defender's Office, Bossier and Webster Parishes, provides an overview of the Office's financial activities for the year ended June 30, 2021. 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. Some funds may be required to be established by State law and by bond covenants.

Governmental funds (General Fund) - All of the Office's basic services are reported in governmental funds, which focus on how money flows into and out of those funds 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 \$1,185,843. Of this figure, \$367,549 (30.99%) is its investment in capital assets such as buildings, equipment, furniture, library, computers, etc. The remaining portion of net position, \$818,294 (69.01%), is unrestricted assets that are available to provide services to the citizens the Office was established to serve in Bossier and Webster Parish. The Office's total net position changed from June 30, 2020, increasing by \$254,289, or 27.30%. Net positions are shown below.

	Governmental Activities	
	2021	2020
Current and other assets	818,294	554,587
Capital assets	367,549	376,967
Total assets	1,185,843	931,554
Net position:		
Net investment in capital assets	367,549	376,967
Unrestricted	818,294	554,587
Total net position	1,185,843	931,554

THE OFFICE'S FUNDS

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 years ended June 30, 2021 and 2020 are shown below.

	Governmental Activities	
	2021	2020
Expenditures:		
Salaries and related benefits	892,775	954,375
Operating services	1,119,824	930,742
Travel and professional development	17,896	16,106
Depreciation	28,443	27,281
Total expenses	2,058,938	1,928,504
Revenues:		
Court costs (fines and forfeitures)	626,395	594,212
Court ordered fees	67,228	86,332
State grants	1,614,629	990,403
Other income	4,975	16,577
Total revenues	2,313,227	1,687,524
Change in net position	254,289	(240,980)
Net position, beginning of year	931,554	1,172,534
Net position, end of year	1,185,843	931,554

Total revenues increased \$625,703, from total revenues in 2020 of \$1,687,524 to total revenues of \$2,313,227 in 2021. The increase in revenue was largely attributable to the increase in state funding.

In addition, total expenses increased by \$130,434 from total expenses in 2020 of \$1,928,504 to total expenses of \$2,058,938 in 2021. This increase was attributable to the Office hiring more contract attorneys, resulting in an increase in operating services of \$189,082, paired with a decrease in salaries and related benefits.

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, 2021 was \$367,549. This investment includes buildings, equipment, and fixtures.

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 Twenty-Sixth Judicial District Public Defenders' Office at 211 Burt Boulevard, Benton, Louisiana, 71006.

AUDITED FINANCIAL STATEMENTS



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December 16, 2021

The Chief Defender
Twenty-Sixth Judicial District Public Defenders' Office
Bossier 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 Twenty-Sixth Judicial District Public Defenders' Office as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Office's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 Twenty-Sixth Judicial District Public Defenders' Office as of June 30, 2021, 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 15 through 16 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 Pages 17 through 18 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 16, 2021, 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 internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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

TWENTY-SIXTH JUDICIAL DISTRICT

PUBLIC DEFENDERS' OFFICE

GOVERNMENT WIDE STATEMENT OF NET POSITION

JUNE 30, 2021

<u>ASSETS</u>	<u>Governmental Fund Balance Sheet</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Cash	750,093	-	750,093
Investments	5,998	-	5,998
Receivables	62,203	-	62,203
Capital assets, net of allowance for depreciation	-	367,549	367,549
Total assets	<u>818,294</u>	<u>367,549</u>	<u>1,185,843</u>
 <u>FUND EQUITY</u>			
<u>Fund equity:</u>			
Unassigned	818,294	(818,294)	-
Net Position			
Net investment in capital assets	-	367,549	367,549
Unrestricted	-	818,294	818,294
Total fund equities	<u>818,294</u>	<u>367,549</u>	<u>1,185,843</u>
Total liabilities and fund equity	<u>818,294</u>	<u>367,549</u>	<u>1,185,843</u>

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

TWENTY-SIXTH JUDICIAL DISTRICT

PUBLIC DEFENDERS' OFFICE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2021

	Governmental Fund Statement of Revenues and Expenditures	Adjustments	Statements of Activities
<u>Expenditures/expenses:</u>			
Judiciary:			
Personal services	698,363	-	698,363
Related benefits	194,412	-	194,412
Travel and professional development	17,896	-	17,896
Operating services	1,138,849	(19,025)	1,119,824
Depreciation	-	28,443	28,443
Total expenditures/expenses	<u>2,049,520</u>	<u>9,418</u>	<u>2,058,938</u>
<u>Program revenues:</u>			
Charge for services	67,228	-	67,228
Other charges	626,395	-	626,395
Net program revenues	<u>693,623</u>	<u>-</u>	<u>693,623</u>
<u>General revenues:</u>			
State grants	1,614,629	-	1,614,629
Investment earnings	4,680	-	4,680
Other income	295	-	295
Total general revenues	<u>1,619,604</u>	<u>-</u>	<u>1,619,604</u>
Total revenues	<u>2,313,227</u>	<u>-</u>	<u>2,313,227</u>
<u>Excess of revenues over expenditures/expenses</u>	263,707	(9,418)	-
<u>Change in net position</u>	-	-	254,289
<u>Fund balance/net position:</u>			
Beginning of year	<u>554,587</u>	<u>376,967</u>	<u>931,554</u>
End of year	<u>818,294</u>	<u>367,549</u>	<u>1,185,843</u>

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

TWENTY-SIXTH JUDICIAL DISTRICT

PUBLIC DEFENDERS' OFFICE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

Introduction

The Twenty-Sixth 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 parishes of Bossier and Webster, Louisiana.

As of August 15, 2007, the indigent defender boards in each judicial district were dissolved, and new law created within each judicial district an indigent defender fund which is now administered by the district public defender. New law provides that any surplus monies in the judicial district indigent defender fund on August 15, 2007, will be retained in that judicial district to be used solely and exclusively for purposes of delivering indigent defender services in that judicial district. In addition, effective August 15, 2007, the Indigent Defender Board is referred to as the Public Defenders' Office.

The District Board of the Twenty-Sixth Judicial District was approved by the judges of the District and was comprised of five members through August 15, 2007. The board members were not compensated for their services; however, they were eligible to obtain health insurance for which the Office paid the premium. After August 2007, all public defender offices in Louisiana are now offered oversight by a centralized Board located in Baton Rouge, Louisiana.

The Twenty-Sixth Judicial District Public Defenders' Office is domiciled in Bossier Parish, Benton, Louisiana. All records of proceedings and official actions (all paper, documents, and records) are kept in Benton, Louisiana.

The Twenty-Sixth Judicial District Public Defenders' Office employs 13 people. There are 9 employees at the Bossier office, 2 employees at the Minden office, and 2 employees at the Juvenile Office. All employees are salaried.

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying basic financial statements of the Twenty-Sixth 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 Twenty-Sixth 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

1. Summary of Significant Accounting Policies (Continued)

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 Twenty-Sixth 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 the Office's 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. 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 decreases 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 equity 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 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:

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

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 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, 2021.

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.

1. Summary of Significant Accounting Policies (Continued)

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	818,294
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	<u>367,549</u>
Net Position of Governmental Activities	<u>1,185,843</u>
Excess of revenues over expenditures, Governmental Fund	263,707
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(9,418)
Change in Net Position of Governmental Activities	<u>254,289</u>

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.

Investments

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

Investments held at June 30, 2021 included \$5,998 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB codification 150.165, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and, therefore, not evidenced by securities that exist in physical or book entry form.

LAMP, a local government investment pool, is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary

1. Summary of Significant Accounting Policies (Continued)

objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "Investment Grade (A-1/P-1) commercial paper of domestic United State corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets shall not generally exceed 60 days, and consists of no securities with an excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

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 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>
Buildings and building improvements	10-40 years
Furniture and fixtures	5-15 years
Computer equipment	5 years

Compensated Absences

The Public Defenders' Office does not provide for the accumulation and vesting of paid leave beyond the year in which it is earned.

1. Summary of Significant Accounting Policies (Continued)

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of 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 its 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, 2021:

- (a) The Chief 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) The budgetary amendments involve the transfer of funds from one department, program, or function to another or involve increases or decreases in expenditures resulting from revenues exceeding or failing to meet amounts estimated submitted to the Louisiana Public Defenders' Board for approval.
- (e) Budgetary appropriations lapse at the end of each fiscal year.

The original budget was amended once for the year ended June 30, 2021.

3. Cash and Cash Equivalents

At June 30, 2021, the Public Defenders' Office had cash and cash equivalents (book balances) as follows:

Interest-bearing demand deposits	750,093
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3. Cash and Cash Equivalents (Continued)

These deposits are stated at cost, which approximates market. Custodial credit risk is the risk that, in the event of a bank failure, the Office's deposits might not be recovered. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2021, the Public Defenders' Office had approximately \$840,067 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance and/or a pledge of qualified U.S. Government (or its agencies) Securities.

4. Investments

Louisiana Revised Statutes and the Public Defenders' Office's investment policy govern the procedures to be followed and the types of allowable securities to be purchased by the board. Under state law, the Public Defenders' Office is authorized to invest in United States bonds, treasury notes, or certificates. The Office has no specific policy defining levels of risk and amounts of investments they invest at any given time. Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Public Defenders' Office or its agent in the Office's name.
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Office's name.
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Office's name.

Investments not subject to categorization include investments in an external investment pool. At June 30, 2021, the fair value/carrying amount was \$5,998.

5. Receivables

Receivables of \$62,203 at June 30, 2021 result from items classified as Program Revenues, other charges 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.

6. Capital Assets

Capital assets and depreciation activity as of and for the twelve months ended June 30, 2021, are as follows:

	Beginning Balance 06/30/20	Increase	Decrease	Ending Balance 06/30/21
Governmental activities:				
Buildings and improvements	633,678	19,025	-	652,703
Furniture and equipment	102,054	-	-	102,054
Total	735,732	19,025	-	754,757
Less accumulated depreciation				
Buildings and improvements	274,109	23,449	-	297,558
Furniture and equipment	84,656	4,994	-	89,650
Total	358,765	28,443	-	387,208
Capital assets, net	<u>376,967</u>	<u>(9,418)</u>	<u>-</u>	<u>367,549</u>

7. Pension Plan

Substantially all of the Public Defenders' Office's employees participate in the federal social security program. The Public Defenders' Office is required to remit as a match the amount equal to the employee's contribution. The Public Defenders' Office does not guarantee any of the benefits granted by the Social Security Administration.

The Twenty-Sixth Judicial District Public Defenders' Office established a SIMPLE Individual Retirement Account Plan for its employees effective May 1, 1998. Under the plan, an employee must be eligible to participate in any calendar year if he or she received at least \$5,000 of compensation from the employer during each of the two preceding calendar years and is reasonably expected to receive at least \$5,000 in compensation during the current calendar year.

Under the arrangement, each eligible employee has the right to elect, during the 60-day period preceding the beginning of any calendar year, to participate in the arrangement for that calendar year or to modify the amount of his or her elective contributions for that year. An employee may terminate participation in the arrangement at any time during a calendar year. For the year ended June 30, 2021, the Public Defenders' Office satisfied its matching contribution requirement by electing to make matching contributions of 3% of compensation for each employee who was eligible to participate. The employee's right to both elective contributions and matching contributions is fully vested at all times. The plan does not contain any employer-imposed prohibition on withdrawals from the account. The amount of employer contributions for the period was \$9,251.

8. Leases

The Public Defenders' Office leases office equipment at both the Bossier and Webster locations. The Office incurred \$6,300 in rental expense for the twelve months ended June 30, 2021. The future minimum rental payments for the next five years are as follows:

2022	4,964
2023	3,617
2024	1,800
2025	1,800
2026	450
	<u>12,631</u>

9. Governmental Fund Revenues and Expenditures

Revenues:

State Government

Grants 1,614,629

Local Government

Statutory fines, forfeitures, fees, court costs, and other 626,395

Charges for Services

67,228

Investment Earnings

4,680

Miscellaneous

295

Total revenues

2,313,227

Expenditures:

Personnel Services and Benefits

Salaries 698,363

Retirement contributions 9,251

Insurance 133,171

Payroll taxes 51,990

Total

892,775

Professional Development

Dues, licenses, and registrations 15,768

Travel 1,530

Other 598

Total

17,896

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

Operating Costs

Library and research	11,121	
Contract services-attorney/legal	988,235	
Contract services-other	43,190	
Lease-office	6,300	
Insurance	19,335	
Supplies	13,942	
Repairs and maintenance	11,740	
Utilities and telephone	25,926	
Major acquisitions	19,025	
Other	<u>35</u>	
Total		<u>1,138,849</u>

Total expenditures 2,049,520

10. **Uncertainties Arising Due to Pandemic**

The World Health Organization declared the coronavirus outbreak a pandemic in March 2020. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of substantially all countries around the world, including the geographical area in which the Office operates. While the disruption currently is expected to be temporary, there is considerable uncertainty about its duration. Although the pandemic could negatively affect the Office, the amount of that impact and its duration cannot be reasonably estimated at this time.

11. **Subsequent Events**

We evaluated events and transactions that occurred after the balance sheet date but before the financial statements were made available to be issued for potential recognition or disclosure in the financial statements. We evaluated such events through December 16, 2021, and noted no such subsequent events.

REQUIRED SUPPLEMENTARY INFORMATION

TWENTY-SIXTH JUDICIAL DISTRICT

PUBLIC DEFENDERS' OFFICE

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2021

(Unaudited)

	<u>Original Annual Budget</u>	<u>Amended/ Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance with Final Budget</u>
<u>Revenues:</u>				
Fines and forfeitures	490,000	634,482	626,395	(8,087)
Fees from indigents	70,000	70,000	67,228	(2,772)
State grants	1,484,235	1,608,500	1,614,629	6,129
Interest income	5,000	5,000	4,680	(320)
Other income	-	-	295	295
Total revenues	<u>2,049,235</u>	<u>2,317,982</u>	<u>2,313,227</u>	<u>(4,755)</u>
<u>Expenditures:</u>				
Salaries	800,000	702,107	698,363	3,744
Employer contributions to Simple IRA	15,000	8,585	9,251	(666)
Payroll taxes	80,000	51,990	51,990	-
Hospitalization and disability insurance	160,000	146,314	133,171	13,143
Contract services and appointed counsel	1,102,000	1,079,485	1,006,235	73,250
Office supplies and expense	10,000	10,000	13,942	(3,942)
Accounting and audit expense	30,000	30,000	25,190	4,810
Law library	30,000	18,245	11,121	7,124
Telephone and utilities	25,000	25,000	24,582	418
Lease	24,500	24,500	6,300	18,200
Repairs and maintenance	30,000	30,000	11,740	18,260
Travel and professional development	30,000	11,140	17,896	(6,756)
Insurance	48,000	19,130	19,335	(205)
Other	250	250	1,379	(1,129)
Major acquisitions	64,485	-	19,025	(19,025)
Total expenditures	<u>2,449,235</u>	<u>2,156,746</u>	<u>2,049,520</u>	<u>107,226</u>
<u>Excess of revenues over expenditures</u>	(400,000)	161,236	263,707	102,471
<u>Fund balance at July 1, 2020</u>	<u>624,872</u>	<u>554,587</u>	<u>554,587</u>	<u>-</u>
<u>Fund balance at June 30, 2021</u>	<u>224,872</u>	<u>715,823</u>	<u>818,294</u>	<u>102,471</u>

TWENTY-SIXTH JUDICIAL DISTRICT

PUBLIC DEFENDERS' OFFICE

NOTES TO BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2021

(Unaudited)

1. Budget
Refer to Note 2 of the financial statements for details regarding the budget process.

2. Budget Variances
Actual total revenues were less than budgeted revenues by less than 1% and actual total expenses were less than budgeted expenses by less than 5%.

SUPPLEMENTARY INFORMATION

TWENTY-SIXTH 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, 2021

Agency Head: Michael F. Miller (07/01/20 – 06/30/21)

Salary	97,500
Benefits-insurance-health	12,597
Benefits – retirement	1,200
Dues	435
Travel	147

TWENTY-SIXTH JUDICIAL DISTRICT

PUBLIC DEFENDERS' OFFICE

JUSTICE SYSTEM FUNDING SCHEDULE - RECEIVING ENTITY

AS REQUIRED BY ACT 87 OF THE REGULAR LEGISLATIVE SESSION

CASH BASIS PRESENTATION

FOR THE YEAR ENDED JUNE 30, 2021

	<u>First Six Month Period Ended 12/31/2020</u>	<u>Second Six Month Peroid Ending 06/30/2021</u>
Receipts From:		
Bossier City Court - Criminal Court Costs/Fees	\$ 89,003	\$ 86,678
Minden City Court - Criminal Court Costs/Fees	6,930	3,270
Springhill City Court - Criminal Court Costs/Fees	12,690	8,685
Bossier Parish Sheriff's Office- Criminal Court Costs/Fees	84,540	86,237
Webster Parish Sheriff's Office- Criminal Court Costs/Fees	20,902	29,256
Minden City Court - Criminal Court Costs/Fees	400	200
Bossier Parish Sheriff's Office - Bond Fees	78,509	81,485
City of Bossier - Bond Fees	1,217	2,269
Webster Parish Sheriff's Office - Bond Fees	25,585	17,999
Total Receipts	<u>\$ 319,776</u>	<u>\$ 316,079</u>

OTHER REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS



REGIONS TOWER
333 TEXAS STREET, SUITE 1525 | SHREVEPORT, LOUISIANA 71101
318.429.1525 (P) | 318.429.2124 (F)

December 16, 2021

The Chief Defender
Twenty-Sixth Judicial District Public Defenders' Office
Bossier 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 Twenty-Sixth Judicial District Public Defenders' Office (Office) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Office's basic financial statements, and have issued our report thereon dated December 16, 2021.

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

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 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 a deficiency in internal control over financial reporting that we consider to be a material weakness as item 2021-01.

Compliance and Other Matters

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

Twenty-Sixth Judicial District Public Defenders' Office's Response to Findings

Twenty-Sixth Judicial District Public Defenders' Office response to the finding identified in our audit is described in the accompanying management's corrective action plan for current year findings. Twenty-Sixth Judicial District Public Defenders' Office 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

TWENTY-SIXTH JUDICIAL DISTRICT

PUBLIC DEFENDERS' OFFICE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2021

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the Twenty-Sixth Judicial District Public Defenders' Office.
2. No instances of noncompliance material to the basic financial statements of the Twenty-Sixth Judicial District Public Defender were disclosed during the audit.
3. One material weakness in internal control over financial reporting was disclosed during the audit.
4. The Twenty-Sixth Judicial District Public Defenders' Office was not subject to a Federal Single Audit for the year ended June 30, 2021.

B. Findings – Financial Statement Audit

2021-01 Internal Controls with Regard to Financial Reporting

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. Under generally accepted auditing standards, this condition represents a control deficiency that is also considered to be a material weakness in internal controls.

Statement on Auditing Standards (SAS) 115 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or impractical.

Management feels the resolution to this finding would be both impractical and cost prohibitive.

C. Findings and Questioned Costs – Major Federal Award Programs

Not applicable.

TWENTY-SIXTH JUDICIAL DISTRICT
PUBLIC DEFENDERS' OFFICE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

Prior Findings – Financial Statement Audit

2020-01 Internal Controls with Regard to Financial Reporting

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, not has management demonstrated an ability to perform these functions in-house. Under generally accepted auditing standards, this condition represents a control deficiency that is also considered to be a material weakness in internal controls.

TWENTY-SIXTH JUDICIAL DISTRICT

PUBLIC DEFENDERS' OFFICE

MANAGEMENT'S CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS

FOR THE YEAR ENDED JUNE 30, 2021

2021-01 Internal Controls with Regard to Financial Reporting

Statement on Auditing Standards (SAS) 115 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or impractical.

Management feels the resolution to this finding would be both impractical and cost prohibitive.