

**FORTIETH JUDICIAL DISTRICT
PUBLIC DEFENDERS OFFICE**

**Annual Financial Report
And Independent Auditor's Report
As of and for the Year Ended
June 30, 2017**

KEITH M. RIVERE
Certified Public Accountant

**FORTIETH JUDICIAL DISTRICT
PUBLIC DEFENDERS OFFICE**
St. John the Baptist Parish, Louisiana

Annual Financial Statements and
Independent Auditor's Report

As of and for the Year Ended
June 30, 2017

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INDEPENDENT AUDITOR'S REPORT

To the District Public Defender
Fortieth Judicial District Public Defenders Office
La Place, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities and major fund of the Fortieth Judicial District Public Defenders Office (the "Public Defender") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Public Defender'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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the basic 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my 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 Fortieth Judicial District Public Defenders Office, as of June 30, 2017, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 8 and 29 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fortieth Judicial District Public Defenders Office's basic financial statements. The schedule of compensation, benefits and other payments to agency head or chief executive officer is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of compensation, benefits and other payments to agency head or chief executive officer is the responsibility of management and was derived from and related directly related to the underlying accounting and other records used to prepare the financial statements. Such information has been subject to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statement themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued a report dated November 10, 2017, on my consideration of the Fortieth Judicial District Public Defenders Office's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Fortieth Judicial District Public Defender's internal control over financial reporting and compliance.



Keith M. Rivere
Certified Public Accountant
November 10, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

St. John the Baptist Parish, Louisiana
Management's Discussion and Analysis
As of and for the year ended June 30, 2017

The Management's Discussion and Analysis (MD&A) of the Fortieth Judicial District Public Defenders Office's financial performance presents a narrative overview and analysis of the Public Defender's financial activities for the year ended June 30, 2017. Please read this document in conjunction with the additional information contained in the basic financial statements.

FINANCIAL HIGHLIGHTS

- The Public Defender's total net position decreased by \$181,325 or 38 percent over the course of the year's operations.
- Revenues decreased by \$330,650 or 36 percent to \$581,983 while expenses for the year decreased by 11 percent or approximately \$90,617.
- The general fund reported a fund balance of \$286,709, a decrease from June 30, 2016 of 38 percent.

OVERVIEW OF THE FINANCIAL STATEMENTS

The minimum requirements for financial reporting on the Fortieth Judicial District Public Defenders Office that was established by GASB No. 34 are divided into the following sections:

- (a) Management's Discussion and Analysis
- (b) Basic Financial Statements
- (c) Required Supplementary Information (other than MD&A)

Basic Financial Statements:

The basic financial statements present information for the district as a whole, in a format designed to make the statements easier for the reader to understand. The financial statements in this section are divided into the two following types:

- (1) Government-Wide Financial Statements, which include a Statement of Net Position and a Statement of Activities. These statements present financial information for all activities of the district from an economic resources measurement focus using the accrual basis of accounting and providing both short-term and long-term information about the district's overall financial status.

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

St. John the Baptist Parish, Louisiana
Management's Discussion and Analysis
As of and for the year ended June 30, 2017

- (2) Fund Financial Statements, which include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund (a governmental fund). These financial statements present information on the individual fund of the district allowing for more detail. The current financial resources measurement focus and the accrual basis of accounting used to prepare these statements are dependent on the fund type. The district's main governmental fund is the General Fund. The statements in this section represent the short-term financing of general government.

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Position
As of June 30, 2017 and 2016

	<u>6/30/17</u>	<u>6/30/16</u>
Current and other assets	\$286,739	\$470,373
Capital assets	<u>4,519</u>	<u>4,754</u>
 Total Assets	 <u>291,258</u>	 <u>475,127</u>
 Deferred Outflows of Resources	 <u>-0-</u>	 <u>-0-</u>
 Current liabilities	 30	 2,574
Long-term liabilities	<u>-0-</u>	<u>-0-</u>
 Total Liabilities	 <u>30</u>	 <u>-0-</u>
 Deferred Inflows of Resources	 <u>-0-</u>	 <u>-0-</u>
 Net Position:		
Invested in capital assets, net of debt	4,519	4,754
Unrestricted	286,709	467,799
Restricted	-0-	-0-
 Total Net Position	 <u>-----</u> <u>\$291,228</u> <u>=====</u>	 <u>-----</u> <u>\$472,553</u> <u>=====</u>

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

St. John the Baptist Parish, Louisiana
 Management's Discussion and Analysis
 As of and for the year ended June 30, 2017

The district's net position decreased by \$181,325 or 38 %, from the prior year primarily due to a decrease in court cost revenue and state revenue during the last fiscal year.

The public defender's office does not have any "restricted" net position. The district does have "unrestricted" net position, and those are net position that do not have any limitations on what these amounts may be used for.

Statement of Activities
 For the years ended June 30, 2017 and 2016

	<u>6/30/17</u>	<u>6/30/16</u>
Revenues		
Statutory fines, forfeitures, and court cost	\$512,099	\$821,777
Intergovernmental	39,798	37,431
Charges for services	9,804	14,127
Interest	730	765
Miscellaneous	19,552	38,533
	-----	-----
	\$581,983	\$912,633
	=====	=====
Expenditures		
Personnel	692,757	750,969
Other Operating	70,316	102,721
	-----	-----
	<u>763,073</u>	<u>853,690</u>
Net Changes in Net Position	\$ (181,090)	\$ 58,943
	=====	=====

During the fiscal year total revenues decreased by \$330,650 or 36%. The total cost of all expenditures decreased by \$90,617, or 11%. The decrease in total revenue is primarily due to a decrease in court cost revenue.

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

St. John the Baptist Parish, Louisiana
Management's Discussion and Analysis
As of and for the year ended June 30, 2017

CAPITAL ASSETS

At June 30, 2017, the Public Defender has invested \$4,519 in capital assets.

	<u>Governmental Activities</u>	
<u>Capital Assets</u>	<u>6/30/17</u>	<u>6/30/16</u>
Equipment & Furniture	\$34,694	\$33,520
Accumulated Depreciation	<u>(30,175)</u>	<u>(28,766)</u>
Net Capital Assets	<u>\$ 4,519</u>	<u>\$ 4,754</u>

USING THIS ANNUAL REPORT

This annual report consists of a report on the general financial highlighted statements (above), a general report on the entity performance as a whole, and an activities statement on contributing factors affecting the Public Defender's past and future financial conditions. Other supporting financial statements and comments are enclosed as components to the annual audit as presented by the auditing agent.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Public Defender is dependent on bail bond fees, forfeitures, and court cost collected in St. John the Baptist Parish for approximately 88 percent of its revenues. The principal funding source consist of payments of court cost by persons pleading guilty to misdemeanor and traffic offenses, which is an uncertain amount that fluctuates from month to month and is entirely unrelated to the District's workload or expenses. External factors such as reduction in enforcement activities, convictions, assessment of court cost, and effective collection of the amounts assessed, all controlled by others who are the District's legal adversaries within the criminal justice system, could result in some unknown or unknowable reduction of the amount of projected revenues.

Two of the main reasons for the reduction in revenue is due to the Sheriff ceasing participation in the L.A.C.E. ticket writing program and the District Attorney's use of the pre-trial intervention and diversion programs. The principal funding source was curtailed by the sudden unilateral cessation by the local sheriff of his participation in the L.A.C.E. ticket-writing program, in July 2016, despite a 5-year agreement to participate. The resumption of ticket-writing in the spring of 2017, has not yet, as of September 2017,

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

St. John the Baptist Parish, Louisiana
Management's Discussion and Analysis
As of and for the year ended June 30, 2017

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS (CONTINUED)

resulted in revenue at a level experienced before July 2016. The local District Attorney takes advantage of the authority to use the pre-trial intervention and diversion program to derive funding for that office, which reduces court costs allocated to the Indigent Defender Fund, and numerous other agencies that receive a portion of court costs collected, resulting in further unknown future revenue.

CONTACTING THE BOARD'S MANAGEMENT

This financial report is designed to provide the citizens, taxpayers, customers, and creditors with a general overview of the district's finances, and to demonstrate the district's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact Mr. Richard B. Stricks, District Public Defender of the Fortieth Judicial District Public Defenders Office, 75 Dominican Drive, Suite 202, La Place, Louisiana, or telephone, 985-651-6677 (extension 201).

BASIC FINANCIAL STATEMENTS

FORTIETH JUDICIAL DISTRICT
PUBLIC DEFENDERS OFFICE
St. John the Baptist Parish, Louisiana
Governmental Funds Balance Sheet/Statement of Net Position

June 30, 2017

	General Fund	Other Funds	Total	Adjustments	Statement of Net Position
ASSETS					
Cash and cash equivalents	\$28,538	\$0	\$28,538	\$0	\$28,538
Certificates of Deposit	204,488		204,488		204,488
Receivables	51,313	0	51,313	0	51,313
Inventories					
Other Assets	2,400	0	2,400	0	2,400
Capital assets, net of accumulated depreciation (Note C)				4,519	4,519
Total Assets	\$286,739	\$	\$286,739	\$4,519	\$291,258
DEFERRED OUTFLOWS OF RESOURCES					
	0	0	0	0	0
LIABILITIES					
Liabilities:					
Cash overdraft	\$	\$	\$	\$	\$
Accounts payable	-		-	0	-
Payroll Tax Payable	30		30		30
Garnishment Payable	-		-		-
Escrow Payable					
Long-term liabilities					
Due within one year					
Due after one year					
Total Liabilities	\$30		\$30		\$30
DEFERRED INFLOWS OF RESOURCES					
	0	0	0	0	0
FUND BALANCES/NET POSITION					
Fund balances:					
Reserved for inventories					
Unassigned, reported in:					
General Fund	286,709		286,709	(286,709)	-
Other Funds					
Total Fund Balances	286,709		286,709	(286,709)	-
Total Liabilities and Fund Balances	\$ 286,739		\$ 286,739	\$ (286,709)	\$ 30
NET POSITION					
Invested in Capital Assets, Net of Related Debt				4,519	4,519
Restricted				-	-
Unrestricted				286,709	286,709
Total Net Position				\$ 291,228	\$ 291,228

\$ -

The accompanying notes are an integral part of this statement.

FORTIETH JUDICIAL DISTRICT
PUBLIC DEFENDERS OFFICE
St. John the Baptist Parish, Louisiana
GOVERNMENTAL FUNDS

Statement of Governmental Fund Revenues,
Expenditures, and Changes in Fund Balances/
Statement of Activities
For the Year Ended June 30, 2017

	General Fund	Other Funds	Total	Adjustments	Statement of Activities
EXPENDITURES/EXPENSES					
Public Defender:					
Salaries	\$370,223		\$370,223		\$370,223
Hospitalization and Disability Insurance	3,945		3,945		3,945
Payroll Taxes	28,258		28,258		28,258
Workers' Compensation	3,675		3,675		3,675
Malpractice Insurance	7,657		7,657		7,657
Auto/Physical Liability Insurance	2,217		2,217		2,217
Audit/Accounting Expense	7,200		7,200		7,200
Expert Witness	-		-		-
Investigators	6,629		6,629		6,629
Capital Representation			-		-
Contract-Juvenile Attorneys	104,996		104,996		104,996
Misdemeanor Attorney Contracts			-		-
Contract Attorneys-all others	181,660		181,660		181,660
Building Lease/Rent	16,270		16,270		16,270
Office Repairs and Maintenance	2,237		2,237		2,237
IT/Technical Support	2,593		2,593		2,593
Equipment Lease/Rent	3,343		3,343		3,343
Telephone/Utilities/Postage/Internet	6,553		6,553		6,553
Office Supplies	2,598		2,598		2,598
Parking/Auto Tolls	2		2		2
Advertisements	103		103		103
Travel/Lodging/Per Diem/Mileage	3,683		3,683		3,683
Dues and Seminars	4,355		4,355		4,355
Law Library/Journals/Subscriptions	813		813		813
Other Operating Expense	2,885		2,885		2,885
Miscellaneous	4		4		4
Capital Outlay	1,174		1,174	(1,174)	-
Interpreters			-		-
Depreciation				1,409	1,409
Total Expenditures/Expenses	763,073	-	763,073	235	763,308
PROGRAM REVENUES					
Charges for services	9,804		9,804		9,804
Statutory fines, forfeitures, fees and court costs	512,099		512,099		512,099
Other charges	39,798		39,798		39,798
Net Program Expense (Revenue)	201,372	-	201,372	235	201,607
GENERAL REVENUES					
State revenue	1,043		1,043		1,043
Local grants	17,500		17,500		17,500
Investment earnings	730		730		730
Miscellaneous	1,009		1,009		1,009
Total General Revenues	20,282	-	20,282	-	20,282
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES/CHANGE IN NET POSITION	(181,090)	-	(181,090)	(235)	(181,325)
FUND BALANCE/NET POSITION:					
Beginning of the Year	467,799		467,799	4,754	472,553
End of Year	\$ 286,709	\$ -	\$ 286,709	\$ 4,519	\$ 291,228

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

St. John the Baptist Parish, Louisiana

Notes to the Financial Statements

June 30, 2017

INTRODUCTION

The Fortieth Judicial District Public Defenders Office (the Public Defender) was established in compliance with Louisiana Revised Statutes 15:141-149 and modified by Act 307 implemented August 15, 2007. The purpose of the Public Defender is to provide adequate legal representation of indigent persons charged with commission of criminal offenses and abuse or neglect of children. The Public Defender encompasses the parish of St. John the Baptist, which is located in the State of Louisiana. The Public Defender is composed of a District Public Defender who works under the supervision of the Louisiana Public Defender Office. The Louisiana Public Defender Board governs the Louisiana Public Defender Office. Revenues to finance the Public Defender's operations are provided primarily from court costs imposed by the various courts within the District and State Revenues received through distributions from the Louisiana Public Defender Office.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Presentation

The accompanying basic financial statements of the Fortieth 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 34, *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999 and GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*.

2. Reporting Entity

For the financial reporting purposes, in conformance with GASB Codification Section 2100, the Public Defenders Office is part of the district court system of the State of Louisiana. However, the state statues that created the districts also gave each of the District Defenders control over their own operations. This includes the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. The

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

St. John the Baptist Parish, Louisiana

Notes to the Financial Statements

June 30, 2017

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

Louisiana Public Defender Board is financially independent and operates autonomously from the State of Louisiana and is independent from the district court system. Therefore, the Public Defenders Office reports as a reporting entity, not as a component unit and the general purpose financial statements include only the transactions of the Fortieth Judicial District Public Defenders Office.

3. Fund Accounting

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

Governmental Funds

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

General Fund - the primary operating fund of the Public Defender 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 it is expended or transferred in accordance with state and federal laws and according to Public Defender policy.

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

St. John the Baptist Parish, Louisiana

Notes to the Financial Statements

June 30, 2017

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Measurement Focus/Basis of Accounting
Fund Financial Statements (FFS)

The amounts reflected in the General Fund and Other Funds, of Statements A and B, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Public Defender's operations.

The amounts reflected in the General Fund and Other Funds, of Statements A and B, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Public Defender considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues:

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. All major revenues (court fines) are susceptible to accrual.

Expenditures:

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

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

St. John the Baptist Parish, Louisiana

Notes to the Financial Statements

June 30, 2017

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide Financial Statements (GWFS)

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

Program Revenues - Program revenues included in the column labeled Statement of Activities (Statement B) are derived directly from Public Defender users as a fee for services; program revenues reduce the cost of the function to be financed directly from the Public Defender's general revenues.

Reconciliation

The reconciliation of the items reflected in the funds columns to the Statement of Activities (Statement B) and Statement of Net Position (Statement A) are as follows:

Net Change in Fund Balance-Governmental Funds		\$(181,090)
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense.		
In the current year:		
Expenditures for Capital assets	\$1,174	
Less current depreciation expense	<u>(1,409)</u>	<u>(235)</u>
Change in Net position of governmental activities		\$(181,325)
		=====

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

St. John the Baptist Parish, Louisiana

Notes to the Financial Statements

June 30, 2017

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Budgets and Budgetary Accounting

The Public Defender's office 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 Public Defender 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. The budget is made available for public inspection for a fifteen-day period prior to a public hearing held to obtain taxpayer comment.
3. The budget for the General Fund is adopted on the cash basis of accounting.
4. The budget is adopted at the public hearing and is authorized for implementation on the first day of the fiscal year.
5. All annual appropriations lapse at year-end.

The following is a reconciliation of the excess of revenues over expenditures on Schedule 1 (budget comparison) with the excess of revenues over expenditures on Statement B for the General Fund:

	General <u>Fund</u>
Excess (Deficiency) of receipts over disbursements – Schedule 1	\$(170,342)
Add:	
+ Receivables at June 30, 2017	52,512
+ Liabilities at June 30, 2016	-0-
Less:	
- Receivables at June 30, 2016	(63,260)
- Liabilities at June 30, 2017	<u>(-0)</u>
Excess (Deficiency) of revenues over expenditures – Statement B	\$(181,090) =====

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

St. John the Baptist Parish, Louisiana

Notes to the Financial Statements

June 30, 2017

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. Encumbrances

The Public Defender does not use encumbrance accounting.

7. Cash and Cash Equivalents

Cash includes amounts in demand deposits and time deposits. The Public Defender considers all highly liquid investments with a maturity of 90 days or less when purchased to be cash equivalents. Under state law, the Public Defender may deposit funds in demand deposit accounts, interest bearing demand deposit accounts, money market accounts, 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.

8. Court Cost Receivables

Receivables include amounts which were due to be received by June 30, 2017, but were not actually received until after June 30, 2017. Collection is assured for receivables for court costs and forfeitures and bail bond fees; these fees are recognized as revenue when earned.

9. 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 Defender maintains a threshold level of \$300 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 estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture, fixtures and equipment	5 years

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

St. John the Baptist Parish, Louisiana

Notes to the Financial Statements

June 30, 2017

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. Annual and Sick Leave

The Public Defender Office has an annual leave policy for allowing both full time and part time employees. For full time employees (40 hours per week), the vacation policy is after one (1) year of full time service, each employee is entitled to ten days off as paid vacation. After ten (10) years of full time service, each employee is entitled to twenty (20) days off as paid vacation. Vacation days have no cash value. At the time of termination of employment, whether voluntary or involuntary, the departing employee will not be paid any money as compensation for the accumulated unused vacation days. There is only one full time employee in the Public Defender Office.

Sick leave policy allows one day per month sick leave for full-time, permanent employees. Employees may carryover and accumulate up to sixty sick days. Sick days have no cash value. At the time of termination of employment, whether voluntary or involuntary, the departing employee will not be paid any money as compensation for the accumulated unused “sick days.”

For part time employees, for each calendar year paid (annual) leave is accrued at variable rates and depends on the number of hours worked per week. Leave for part time employees range from four (4) hours per month to eight (8) hours per month and must be taken or lost by December 31. Annual leave is undifferentiated between sick leave and vacation. Paid leave has no cash value. At the time of termination of employment, whether voluntary or involuntary, the departing employee will not be paid any money as compensation for the accumulated unused leave.

There are no paid leave provisions for contractors who are denied pay when they miss scheduled court appearances for any reason, including handling a case in their private practice, illness, or vacation.

11. 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.

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

St. John the Baptist Parish, Louisiana

Notes to the Financial Statements

June 30, 2017

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

12. Equity Classifications

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

- a. Invested in capital assets, net of related debt – 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 that are attributable to the acquisition, construction, or improvement of those capital assets. At year end, the Public Defender did not have any borrowings that were related to capital assets.
- b. Restricted net position – Consists of assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be 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.
- c. Unrestricted net position – All other assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt,” or deferred outflows of resources, liabilities, and deferred inflows of resources.

When both restricted and unrestricted resources are available for use, it is the government’s policy to use restricted resources first, then unrestricted resources as they are needed.

In the fund financial statements, governmental fund equity is classified as fund balance. The Public Defender has adopted GASB Statement 54 for the year ended June 30, 2017. As such, fund balance of the governmental fund is classified as follows:

Non-spendable- represents amounts that are not expected to be converted to cash because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted- represents balances where constraints have been established by parties outside the Public Defenders office or imposed by law through constitutional provisions or enabling legislation.

Committed- represents balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Public Defender.

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

St. John the Baptist Parish, Louisiana

Notes to the Financial Statements

June 30, 2017

Assigned- represents balances that are constrained by the Public Defender's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned- represents balances for which there are no constraints.

When expenditures are incurred for the purposes for which both restricted and unrestricted amounts are available, the Public Defender reduces restricted amounts first, followed by unrestricted amounts. When expenditures are incurred for purposes for which committed, assigned and unassigned amounts are available, the Public Defender reduces committed amounts first, followed by assigned amounts and then unassigned amounts.

NOTE B – CASH

At June 30, 2017, the Public Defender had cash (book balances) as follows:

	Current
	Unrestricted
Demand deposit	\$ 28,538
Time deposits	<u>204,488</u>
Total	\$233,026
	=====

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

Custodial Credit Risk-Is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2017, of the bank balance was not exposed to custodial credit risk.

Interest Rate Risk-The Office does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

St. John the Baptist Parish, Louisiana

Notes to the Financial Statements

June 30, 2017

NOTE C – CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2017 is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Furniture, Fixtures, Equipment & Computers	\$33,520	1,174	(-0-)	\$34,694
Less: Accumulated Depreciation	28,766	1,409	(-0-)	30,175
Net Capital Assets	\$ 4,754	\$(235)	\$ -0-	\$4,519

For the year ended June 30, 2017, depreciation expense was \$1,409.

NOTE D – PENSION PLAN

The Fortieth Judicial District Public Defenders Office does not have a pension plan or any other retirement plan for their employees.

NOTE E – OTHER POSTEMPLOYMENT BENEFITS

The Fortieth Judicial District Public Defenders Office does not provide any other post-employment benefits.

NOTE F – LEASES AND COMMITMENTS

The Public Defender leases office space (Suite 202) under a two-year operating lease, which expired June 30, 2010. After June 30, the lease became month to month. The monthly rental payment is \$1,200. In addition, the Public Defender entered into an agreement to lease a copier under a five year operating lease, which expires September 14, 2021. The rental payment is \$227.19 per month. The Public Defender also rents storage space under a one year operating lease which expires March 12, 2018. The total rent for the year was paid in total by June 30, 2017. The Public Defender has no other capital or operating leases open at June 30, 2017. For the year ended June 30, 2017, rent expense for office space and equipment totaled \$19,613.

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

St. John the Baptist Parish, Louisiana

Notes to the Financial Statements

June 30, 2017

The minimum annual commitments under non-cancelable operating leases are as follows:

Fiscal Year	<u>Equipment</u>
2018	\$2,726
2019	2,726
2020	2,726
2021	2,726
2022	<u>455</u>
Total	\$11,359

NOTE G – LITIGATION AND CLAIMS

The Public Defender is not involved in any litigation and is not aware of any claims outstanding that require disclosure in the accompanying financial statements.

NOTE H – CONCENTRATIONS

The majority of revenue earned by the district comes from the Parish of St John the Baptist in the form of bail bond fees, forfeitures, and court cost. The principal funding source consists of court cost by persons pleading guilty to misdemeanor and traffic offenses, which is an uncertain amount that fluctuates from month to month and is entirely unrelated to the Public Defenders Office workload or expenses. External factors such as reduction in enforcement activities, convictions, and assessment of court cost could result in a reduction in revenue.

NOTE I – ECONOMIC FACTORS

The Public Defender is dependent on bail bond fees, forfeitures, and court cost collected in St. John the Baptist Parish for approximately 88 percent of its revenues. The principal funding source consist of payments of court cost by persons pleading guilty to misdemeanor and traffic offenses, which is an uncertain amount that fluctuates from month to month and is entirely unrelated to the District's workload or expenses. External factors such as reduction in enforcement activities, convictions, assessment of court cost, and effective collection of the amounts assessed, all controlled by others who are the District's legal adversaries within the criminal justice system, could result in some unknown or unknowable reduction of the amount of projected revenues.

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

St. John the Baptist Parish, Louisiana

Notes to the Financial Statements

June 30, 2017

Two of the main reasons for the reduction in revenue is due to the Sheriff ceasing participation in the L.A.C.E. ticket writing program and the District Attorney's use of the pre-trial intervention and diversion programs. The principal funding source was curtailed by the sudden unilateral cessation by the local sheriff of his participation in the L.A.C.E. ticket-writing program, in July 2016, despite a 5-year agreement to participate. The resumption of ticket-writing in the spring of 2017, has not yet, as of September 2017, resulted in revenue at a level experienced before July 2016. The local District Attorney takes advantage of the authority to use the pre-trial intervention and diversion program to derive funding for that office, which reduces court costs allocated to the Indigent Defender Fund, and numerous other agencies that receive a portion of court costs collected, resulting in further unknown future revenue.

NOTE J – HEALTH CARE AND LIFE INSURANCE BENEFITS

Beginning in January, 2017, all employees of the 40th Judicial District Public Defender Office working 30 hours per week or more were offered coverage on a Group Policy of Health Insurance. The District pays for one half of the monthly premium for each employee only. Coverage for family members is not paid for by the District. The employee pays for the other half through a payroll deduction. There is a 90 day waiting period after commencing employment to be eligible for this benefit.

NOTE K – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date the financial statements were available to be issued, November 10, 2017, and determined that there was one event that require disclosure.

The District received a DAF (District Assistance Fund) grant in the amount of \$183,055 in July, 2017, from the Louisiana Public Defender Board to cover the short fall from local revenue. Those funds come from State revenue allocated to public defense.

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

St. John the Baptist Parish, Louisiana

Notes to the Financial Statements

June 30, 2017

NOTE L – RISK MANAGEMENT

The Public Defenders Office is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Public Defenders Office has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage from the prior year. No settlements were made during the year that exceeded the Public Defenders Office's coverage.

The Public Defenders Office's management has not purchased commercial insurance or made provisions to cover or reduce the risk of loss, as a result of business interruption and certain acts of God, like floods or earthquakes.

NOTE M - GOVERNMENTAL FUND REVENUES AND EXPENDITURES

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

Revenues:

State Government

Appropriations - general	\$1,043	
Appropriations - special		
Revenue sharing		
Grants		
On-behalf payments		
Other		
Total		\$1,043

Local Government

Appropriations - general		
Appropriations - special		
Grants		
Statutory fines, forfeitures, fees, court costs, and other	\$512,099	
Taxes - millages, sales, special, and other	17,500	
Criminal court fund		
On-behalf payments		
Condition of Probation	39,798	
Total		\$569,397

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

St. John the Baptist Parish, Louisiana

Notes to the Financial Statements

June 30, 2017

Federal Government

Grants - direct

Grants - indirect (passed-through state)

Total

Other Grants and Contributions

Non-profit organizations

Private organizations

Corporate

Other

Total

Charges for Services

\$9,804

Investment earnings

\$730

Miscellaneous

\$1,009

Total Revenues

\$581,983

Expenditures:

Personnel Services and Benefits

Salaries

\$370,223

On-behalf payments - salaries

Retirement contributions

On-behalf payments - retirement

Insurance

7,620

On-behalf payments - insurance

Payroll taxes

28,258

Other

Total

\$406,101

Professional Development

Dues, licenses, and registrations

4,355

Travel

Other

Total

\$4,355

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

St. John the Baptist Parish, Louisiana

Notes to the Financial Statements

June 30, 2017

Operating Costs

Library and research	813	
Contract services - attorney/legal	286,656	
Contract services - other	13,829	
Lease - office	16,270	
Lease - autos and other	3,343	
Travel - transportation	2,923	
Travel - other	760	
Insurance	9,874	
Supplies	2,598	
Repairs and maintenance	2,237	
Utilities and telephone	6,553	
Other	5,587	
Total		\$351,443

Debt Service

Capital outlay \$1,174

Total Expenditures \$763,073

NOTE N - NEW ACCOUNTING PRONOUNCEMENTS

During the fiscal year ended June 30, 2013, the district has adopted the provisions of GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, which provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The Statement of Net Assets has been renamed the Statement of Net Position, and includes the following elements: assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

REQUIRED SUPPLEMENTAL INFORMATION

FORTIETH JUDICIAL DISTRICT
PUBLIC DEFENDERS OFFICE
St. John the Baptist Parish, Louisiana
GOVERNMENTAL FUND - GENERAL FUND

Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget
(Cash Basis) and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts Cash Basis	Budget to GAAP	Actual Amount GAAP Basis
	Original	Final		Differences Over(Under)	
REVENUES					
Charges for services	\$ 14,717	\$ 9,364	\$ 9,364	\$ 440	\$ 9,804
Statutory fines, forfeitures, fees and court costs	773,733	532,032	532,032	(19,933)	512,099
Other charges	67,894	35,752	35,752	4,046	39,798
State revenue	-	1,043	1,043	-	1,043
Local grants	-	14,000	14,000	3,500	17,500
Investment earnings	244	631	730	99	730
Miscellaneous	-	-	-	1,009	1,009
Total revenues	856,588	592,822	592,921	(10,839)	581,983
EXPENDITURES					
Salaries	314,648	370,223	370,223	-	370,223
Hospitalization and Disability Insurance	-	3,945	3,945	-	3,945
Payroll Taxes	24,071	28,258	28,258	-	28,258
Workers' Compensation	1,800	3,675	3,675	-	3,675
Malpractice Insurance	9,204	7,657	7,657	-	7,657
Auto/Physical Liability Insurance	2,208	2,217	2,216	-	2,217
Audit/Accounting Expense	7,200	7,200	7,200	-	7,200
Expert Witness	9,000	-	-	-	-
Investigators	36,000	6,629	6,629	-	6,629
Capital Representation	-	-	-	-	-
Contract-Juvenile Attorneys	132,000	104,996	104,996	-	104,996
Misdemeanor Attorney Contracts	17,400	-	-	-	-
Contract Attorneys-all others	281,640	182,014	181,660	(354)	181,660
Building Lease/Rent	16,200	16,270	17,470	-	16,270
Office Repairs and Maintenance	3,180	2,327	2,237	(90)	2,237
IT/Technical Support	7,800	2,593	2,593	-	2,593
Equipment Lease/Rent	3,000	3,343	3,343	-	3,343
Telephone/Utilities/Postage/Internet	6,564	6,553	6,553	-	6,553
Office Supplies	3,000	2,598	2,598	-	2,598
Parking/Auto Tolls	96	2	2	-	2
Advertisements	120	102	103	1	103
Travel/Lodging/Per Diem/Mileage	6,840	3,533	3,683	150	3,683
Dues and Seminars	4,704	4,605	4,355	(250)	4,355
Law Library/Journals/Subscriptions	1,800	813	813	-	813
Other Operating Expense	3,720	2,984	2,885	(99)	2,885
Miscellaneous	-	-	4	4	4
Capital Outlay	1,200	-	165	1,174	1,174
Interpreters	600	-	-	-	-
Depreciation	-	-	-	-	-
Total Expenditures	893,995	762,537	763,263	536	763,073
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(37,407)	(169,715)	(170,342)	(11,375)	(181,090)
OTHER FINANCING SOURCES (Uses)					
Total other financing sources (uses)					
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(37,407)	(169,715)	(170,342)	(11,375)	(181,090)
FUND BALANCE (Deficit) AT BEGINNING OF YEAR	404,539	404,539	404,539	63,260	467,799
FUND BALANCE (Deficit) AT END OF YEAR	\$ 367,132	\$ 234,824	\$ 234,197	\$ 51,885	\$ 286,709

EXPLANATION OF DIFFERENCES:

(1) Receivables at 6/30/16	63,260
(2) Payables at 6/30/16	
Net increase in fund balance--budget to GAAP	63,260

The accompanying notes are an integral part of this statement.

**FORTIETH JUDICIAL DISTRICT
PUBLIC DEFENDERS OFFICE
St. John the Baptist Parish, Louisiana
GOVERNMENTAL FUND - GENERAL FUND**

**Schedule of Compensation, Benefits, and Other
Payments to Agency Head or Chief Executive Officer
For the Year Ended June 30, 2017**

Agency Head Name: Richard B. Stricks, District Public Defender

<u>Purpose</u>	<u>Amount</u>
Salary	95,000.00
Benefits - Insurance	
Benefits - Retirement	
Benefits - Other	
Benefits - Payroll Taxes	7,268.00
Car Allowance	
Vehicle provided by government	
Per diem	
Dues	360.00
Travel/Auto Mileage	150.00
Registration fees	
Conference travel	
Continuing professional education fees	
Housing	
Unvouchered expenses	
Special meals	

The accompanying notes are an integral part of this statement.

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

KEITH M. RIVIERE, CPA

**75 Dominican Drive
Suite 206
LaPlace, LA 70068
(985) 652-6029**

**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**

To the District Public Defender
Fortieth Judicial District
Public Defenders Office
La Place, Louisiana

I 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 Fortieth Judicial District Public Defenders Office (the "Public Defender"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Fortieth Judicial District Public Defender Office's basic financial statements and have issued my report thereon dated November 10, 2017.

Internal Control over Financial Reporting

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

My 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. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses, identified as findings 17-1(IC) and 17-2(IC), that I consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fortieth Judicial District Public Defenders Office's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 17-3 (C).

Fortieth Judicial District Public Defenders Office's Response to Findings

The Public Defender's response to the findings identified in my audit is described in the accompanying schedule of findings and responses. The Public Defender's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of report is solely to describe the scope of my 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* and should be read in conjunction with the enclosed Independent Auditor's Report in considering the entity's internal control and compliance. According, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



Keith M. Rivere
Certified Public Accountant
November 10, 2017

FORTIETH JUDICIAL DISTRICT
PUBLIC DEFENDERS OFFICE
St. John the Baptist Parish, Louisiana

Schedule 3

Summary Schedule of Current and Prior Year Audit Findings and Responses
For The Year Ended June 30, 2017

Ref. No	Fiscal Year Finding Initially Occurred	Description of findings	Corrective Action Taken	Responses	Name of Contact Person	Anticipated Completion Date
Current Year (6/30/17)						
Internal Control						
17-1(IC)	Unknown	Due to the small number of employees, the Organization did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary	Richard Stricks	N/A
17-2(IC)	2007	The Organization does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	No	The Organization has evaluated the cost vs benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interest of the Organization to outsource this task to its independent auditor, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation	Richard Stricks	N/A
17-3(C)	2017	One part-time employee did not have the ethics course completion certificate		Management will require all employees to have the ethics course completion certificate as soon as they are hired in the future. Management will require the employee to take the ethics course in order to keep his or hers job.	Richard Stricks	
Prior Year (6/30/16)						
Internal Control						
16-1(IC)	Unknown	Due to the small number of employees, the Organization did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary	Richard Stricks	N/A
16-2(IC)	2007	The Organization does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	No	The Organization has evaluated the cost vs benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interest of the Organization to outsource this task to its independent auditor, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation	Richard Stricks	N/A

AGREED-UPON PROCEDURES

KEITH M. RIVERE, CPA

**75 Dominican Drive
Suite 206
LaPlace, LA 70068
(985) 652-6029**

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the District Public Defender
Fortieth Judicial District Public Defenders Office
La Place, Louisiana 70068

I have performed the procedures described in Schedule 2, which were agreed to by Fortieth Judicial District Public Defender and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Entity'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, I 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 described in Schedule 2.

I am 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, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my 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.



Keith M. Rivere
Certified Public Accountant
November 10, 2017

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE
Schedule of Procedures and Associated Findings of the
Statewide Agreed-upon Procedures
For the year ended June 30, 2017

The required procedures and my findings are as follows:

Procedures performed on the District's written policies and procedures:

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget

Performance: Obtained and read the written policy for budgeting and found it to address all the functions listed above.

Exception: There were no exceptions noted.

Management's response: Not applicable.

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.

Performance: Obtained and read the written policy for purchasing and found it to address the elements listed above.

Exception: There were no exceptions noted.

Management's response: Not applicable

c) ***Disbursements***, including processing, reviewing, and approving

Performance: Obtained and read the written policy for disbursement and found it to contain the requirements included above.

Exception: There were no exceptions noted.

Management's response: Not applicable

d) ***Receipts***, including receiving, recording, and preparing deposits

Performance: Obtained and read the written policy for receipts and found it to contain the requirements included above.

Exception: There were no exceptions noted.

Management's response: Not applicable

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

Performance: Obtained and read the written policy for payroll and personnel and found it to contain all listed requirements.

Exception: There were no exceptions noted.

Management's response: Not applicable

- 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

Performance: Obtained and read the written policy for contracting and found it to contain all listed requirements.

Exception: There were no exceptions noted.

Management's response: Not applicable

- g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage

Performance: Obtained and read the written policy for credit cards and found it to contain all listed requirements.

Exception: There were no exceptions noted.

Management's response: Not applicable

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

Performance: Obtained and read the written policy for travel and expense reimbursements and found it to contain all listed requirements.

Exception: There were no exceptions noted.

Management's response: Not applicable

- i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

Performance: Obtained and read the written policy for ethics and found it to contain all listed requirements.

Exception: There were no exceptions noted.

Management's response: Not applicable

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

Performance: Obtained and read the written policy for debt services and found it to contain all listed requirements.

Exception: There were no exceptions noted.

Management's response: Not applicable

Procedures performed on the State Public Defender board:

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

➤ If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Performance: Obtained and read the board/committee minutes.

Exception: The local District Public Defender does not have a local board or committee. The Louisiana Public Defender, who governs the districts, does have a board and committees. However, the LPD board did not meet monthly. In addition, the minutes do not reference individual district's budgets.

Management's Response: Not applicable.

Procedures performed on the District's bank reconciliations:

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

Performance: Obtained the listing of bank accounts from management, and received management's representation in a separate letter.

Exception: There were no exceptions noted.

Management's response: Not applicable.

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

- a) Bank reconciliations have been prepared;

Performance: Selected all four bank accounts. Inspected management's documentation for accuracy of bank reconciliations.

Exception: There were no exceptions noted.

Management's response: Not applicable.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

Performance: Inspected documentation for management approvals of each bank reconciliation.

Exception: There is no evidence that a local member of management with no involvement in the transactions associated with the bank account has reviewed each bank reconciliation. However, an employee with the Louisiana Public Defender Office did review each bank reconciliation as part of the monthly financial report filed on the Louisiana Public Defender database system.

Management's response: Not applicable

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Performance: Inspected documentation reflecting that management has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal year. There were no outstanding items greater than 6 month old.

Exception: There were no exceptions noted.

Management's response: Not applicable

Procedures performed on the District's collections:

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

Performance: Observed the listing of cash/check/money order (cash) collection locations from management and received management's representation in a separate letter. There are two locations where checks and money orders are collected (the local Public Defender Office and Courthouse in LaPlace). No cash (currency) is collected.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

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

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

Performance: Inspected policy manuals and inquired of client as to all of the requirements. No cash (currency) is collected. Employees that open the mail and collect checks and money orders are bonded. There is no cash register or drawer.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Performance: Inspected policy manual as well as inquires of management to ensure separation of duties. The person reconciling cash collections to the general ledger by revenue source is not responsible for cash collections.

Exception: There were no exceptions noted.

Management's response: Not applicable.

c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Performance: Because there was only 19 deposits made during the year, I selected a sample of 5 cash receipt transactions.

Exceptions: The highest (dollar) week of cash collections was selected and traced to the deposit slip and bank statement without exception. However, all 5 of the transactions, checks and money orders were not deposited within one day of collection. All checks and money orders are received by the District Public Defender and placed in a locked safe. The bookkeeper collects what is in the safe and makes deposits twice a month.

Management's Response: It is not cost effective to institute a policy of depositing cash collections within one day of collection. However, the District has established a new policy of making deposits on a weekly basis.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Performance: Inspected sequentially numbered receipts, the journal of cash receipts, and deposit slips from the bank. Noted that all collections are supported by adequate documentation.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

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

Performance: Inspected policy and inquired of management as to completeness of collections.

Exceptions: There is no written policy for the Public Defender to determine completeness of all collections and the district did not have a process to determine the completeness of all collections.

Management's Response: The District will establish a policy to determine the completeness of all collections and establish a process to determine the completeness of all collections.

Procedures performed on the District's general disbursements (excluding credit card, debit card, fuel card, P-card purchases or payments):

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

Performance: Obtained the completed general ledger for the fiscal year and obtained management's representations in a separate letter.

Exception: There were no exceptions noted.

Management's Response: Not applicable.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Performance: Randomly selected 25 disbursements using a random method. Inquired of management as to requisition/purchase orders, and how invoice are approved.

Exceptions: Management does not use a documented purchase order system. The District Public Defender initiates the purchase. When the invoice is received, the DPD approves the invoice. DPD gives approved invoice to bookkeeper, who writes the check and records in Quickbooks. Two signatures for approval are required. Bookkeeper and District Public Defender signs the check and all electronic payments are approved electronically by both.

Management's Response: It is not cost effective to institute a Purchase Order system.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Performance: Inquired of management as to purchase approval process.

Exceptions: Management does not use a documented purchase order system. The District Public Defender initiates the purchase. When the invoice is received, the DPD approves the invoice. DPD gives approved invoice to bookkeeper, who writes the check and records in Quickbooks. Checks are signed by the bookkeeper and the DPD and all electronic payments are approved electronically by both.

Management's Response: It is not cost effective to institute a Purchase Order system.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Performance: Inquired of management and observed approved invoices.

Exceptions: Payments are processed without written purchase orders and receiving reports. The DPD approves invoices after they are received and initials them to show proper approvals. All invoices are approved before payment is made. The bookkeeper and the DPD signs the check or approves payments electronically.

Management's Response: It is not cost effective to institute a formal and written Purchase Order system.

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

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

Performance: Inspected policy and inquired of management as to separation of duties.

Exception: The person responsible for recording payments in the accounting system also adds vendors to the disbursement system. Due to one accounting system and only one office personnel using the accounting software in addition to the District Public Defender, this person both process payments and adds vendors as needed. The bookkeeper and the DPD signs the check or approves payments electronically.

Management Response: It is not cost effective to separate these duties.

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

Performance: Inquired of management and observed where the supply of unused checks are held. The DPD and the bookkeeper are the only two that have access to the unused checks.

Exception: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inquired of management as to whether there is a signature stamp or machine. Per management, there is no signature stamp or machine.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the District's credit card, debit cards, fuel cards, p-cards:

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

Performance: Observed the listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) from management and received management's representation in a separate letter. The District has an Office Depot and Regions Bank credit card, which are kept in the District Public Defender's possession. Use of debit cards and fuel cards are prohibited.

Exception: There were no exception noted.

Management's Response: Not applicable.

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

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

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

Performance: Obtained all monthly statements for both cards (only 2 cards) and observed for supporting documentation as well as approvals.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Performance: Traced all credit card payments and balances on the credit card statements in order to note if any fees were applied to balances.

Exception: During the year, two statements had late charges and finance charges. Credit cards are used on a limited basis. There were only eight (8) credit card payments made during the year.

Management's Response: The District Public Defender will try and eliminate all future finance charges and late fees.

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

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

Performance: Traced each transaction to an original itemized receipt.

Exception: There were no exceptions noted.

Management Response: Not applicable.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

Performance: Observed documentation of the purpose of each transactions. Confirmed that documentation supported public purpose. There were no meals charged to the credit card.

Exception: There were no exceptions noted.

Management's Response: Not applicable.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Performance: The District Public Defender reviews all transactions, and then traces each transaction to the backup receipt.

Exception: There were no exceptions noted.

Management's Response: Not applicable.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

Performance: Compared the transaction detail to the written disbursement policy and Louisiana Public Bid Law.

Exception: There were no exceptions noted.

Management's Response: Not applicable.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Performance: Inspected all detail transactions and compared them to the requirements of Article 7, Section 14 of the Louisiana Constitution.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

Procedures performed on the District's travel and expense reimbursements:

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

Performance: Obtained a list of all travel and related expense reimbursements. Management's representation of the listing was confirmed in a separate letter.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

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

Performance: Management's travel and expense policies reference the rates established by the State of Louisiana as their applicable rates. Noted state rates complied with GSA rates.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

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

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

Performance: Selected the three employees who incurred the most travel cost during the period to further select the highest travel expenditure reimbursed. Compared expense documents to the applicable rates.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

Performance: Traced expense to the original itemized receipt with detail of purchase.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

Performance: Traced expense to the original itemized receipt. Documentation of the business/public purpose was written on the receipt by the attending employee. If the employee ate a meal, the persons attending were written on the meal receipt.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Performance: Not applicable.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Performance: Inspected the business/public purpose of all travel reimbursements selected and compared them to Article 7, Section 14 of the Louisiana Constitution.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

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

Performance: Inspected documentation to find all approvals by the District Public Defender. The DPD approved his own travel, which was minimal mileage.

Exception: There were no exceptions noted.

Management's Response: Not applicable.

Procedures performed on the District's contracts:

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

Performance: Observed the listing of contracts in effect during the fiscal year from management and received management's representation of completeness in a separate letter.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

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

a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

Performance: Obtained the listing of contract vendors, noted there were eight (8) contract attorneys that worked for the Public Defender during the year and the contracts are updated annually. Inspected five written contract that supported the services arrangement.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

➤ If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

➤ If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

Performance: Inspected contract and inquired of client as to receipt of any other quotes. The Louisiana Public Bid Law or Procurement Code does not apply to services.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

Performance: Inspected contracts to agree to the actual expenditure. The contracts were not amended during the year.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

Performance: Inspected the invoice and compared to the written contract information. The invoice and related payment complied with the terms of the contract.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Performance: Not Applicable.

Procedures performed on the District's payroll and personnel:

- 21. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

Performance: Observed the listing of employees with their related salaries from management, and received management's representation of completeness in a separate letter.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

Performance: Compared compensation in the salary schedules with payments made to employees during the fiscal year.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Performance: Traced salary changes during the period to personnel files, where they were approved in writing. One employee's salary was changed during the year.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

22. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Performance: Randomly selected one pay period to test leave taken during that period. Inspected all daily attendance and leave records for proper documentation. The District had eight (8) employees, therefore three (3) employees were randomly selected.

Exceptions: There were no exceptions noted.

Managements Response: Not applicable.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

Performance: Confirmed that attendance and leave records were review and approved by their supervisor.

Exceptions: *There were no exceptions noted.*

Management's Response: Not applicable.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Performance: Inquired and confirmed that the District maintains written leave records for each employee eligible for paid leave.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

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

Performance: Inquired and inspected the list of employees that were terminated during the period. Management's representation of completeness confirmed in a separate letter. Only one (1) employee was terminated during the year. There was no termination payments for annual leave. Leave is use it or lose it according to personnel policy.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

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

Performance: Inspected payroll reporting forms, as well as cancelled checks to confirm that all payments were submitted to the applicable agencies by the required deadlines.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

Procedures performed on the District's ethics:

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

Performance: Observed the ethics course completion certificates for all (5) employees tested.

Exceptions: Four out of the five employees had ethics course completion certificates. One part time employee did not have the ethics course completion certificate.

Management's Response: Management will require all employees to have the ethics course completion certificate as soon as they are hired in the future.

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

Performance: Inquired of management of any ethics violations and there were none.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

Procedures performed on the District's debt services:

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

Performance: No debt was issued during the fiscal period.

Exception: Not applicable.

Management's Response: Not applicable.

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

Performance: Not applicable.

Exceptions: Not applicable.

Management's Response: Not applicable.

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

Performance: Not applicable.

Exceptions: Not applicable.

Management's Response: Not applicable.

Other procedures performed on the District:

30. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Performance: Inquired of management of any misappropriations of public funds or assets, none were noted.

Exceptions: Not applicable.

Management's Response: Not applicable.

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

Performance: Inquired and observed such notice posted on the premises and website.

Exceptions: The notice was posted on the premises but was not posted on its website.

Management's Response: Management will have the notice posted on its website in the future.

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

Performance: Inspected all procedures and the results of such procedures and compared them to management's representations in a separate letter.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.