

**TWENTY-SECOND JUDICIAL DISTRICT
PUBLIC DEFENDER OFFICE
Covington, Louisiana**

Annual Financial Statements

June 30, 2017



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Independent Auditor's Report

Mr. John W. Linder, II, District Public Defender
and the Louisiana Public Defender Board
Twenty-Second Judicial District
Public Defender Office
Covington, Louisiana

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Twenty-Second Judicial District Public Defender Office (the Public Defender Office), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Public Defender Office's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

LOUISIANA • TEXAS

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Twenty-Second Judicial District Public Defender 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 schedules of revenues, expenditures, and changes in fund balance - budget and actual be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Public Defender Office's basic financial statements. The schedule of compensation, benefits, and other payments to agency head, as required by Louisiana Revised Statute (LRS) 24:513 A(3), is presented for the purpose 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments to agency head 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*, we have also issued our report dated December 11, 2017, on our consideration of the Twenty-Second Judicial District Public Defender Office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Twenty-Second Judicial District Public Defender Office's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Covington, LA
December 11, 2017

**BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Covington, Louisiana
Statement of Net Position
June 30, 2017

	Governmental Activities
Assets	
Cash	\$ 648,184
Accounts Receivable	137,064
Probation Fees Receivable - Net of Allowance of \$1,257,874	87,858
Capital Assets, Net of Accumulated Depreciation	<u>3,654</u>
Total Assets	<u>876,760</u>
Liabilities	
Accrued Payroll Liabilities	4,859
Unearned Revenue - Felony Probation Fees	87,858
Compensated Absences	<u>79,175</u>
Total Liabilities	<u>171,892</u>
Net Position	
Net Investment in Capital Assets	3,654
Unrestricted	<u>701,214</u>
Total Net Position	<u><u>\$ 704,868</u></u>

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

TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Covington, Louisiana
Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities				
Public Defender	\$ 2,743,156	\$ 66,651	\$ 1,812,353	\$ (864,152)
General Revenues				
Court Costs, Fees, and Charges				1,185,891
Shared Revenues				178,224
Interest and Earnings on Investments				1,148
Other Income				2,484
Total General Revenues				<u>1,367,747</u>
Change in Net Position				503,595
Net Position, Beginning of Year				<u>201,273</u>
Net Position, End of Year				<u>\$ 704,868</u>

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

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS
GOVERNMENTAL FUNDS**

TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Covington, Louisiana
Balance Sheet
Governmental Funds
June 30, 2017

	General Fund	Special Revenue Fund	Total Governmental Funds
Assets			
Cash	\$ 648,184	\$ -	\$ 648,184
Accounts Receivable	137,064	-	137,064
Probation Fees Receivable - Net of Allowance of \$1,257,874	87,858	-	87,858
Total Assets	\$ 873,106	\$ -	\$ 873,106
Liabilities			
Accrued Payroll Liabilities	\$ 4,859	\$ -	\$ 4,859
Unearned Revenue - Felony Probation Fees	87,858	-	87,858
Total Liabilities	92,717	-	92,717
Fund Balance			
Unassigned	780,389	-	780,389
Total Fund Balance	780,389	-	780,389
Total Liabilities and Fund Balance	\$ 873,106	\$ -	\$ 873,106
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position			
Total Fund Balance			\$ 780,389
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			3,654
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.			(79,175)
Net Position of Governmental Activities			\$ 704,868

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

TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Covington, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	General Fund	Special Revenue Fund	Total
Revenues			
Court Costs, Fees, and Charges	\$ 1,185,891	-	\$ 1,185,891
Shared Revenues	178,224	-	178,224
Intake Fees	66,651	-	66,651
Grants and Awards			
Judicial District Court	125,000	-	125,000
State of Louisiana	-	1,663,353	1,663,353
Other	24,000	-	24,000
Interest Income	1,148	-	1,148
Miscellaneous Income	2,484	-	2,484
Total Revenues	1,583,398	1,663,353	3,246,751
Expenditures			
Salaries, Wages, and Fringes	621,270	1,575,548	2,196,818
Contract Attorney Fees and Costs	256,441	87,805	344,246
Telephone and Utilities	37,354	-	37,354
Law Library	31,205	-	31,205
Insurance	31,132	-	31,132
Office Supplies and Expenses	18,005	-	18,005
Rent	16,044	-	16,044
Accounting and Audit	14,474	-	14,474
Other Operating Expenses	7,293	-	7,293
Continuing Education	7,150	-	7,150
Travel	3,999	-	3,999
Capital Outlays	1,000	-	1,000
Total Expenditures	1,045,367	1,663,353	2,708,720
Net Change in Fund Balances	538,031	-	538,031
Fund Balances, Beginning of Year	242,358	-	242,358
Fund Balances, End of Year	\$ 780,389	\$ -	\$ 780,389

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

TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Covington, Louisiana
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2017

Net Change in Fund Balances - Total Governmental Funds	\$ 538,031
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.</p>	(2,126)
Change in Compensated Absences Payable	<u>(32,310)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 503,595</u></u>

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

TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Covington, Louisiana

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

The Twenty-Second Judicial District Public Defender Office (the Public Defender Office) operates under Act 307 implemented August 15, 2007. The Public Defender Office provides counsel to represent indigent (needy) individuals in criminal cases at the district level. The Public Defender Office encompasses the Parishes of Washington and St. Tammany, which are located in the State of Louisiana.

The Public Defender Office is composed of a District Public Defender who works under the supervision of the Louisiana Public Defender Office. A State of Louisiana Public Defender Board governs the Louisiana Public Defender Office.

Revenues to finance the Public Defender Office's operations are provided primarily from court costs or fines imposed by the various courts within the district and from state revenues received through either annual distributions or targeted program funding from the Louisiana Public Defender Office.

Basis of Presentation

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

Government-Wide Financial Statements (GWFS)

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Public Defender Office. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Covington, Louisiana

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (FFS)

The Public Defender Office uses funds to maintain its financial records during the year. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The funds of the Public Defender Office are classified as governmental. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Public Defender Office or the total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds.

The Public Defender Office uses two funds to report the Public Defender Office's financial position and the results of operations. The General Fund reports all transactions of the Public Defender Office other than those funds to be used for a purpose specified by law or agreement. A Special Revenue Fund (grant fund) reports all transactions for grant money.

Reporting Entity

For financial statement reporting purposes, the Public Defender Office is a part of the district court system of the State of Louisiana. However, the state statutes that created the Public Defender Office also gave it control over all of its operations. This includes the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. The Public Defender Office is financially independent and operates independently from the district court system. The financial statements include only the transactions of the Public Defender Office.

Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

The amounts reflected in the governmental fund financial statements 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 the government-wide financial statements.

TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Covington, Louisiana

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

The amounts reflected in the governmental fund financial statements 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 Office 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. The General Fund uses the following practices in recording revenues and expenditures:

Revenues - Court costs or fines and forfeitures imposed by the district and city courts are recorded in the year they are collected by the contributing agencies. Fees from indigents are recorded when received. Interest income is accrued when earned. All other revenues and grants are recorded when earned.

Expenditures - Expenses, other than payroll, are generally recognized when incurred. Payroll liabilities are recognized when the related liability is incurred. Operating and non-operating liabilities are recorded when significant or material.

Budget Policies

The Public Defender Office is required by law to adopt an annual budget. The Public Defender Office adopted and prepared a budget for the General Fund and the Special Revenue Fund on the modified accrual basis of accounting for the year ended June 30, 2017.

This budget is presented with these financial statements in the required supplementary information section of the report on pages 20 and 21.

This budget was integrated into the accounting records and employed as a management control device. Budget and actual financial performance are presented to the Louisiana Public Defender Board on an annual and monthly basis for corresponding balance sheet and income/expense performances. The Public Defender Office does not use encumbrance accounting and appropriations lapse at the end of each year.

Cash and Cash Equivalents and Investments

Cash includes amounts in interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those other investments with original maturities of 90 days or less. Under state law, the Public Defender Office may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Covington, Louisiana

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Probation Fees Receivable

Receivables for probation fees are fees imposed by the courts as a condition of probation and are reported net of uncollectible amounts. Traditionally, collection of these fees is highly questionable. Accordingly, the amounts considered to be collectible are recorded as unearned revenue.

Grants

The Public Defender Office's major grants are reported as special revenue in a Special Revenue Fund. These two grants are from the Louisiana Public Defender Office's District Assistance Fund and CINC Representation Fund.

Use of Estimates

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

Compensated Absences

The Public Defender Office's employees earn varying amounts of vacation and sick leave each year. Employees cannot accrue sick leave or vacation leave past December 31st of each year. Any remaining balance is forfeited.

At termination, employees may be paid for unused vacation; however, sick leave is forfeited. At June 30, 2017, the Public Defender Office had accrued compensated absences payable of \$79,175, which has been reported on the statement of net position.

Capital Assets

All fixed assets of the Public Defender Office are recorded at historical cost. Depreciation of all exhaustible fixed assets is charged as an expense against its operations.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. The Public Defender Office capitalizes equipment and furniture in excess of \$500. The following estimated useful lives and methods are used to compute depreciation:

Furniture, Fixtures, and Equipment	7 - 10 Years	Straight-Line
Computers	5 - 10 Years	Straight-Line

Depreciation expense amounted to \$3,126, for the year ended June 30, 2017.

TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Covington, Louisiana

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Equity Classifications

Government-wide net position is divided into three components:

1. *Net Investment in Capital Assets* - Consists of the historical cost of capital assets, including any restricted capital assets, net of accumulated depreciation.
2. *Restricted* - Consists of assets that have constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
3. *Unrestricted* - All other net position is reported in this category.

In the governmental fund financial statements, fund balances are classified as follows:

1. *Restricted Fund Balance* - Consists of amounts that can be spent only for specific purposes because of state or federal laws or externally imposed conditions by grantors, creditors, or citizens.
2. *Unassigned Fund Balance* - Consists of all other amounts not included in spendable classifications.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the Public Defender Office's policy is to apply restricted net position first.

Note 2. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents balances (book balances) at June 30, 2017:

Demand Deposits	<u>\$ 648,183</u>
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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 bank. 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.

TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Covington, Louisiana

Notes to Financial Statements

Note 2. Cash and Cash Equivalents (Continued)

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Public Defender Office's deposits may not be recovered. The Public Defender Office does not have a deposit policy for custodial credit risk. As of December 31, 2016, \$424,418 of the Public Defender Office's bank balance was exposed to custodial credit risk. However, these deposits were secured from risk by the pledge of securities owned by the fiscal agent bank.

Note 3. Capital Assets

The Public Defender Office's capital asset activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Furniture, Fixtures, and Equipment	\$ 59,290	\$ 1,000	\$ -	\$ 60,290
Less: Accumulated Depreciation	(53,510)	(3,126)	-	(56,636)
Net Capital Assets	\$ 5,780	\$ (2,126)	\$ -	\$ 3,654

Note 4. Concentrations

The majority of revenue earned by the Public Defender Office comes from the Parish of St. Tammany and the City of Slidell, Louisiana in the form of court costs.

Note 5. Operating Leases

On January 1, 1999, the Public Defender Office entered into a lease in Washington Parish for office space with monthly payments of \$900. The lease term has expired and the rent is now paid on a month-to-month basis. Rent expense for this space totaled \$10,800, for the year ended June 30, 2017.

Additionally, the Public Defender Office initiated new leases for copy machines and a printer for the Covington and Franklinton offices in 2017. Each copy machine has a term of 60 months with monthly payments totaling \$284.49. The printer has a term of 36 months with a monthly payment of \$54.13.

Total payments made under these leases during the year ended June 30, 2017, were \$5,244.

TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Covington, Louisiana

Notes to Financial Statements

Note 5. Operating Leases (continued)

Future minimum payments under these leases are as follows:

Years Ending June 30,	Amount
2018	\$ 4,063
2019	4,063
2020	4,063
2021	4,063
Thereafter	<u>1,840</u>
Total	<u>\$ 18,092</u>

Note 6. Risk Management

The Public Defender Office is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Public Defender Office has obtained general liability insurance as well as professional liability insurance for its staff.

Note 7. Governmental Fund Revenues and Expenditures

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

Governmental Fund Revenues	
State Government	
Grants	\$ 1,663,353
Local Government	
Grants	149,000
Statutory Fines, Forfeitures, Fees, Court Costs, and Other	1,185,891
Other	<u>178,224</u>
Total	3,176,468
Charges for Services	66,651
Investment Income	1,148
Miscellaneous Income	<u>2,484</u>
Total Revenues	<u>\$ 3,246,751</u>

TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Covington, Louisiana

Notes to Financial Statements

Note 7. Governmental Fund Revenues and Expenditures (Continued)

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

Governmental Fund Expenditures

Personnel Services and Benefits

Salaries	\$ 1,872,917
Insurance	179,757
Payroll Taxes	<u>144,144</u>
Total	<u>2,196,818</u>

Professional Development

Dues, Licenses, and Registrations	7,150
Travel	<u>3,999</u>
Total	<u>11,149</u>

Charges for Services

Contract Services - Attorney	323,690
Utilities and Telephone	37,354
Library and Research	31,205
Insurance	31,132
Other	21,767
Contract Services - Other	20,556
Supplies	17,480
Lease - Office	16,044
Repairs and Maintenance	<u>525</u>
Total	<u>499,753</u>

Capital Outlay

	<u>1,000</u>
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Total Expenditures	<u><u>\$ 2,708,720</u></u>
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REQUIRED SUPPLEMENTARY INFORMATION

TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Covington, Louisiana
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2017

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Court Costs, Fees, and Charges	\$ 1,005,000	\$ 1,005,000	\$ 1,185,891	\$ 180,891
Shared Revenues	210,000	210,000	178,224	(31,776)
Intake Fees	55,000	55,000	66,651	11,651
Grants and Awards				
Judicial District Court	127,000	127,000	125,000	(2,000)
Other	-	-	24,000	24,000
Interest Income	750	750	1,148	398
Miscellaneous Income	6,500	6,500	2,484	(4,016)
Total Revenues	1,404,250	1,404,250	1,583,398	179,148
Expenditures				
Salaries, Wages, and Fringes	657,844	657,844	621,270	36,574
Contract Attorney Fees and Costs	307,195	307,195	256,441	50,754
Telephone and Utilities	37,000	37,000	37,354	(354)
Law Library	30,000	30,000	31,205	(1,205)
Insurance	30,936	30,936	31,132	(196)
Office Supplies and Expenses	30,000	30,000	18,005	11,995
Rent	15,672	15,672	16,044	(372)
Accounting and Audit	13,500	13,500	14,474	(974)
Other Operating Expenses	68,899	68,899	7,293	61,606
Continuing Education	11,500	11,500	7,150	4,350
Travel	12,100	12,100	3,999	8,101
Capital Outlays	5,000	5,000	1,000	4,000
Total Expenditures	1,219,646	1,219,646	1,045,367	174,279
Net Change in Fund Balance	\$ 184,604	\$ 184,604	538,031	\$ 353,427
Fund Balance, Beginning of Year			242,358	
Fund Balance, End of Year			\$ 780,389	

See independent auditor's report.

TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Covington, Louisiana
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Special Revenue Fund
For the Year Ended June 30, 2017

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Grants and Awards				
State of Louisiana	\$ 1,666,581	\$ 1,666,581	\$ 1,663,353	\$ (3,228)
Total Revenues	1,666,581	1,666,581	1,663,353	(3,228)
Expenditures				
Salaries, Wages, and Fringes	1,578,776	1,578,776	1,575,548	3,228
Contract Attorney Fees and Costs	87,805	87,805	87,805	-
Total Expenditures	1,666,581	1,666,581	1,663,353	3,228
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Fund Balance, Beginning of Year			-	
Fund Balance, End of Year			\$ -	

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Covington, Louisiana
Schedule of Compensation, Benefits, and Other Payments
to Agency Head
For the Year Ended June 30, 2017

Agency Head
 John W. Linder, II, District Public Defender

Purpose	Amount
Salary	\$114,987
Benefits - Insurance	\$7,044
Benefits - Retirement	\$0
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$200
Travel	\$545
Registration Fees	\$350
Conference Travel	\$0
Continuing Professional Education Fees	\$250
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

See independent auditor's report.

**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**

Independent Auditor's Report

Mr. John W. Linder, II, District Public Defender
and the Louisiana Public Defender Board
Twenty-Second Judicial District
Public Defender Office
Covington, Louisiana

We have audited, 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, the financial statements of the governmental activities and each major fund of the Twenty-Second Judicial District Public Defender Office (the Public Defender Office), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Twenty-Second Judicial District Public Defender Office's basic financial statements, and have issued our report thereon dated December 11, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Twenty-Second Judicial District Public Defender Office's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Public Defender Office's internal control.

Accordingly, we do not express an opinion on the effectiveness of the Public Defender Office'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Public Defender Office's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Public Defender Office's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

Covington, LA
December 11, 2017

TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Covington, Louisiana
Schedule of Prior Year Findings
For the Year Ended June 30, 2017

None.

**TWENTY-SECOND JUDICIAL DISTRICT
PUBLIC DEFENDER OFFICE**

**Independent Accountant's Report
on Applying Agreed-Upon Procedures**

For the Period of July 1, 2016 - June 30, 2017



AGREED-UPON PROCEDURES REPORT
Twenty-Second Judicial District Public Defender Office

Independent Accountant's Report
on Applying Agreed-Upon Procedures

For the Period of July 1, 2016 - June 30, 2017

Mr. John Lindner, II, District Public Defender
Twenty-Second Judicial District
Public Defender Office
Covington, Louisiana

We have performed the procedures enumerated below as they are a required part of the engagement. We are required to perform each procedure and report the results, including any exceptions. Management is required to provide a corrective action plan that addresses all exceptions noted. For any procedures that do not apply, we have marked "not applicable."

Management of the Twenty-Second Judicial District Public Defender Office (the Public Defender Office) is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of the Public Defender Office and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the Public Defender Office's compliance with certain laws and regulations during the period of July 1, 2016 through June 30, 2017, in accordance with Act 774 of the 2014 Regular Legislative Session.

The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and results are as follows:

Ethics (follow-up)

1. Obtain and review the entity's written policies and procedures on ethics and determine if they address:
 - Requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Results: Procedures performed met all criteria above without exceptions

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RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each is separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

2. Randomly select ten employees (include elected officials, if applicable, in the population)
 - Determine if evidence is maintained to indicate required ethics training was completed.

Results: Procedures performed met all criteria above without exceptions.

Contracts (follow-up)

1. Obtain and review the entity's written policies and procedures for contracts/contracting, including leasing, and determine if the following is addressed:
 - Types of services requiring written contracts
 - Standard terms and conditions
 - Legal review
 - Approval process
 - Monitoring process

Results: Procedures performed met all criteria above without exceptions.

Payroll and Personnel (follow-up)

1. Obtain and review the entity's written policies and procedures for payroll and personnel and determine if they address the processing of payroll, including reviewing and approving of time and attendance records, including leave and overtime worked.
 - Determine if policies are in place regarding the "Pay out" of any unused leave balance upon employment termination.

Results: Procedures performed met all criteria above without exceptions.

Credit Cards (follow-up)

1. Obtain from management a listing of all active credits 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.

Results: Procedures performed met all criteria above without exceptions.

2. 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.

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.

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

Results: Procedures performed met all criteria above without exceptions.

3. Using the monthly statements or combined statements selected under #2 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).
 - a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased).
 - Documentation of the business/ public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization).
 - b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/ disbursement policies and the Louisiana Public Bid Law (i.e., transaction is large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
 - 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.

Results: We applied procedure a to one monthly credit card statement. One transaction out of fifteen transactions selected for testing did not have the original itemized receipt. We performed procedures b and c above to the one monthly credit card statement and all criteria were met without exceptions.

Management's Response: Management will ensure that itemized receipts are obtained on all credit card transactions.

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

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes
- c) **Disbursements**, including processing, reviewing, and approving
- d) **Receipts**, including receiving, recording, and preparing deposits
- e) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- f) **Bank Reconciliations**, including (1) monthly bank statement reconciliations, (2) review of all bank reconciliations by someone independent of cash receipt and disbursement functions, and (3) process for addressing items outstanding for more than 6 months

Results: Procedures performed met all criteria above without exceptions.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to perform an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the internal control and compliance of the Public Defender Office. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Twenty-Second Judicial District Public Defender Office and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

Covington, LA
December 11, 2017