

Third Judicial District Public Defender Fund
Parishes of Lincoln and Union, Louisiana

Financial Statements
For the Fiscal Year Ended June 30, 2018



**Third Judicial District Public Defender Fund
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For the Fiscal Year Ended June 30, 2018**

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INDEPENDENT AUDITORS' REPORT

Third Judicial District Public Defender Fund
Parishes of Lincoln and Union, Louisiana

We have audited the accompanying financial statements of the governmental activities and each major fund of the Third Judicial District Public Defender Fund, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Fund'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.

Auditors' 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the Third Judicial District Public Defender Fund, as of June 30, 2018, 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 3-6 and 20-21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Third Judicial District Public Defender Fund's basic financial statements. The accompanying other financial information consisting of the schedule of compensation, reimbursements, benefits, and other payments to agency head on page 22 is presented for the purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information 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 statement 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 other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, We have also issued our report dated December 21, 2018, on our consideration of the Third Judicial District Public Defender Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Third Judicial District Public Defender Fund's internal control over financial reporting and compliance.

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
January 7, 2019

Third Judicial District Public Defender Fund Management's Discussion And Analysis For The Fiscal Year Ended June 30, 2018

The management of the Third Judicial District Public Defender Fund offers readers of the Third Judicial District Public Defender Fund (Fund) financial statements this narrative overview and analysis of the financial activities of the Fund for the fiscal year ended June 30, 2018. This management discussion and analysis ("MD&A") is designed to provide an objective analysis of the Fund's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of the Fund's finances. It is also intended to provide readers with an analysis of the Fund's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the Fund. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Fund's financial activity, identify changes in the Fund's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Fund's basic financial statements. The Fund's basic financial statements consist of the government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information, which is in addition to the basic financial statements themselves.

Government-Wide Financial Statements

Government-wide financial statements are designed by GASB Statement No. 34 to change the way in which governmental financial statements are presented. It now provides readers with a concise "entity-wide" Statement of Net Assets and Statement of Activities, which seek to give the user of the financial statements a broad overview of the Fund's financial position and results of operations in a manner similar to private sector businesses.

The statement of net position presents information on all of the Fund's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. The difference between the two is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Fund is improving or weakening.

The statement of activities presents information which shows how the government's net assets changed during this fiscal year. All changes in net assets are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g. uncollected fines).

**Third Judicial District Public Defender Fund
Management's Discussion And Analysis
For The Fiscal Year Ended June 30, 2018**

Government-wide Financial Analysis

As noted earlier, net assets may, over time, serve as a useful indicator of a government's financial position. At the close of the most recent period, the Fund's assets exceeded its liabilities by \$562,050 (net position); this represents an increase of \$177,464 from the last fiscal year. Of this total net position amount, \$562,050 is unrestricted net position. The Fund's net assets are comprised of \$562,050 from governmental activities.

The following is a condensed statement of the Third Judicial District Public Defender Fund's net assets as of June 30, 2018:

	Governmental-Type Activities		Total	
	2018	2017	2018	2017
Assets				
Current & Other Assets	\$ 563,872	\$ 392,781	\$ 563,872	\$ 392,781
Capital Assets (net)	-	-	-	-
Total Assets	<u>563,872</u>	<u>392,781</u>	<u>563,872</u>	<u>392,781</u>
Liabilities				
Other Liabilities	\$ 1,822	\$ 8,195	\$ 1,822	\$ 8,195
Long-term Liabilities	-	-	-	-
Total Liabilities	<u>1,822</u>	<u>8,195</u>	<u>1,822</u>	<u>8,195</u>
Net Position				
Invested in capital assets, net	-	-	-	-
Restricted	-	-	-	-
Unrestricted	<u>562,050</u>	<u>384,586</u>	<u>562,050</u>	<u>384,586</u>
Total Net Position	<u>\$ 562,050</u>	<u>\$ 384,586</u>	<u>\$ 562,050</u>	<u>\$ 384,586</u>

The Fund has an unrestricted net position of \$562,050, which may be used to meet the government's on-going obligation to citizens and creditors.

The Fund had no capital assets or long-term debt.

**Third Judicial District Public Defender Fund
Management's Discussion And Analysis
For The Fiscal Year Ended June 30, 2018**

The following is a summary of the statement of activities:

	Governmental-Type Activities		Total	
	2018	2017	2018	2017
Revenue				
Program Revenue	\$ 763,890	\$ 823,555	763,890	\$ 823,555
General Revenue & Transfers	821	284	821	284
Total Revenue	<u>764,711</u>	<u>823,839</u>	<u>764,711</u>	<u>823,839</u>
Expenses				
Judicial	531,892	505,883	531,892	505,883
General & Administrative	55,355	57,294	55,355	57,294
Total Expenses	<u>587,247</u>	<u>563,177</u>	<u>587,247</u>	<u>563,177</u>
 Increase (Decrease) in Net Assets	 177,464	 260,662	 177,464	 260,662
 Net Assets, Beginning	 <u>384,586</u>	 <u>123,924</u>	 <u>384,586</u>	 <u>123,924</u>
 Net Assets, Ending	 <u>\$ 562,050</u>	 <u>\$ 384,586</u>	 <u>\$ 562,050</u>	 <u>\$ 123,924</u>

Total revenues decreased \$59,128 from the prior period.

Expenses increased \$24,070 from the prior period.

Governmental Activities

The governmental activities of the Fund include judicial activities. Revenues associated with support for public defenders such as fees and grants are sufficient for the funding of these activities.

Business-type Activities

The Fund does not have any business-type activities.

Fund Financial Statements – Governmental Funds

The fund financial statements provide more detailed information about the Fund's most significant funds – not the Fund as a whole. Funds are accounting devices that the Fund uses to keep track of specific sources of funding and spending for a particular purpose.

The Fund adopts an annual budget for the General Fund. A statement of revenues, expenditures, and changes in fund balance for the General Fund is presented in the Required Supplemental Information (Schedule 1), which compares actual revenues and expenditures to the original budget and amended budget (if applicable) figures.

**Third Judicial District Public Defender Fund
Management's Discussion And Analysis
For The Fiscal Year Ended June 30, 2018**

Financial Analysis of the Fund's Governmental Fund

The Third Judicial District Public Defender Fund's governmental fund (General Fund) reported an ending fund balance of \$562,050, which is an increase of \$177,464. The entire ending fund balance of \$562,050 is unreserved.

General Fund Budgetary Highlights

The Fund did not amend the original General Fund budget during the course of the year.

The difference between the General Fund final budgeted revenues and actual revenues for the year ended June 30, 2018, totaled \$180,899, a positive variance. The actual expenditures were less than the final budgeted expenditures for the year ended June 30, 2018, by \$42,353, a positive variance.

Capital Asset and Debt Administration

The Fund does not have capital assets or debt.

Current Financial Factors

The Fund is working diligently to gain more revenue while decreasing expenses.

Request for Information

This financial report is designed to provide a general overview of the Third Judicial District Public Defender Fund's finances for all with an interest in the government's operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Rick Lane Candler, District Public Defender
Third Judicial District Public Defender Fund
505 S. Vienna Street
Ruston, LA 71270

Basic Financial Statements

Third Judicial District Public Defender Fund
Statement of Position
June 30, 2018

	<u>Governmental Activities</u>
Assets	
Cash and Equivalents	\$ 515,100
Receivables	48,772
Total Assets	<u><u>\$ 563,872</u></u>
Liabilities	
Accounts Payable	\$ 1,822
Total Liabilities	<u><u>1,822</u></u>
Net Position	
Unassigned	562,050
Total Net Position	<u><u>\$ 562,050</u></u>

The accompanying notes are an integral part of this financial statement.

**Third Judicial District Public Defender Fund
Statement of Activities
For The Fiscal Year Ended June 30, 2018**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Primary Government	
				Governmental Activities	Business-Type Activities	Total
Primary Government:						
Governmental Activities:						
Judiciary	\$ 587,247	\$ -	\$ -	\$ -	\$ (587,247)	\$ -
Total Governmental Activities	<u>\$ 587,247</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (587,247)</u>	<u>\$ -</u>
Business-Type Activities:						
Total Business-Type Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Primary Government	<u>\$ 587,247</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (587,247)</u>	<u>\$ -</u>

General Revenues:

Court Costs on Fines	763,890	-	763,890
Interest Income	821	-	821
Miscellaneous	-	-	-
Total General Revenues, Special Items, and Transfers	<u>764,711</u>	<u>-</u>	<u>764,711</u>
Changes in Net Position	177,464	-	177,464
Net Position - Beginning	384,586	-	384,586
Net Position - Ending	<u>\$ 562,050</u>	<u>\$ -</u>	<u>\$ 562,050</u>

The accompanying notes are an integral part of this financial statement.

**Third Judicial District Public Defender Fund
Balance Sheet - Governmental Fund
June 30, 2018**

	General Fund
Assets	
Cash and equivalents	\$ 515,100
Receivables	48,772
Total Assets	\$ 563,872
 Liabilities And Fund Equity	
Liabilities	
Accounts Payable	\$ 1,822
Total Liabilities	1,822
 Fund Equity	
Fund Balance - Unassigned	\$ 562,050
Total Fund Equity	562,050
 Total Liabilities And Fund Equity	 \$ 563,872
 Reconciliation to Statement of Net Position:	
There are no differences from amounts reported for <i>governmental activities</i> in the Statement of Net Position.	-
 Net Position of Governmental Activities	 \$ 562,050

The accompanying notes are an integral part of this financial statement.

Third Judicial District Public Defender Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For The Fiscal Year Ended June 30, 2018

Revenues	
Court costs on fines	\$ 763,890
Investment earnings	821
Total Revenues	<u>764,711</u>
Expenditures - Judicial	
Public defender fees and expenses	531,892
Operating expenses	55,355
Total Expenditures	<u>587,247</u>
Excess of Revenues Over Expenditures	177,464
Fund Balance:	
Beginning of Period	384,586
End of Period	<u>\$ 562,050</u>

The accompanying notes are an integral part of this financial statement.

Third Judicial District Public Defender Fund
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018

INTRODUCTION

The Third Judicial District Public Defender Fund, established in compliance with Louisiana Revised Statutes 15:144-149, provides counsel to represent indigents (needy individuals) in criminal and quasi-criminal cases at the district level. The judicial district encompasses the parishes of Lincoln and Union. House Bill No. 436, adopted in the 2007 Regular Legislative Session created Louisiana Public Defender Funds within each judicial district, transferring all obligations, duties, powers and responsibilities from the previous boards. Revenues to finance the Fund's operations are provided primarily from court costs on fines imposed by the various courts within the district. The Fund has one employee, and has contracts with its District Defender and other attorneys to provide legal services to indigents.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying basic financial statements of the Third Judicial District Public Defender Fund have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Fund (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.

B. REPORTING ENTITY

The public defender fund is part of the operations of the Louisiana Public Defender Board. The accompanying financial statements present information only on the funds maintained by the Third Judicial District Public Defender Fund.

C. FUND ACCOUNTING

The Third Judicial District Public Defender Fund 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 relating to certain Fund functions or activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds

Governmental funds account for all or most of the Third Judicial District Public Defender Fund'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 Fund. The following are the Fund's governmental funds:

Third Judicial District Public Defender Fund
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018

General fund – the primary operating fund of the Third Judicial District Public Defender Fund and it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to Fund policy.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Fund Financial Statements (FFS)

The amounts reflected in the General Fund are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances report 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 Third Judicial District Public Defender Fund operations.

The amounts reflected in the General Fund use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Third Judicial District Public Defender Fund 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

Court costs on fines and forfeitures are recorded in the year they are collected by the appropriate courts. Fees from indigents are recorded when received. Interest income is recorded in the year in which it is earned.

Expenditures

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

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the Fund as a whole. These statements include all the financial activities of the Third Judicial District Public Defender Fund. Information contained in these statements reflect 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*.

Third Judicial District Public Defender Fund
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018

Program Revenues – Program revenues included in the column labeled Statement of Activities are derived directly from Fund users as a fee for services; program revenues reduce the cost of the function to be financed from the Fund’s general revenues.

E. FUND EQUITY

GASB Statement No. 54 establishes standards for five fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

Restricted Fund Balance - This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the District Defender – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the District Defender removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Fund Balance – This classification reflects the amounts constrained by the District Defender’s “intent” to be used for specific purposes, but are neither restricted nor committed. The District Defender has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned Fund Balance - This fund balance is the residual classification for the general fund. It is used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the District Defender’s policy to use externally restricted resources first, then unrestricted resources – committed, assigned and unassigned – in order as needed.

Third Judicial District Public Defender Fund
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018

F. BUDGETS

The Third Judicial District Public Defender Fund uses the following budget practices:

The Fund adopted a budget for the year ended June 30, 2018 for the General Fund. The Fund follows the following procedures in establishing the budgetary data reflected in the financial statements. During the May meeting, the chief public defender submits to the board members a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. During the June meeting, the budget is legally enacted through passage of an ordinance. The public is invited to attend all meetings. The chief public defender is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the board members. Appropriations lapse at the end of the year.

G. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Third Judicial District Public Defender Fund may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

H. INVESTMENTS

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

GASB Statement No.31 requires the Fund to report investments at fair value in the balance sheet, except as follows:

1. Investments in *nonparticipating* interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, should be reported using a cost-based measure, provided that the fair value of those contracts is not significantly affected by the impairment of the credit standing of the issuer or other factors.
2. The Fund may report at amortized cost money investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or other factors. Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations. Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

I. COMPENSATED ABSENCES

The Third Judicial District Public Defender Fund does not have a formal leave policy.

Third Judicial District Public Defender Fund
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018

J. ESTIMATES

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

2. CASH AND CASH EQUIVALENTS

At June 30, 2018, the Third Judicial District Public Defender Fund had cash and cash equivalents (book balances) totaling \$515,100 as follows:

Interest-bearing demand deposits	\$ <u>515,100</u>
Total	\$ <u>515,100</u>

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

At June 30, 2018, the Third Judicial District Public Defender Fund had \$548,183 in deposits (collected bank balances). These deposits are secured from risk by \$548,183 of federal deposit insurance and \$0 of pledged securities held by the custodial bank in the name of the fiscal agent bank. (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Third Judicial District Public Defender Fund that the fiscal agent has failed to pay deposited funds upon demand.

**Third Judicial District Public Defender Fund
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018**

3. RECEIVABLES

The receivables of \$48,772 at June 30, 2018, are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>
Union Parish Court costs on fines	\$ 4,711
Lincoln Parish Court costs on fines	19,452
Probation Office	63
Ruston City Marshal Court Cost on fines	24,546
Total	<u>\$ 48,772</u>

4. ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$1,822 at June 30, 2018, consisted of Accounts Payable.

5. GOVERNMENTAL FUND REVENUES AND EXPENDITURES

For the fiscal year ended June 30, 2018, the major sources of governmental fund revenues and expenditures were as follows:

Revenues

State Government

Appropriations – General	\$ 146,384
Appropriations - Special	-
Total	<u>146,384</u>

Local Government

Appropriations - General	-
Statutory fines, forfeitures, fees court costs, other	617,506
Total	<u>617,506</u>

Charges for Services

-

Investment Earnings

821

Miscellaneous

-

Total Revenues	<u>\$ 764,711</u>
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Expenditures

Personnel Services and Benefits

Salaries	\$ 25,044
Payroll Taxes	1,965
Total	<u>27,009</u>

**Third Judicial District Public Defender Fund
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018**

Operating Costs

Contract Services – Attorney & Legal	\$	513,533
Contract Services – Other		29,906
Lease – Office		5,850
Insurance		901
Supplies		261
Repairs and Maintenance		3,898
Utilities and Telephone		4,912
Other		977
Total		560,238
Total Expenditures	\$	587,247

6. RELATED PARTY TRANSACTIONS

The Third Judicial District Public Defender Fund rents office space from its chief public defender. Rent is on a month-to-month basis at \$650 per month. Total rent paid during the fiscal year was \$5,850.

7. SUBSEQUENT EVENTS

Date of Management Evaluation

Management has evaluated subsequent events through January 7, 2019, the date on which the financial statements were available to be issued.

Supplemental Information

**Third Judicial District Public Defender Fund
Budgetary Comparison Schedule
General Fund
For The Fiscal Year Ended June 30, 2018**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Court costs on fines	\$ 626,150	\$ 626,150	\$ 763,890	\$ 137,740
Investment Earnings	15	15	821	806
Total Revenues	626,165	626,165	764,711	138,546
Expenditures				
Public defender fees and expenses	530,750	530,750	531,892	(1,142)
Operating expenses	98,850	98,850	55,355	43,495
Total Expenditures	629,600	629,600	587,247	42,353
Excess (Deficiency) of Revenues over (under) Expenditures	(3,435)	(3,435)	177,464	180,899
Fund Balance at Beginning of Year	384,586	384,586	384,586	-
Fund Balance at End of Year	\$ 381,151	\$ 381,151	\$ 562,050	\$ 180,899

See independent auditors' report.

**Third Judicial District Public Defender Fund
Notes to Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2018**

(1) Summary of Significant Accounting Policies

The Fund annually adopts a budget for the General Fund. All appropriations are legally controlled at the Fund level for operations. In May, 2017, the Fund prepared and presented its original budget to the Louisiana Public Defender Board.

The budgetary data, as presented in the financial statements for all funds with annual budgets, compare the expenditures with the amended budgets (if any). All budgets are presented on the modified accrual basis of accounting. Accordingly, the accompanying Budgetary Comparison Schedule for the Fund presents actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

Third Judicial District Public Defender Fund
Schedule of Compensation, Reimbursements, Benefits, and Other Payments to
Agency Head
For The Fiscal Year Ended June 30, 2018

Schedule 2

Agency Head:

	Rick Candler
District Public Defender	

Purpose:

Salary	\$ 80,000
Benefits - Payroll Taxes and Insurance	-
Travel	-
Office Rental	5,850
Reimbursements	-
Total Compensation, Benefits and Other Payments	\$ 85,850

See independent auditors' report.

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INDEPENDENT AUDITORS' 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*

Third Judicial District Public Defender Fund
Parishes of Lincoln and Union, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of the Third Judicial District Public Defender Fund, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Third Judicial District Public Defender Fund's basic financial statements, and have issued our report thereon dated January 7, 2019.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, we considered the Third Judicial District Public Defender Fund'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 Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Third Judicial District Public Defender Fund's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 Third Judicial District Public Defender Fund'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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2018-001.

Fund's Response to Finding

Third Judicial District Public Defender Fund's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. This response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
January 7, 2019

**Third Judicial District Public Defender Fund
Schedule of Findings and Responses
For The Year Ended June 30, 2018**

We have audited the financial statements of the Third Judicial District Public Defender Fund as of and for the year ended June 30, 2018, and have issued our report thereon dated January 7, 2019. 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. Our audit of the financial statements as of June 30, 2018, resulted in an unmodified opinion.

Section I- Summary of Auditors' Reports

A. Report on Internal Control and Compliance Material to the Financial Statements

	<u>Yes</u>	<u>No</u>
<u>Internal Control</u>		
Material Weaknesses		X
Significant Deficiencies		X
<u>Compliance</u>		
Noncompliance Material to Financial Statements	X	

B. Federal Awards – N/A

C. Identification of Major Programs: N/A

**Third Judicial District Public Defender Fund
Schedule of Findings and Responses
For The Year Ended June 30, 2018**

Section II- Financial Statement Findings

2018-001 Noncompliance with State Law

Criteria: Louisiana Revised Statute 24:513 requires that the Third Judicial District Public Defender Fund (Fund) submit its audited financial statements to the Louisiana Legislative Auditor no later than six months after the end of the most recent fiscal year.

Condition: The audited financial statements were not transmitted to the Louisiana Legislative Auditor within the time frame prescribed by law. Therefore the Fund was not in compliance with state law.

Cause: The auditing firm was unable to obtain a signed representation letter from the management of the Fund within the time frame to submit the audited financial statements to the Louisiana Legislative Auditor.

Effect: The Fund is in noncompliance with state law.

Recommendation to Prevent Future Occurrences: The auditing firm and the management of the Fund will work more closely to ensure that the signed representation letter is obtained within the time frame to submit the audited financial statements to the Louisiana Legislative Auditor.

Management's Response: I concur and will also work more closely to ensure that the representation letter is completed within the necessary time frame.

Section III-Federal Award Findings and Questioned Costs

This section is not applicable for this entity.

**Third Judicial District Public Defender Fund
Management's Corrective Action Plan
For The Year Ended June 30, 2018**

Section II- Financial Statement Findings

Condition: The audited financial statements were not transmitted to the Louisiana Legislative Auditor within the time frame prescribed by law. Therefore the Fund was not in compliance with state law.

Corrective Action Planned: I concur and will work more closely to ensure that documents are completed and transmitted within the time frame prescribed by law.

Person Responsible for Corrective Action Plan:

Rick Candler, District Defender
505 South Vienna Street
Ruston, LA 71270
Phone: (318) 254-0070
Fax: (318) 255-0383

Anticipated Completion: No longer relevant.

**Third Judicial District Public Defender Fund
Schedule of Prior Year Findings
For the Year Ended June 30, 2018**

Internal Control and Compliance Material to the Financial Statements

There were no findings for the year ended June 30, 2017.

Management Letter

No management letter was issued.

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Third Judicial District Public Defender Fund and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Third Judicial District Public Defender Fund (Fund) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Fund's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the Fund's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the Fund's operations):¹
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g.

¹ For governmental organization, the practitioner may eliminate those categories and subcategories that do not apply to the organization's operations. For quasi-public organizations, including non-profits, the practitioner may eliminate those categories and subcategories that do not apply to public funds administered by the quasi-public.

periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics²**, 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 Fund's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Findings: Twenty eight exceptions noted where the written policies and procedures did not address each of the above financial/business functions.

Collections

Obtain a listing of deposit sites³ for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Findings: No exceptions noted.

2. For each deposit site selected, obtain a listing of collection locations⁴ and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written

² The Louisiana Code of Ethics is generally not applicable to non-profit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a non-profit, the non-profit should have written policies and procedures relating to ethics.

³ A deposit site is a physical location where a deposit is prepared and reconciled.

⁴ A collection location is a physical location where cash is collected. A FUND may have one or more collection locations whose collections are brought to a deposit site for deposit.

policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.
- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Findings: No exceptions noted.

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

Findings: No exceptions noted.

4. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day)⁵. *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Findings: One exception noted where there was not documentation for the entire deposit. One exception noted where the deposit was not made within one business day of receipt at the collection location.

⁵ If "bank reconciliations" have been rotated off for Year 2, the practitioner should insert a procedure with the same selection methodology that would have been used for bank reconciliations.

Management's Response

We concur with the results of the procedures and are working diligently to improve controls.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
December 18, 2018