
**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA**

**BASIC FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION**

**AS OF AND FOR THE
YEAR ENDED JUNE 30, 2016**

**THE DISTRICT PUBLIC DEFENDER
 NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
 BASIC FINANCIAL STATEMENTS
 WITH SUPPLEMENTAL INFORMATION
 AS OF AND FOR THE YEAR JUNE 30, 2016**

TABLE OF CONTENTS

	<u>Page No.</u>
BASIC FINANCIAL STATEMENTS:	
Independent Auditors' Report.....	1
Required Supplemental Information (Part 1 of 2)	
Management's Discussion and Analysis	4
Government-Wide Financial Statements	
Statement of Net Position	9
Statement of Activities.....	10
Fund Financial Statements	
Governmental Funds:	
Balance Sheet.....	12
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balances	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.....	15
Notes to Financial Statements	
Index	17
Notes	18
Required Supplemental Information (Part 2 of 2)	
Budgetary Comparison Schedule – Governmental Funds.....	29
SUPPLEMENTAL INFORMATION:	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	31
Schedule of Findings and Responses.....	33
Summary Schedule of Prior Year Findings	34
Management's Corrective Action Plan.....	35
Schedule of Compensation, Benefits and Other Payments to Agency Head.....	36

BASIC FINANCIAL STATEMENTS

**WILLIAM P. GAINES, JR., CPA
A PROFESSIONAL ACCOUNTING CORPORATION
4257 CHURCH STREET SUITE 105
ZACHARY, LA 70791
225-654-0560**

INDEPENDENT AUDITORS' REPORT

Michael Mitchell
The District Public Defender
Nineteenth Judicial District of Louisiana
P. O. Box 3356
Baton Rouge, Louisiana 70821

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental-type activities of the District Public Defender, Nineteenth Judicial District of Louisiana, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District Public Defender, Nineteenth Judicial District of Louisiana's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on the basic financial statements based on our audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental-type activities of the District Public Defender, Nineteenth Judicial District of Louisiana, as of June 30, 2016, 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 schedule be presented to supplement the component unit 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. I 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.

Other Matters – Supplemental Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Compensation, Benefits and other Payment to Agency Head is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to be financial statements themselves, and other additional procedures in accordance with standards accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated March 6, 2017, on my consideration of the District Public Defender, Nineteenth Judicial District of Louisiana's internal control over financial reporting and on my 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District Public Defender, Nineteenth Judicial District of Louisiana's internal control over financial reporting and compliance.



William P. Gaines, Jr., CPA,
A Professional Accounting Corporation
Zachary, LA
March 6, 2017

REQUIRED SUPPLEMENTAL INFORMATION
(PART 1 OF 2)

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

The purpose of this section is to offer management's discussion and analysis of the District Public Defender, Nineteenth Judicial District of Louisiana's (hereafter referred to as the Public Defender) financial performance during the year ended June 30, 2016. It should be read in conjunction with the financial report taken as a whole.

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION

These financial statements are comprised of three components – (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. There is also other supplemental information contained in this report.

Government-wide Financial Statements. The government-wide financial statements present financial information for all activities of the Public Defender from an economic resources measurement focus using the accrual basis of accounting. These provide both short-term and long-term information about the Public Defender's overall financial status. They include a statement of net position and statement of activities.

Statement of Net Position. This statement presents information on all of the Public Defender's assets, deferred outflows of resources, liabilities and inflows of resources with the difference between them 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 Public Defender is improving or not.

Statement of Activities. This statement presents information showing how the Public Defender's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This statement is designed to show the Public Defender's financial reliance on general revenues.

Both government-wide financial statements distinguish functions of the Public Defender that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Public Defender include activities related to public defense.

The government-wide financial statements can be found on pages 9-10 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Public Defender uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Public Defender has only one category of funds: governmental funds.

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements except that the focus with fund statements is to provide a distinct view of the governmental funds only. These statements report short-term fiscal accountability emphasizing the use of spendable resources during the year and balances of spendable resources available at the end of the year.

Because the view of governmental funds is short-term and the view of the government-wide financial statements is long-term, it is useful to compare these two perspectives. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provides reconciliation to the government-wide statements to assist in understanding the differences between the two viewpoints.

The fund financial statements can be found on pages 12-15 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The index of the notes is found on page 17 with the actual notes beginning immediately afterwards.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Public Defender's budgetary comparisons.

FINANCIAL ANALYSIS OF THE PUBLIC DEFENDER

Net position is an indicator of the Public Defender's financial position from year to year.

**SUMMARY OF NET POSITION
Governmental Activities**

	<u>2016</u>	<u>2015</u>
Assets		
Current and other assets	\$ 1,414,856.02	\$ 1,110,278.22
Capital assets, net	<u>27,072.99</u>	<u>32,335.33</u>
Total Assets	1,441,929.01	1,142,613.55
Liabilities		
Current liabilities	838,245.26	833,57.34
Net Position		
Investment in capital assets	27,072.99	32,335.33
Unrestricted	<u>576,610.76</u>	<u>477,896.93</u>
Total Net Position	<u>603,683.75</u>	<u>517,531.51</u>

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

Net position increased by \$299,903 during the current year. A summary follows:

**SUMMARY OF CHANGES IN NET POSITION
Governmental Activities**

	<u>2016</u>	<u>2015</u>
Revenues		
Operating grants and contributions	\$ 1,225,463.56	\$ 1,627,090.60
General revenues:		
Fines, forfeitures and other	3,613,497.71	3,800,895.39
Investment earnings	9,052.09	7,028.58
Total Revenues	4,848,013.66	5,435,014.57
Expenses	4,548,110.56	5,643,502.87
Change in Net Position	<u>299,902.80</u>	<u>(208,488.30)</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The Public Defender's investment in capital assets, net of accumulated depreciation, at June 30, 2016 and 2015, was \$27,073 and \$32,335, respectively. There was \$15,992 expended on capital additions during the year. All assets are properly tagged and a detailed list is maintained.

Capital assets at year-end are summarized as follows:

**CAPITAL ASSETS
Net of Accumulated Depreciation**

	<u>2016</u>	<u>2015</u>
Equipment	\$ 3,169.78	\$ 7,664.23
Office furniture	<u>23,903.21</u>	<u>24,671.10</u>
Net	<u>27,072.99</u>	<u>32,335.33</u>

Debt Administration: The Public Defender currently has no long-term debt.

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

BUDGETARY HIGHLIGHTS

The Public Defender received \$263,992 more than it anticipated, but expenditures were \$276,276 (5%) more than budgeted amounts. The variance between budget and actual expenditures falls within the limits allowed by law.

Information related to the comparison of actual to budgeted revenues and expenses can be found on page 29.

REQUEST FOR INFORMATION

A copy of this report or additional information can be obtained by writing or contacting the Office of the Public Defender, P. O. Box 3356, Baton Rouge, Louisiana 70821; (225) 389-3150.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2016**

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 431,400.11
Prepaid expenses	28,357.97
Receivables, net	955,097.94
Investments	-
Capital assets, net	<u>27,072.99</u>
Total Assets	<u>1,441,929.01</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
-	
<u>LIABILITIES</u>	
Accounts payable	826,504.04
Payroll related payables	<u>11,741.22</u>
Total Liabilities	<u>838,245.26</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
-	
<u>NET POSITION</u>	
Investment in capital assets	27,072.99
Unrestricted	<u>576,610.76</u>
Total Net Position	<u><u>603,683.75</u></u>

See Accompanying Notes and Independent Auditors' Report

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016**

<u>Functions/Programs</u>	Program Revenues				Net Revenues (Expenses)
	Expenses	Charges for Services	Capital Grants & Contributions	Operating Grants & Contributions	Governmental Activities
Governmental Activities					
General government	\$ 203,002.74	\$ -	\$ -	\$ -	\$ (203,002.74)
Public defense	4,350,370.08	-	-	1,225,463.56	(3,124,906.52)
Total Governmental Activities	4,553,372.82	-	-	1,225,463.56	(3,327,909.26)

General Revenues

Fines, forfeitures, court costs and other	3,613,497.71
Investment earnings	9,052.09
	3,622,549.80
Change in Net Position	294,640.54
Net Position, beginning	309,043.21
Net Position, ending	603,683.75

See Accompanying Notes and Independent Auditors' Report

FUND FINANCIAL STATEMENTS

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

ASSETS

Cash and cash equivalents	\$ 431,400.11
Prepaid expenses	28,357.97
Receivables, net:	
Court	110,101.44
Sheriff	125,816.01
Defendant court-ordered	719,180.49
Investments	<u>-</u>
TOTAL ASSETS	<u><u>1,414,856.02</u></u>

LIABILITIES AND FUND BALANCES

Liabilities:	
Accounts payable	826,504.04
Payroll related payables	<u>11,741.20</u>
Total Liabilities	838,245.24
Fund Balances:	
Non-spendable	28,357.97
Assigned	
Unassigned	<u>548,252.81</u>
Total Fund Balances	<u><u>576,610.78</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>1,414,856.02</u></u>

See Accompanying Notes and Independent Auditors' Report

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2016**

Total Fund Balances - Governmental Funds \$ 576,610.78

Amounts reported for governmental activities in the
Statement of Net Position are different because:

Capital assets used in governmental activities are not
current financial resources and, therefore, are not
reported in the Governmental Funds Balance Sheet 27,072.97

Total Net Position - Governmental Activities 603,683.75

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2016**

REVENUES

Intergovernmental revenues	\$ 1,225,463.56
Fines, forfeitures, court costs and other	3,497,419.19
Application fees	116,078.52
Investment earnings	<u>9,052.09</u>
Total Revenues	4,848,013.36

EXPENDITURES

General government	197,740.48
Public defense	4,350,370.08
Capital outlay	<u>-</u>
Total Expenditures	<u>4,548,110.56</u>
Change in Fund Balances	299,902.80
Fund Balances, beginning	<u>276,707.88</u>
Fund Balances, ending	<u><u>576,610.68</u></u>

See Accompanying Notes and Independent Auditors' Report

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016**

Net Change in Fund Balances - Governmental Funds \$ 299,902.80

Amounts reported for governmental activities in the
Statement of Activities are different because:

Governmental funds report capital outlays as expenditures.
However, in the Statement of Activities, the cost of those
assets is allocated over their estimated useful lives as
depreciation expense. This is the amount by which
depreciation charged exceeded capital outlay charged
in the current period.

(5,262.34)

Change in Net Position - Governmental Activities

294,640.46

NOTES TO FINANCIAL STATEMENTS

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
INDEX TO NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

<u>Note No.</u>	<u>Description</u>	<u>Page No.</u>
	Introduction	18
1	Summary of Significant Accounting Policies	18
2	Cash and Cash Equivalents	23
3	Receivables.....	23
4	Capital Assets	24
5	Accounts and Other Payables.....	24
6	Retirement System	24
7	Leases	25
8	Fund Balances	25
9	Governmental Fund Revenues and Expenditures	25
10	Related Party Transactions.....	27
11	Litigation and Claims	27
12	Subsequent Events.....	27

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

INTRODUCTION

The Nineteenth Judicial District Public Defender Board was originally established for the Nineteenth Judicial District by Louisiana Revised Statute 15:144 – 15:148. On August 15, 2007, the Board was abolished and authority transferred to the District Public Defender (Michael Mitchell) by Act No. 307 known as the Public Defender Act.

The main purpose of the Public Defender is to provide legal counsel for public defendants. The appointments usually exceed 5,000 per year of the district's population of approximately 500,000.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting and reporting practice of the Public Defender conforms to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of the Governmental Accounting Standards Public Defender (GASB) which is the standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of certain significant accounting policies:

Financial Reporting Entity: Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the Public Defender includes all funds which are controlled by or dependent on the Public Defender which was determined on the basis of oversight responsibility, including accountability for fiscal and budget matters, designation of management or governing authority and authority to issue debt. While the Public Defender is a part of the district court system, state statute gives each district Public Defender control over its operations. It operates autonomously from the State of Louisiana and independently from the district court system and, therefore, issues its own financial statements.

Government-Wide Accounting: In accordance with Government Accounting Standards Statement No. 34, the Public Defender has presented a statement of net position and statement of activities for the Public Defender as a whole. These statements include the primary government and its component units, if applicable, with the exception of fiduciary funds. Those funds are reported separately. Government-wide accounting is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity.

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Government-wide statements distinguish between governmental-type and business-type activities. Governmental activities are those financed through taxes, intergovernmental revenues and other non-exchange revenues and are usually reported in governmental and internal service funds. Business activities are financed in whole or in part through fees charged for goods or services to the general public and are usually reported in proprietary funds.

Policies specific to the government-wide statements are as follows:

Eliminating Internal Activity

Inter-fund receivables and payables are eliminated in the statement of net assets except for the net residual amounts due between governmental and business-type activities. These are presented as internal balances. The allocation of overhead expenses from one function to another or within the same function is eliminated in the statement of activities. Allocated expenses are reported by the function to which they were allocated.

Capitalizing Assets

Tangible and/or intangible assets used in operations with an initial useful life that extends beyond one year are capitalized. Infrastructure assets such as roads and bridges are also capitalized. Capital assets are recorded at their historical cost and are depreciated using the straight-line method of depreciation over their estimated useful lives. They are reported net of accumulated depreciation on the statement of net position. Depreciation of contributed assets of proprietary funds is charged against contributed capital as opposed to unrestricted net position.

Program Revenues

The statement of activities presents three categories of program revenues – (1) charges for services; (2) operating grants and contributions; and (3) capital grants and contributions. Charges for services are those revenues arising from charges to customers who purchase, use or directly benefit from goods and services provided by the Public Defender. Grants and contributions, whether operating or capital in nature, are revenues arising from receipts that are restricted for a specific use.

Direct/Indirect Expenses

Expenses are reported according to function except for those that meet the definition of special or extraordinary items. Direct expenses are specifically associated with a service or program. Indirect expenses include general government or administration that cannot be specifically traced to a service or program. Governments are not required to allocate indirect expenses to other functions, and the Public Defender has chosen not to do so.

Operating Revenues

Proprietary funds separately report operating and non-operating revenues. Revenues from transactions of an entity's main operation are considered operating revenues. All other revenues, which are reported as cash flows from capital or non-capital financing and investing, are reported as non-operating revenues.

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Restricted Net Position

Restricted net position is that for which a constraint has been imposed either externally or by law. The Public Defender recognizes the use of restricted resources for expenditures that comply with the specific restrictions. Restricted resources are exhausted before unrestricted resources are used.

Fund Accounting: The Public Defender uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate entity with a self-balancing set of accounts. The Public Defender has only one category: governmental. Each category, in turn, is divided into separate fund types. The fund classification and a description of each existing fund type follow:

Governmental Funds: Governmental funds account for all of the Public Defender's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds include:

1. General Fund – is the general operating fund of the Public Defender and accounts for all financial resources, except those required to be accounted for in other funds.

Basis of Accounting/Measurement Focus: The type of financial statement presentation determines the accounting and financial reporting treatment applied to a fund.

The government-wide statements are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets, deferred outflows of resources, liabilities and inflows of resources associated with the operation of governmental-type and business-type activities are included in the statement of net position. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred in the statement of activities. In these statements, capital assets are reported and depreciated in each fund.

Governmental funds are reported using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Revenues are recognized when measurable and available, and expenditures are recorded when the related fund liability is incurred. An exception is unmatured principal and interest on general long-term debt which is recognized when due. The Public Defender considers all revenues available if they are collected within sixty days after year-end. Expenditures for capital assets are reported as current expenses, and such assets are not depreciated.

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Budgets and Budgetary Accounting: The Public Defender is not required under Louisiana Revised Statutes to have public meetings on the adoption of its budget. The Executive Director prepares an annual budget for review by the Louisiana Public Defender Board. It is reviewed periodically during the year and amended, if deemed necessary.

Cash and Cash Equivalents: Cash includes amounts in demand deposits, interest bearing demand deposits and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of ninety (90) days or less. Under state law, the Public Defender 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.

Investments: Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed ninety days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value with the corresponding increase or decrease reported in investment earnings. The Public Defender did not have any financial items that met the requirement to be classified as an investment.

Prepaid Expenses: Prepaid expenses are composed of \$28,357.97 in unexpired insurance premiums.

Capital Assets: The Public Defender's assets are recorded at historical cost. Depreciation is recorded using the modified accelerated cost recovery system over the useful lives of the assets of 5 years for equipment and 7-10 years for office furniture. The Public Defender's capitalization policy includes adding all assets with a value of \$500 or more. However, assets that are less in value may be capitalized if their use will benefit more than one period such as recording equipment or chairs.

Compensated Absences: Sick time accrues at one day per month or four hours each pay period (semi-monthly). Vacation accrues according to the position held as follows:

Attorneys	4 weeks
Investigators, Admin Assistant, Office Manager	3 weeks
Secretaries	2 weeks

All vacation time expires at the end of each year, and therefore, no provision for compensated absences has been recorded in the accompanying financial statements. Sick leave, while not paid upon termination, is allowed to be carried over to subsequent years.

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Long-Term Obligations: In the government-wide financial statements, debt principal payments of both governmental and business-type activities are reported as decreases in the balance of the liability on the statement of net assets. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

The Public Defender does not have any long-term debt.

Net Position/Fund Balances: In the statement of net position, the difference between a government's assets and deferred outflows of resources and its liabilities and deferred inflows of resources is recorded as net position. The three components of net position are as follows:

Net Investment in Capital Assets

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of capital assets.

Restricted Net Position

Net position that is reserved by external sources, such as banks or by law, are reported separately as restricted net position. When assets are required to be retained in perpetuity, these non-expendable resources are recorded separately from expendable net position. These are components of restricted net position.

Unrestricted Net Position

This category represents net position not appropriable for expenditures or legally segregated for a specific future use.

In the balance sheet of governmental funds, fund balances are segregated as follows:

Non-spendable

This includes amounts in permanent funds and inventories that are permanently precluded from conversion to cash.

Restricted

Fund balances that are restricted include those resources constrained to a specific purpose by enabling legislation, external parties or constitutional provisions.

Committed

Fund balances may be committed for a specific purpose by the highest level of decision-making authority through a formal action such as the adoption of an ordinance. The removal of or change in this commitment can only be accomplished by the same level of authority through the same type of action taken to commit the fund balances initially.

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Assigned

Resources earmarked for a specific purpose by a government's management are reported as assigned fund balances.

Unassigned

This category represents that portion of equity that are available for any purpose

The Public Defender applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used. The Public Defender does not have a formal minimum fund balance policy.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – CASH AND CASH EQUIVALENTS

Deposits are stated at cost, which approximates market. Under state law, they 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 or exceed 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. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement No. 3, La. Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand. There is no custodial credit risk associated with these funds.

At June 30, 2016, the Public Defender had cash and cash equivalents (book balances) in its governmental activities as follows:

Demand deposits	\$ 286,691.20
Interest-bearing demand deposits	<u>144,708.91</u>
Total	\$ <u>431,400.11</u>

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 3 – RECEIVABLES

The following is a summary of governmental funds receivables at June 30, 2016:

Court	\$ 110,101.44
Sheriff	125,816.01
Defendant court-ordered	<u>3,341,292.32</u>
Sub-Total	3,577,209.77
Less: Allowance for bad debts	<u>2,622,111.83</u>
Receivables, net	<u>955,097.94</u>

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, being depreciated				
Equipment	\$ 163,640.57	\$	\$.00	\$ 163,640.57
Less: accumulated depreciation	<u>155,976.34</u>	4,494.45	.00	<u>160,470.79</u>
Net Equipment	7,664.23	(4,494.45)	.00	3,169.78
Office furniture	79,515.06	.00	.00	78,963.54
Less: accumulated depreciation	<u>54,843.96</u>	767.89	.00	<u>55,611.85</u>
Net Office Furniture	24,671.10	(767.89)	.00	23,903.21
Net Capital Assets, being depreciated	<u>32,335.33</u>	<u>(5,262.34)</u>	.00	<u>27,072.99</u>

NOTE 5 – ACCOUNTS AND OTHER PAYABLES

The following is a summary of governmental funds payables at June 30, 2016:

Trade	\$ 12,727.72
Payroll and related	11,741.22
Rent	<u>813,776.32</u>
Total	<u>838,245.26</u>

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 6 – RETIREMENT SYSTEM

Plan Description. The Public Defender established a pension plan in 1992. Substantially all of the employees of the District Public Defender, Nineteenth Judicial District of Louisiana are members of this plan. This defined contribution plan is invested in American Funds, a mutual fund account held at A.G. Edwards. Each participant is fully-vested at the time of the contribution and will receive his/her individual fund at the time of retirement.

Funding Policy. The Public Defender contributes 7.5% of each participant’s salary. Contributions during the year, which were 100% funded, were \$206,562.15.

Deferred Compensation Plan. While the participant is not required to make a contribution, employees are eligible to participate in the National Association of Counties (NACO) Deferred Compensation Program. The account value and annual earnings are not reported on the accompanying financial statements as all funds belong to the participants.

NOTE 7 - LEASES

There were no capital leases at June 30, 2016. The minimum annual commitments under operating leases are as follows:

<u>Year</u>	<u>Office Space</u>
2013	\$ 167,756.76 + CPI increase
2014	\$ 169,836.84 + CPI increase

In the latter part of 2005, the Public Defender negotiated a new lease with the City Parish of East Baton Rouge commencing on January 1, 2006, at \$12,000 per month or \$144,000 for the first year. On the 1st day of each year, the annual rent will be adjusted upwards by the percentage change in the Consumer Price Index All Urban Consumer during the one-year period ending in November of the preceding year. Payments remitted and accrued during the year totaled \$169,070.60.

The previous lease expired on April 20, 2002, with an option to renew for one year under the same terms. The option was not renewed, and the Public Defender had been renting on a month-to-month basis. No payments were made during this time, and the amount currently owed on back rent is \$813,776.32. During this period of time, the Public Defender was considered a component unit of the City Parish of East Baton Rouge.

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8 – FUND BALANCES

Fund balances in the amount of \$28,357.97 are considered non-spendable as they relate to prepaid expenses. Another portion of fund balances in the amount of \$274,064 has been assigned for operating reserves in the event that the Public Defender is not able to meet its payroll obligations.

NOTE 9 – GOVERNMENTAL FUND REVENUES AND EXPENDITURES

Major sources of governmental fund revenues and expenditures were as follows:

Revenues:

State Government		
Appropriations – general	\$ 1,133,454.56	
Appropriations – specific	<u>92,009.00</u>	
Total	\$ 1,225,463.56	
Local Government		
Statutory fines, forfeitures, fee, court costs and other		3,613,497.71
Investment Earnings		<u>9,052.09</u>
Total Revenues		<u>\$ 4,848,013.36</u>

Expenditures:

Personnel Services and Benefits		
Salaries	\$ 2,871,873.16	
Retirement contributions	206,562.15	
Insurance	396,511.39	
Payroll taxes	<u>36,347.46</u>	
Total		\$ 3,511,294.16
Professional Development		
Dues, licenses and registrations	17,081.04	
Other	<u>1,083.00</u>	
Total		18,164.04

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Operating Costs		
Library and research	34,430.40	
Contract services – attorney/legal	558,996.96	
Contract services – other	62,855.76	
Lease – office	172,437.18	
Lease – autos and other	26,115.17	
Travel – transportation	35,989.58	
Insurance	35,877.24	
Supplies	24,696.02	
Repairs and maintenance	6,161.42	
Utilities and telephone	22,492.74	
Other	<u>38,599.89</u>	
Total		1,018,652.36
Debt Service		.00
Capital		<u>.00</u>
Total Expenditures		<u>\$ 4,548,110.56</u>

OTE 10 – RELATED PARTY TRANSACTIONS

A liability of \$813,776.32 is recognized on the financial statements for rent due to the City Parish of East Baton Rouge. Further explained in note 7 herein, this liability was incurred during a period of time that the Public Defender was included in that entity’s annual financial statements as a component unit. There have been no repayment terms established, and the Public Defender is compliant under the terms of its current lease that was effective January 1, 2006.

NOTE 11 – LITIGATION AND CLAIMS

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

NOTE 12 – SUBSEQUENT EVENTS

There have been no events subsequent to year-end through February 27, 2017, the date on which the financial statements were available for issuance that would materially impact the accompanying financial statements.

**REQUIRED SUPPLEMENTAL INFORMATION
(PART 2 OF 2)**

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2016**

	Budgeted	Actual	Variance Favorable <u>(Unfavorable)</u>
<u>Income</u>			
State & Local Government	(1,762,121.00)	(1,981,711.75)	219,590.75
Special Court Cost	(2,855,379.00)	(2,741,171.00)	(114,208.00)
Charges for Services	(220,354.00)	(116,078.52)	(104,275.48)
Interest Income	(13,500.00)	(9,052.09)	(4,447.91)
Total Income	<u>(4,851,354.00)</u>	<u>(4,848,013.36)</u>	<u>(3,340.64)</u>
<u>Expenses</u>			
Salaries & Benefits	3,907,737.00	3,511,294.16	396,442.84
Travel	44,050.00	35,989.58	8,060.42
Operating Services	434,500.00	340,374.21	94,125.79
Professional Services	723,000.00	629,552.72	93,447.28
	<u>5,109,287.00</u>	<u>4,517,210.67</u>	<u>592,076.33</u>
<u>Other</u>			
Other Expenses	<u>40,900.00</u>	<u>30,899.79</u>	<u>10,000.21</u>
Major Acquisitions	<u>17,420.00</u>	<u>-</u>	<u>17,420.00</u>
Total Expenses	<u>5,167,607.00</u>	<u>4,548,110.46</u>	<u>619,496.54</u>
Change in Fund Balance	<u>(316,253.00)</u>	<u>299,902.90</u>	<u>(616,155.90)</u>
Fund Balance, beginning	<u>276,707.88</u>	<u>276,707.88</u>	
Fund Balance, ending	<u>(39,545.12)</u>	<u>576,610.78</u>	

See Independent Auditors' Report

SUPPLEMENTAL INFORMATION

WILLIAM P. GAINES, JR., CPA
A PROFESSIONAL ACCOUNTING CORPORATION
4257 CHURCH STREET SUITE 105
ZACHARY LA 70791
225-654-0560

**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***

Michael Mitchell
The District Public Defender
Nineteenth Judicial District of Louisiana
P. O. Box 3356
Baton Rouge, Louisiana 70821

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental-type activities of the District Public Defender, Nineteenth Judicial District of Louisiana, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District Public Defender, Nineteenth Judicial District of Louisiana's basic unit financial statements, and have issued our report thereon dated March 6, 2017.

Internal Control over Financial Reporting

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

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

My consideration of the 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

my audit I did not identify any deficiencies in internal control that I 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 District Public Defender, Nineteenth Judicial District of Louisiana's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and, accordingly, I do not express such an opinion. The results of our tests disclosed one instance of noncompliance, failure to comply with the Audit Law, that is required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

This report is intended solely for the information and use of management, others within the agency, the Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document



William P. Gaines, Jr., CPA
A Professional Accounting Corporation
Zachary, LA
March 6, 2017

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
SCHEUDLE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2016**

I have audited the financial statements of the District Public Defender, Nineteenth Judicial District of Louisiana as of and for the year ended June 30, 2016, and have issued our report thereon dated March 6, 2017. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2016, resulted in an unmodified opinion.

Section I Summary of Auditor's Reports

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

Internal Control	Material Weakness	■	No
	Deficiency(ies)	■	No
Compliance	Material Weakness	■	No
	Deficiency(ies)	■	No

B. Federal Awards

Section II Financial Statement Findings

2016.01 Compliance with Audit Law

Criteria. Louisiana Revised Statue 24:513 requires that an annual financial report or other type report be submitted to the Legislative Auditor within six months of the close of the fiscal/calendar year. This equates to December 31st for the agency.

Condition. This deadline was not met for the current year.

Recommendation. I recommend that management be cognizant of this deadline in the future and make every effort to comply.

Management's Response. We will make every effort to comply with this requirement in the future.

Section III Management Letter

N/A

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2016**

Section I Internal Control and Compliance Material to the Financial Statements

N/A

Section II Compliance and Internal Control Material to Federal Awards

N/A

Section III Financial Statement Findings

2015.01 Compliance with Budget Act

Criteria. Louisiana Revised Statute 39:1301-1315 (Government Budget Act) requires that expenditures fall within 5% of budgeted authority. Based on budgeted expenditures of \$5,167,607 the Public Defender expended 9% more than budgeted amounts.

Condition. This Public Defender is not in compliance with the Government Budget Act.

Recommendation. I understand that management prepares a schedule of budget to actual comparison and reviews it on a periodic basis. I recommend, however, that consideration be given for either (1) amending the budget upwards as necessary or (2) reducing expenditures to fall within 5% of budgeted amounts.

Disposition. Resolved

Section IV Management Letter

N/A

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2016**

Section I Compliance and Internal Control Material to the Financial Statements

Please see management's response in Schedule of Findings and Responses.

Section II Compliance and Internal Control Material to Federal Awards

N/A

Section III Management Letter

N/A

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD
YEAR ENDED JUNE 30, 2016**

Agency Head

Michael Mitchel
Public Defender

Purpose

Salary	\$ 106,080
Benefits – retirement	7,956
Benefits – group insurance	12,168
Auto allowance	<u>4,800</u>
Total Compensation, Benefits and Other Payments	<u>\$ 131,454</u>