

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND
PARISH OF CALCASIEU, LOUISIANA

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

Year Ended June 30, 2020

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THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Management's Discussion and Analysis

Within this section of The Fourteenth Judicial District Indigent Defender Fund's (District) financial report, the District's management is pleased to provide this narrative discussion and analysis of the financial activities of the District for the year ended June 30, 2020. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

- The District's assets were in excess of its liabilities by \$1,135,415 (net position) for the fiscal year reported.
- Total revenues of \$2,079,061 were less than total expenses of \$2,581,769, which resulted in current year income (loss) of (\$502,708), compared to a prior year income (loss) of \$16,321.
- Total net position are comprised of the following:
 - (1) Net Investment in capital assets, of \$7,293 includes property and equipment, net of accumulated depreciation. There is no outstanding debt related to the purchase or construction of capital assets.
 - (2) Unrestricted net position of \$1,128,122 represent the portion available to maintain the District's continuing obligations.
- Overall, the District is continuing to work to improve on this financial position; however, funding sources are limited.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF FINANCIAL STATEMENTS

This Management's Discussion and Analysis document introduces the District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The District also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available.

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Management's Discussion and Analysis (Continued)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the District's assets and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other nonfinancial factors such as diversification of the revenue base, or the condition of District fixed assets in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the District's net assets changed during the current period. All current period revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenues provided to the District.

Both government-wide financial statements distinguish governmental activities of the District that are principally supported by court costs and from activities that are intended to recover all or a significant portion of their costs through user fees and charges.

FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole.

The District has one kind of fund:

Governmental fund is reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District's governmental fund. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the period. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Management's Discussion and Analysis (Continued)

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the District's budget presentations. Budgetary comparison statements are included as "required supplemental information" for the general fund. This schedule demonstrates compliance with the District's adopted and final revised budget.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the District as a whole.

The District's net position at June 30, 2020 is \$1,135,415. The following table provides a summary of the District's net position:

| | <u>2020</u> | <u>2019</u> |
|----------------------------------|---------------------|---------------------|
| Assets: | | |
| Current assets | \$ 1,129,209 | \$ 1,638,647 |
| Capital assets, net | <u>7,293</u> | <u>10,855</u> |
| Total assets | 1,136,502 | 1,649,502 |
| DEFERRED OUTFLOWS OF RESOURCES | - | - |
| Liabilities: | | |
| Current liabilities | <u>1,087</u> | <u>11,379</u> |
| DEFERRED INFLOWS OF RESOURCES | - | - |
| Net position: | | |
| Net investment in capital assets | 7,293 | 10,855 |
| Unrestricted | <u>1,128,122</u> | <u>1,627,268</u> |
| Total net position | <u>\$ 1,135,415</u> | <u>\$ 1,638,123</u> |

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Management's Discussion and Analysis (Continued)

The District rebounded to reflect an increase in current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio is 1,038.8 to 1 (144.0 for 2019)

Note that approximately 1% (1% for 2019) of the governmental activities' net position are tied up in capital assets. The District uses these capital assets to provide services to its citizens.

Overall, the District reports net position of \$1,135,415. This amount is \$502,708 lower than last year. The District's overall financial position did not improve during fiscal year 2020.

The following table provides a summary of the District's changes in net position:

| | Year Ended <u>06/30/20</u> | Year Ended <u>06/30/19</u> |
|------------------------|-------------------------------|-------------------------------|
| Revenues | \$ 2,079,061 | \$ 2,467,843 |
| Expenses | <u>2,581,769</u> | <u>2,484,164</u> |
| Change in Net Position | (502,708) | (16,321) |
| Beginning Net Position | <u>1,638,123</u> | <u>1,654,444</u> |
| Ending Net Position | <u>\$ 1,135,415</u> | <u>\$ 1,638,123</u> |

GOVERNMENTAL REVENUES

The District is heavily reliant on court costs to support governmental operations. Court costs provided 43% (43% for the year ended 2019) of the District's total revenues. As a result, the court system has a major impact on the District's revenue stream.

BUDGETARY HIGHLIGHTS

When the original budget was adopted, it was anticipated that the total revenues were going to be \$370,241 less than the previous fiscal year's final budget, mainly due to a decrease in intergovernmental revenues. The total budget expenditures were anticipated to be \$2,790 less than the previous year's final budget, mainly due to rent. The budget was not amended during the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The District's net investment in capital assets, net of accumulated depreciation as of June 30, 2020, was \$7,293. See Note B for additional information about changes in capital assets during the period and outstanding at the end of the period. The following table provides a summary of capital asset activity.

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Management's Discussion and Analysis (Continued)

| | <u>06/30/20</u> | <u>06/30/19</u> |
|-------------------------------|-----------------|------------------|
| Depreciable assets: | | |
| Equipment | \$ 182,642 | \$ 181,368 |
| Less accumulated depreciation | <u>175,349</u> | <u>170,513</u> |
| Book value-depreciable assets | <u>\$ 7,293</u> | <u>\$ 10,855</u> |
| Percentage depreciated | <u>96</u> % | <u>94</u> % |
| Book value-all assets | <u>\$ 7,293</u> | <u>\$ 10,855</u> |

The addition for the current year was a computer.

LONG-TERM DEBT

At the end of the year, the District had no debt.

ECONOMIC CONDITIONS AFFECTING THE DISTRICT

Since the primary revenue stream for the District is court costs, the District's court costs revenues are subject to changes in the court system without regard to District operating expenses.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the District at P.O. BOX 3757, Lake Charles, LA 70602.

INDEPENDENT AUDITORS' REPORT

March 24, 2021

Public Defender
The Fourteenth Judicial District Indigent Defender Fund
Lake Charles, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of the Fourteenth Judicial District Indigent Defender Fund, a component unit of the Louisiana Public Defender Board, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the basic 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 principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Fourteenth Judicial District Indigent Defender Fund as of June 30, 2020, 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 through 7 and page 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

The accompanying financial statements have been prepared assuming that the District will continue as a going concern. As discussed in Note F to the financial statement, the District has had recurring losses from operations in prior years which raises substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note F. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The Fourteenth Judicial District Indigent Defender Board's basic financial statements. The schedule of compensation, benefits and other payments to chief executive officer is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of compensation, benefits and other payments to chief executive officer is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits and other payments to chief executive officer is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2021 on our consideration of the Fourteenth Judicial District Indigent Defender Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Fourteenth Judicial District Indigent Defender Board's internal control over financial reporting and compliance.

Dragan, Cassidy: Skully

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Statement of Net Position

June 30, 2020

| | |
|------------------------------------------|----------------------------|
| ASSETS | |
| Cash | \$ 1,032,385 |
| Receivables - court cost | 58,327 |
| Prepaid expenses | 38,497 |
| Capital assets, net | <u>7,293</u> |
| Total assets | <u>1,136,502</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| | <u>-</u> |
| LIABILITIES | |
| Accounts payable and accrued liabilities | <u>1,087</u> |
| Total liabilities | <u>1,087</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| | <u>-</u> |
| NET POSITION | |
| Invested in capital assets | 7,293 |
| Unrestricted | <u>1,128,122</u> |
| Total net position | <u><u>\$ 1,135,415</u></u> |

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

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Statement of Activities

Year Ended June 30, 2020

| <u>Activities</u> | <u>Expenses</u> | <u>Program Revenues</u> | | <u>Net Revenues (Expenses) and</u> |
|--------------------------|-----------------|-------------------------|--------------------------|------------------------------------|
| | | <u>Charges for</u> | <u>Operating Grants</u> | <u>Changes in Net Position</u> |
| | | <u>Services</u> | <u>and Contributions</u> | <u>Governmental</u> |
| | | | | <u>Activities</u> |
| Governmental Activities: | | | | |
| General government | \$ 2,581,769 | \$1,137,886 | \$ 935,283 | \$ (508,600) |
| | | General Revenues: | | |
| | | Interest income | | 2,991 |
| | | Other income | | 2,901 |
| | | Change in Net Position | | <u>(502,708)</u> |
| | | Net Position, beginning | | <u>1,638,123</u> |
| | | Net Position, ending | | <u>\$ 1,135,415</u> |

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

FUND FINANCIAL STATEMENTS

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Balance Sheet - Governmental Fund

June 30, 2020

| | <u>2020</u> | <u>2019</u> |
|----------------------------------------------------------------------|--------------------|--------------------|
| ASSETS | | |
| Cash | \$1,032,385 | \$1,515,892 |
| Receivables | | |
| Court costs | 58,327 | 86,923 |
| Prepaid expenses | <u>38,497</u> | <u>35,832</u> |
| Total assets | 1,129,209 | 1,638,647 |
| DEFERRED OUTFLOWS OF RESOURCES | <u>-</u> | <u>-</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | <u>\$1,129,209</u> | <u>\$1,638,647</u> |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | <u>\$ 1,087</u> | <u>\$ 11,379</u> |
| Total liabilities | 1,087 | 11,379 |
| DEFERRED INFLOWS OF RESOURCES | <u>-</u> | <u>-</u> |
| FUND BALANCE | | |
| Unassigned | <u>1,128,122</u> | <u>1,627,268</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE | <u>\$1,129,209</u> | <u>\$1,638,647</u> |

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

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Reconciliation of the Balance Sheet-Governmental Fund to the
Statement of Net Position

June 30, 2020

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| Total fund balance for governmental fund at June 30, 2020 | \$ 1,128,122 |
| Total net position reported for governmental activities in the statement of net position is different because: | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of: | |
| Capital assets, net of \$175,349 accumulated depreciation | <u>7,293</u> |
| Total net position of governmental activities at June 30, 2020 | <u><u>\$ 1,135,415</u></u> |

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

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Statement of Revenues, Expenditures and
Changes in Fund Balance - Governmental Fund

Year Ended June 30, 2020

| | <u>2020</u> | <u>2019</u> |
|------------------------------------------------------|---------------------|---------------------|
| REVENUES | | |
| Court costs on fines and forfeitures | \$ 899,208 | \$ 1,051,881 |
| Intergovernmental | 935,283 | 1,142,838 |
| Fees from individuals | 238,678 | 223,080 |
| Interest income | 2,991 | 3,448 |
| Other income | 2,901 | 46,596 |
| TOTAL REVENUES | <u>2,079,061</u> | <u>2,467,843</u> |
| EXPENDITURES | | |
| General Government | | |
| Salaries and related benefits | 1,851,831 | 1,762,158 |
| Professional services | 552,050 | 546,607 |
| Litigation support | 3,700 | 5,200 |
| Library | 27,744 | 25,570 |
| Material and supplies | 34,648 | 25,893 |
| Rent | 38,178 | 31,020 |
| Travel | 4,558 | 6,527 |
| Other operating expenditures | 64,224 | 76,544 |
| Capital Outlay | 1,274 | 2,987 |
| TOTAL EXPENDITURES | <u>2,578,207</u> | <u>2,482,506</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (499,146) | (14,663) |
| FUND BALANCE - BEGINNING | <u>1,627,268</u> | <u>1,641,931</u> |
| FUND BALANCE - ENDING | <u>\$ 1,128,122</u> | <u>\$ 1,627,268</u> |

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

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance-Governmental Fund to the Statement of Activities

Year Ended June 30, 2020

| | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|----------------|---------------------|
| Total net changes in fund balance at June 30, 2020 per Statement of Revenues, Expenditures and Changes in Fund Balance | | | \$ (499,146) |
| The change in net position reported for governmental activities in the statement of activities 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 and reported as depreciation expense. | | | |
| Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balance | \$ | 1,274 | |
| Depreciation expense for the year ended June 30, 2020 | | <u>(4,836)</u> | <u>(3,562)</u> |
| Total changes in net position at June 30, 2020 per Statement of Activities | | | <u>\$ (502,708)</u> |

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

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Notes to Basic Financial Statements

June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Fourteenth Judicial District Indigent Defender Fund, Parish of Calcasieu, Louisiana (District), is established in compliance with Louisiana Revised Statutes 15:144-149, to provide and compensate counsel appointed to represent indigents in criminal and quasi-criminal cases on the district court level. The judicial district encompasses the Parish of Calcasieu, Louisiana.

The more significant of the government's accounting policies are described below.

1. Reporting Entity

GASB Statement No. 14 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 Statement No. 14, the Fourteenth Judicial District Indigent Defender Fund includes all funds, account groups, et cetera, that are within the oversight responsibility of the Fourteenth Judicial District Indigent Defender Fund.

As the governing authority, for reporting purposes, the Louisiana Public Defender Board is the financial reporting entity. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Louisiana Public Defender Board for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability.

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Notes to Basic Financial Statements

June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body and
 - a. The ability of the Louisiana Public Defender Board to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Louisiana Public Defender Board.
2. Organizations for which the Louisiana Public Defender Board does not appoint a voting majority but are fiscally dependent on the Louisiana Public Defender Board.
3. Organizations for which the reporting entity financial statements could be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based upon the application of these criteria, the Fourteenth Judicial District Indigent Defender Fund is a component unit of Louisiana Public Defender Board.

2. Basis of Presentation

The accompanying basic financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", issued in June 1999.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through court costs, intergovernmental revenues, and other nonexchange revenues.

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Notes to Basic Financial Statements

June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include (a) fees and charges paid by the recipients of services offered by the District; and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements

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

The District has one fund, the General Fund, which is therefore considered its major fund.

3. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and the statement of activities, the activities are presented using the economic resources measurement focus. In the fund financial statements, the "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets.

Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Notes to Basic Financial Statements

June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Basis of Accounting

In the government-wide statement of net position and statement of activities, the activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting.

4. Cash

Cash includes amounts in demand deposits and time deposits with original maturities of 90 days or less. Under state law, the District 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.

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. At June 30, 2020 the carrying amount was \$1,032,385 and the bank balance was \$1,070,771. These deposits are secured from risk by \$250,000 of federal deposit insurance and \$820,771 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Notes to Basic Financial Statements

June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. Budgets

A budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the district's Board of Directors for review. The board may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated.

Expenditures may not legally exceed budgeted appropriations at the activity level.

6. Accounts Receivable

No reserve for uncollectible receivables had been recorded as of June 30, 2020, as all receivables were considered collectible.

7. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The minimum capitalization threshold is any individual item with a total cost greater than \$500.

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Notes to Basic Financial Statements

June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

| | |
|-----------|-----------|
| Equipment | 3-7 years |
|-----------|-----------|

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

8. Compensated Absences

All permanent, full-time employees earn from 22 to 42 days of vacation and sick leave each year, depending upon length of service. Leave is available for use by employees in the fiscal year it was earned.

9. Estimates

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

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Notes to Basic Financial Statements

June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

10. Equity Classification

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

- a. Net investment in capital assets— Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets”.

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as restricted, assigned and unassigned.

- a. Restricted fund balance - includes fund balance amounts that are intended to be used for specific purposes based on generally outside actions.
- b. Assigned fund balance – includes fund balance amounts that are intended to be used for specific purposes based on internal (board) actions.
- c. Unassigned fund balance – includes positive fund balance within the general fund which has not been classified within the above mentioned categories.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, expenditures are to be spent from restricted fund balance first and then unrestricted. Expenditures incurred in the unrestricted fund balances shall be reduced first from the committed fund balance, then from the assigned fund balance and finally, the unassigned fund balance.

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Notes to Basic Financial Statements

June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

11. Subsequent Events

Management has evaluated subsequent events through March 24, 2021, the date the financial statements were available to be issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may impact the District's ongoing operations; however, the extent and severity of the potential impact is unknown at this time.

On August 27, 2020 Hurricane Laura made landfall in Southwest Louisiana as a Category 4 hurricane which was followed by Hurricane Delta on October 8, 2020. The full extent of damages to the District's facilities or effects on operations have not been determined.

12. Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statement in order to provide an understanding of changes in the District's financial position and operations.

NOTE B - CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2020 follows:

| | <u>Beginning of Year</u> | <u>Additions</u> | <u>Deletions</u> | <u>End of Year</u> |
|------------------------------------------------|------------------------------|-------------------|------------------|------------------------|
| Governmental activities: | | | | |
| Equipment | \$ 181,368 | \$ 1,274 | \$ - | \$ 182,642 |
| Less accumulated depreciation for: | | | | |
| Equipment | <u>170,513</u> | <u>4,836</u> | <u>-</u> | <u>175,349</u> |
| Governmental activities capital assets, net | <u>\$ 10,855</u> | <u>\$ (3,562)</u> | <u>\$ -</u> | <u>\$ 7,293</u> |

NOTE C - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Notes to Basic Financial Statements

June 30, 2020

NOTE D - PENSION PLAN

Beginning in October 2011, the District offers a Savings Incentive Match Plan for Employees of a Small Employers (SIMPLE). Eligibility is limited to employees who are reasonably expected to receive at least \$5,000 in compensation and who have received at least \$5,000 in compensation during any 2 calendar years preceding the current calendar year. Mutual of America serves as the Designated Financial Institution (DFI) under the Plan. The District will make a matching contribution equal to an employee's salary reduction contribution, up to a limit of 3% of the employee's compensation for the year. For the year ended June 30, 2020, employees deferred \$65,575 of their compensation and employer contributions totaled \$33,668.

NOTE E – OPERATING LEASE

The District entered into a two year lease for office building space commencing on January 1, 2019 with Calcasieu Parish Police Jury in the amount of \$3,578.64 per month. Rent was suspended May 1, 2020. Rent expense for the year ended June 30, 2020 amounted to \$32,208.

NOTE F - GOING CONCERN CONSIDERATIONS

During the past several years, the District has experienced recurring operating losses and negative cash flows that have resulted in net asset deficits. The District is attempting to maintain the funding sources at the 2019 levels to stabilize annual operating profits, but the outlook for next year is that these levels will not be approached. The District and its management have been aware of and are concerned about the level of statutory funding for the operations of the District. Article 1, Section 13, of the 1974 Constitution of Louisiana provides, in part, the following:

“The legislature shall provide a uniform system of securing and compensating qualified counsel for indigents.”

This issue and the concerns of the District have been brought to the attention of the legislators, the judges of the Fourteenth Judicial District Court, the District Attorney, and the Calcasieu Parish Police Jury. The District has proposed several options to increase its funding, including sharing proceeds of the existing parish law enforcement property tax millage or the proposed renewal of this tax so as to provide the District additional funding. A working group of attorneys, judges, the District Attorney's office, the Police Jury, the Clerk of Court, and general members of the local bar association convened to consider various funding options or alternatives to the current indigent defender system. The District and its management continues to actively participate in this effort.

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Notes to Basic Financial Statements

June 30, 2020

NOTE G – GOVERNMENT FUND REVENUES AND EXPENDITURES

For the year ended June 30, 2020, the major sources of governmental fund revenues and expenditures were as follows:

Revenues:

| | |
|------------------------------------|---------------------|
| State Government | |
| Grants | \$ 935,283 |
| Local Government | |
| Statutory fines, forfeitures, fees | |
| court costs and others | 899,208 |
| Charges for services | 238,678 |
| Investment earnings | 2,991 |
| Miscellaneous | <u>2,901</u> |
| Total Revenues | <u>\$ 2,079,061</u> |

Expenditures:

| | |
|------------------------------------|---------------------|
| Personnel Services and Benefits | |
| Salaries | \$ 1,499,020 |
| Insurance | 207,791 |
| Payroll taxes | 111,352 |
| Retirement contributions | 33,668 |
| Other | <u>0</u> |
| | 1,851,831 |
| Professional Development | |
| Dues, licenses, and registrations | 6,965 |
| Travel | <u>473</u> |
| | 7,438 |
| Operating Costs | |
| Library and research | 27,744 |
| Contract services – attorney/legal | 538,805 |
| Contract services – other | 16,645 |
| Lease – office | 32,208 |
| Travel – transportation | 4,558 |
| Insurance | 24,395 |
| Supplies | 34,648 |
| Repairs and maintenance | 18,340 |
| Utilities and telephone | - |
| Other | <u>20,321</u> |
| | 717,664 |
| Capital outlay | <u>1,274</u> |
| Total Expenditures | <u>\$ 2,578,207</u> |

REQUIRED SUPPLEMENTAL INFORMATION

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2020

| | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
|------------------------------------------------------|-------------------|---------------------|----------------------------------------|
| REVENUES | | | |
| Court costs on fines and forfeitures | \$ 942,500 | \$ 899,208 | \$ (43,292) |
| Intergovernmental | 841,722 | 935,283 | 93,561 |
| Fees from indigents | 157,500 | 238,678 | 81,178 |
| Interest | 2,880 | 2,991 | 111 |
| Other income | 300 | 2,901 | 2,601 |
| TOTAL REVENUES | <u>1,944,902</u> | <u>2,079,061</u> | <u>134,159</u> |
| EXPENDITURES | | | |
| General Government | | | |
| Salaries and related benefits | 2,043,153 | 1,851,831 | 191,322 |
| Professional services | 875,500 | 552,050 | 323,450 |
| Litigation support | - | 3,700 | (3,700) |
| Library | 27,500 | 27,744 | (244) |
| Materials and supplies | 36,000 | 34,648 | 1,352 |
| Rent | 49,094 | 38,178 | 10,916 |
| Travel | 18,250 | 4,558 | 13,692 |
| Other operating expenditures | 77,900 | 64,224 | 13,676 |
| Capital Outlay | 40,000 | 1,274 | 38,726 |
| TOTAL EXPENDITURES | <u>3,167,397</u> | <u>2,578,207</u> | <u>589,190</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (1,222,495) | (499,146) | 723,349 |
| FUND BALANCE - BEGINNING | <u>1,627,268</u> | <u>1,627,268</u> | - |
| FUND BALANCE - ENDING | <u>\$ 404,773</u> | <u>\$ 1,128,122</u> | <u>\$ 723,349</u> |

OTHER INFORMATION

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Schedule of Compensation, Benefits and Other Payments
To Chief Executive Officer

Year Ended June 30, 2020

Chief Executive Officer: Harry Fontenot, District Defender

| <u>Purpose</u> | <u>Amount</u> |
|----------------------------------------|---------------|
| Salary | \$ 120,000 |
| Benefits-health insurance | 8,589 |
| Benefits-malpractice insurance | 572 |
| Benefits-retirement | 3,600 |
| Benefits-cell phone | - |
| Car allowance | - |
| Vehicle provided by government | - |
| Per diem | - |
| Reimbursements | - |
| Travel | 542 |
| Conference travel | - |
| Continuing professional education fees | 20 |
| Housing | - |
| Unvouchered expenses | - |
| Special meals | - |
| State bar dues | 735 |

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*

March 24, 2021

Public Defender
The Fourteenth Judicial District Indigent Defender Fund
Lake Charles, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities of The Fourteenth Judicial District Indigent Defender Fund, a component unit of the Louisiana Public Defender Board, as of and for the year ended June 30, 2020, and the related notes to the financial statement, which collectively comprise The Fourteenth Judicial District Indigent Defender Board's basic financial statements and have issued our report thereon dated March 24, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fourteenth Judicial District Indigent 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 weakness or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We Public Defender

did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies.

Compliance and Other Matters

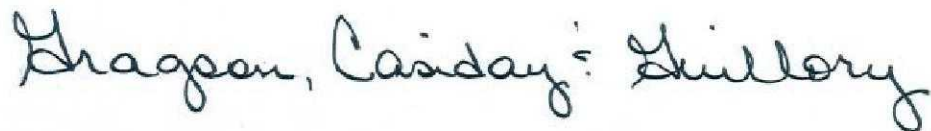
As part of obtaining reasonable assurance about whether the Fourteenth Judicial District Indigent Defender Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with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

District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The District's 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 the Report

This 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in black ink that reads "Shagron, Casiday: Shullory". The signature is written in a cursive, flowing style.

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Schedule of Findings and Responses

Year Ended June 30, 2020

1. Summary of Auditors' Results:

Type of auditors' opinion issued: unmodified, going concern

Internal control over financial reporting:

Material weakness(es) identified? yes no

Control deficiency(s) identified that are not considered to be material weakness(es)? yes none reported

Noncompliance material to financial statements noted? yes no

2. Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards

Finding 2020-001:

Inadequate Segregation of Duties

Condition: Because of the small size of the District's office staff, the opportunity for segregation of duties is limited. Effective internal control requires adequate segregation of duties among entity personnel.

Effect: Without proper segregation of duties, misstatements in amounts may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Response/Corrective Action Planned: Management has responded that it does not believe that it is cost effective to employ adequate personnel to achieve appropriate segregation of duties. Management has implemented supervision and review procedures such as review and approval of supporting documents related to expenditures, review listings of revenue received and review of bank reconciliations on a monthly basis.

Continued

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Schedule of Findings and Responses - Continued

Year Ended June 30, 2020

3. Findings and Questioned Costs for Federal Awards

N/A

4. Prior Year Audit Findings

Finding 2019-001: Inadequate segregation of duties.

Corrective Actions Taken – None, a repeat finding in 2020.