

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

Annual Financial Statements

June 30, 2019



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Independent Auditor's Report

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Twenty-Second Judicial District Public Defender Office (the Public Defender Office), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Public Defender Office's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Twenty-Second Judicial District Public Defender Office as of June 30, 2019, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules of revenues, expenditures, and changes in fund balance - budget and actual be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, 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.

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

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Public Defender Office's basic financial statements. The schedule of compensation, benefits, and other payments to agency head, as required by Louisiana Revised Statute (LRS) 24:513 A(3), is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2019, on our consideration of the Twenty-Second Judicial District Public Defender Office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Public Defender Office's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Twenty-Second Judicial District Public Defender Office's internal control over financial reporting and compliance.

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

A Professional Accounting Corporation

Covington, LA
December 12, 2019

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

TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Covington, Louisiana
Statement of Net Position
June 30, 2019

	Governmental Activities
<hr/>	
Assets	
Cash and Cash Equivalents	\$ 416,895
Accounts Receivable	114,897
Probation Fees Receivable - Net of Allowance of \$1,320,285	96,637
Capital Assets, Net of Accumulated Depreciation	<u>1,371</u>
Total Assets	<u>629,800</u>
Liabilities	
Accounts Payable	162
Accrued Payroll Liabilities	3,992
Unearned Revenue - Felony Probation Fees	<u>96,638</u>
Total Liabilities	<u>100,792</u>
Net Position	
Net Investment in Capital Assets	1,371
Unrestricted	<u>527,637</u>
Total Net Position	<u><u>\$ 529,008</u></u>

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

TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Covington, Louisiana
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities				
Public Defender	\$ 3,019,607	\$ 69,707	\$ 1,444,257	\$ (1,505,643)
General Revenues				
Court Costs, Fees, and Charges				1,288,144
Shared Revenues				158,697
Interest and Earnings on Investments				1,027
Other Income				991
Total General Revenues				<u>1,448,859</u>
Change in Net Position				(56,784)
Net Position, Beginning of Year				<u>585,792</u>
Net Position, End of Year				<u>\$ 529,008</u>

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

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

TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Covington, Louisiana
Balance Sheet
Governmental Funds
June 30, 2019

	General Fund	Special Revenue Fund	Total Governmental Funds
Assets			
Cash and Cash Equivalents	\$ 416,895	\$ -	\$ 416,895
Accounts Receivable	114,897	-	114,897
Probation Fees Receivable - Net of Allowance of \$1,320,285	96,637	-	96,637
Total Assets	\$ 628,429	\$ -	\$ 628,429
Liabilities			
Accounts Payable	\$ 162	\$ -	\$ 162
Accrued Payroll Liabilities	3,992	-	3,992
Unearned Revenue - Felony Probation Fees	96,638	-	96,638
Total Liabilities	100,792	-	100,792
Fund Balance			
Unassigned	527,637	-	527,637
Total Fund Balance	527,637	-	527,637
Total Liabilities and Fund Balance	\$ 628,429	\$ -	\$ 628,429
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position			
Total Fund Balance			\$ 527,637
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			1,371
Net Position of Governmental Activities			\$ 529,008

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

TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Covington, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues			
Court Costs, Fees, and Charges	\$ 1,288,144	\$ -	\$ 1,288,144
Shared Revenues	158,697	-	158,697
Intake Fees	69,707	-	69,707
Grants and Awards			
Judicial District Court	125,000	-	125,000
State of Louisiana	-	1,319,257	1,319,257
Interest Income	1,027	-	1,027
Miscellaneous Income	991	-	991
Total Revenues	1,643,566	1,319,257	2,962,823
Expenditures			
Salaries, Wages, and Fringes	1,475,535	1,180,515	2,656,050
Contract Attorney Fees and Costs	192,632	138,742	331,374
Insurance	31,906	-	31,906
Telephone and Utilities	26,273	-	26,273
Office Supplies and Expenses	19,151	-	19,151
Other Operating Expenses	17,758	-	17,758
Accounting and Audit	15,288	-	15,288
Rent	11,400	-	11,400
Law Library	11,224	-	11,224
Travel	5,582	-	5,582
Continuing Education	1,784	-	1,784
Capital Outlays	890	-	890
Total Expenditures	1,809,423	1,319,257	3,128,680
Net Change in Fund Balances	(165,857)	-	(165,857)
Fund Balances, Beginning of Year	693,494	-	693,494
Fund Balances, End of Year	\$ 527,637	\$ -	\$ 527,637

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

**TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Covington, Louisiana
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2019**

Net Change in Fund Balances - Total Governmental Funds	\$ (165,857)
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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 and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

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Change in Compensated Absences Payable

108,892

Change in Net Position of Governmental Activities

\$ (56,784)

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

TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Covington, Louisiana

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

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

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

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

Basis of Presentation

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

Government-Wide Financial Statements (GWFS)

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

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

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

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (FFS)

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

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

Reporting Entity

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

Basis of Accounting

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

The amounts reflected in the governmental fund financial statements are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to the government-wide financial statements.

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

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

The amounts reflected in the governmental fund financial statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined, and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Public Defender Office considers all revenues available if they are collected within 60 days after the fiscal year-end. Expenditures are recorded when the related fund liability is incurred. The General Fund uses the following practices in recording revenues and expenditures:

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

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

Budget Policies

The Public Defender Office is required by law to adopt an annual budget. The Public Defender Office adopted and prepared a budget for the General Fund and the Special Revenue Fund on the modified accrual basis of accounting for the year ended June 30, 2019. This budget is presented with these financial statements in the required supplementary information section of the report on pages 21 and 22.

The Special Revenue Fund had actual expenditures in excess of budgeted expenditures of \$56,097.

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

Cash and Cash Equivalents and Investments

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

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

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Probation Fees Receivable

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

Grants

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

Use of Estimates

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

Compensated Absences

The Public Defender Office's employees earn varying amounts of vacation and sick leave each year. Employees can carry over unused sick leave remaining at the end of the year. Employees are allowed to carry over only one week of unused vacation leave at the end of the year. Any remaining balance is forfeited.

Effective January 1, 2019, employees may not be compensated for any unused vacation leave at the termination of their employment.

Capital Assets

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

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

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

Depreciation expense amounted to \$709, for the year ended June 30, 2019.

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

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Equity Classifications

Government-wide net position is divided into three components:

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

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

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

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

New Accounting Pronouncements

The GASB issued Statement No. 87, *Leases*, in June 2017. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Management is still evaluating the potential impact of adoption on the Public Defender Office's financial statements. This statement will be effective for the Public Defender Office for the fiscal year ending June 30, 2021.

TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Covington, Louisiana

Notes to Financial Statements

Note 2. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents balances (book balances) at June 30, 2019:

Demand Deposits	<u>\$ 416,895</u>
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These deposits are stated at cost, which approximates market.

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

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Public Defender Office's deposits may not be recovered. The Public Defender Office does not have a deposit policy for custodial credit risk. As of June 30, 2019, \$192,648 of the Public Defender Office's bank balance was exposed to custodial credit risk. However, these deposits were secured from risk by the pledge of securities owned by the fiscal agent bank.

Note 3. Capital Assets

The Public Defender Office's capital asset activity for the year ended June 30, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Furniture, Fixtures, and Equipment	\$ 60,290	\$ 890	\$ (6,645)	\$ 54,535
Less: Accumulated Depreciation	(59,100)	(709)	6,645	(53,164)
Net Capital Assets	<u>\$ 1,190</u>	<u>\$ 181</u>	<u>\$ -</u>	<u>\$ 1,371</u>

Note 4. Concentrations

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

TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Covington, Louisiana

Notes to Financial Statements

Note 5. Operating Leases

On January 1, 1999, the Public Defender Office entered into a lease in Washington Parish for office space with monthly payments of \$900. The lease term previously expired and the rent was paid on a month-to-month basis through April 2018. In May 2018, the Public Defender Office entered into a new lease in Washington Parish for office space with monthly payments of \$950 which expires in April 2023. Rent expense for the space totaled \$11,400 for the year ended June 30, 2019.

The Public Defender Office leases copy machines and a printer for the Covington and Franklinton offices. Each copy machine has a term of 60 months with monthly payments totaling \$285. The printer has a term of 36 months with a monthly payment of \$58.

Total payments made under these leases during the year ended June 30, 2019 were \$4,107.

Future minimum payments under these leases are as follows:

Year Ending June 30,	Amount
2020	\$ 15,334
2021	14,814
2022	12,753
2023	<u>9,500</u>
Total	<u>\$ 52,401</u>

Note 6. Risk Management

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

Note 7. Retirement Plan

The Public Defender Office established an Employee Savings Plan and Trust (the Plan) on April 28, 2017 with an effective implementation date of July 1, 2017. The Plan was established in accordance with Internal Revenue Code (IRC) 457(b). Plans established under IRC 457(b) are eligible plans and are available to certain state and local governments. The plan assets are held in a Trust.

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

Notes to Financial Statements

Note 7. Retirement Plan (Continued)

The 457(b) plan has many tax advantages, including one similar to a 401(k) plan which allows employees of the Public Defender Office who are participants to defer income taxation on retirement savings on both employee contributions and employer contributions, as well as earnings on these contributions, into future years.

The Plan has an accounting year of July 1 through June 30. The Public Defender Office has agreed to match contributions made by the employee as follows:

- Matching contributions will be made for the fiscal year, in amounts equal to 100% up to 3% of compensation deferred by the participant.

The Public Defender Office's matching contribution expense for the year ended June 30, 2019 was \$50,248.

Note 8. Governmental Fund Revenues and Expenditures

For the year ended June 30, 2019, the major sources of governmental fund revenues were as follows:

Governmental Fund Revenues

State Government

Grants \$ 1,319,257

Local Government

Grants 125,000
Statutory Fines, Forfeitures, Fees, Court Costs, and Other 1,288,144
Other 158,697

Total 2,891,098

Charges for Services 69,707

Investment Income 1,027

Miscellaneous Income 991

Total Revenues \$ 2,962,823

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

Notes to Financial Statements

Note 8. Governmental Fund Revenues and Expenditures (Continued)

For the year ended June 30, 2019, the major sources of governmental fund expenditures were as follows:

Governmental Fund Expenditures

Personnel Services and Benefits

Salaries	\$ 2,238,007
Insurance	230,991
Payroll Taxes	<u>187,052</u>

Total 2,656,050

Professional Development

Dues, Licenses, and Registrations	1,784
Travel	<u>5,582</u>

Total 7,366

Charges for Services

Contract Attorney Fees and Cost	331,374
Telephone and Utilities	26,273
Insurance	31,906
Other	17,758
Contract Services - Other	15,288
Lease - Office	19,151
Library and Research	11,400
Supplies	<u>11,224</u>

Total 464,374

Capital Outlay 890

Total Expenditures \$ 3,128,680

REQUIRED SUPPLEMENTARY INFORMATION

TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Covington, Louisiana
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2019

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Court Costs, Fees, and Charges	\$ 1,046,000	\$ 1,046,000	\$ 1,288,144	\$ 242,144
Shared Revenues	250,000	250,000	158,697	(91,303)
Intake Fees	65,000	65,000	69,707	4,707
Grants and Awards				
Judicial District Court	127,000	127,000	125,000	(2,000)
Interest Income	1,200	1,200	1,027	(173)
Miscellaneous Income	1,500	1,500	991	(509)
Total Revenues	1,490,700	1,490,700	1,643,566	152,866
Expenditures				
Salaries, Wages, and Fringes	1,687,582	1,687,582	1,475,535	212,047
Contract Attorney Fees and Costs	149,258	149,258	192,632	(43,374)
Telephone and Utilities	39,000	39,000	26,273	12,727
Insurance	32,200	32,200	31,906	294
Rent	20,900	20,900	11,400	9,500
Continuing Education	20,000	20,000	1,784	18,216
Accounting and Audit	15,000	15,000	15,288	(288)
Law Library	6,500	6,500	11,224	(4,724)
Office Supplies and Expenses	18,000	18,000	19,151	(1,151)
Travel	10,150	10,150	5,582	4,568
Other Operating Expenses	29,950	29,950	17,758	12,192
Capital Outlays	5,000	5,000	890	4,110
Total Expenditures	2,033,540	2,033,540	1,809,423	224,117
Net Change in Fund Balance	\$ (542,840)	\$ (542,840)	(165,857)	\$ 376,983
Fund Balance, Beginning of Year			<u>693,494</u>	
Fund Balance, End of Year			<u>\$ 527,637</u>	

See independent auditor's report.

TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Covington, Louisiana
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Special Revenue Fund
For the Year Ended June 30, 2019

	<u>Budget</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues				
Grants and Awards				
State of Louisiana	\$ 1,263,160	\$ 1,263,160	\$ 1,319,257	\$ 56,097
Total Revenues	<u>1,263,160</u>	<u>1,263,160</u>	<u>1,319,257</u>	<u>56,097</u>
Expenditures				
Salaries, Wages, and Fringes	1,124,418	1,124,418	1,180,515	(56,097)
Contract Attorney Fees and Costs	138,742	138,742	138,742	-
Total Expenditures	<u>1,263,160</u>	<u>1,263,160</u>	<u>1,319,257</u>	<u>(56,097)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance, Beginning of Year			<u>-</u>	
Fund Balance, End of Year			<u>\$ -</u>	

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Covington, Louisiana
Schedule of Compensation, Benefits, and Other Payments
to Agency Head
For the Year Ended June 30, 2019

Agency Head

John W. Lindner, II, District Public Defender

Purpose	Amount
Salary	\$114,987
Benefits - Insurance	\$7,362
Benefits - Retirement	\$2,300
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$409
Travel	\$0
Registration Fees	\$600
Conference Travel	\$1,452
Continuing Professional Education Fees	\$550
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

See independent auditor's report.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Twenty-Second Judicial District Public Defender Office (the Public Defender Office), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Twenty-Second Judicial District Public Defender Office's basic financial statements, and have issued our report thereon dated December 12, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

A Professional Accounting Corporation

Covington, LA
December 12, 2019

**TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Covington, Louisiana
Schedule of Findings and Responses
For the Year Ended June 30, 2019**

Part I - Summary of Auditor's Results

Financial Statements

- | | |
|--|------------|
| 1. Type of auditor's report issued: | Unmodified |
| 2. Internal control over financial reporting and compliance and other matters: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified? | No |
| c. Noncompliance material to the financial statements identified? | No |
| d. Other matters identified? | No |
| 3. Management letter comment provided? | None |

Federal Awards

Not applicable.

Part II - Findings Related to the Financial Statements

None.

Part III - Compliance and Other Matters

Compliance

None.

Other

None.

TWENTY-SECOND JUDICIAL DISTRICT PUBLIC DEFENDER OFFICE
Covington, Louisiana
Schedule of Prior Year Findings
For the Year Ended June 30, 2019

None.

AGREED-UPON PROCEDURES REPORT

Twenty-Second Judicial District Public Defender Office

Independent Accountant's Report
on Applying Agreed-Upon Procedures

For the Period of July 1, 2018 - June 30, 2019

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

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

Management of the Twenty-Second Judicial District Public Defender Office (the Public Defender Office) is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of the Public Defender Office and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the Public Defender Office's compliance with certain laws and regulations during the period of July 1, 2018 through June 30, 2019, in accordance with Act 774 of the 2014 Regular Legislative Session.

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

The procedures and results are as follows:

Collections (follow-up)

1. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select four additional accounts (or all accounts if less than five).

Results: Procedures performed met all criteria above without exceptions.

2. Randomly select two deposit dates for each of the five bank accounts selected (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the ten deposits and:
 - a) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

Results: For procedure a) above, we noted that all deposits tested were not made within one day of receipt.

Deferred Compensation Plan Employer Match (follow-up)

1. Obtain a listing of employees participating in the entity's deferred compensation plan, with their related salaries, and obtain management's representation that the listing is complete. Randomly select one payroll period during the fiscal period and:
 - a) Obtain the employee deferred compensation enrollment form from each participant's file or the entity's overall deferred compensation file, as applicable.
 - b) Obtain payment support for each participant in the deferred compensation plan for the selected period and perform a recalculation of the participant's deferred compensation contributions. Trace the amount deducted from the participant's pay to the amount shown on the participant's deferred compensation enrollment form.

Results: Procedures performed met all criteria above without exceptions.

Travel and Travel-Related Expense Reimbursement (excluding card transactions)

1. Obtain and inspect the entity's written policies and procedures over travel and expense reimbursements and observe that they address (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Results: For the procedure above, we noted that the entity's written policies do not address (2) above for all expense categories for which the entity reimburses employees.
2. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select five reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:
 - a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy.
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: Procedures performed met all criteria above without exceptions.

Disaster Recovery/Business Continuity

1. Obtain and inspect the entity's written policies and procedures over disaster recovery/business continuity and observe that they address (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event. Obtain management's representation that its written policies and procedures reflect the actual practices of the entity.

Results: We noted that the Public Defender Office does not have written disaster recovery/business continuity policies and procedures.

2. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past month. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

Results: We noted that Public Defender Office does not have a backup schedule. Backups are performed frequently on a password protected USB drive.

3. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 12 months.

Results: We noted that the Public Defender Office does not have documentation that it has tested/verified that its backups can be restored.

4. Obtain a listing of entity computers/related locations and management's representation that the listing is complete. Randomly select five computers and observe management demonstrate that the selected computers have active antivirus software, that the antivirus software is up-to-date, and that operating system software is up-to-date.

Results: Procedures performed met all criteria above without exceptions.

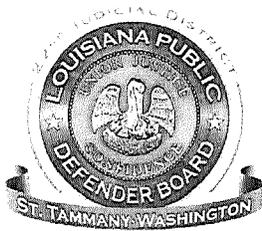
This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to perform an examination or review, the objective of which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

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

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

A Professional Accounting Corporation

Covington, LA
December 12, 2019



22nd JUDICIAL DISTRICT PUBLIC DEFENDER'S OFFICE

ST. TAMMANY AND WASHINGTON PARISHES
JOHN W. LINDNER, II - DISTRICT PUBLIC DEFENDER

22ND JUDICIAL DISTRICT PUBLIC DEFENDER, 402 N. JEFFERSON AVENUE, COVINGTON, LA 70433
PHONE: (985) 892-5002 FAX: (985) 898-0102

December 18, 2019

Mr. Daryl Purpera
Louisiana Legislative Auditor
1600 N 3rd St.
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Statewide Agreed-upon Procedures

The management of the 22nd Judicial District Public Defender wishes to provide the following responses relative to the results of the 2019 statewide agreed-upon procedures engagement:

1. Collections–The current policy of the Public Defender Office is to make deposits at least weekly. This policy will be reviewed and updated allowing more time for deposits to be made.
2. Travel and Travel-Related Expenses – The Public Defender Office will amend its travel procedure to include dollar thresholds by category of expense.
3. Disaster Recovery/Business Continuity – The Public Defender Office will adopt a written policies and procedures related to disaster recovery/business continuity. A back up schedule will be implemented and it will document that it has tested/verified its backup

Sincerely,

John Lindner
Public Defender