

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

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT

Year Ended June 30, 2018

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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, 2018. 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 \$1,654,444(net position) for the fiscal year reported.
- Total revenues of \$2,932,545 were more than total expenses of \$2,264,246, which resulted in current year income of \$668,299, compared to a prior year income of \$341,208.
- Total net position are comprised of the following:
  - (1) Net Investment in capital assets, of \$12,513 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 \$1,641,931 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, 2018 is \$1,654,444. The following table provides a summary of the District's net position:

	<u>2018</u>	<u>2017</u>
Assets:		
Current assets	\$ 1,690,557	\$ 1,023,885
Capital assets, net	<u>12,513</u>	<u>12,015</u>
Total assets	1,703,070	1,035,900
DEFERRED OUTFLOWS OF RESOURCES	-	-
Liabilities:		
Current liabilities	<u>48,626</u>	<u>49,755</u>
DEFERRED INFLOWS OF RESOURCES	-	-
Net position:		
Net investment in capital assets	12,513	12,015
Unrestricted	<u>1,641,931</u>	<u>974,130</u>
Total net position	<u>\$ 1,654,444</u>	<u>\$ 986,145</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 34.8 to 1 (20.6 for 2017)

Note that approximately 1% (1% for 2017) 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 \$1,654,444. This amount is \$668,299 higher than last year. The District's overall financial position improved during fiscal year 2018.

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

	Year Ended <u>06/30/18</u>	Year Ended <u>06/30/17</u>
Revenues	\$ 2,932,545	\$ 2,421,150
Expenses	<u>2,264,246</u>	<u>2,079,942</u>
Change in Net Position	668,299	341,208
Beginning Net Position	<u>986,145</u>	<u>644,937</u>
Ending Net Position	<u>\$ 1,654,444</u>	<u>\$ 986,145</u>

GOVERNMENTAL REVENUES

The District is heavily reliant on court costs to support governmental operations. Court costs provided 36% (43% for the year ended 2017) 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 \$35,688 less than the previous fiscal year's final budget, mainly due to a decrease in court costs on fines and forfeitures. The total budget expenditures were anticipated to be \$567,321 more than the previous year's final budget, mainly due to professional services and salaries and benefits. 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, 2018, was \$12,513. 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>06/30/18</u>	<u>06/30/17</u>
Depreciable assets:		
Equipment	\$ 178,381	\$ 173,666
Less accumulated depreciation	<u>165,868</u>	<u>161,651</u>
Book value-depreciable assets	<u>\$ 12,513</u>	<u>\$ 12,015</u>
Percentage depreciated	<u>93 %</u>	<u>93 %</u>
Book value-all assets	<u>\$ 12,513</u>	<u>\$ 12,015</u>

Additions for the current year were a computer, printer and fire wall.

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.



**Gragson, Casiday & Guillory, L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS

RAYMOND GUILLORY, JR., C.P.A.  
COY T. VINCENT, C.P.A.  
MICHELLE LEE, C.P.A.  
BRADLEY J. CASIDAY, C.P.A., C.V.A.  
GRAHAM A. PORTUS, E.A.  
KATHRYN BLESSINGTON, C.P.A.  
JACKLYN BARLOW, C.P.A.  
BRIAN MCCAIN, C.P.A.  
BLAKE MANUEL, C.P.A.

INDEPENDENT AUDITORS' REPORT

December 26, 2018

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, 2018, 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 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 of the Fourteenth Judicial District Indigent Defender Fund as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 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 December 26, 2018 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.

*Gragson, Casiday & Guillory*

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE  
FINANCIAL STATEMENTS

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Statement of Net Position

June 30, 2018

ASSETS	
Cash	\$ 1,537,970
Receivables - court cost	120,614
Prepaid insurance	31,973
Capital assets, net	12,513
Total assets	<u>1,703,070</u>
DEFERRED OUTFLOWS OF RESOURCES	
	<u>-</u>
LIABILITIES	
Accounts payable	42,799
Payroll taxes payable	5,827
Total liabilities	<u>48,626</u>
DEFERRED INFLOWS OF RESOURCES	
	<u>-</u>
NET POSITION	
Invested in capital assets	12,513
Unrestricted	1,641,931
Total net position	<u>\$ 1,654,444</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, 2018

<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	\$ 2,264,246	\$ 1,291,907	\$ 1,635,379	\$ 663,040
		General Revenues:		
		Interest income		2,932
		Other income		2,327
		Change in Net Position		<u>668,299</u>
		Net Position, beginning		<u>986,145</u>
		Net Position, ending		<u>\$ 1,654,444</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, 2018

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	\$1,537,970	\$ 715,005
Receivables		
Court costs	120,614	276,257
Prepaid insurance	<u>31,973</u>	<u>32,623</u>
Total assets	<u>1,690,557</u>	<u>1,023,885</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$1,690,557</u>	<u>\$1,023,885</u>
LIABILITIES		
Accounts payable	\$ 42,799	\$ 44,073
Payroll taxes payable	<u>5,827</u>	<u>5,682</u>
Total liabilities	48,626	49,755
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
FUND BALANCE		
Unassigned	<u>1,641,931</u>	<u>974,130</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$1,690,557</u>	<u>\$1,023,885</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, 2018

Total fund balance for governmental fund at June 30, 2018	\$ 1,641,931
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 \$165,868 accumulated depreciation	<u>12,513</u>
Total net position of governmental activities at June 30, 2018	<u><u>\$ 1,654,444</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, 2018

	<u>2018</u>	<u>2017</u>
REVENUES		
Court costs on fines and forfeitures	\$ 1,061,767	\$ 1,046,513
Intergovernmental	1,635,379	1,253,453
Fees from individuals	230,140	119,576
Interest income	2,932	1,004
Other income	2,327	604
TOTAL REVENUES	<u>2,932,545</u>	<u>2,421,150</u>
EXPENDITURES		
General Government		
Salaries and related benefits	1,566,030	1,500,703
Professional services	555,533	452,412
Litigation support	10,136	4,100
Library	23,988	22,768
Material and supplies	28,430	36,819
Travel	7,662	6,181
Telephone	1,721	7,445
Other operating expenditures	66,530	45,985
Capital Outlay	4,714	2,464
TOTAL EXPENDITURES	<u>2,264,744</u>	<u>2,078,877</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	667,801	342,273
FUND BALANCE - BEGINNING	<u>974,130</u>	<u>631,857</u>
FUND BALANCE - ENDING	<u>\$ 1,641,931</u>	<u>\$ 974,130</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, 2018

Total net changes in fund balance at June 30, 2018 per Statement of Revenues, Expenditures and Changes in Fund Balance		\$ 667,801
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	\$ 4,714	
Depreciation expense for the year ended June 30, 2018	<u>(4,216)</u>	<u>498</u>
Total changes in net position at June 30, 2018 per Statement of Activities		<u>\$ 668,299</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, 2018

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 Basic to Financial Statements

June 30, 2018

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, 2018

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, 2018

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, 2018 the carrying amount was \$1,537,970 and the bank balance was \$1,560,150. These deposits are secured from risk by \$250,000 of federal deposit insurance and \$1,310,150 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, 2018

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.

The budget was amended once during 2018.

6. Accounts Receivable

No reserve for uncollectible receivables had been recorded as of June 30, 2018, 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, 2018

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, 2018

### 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.

#### 11. Subsequent Events

Management has evaluated subsequent events through December 26, 2018, the date the financial statements were available to be issued.

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Notes to Basic Financial Statements

June 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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, 2018 follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Governmental activities:				
Equipment	\$ 173,667	\$ 4,714	\$ -	\$ 178,381
Less accumulated depreciation for:				
Equipment	<u>161,652</u>	<u>4,216</u>	<u>-</u>	<u>165,868</u>
Governmental activities capital assets, net	<u>\$ 12,015</u>	<u>\$ 498</u>	<u>\$ -</u>	<u>\$ 12,513</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.

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, 2018, employees deferred \$52,474 of their compensation and employer contributions totaled \$27,897.

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Notes to Basic Financial Statements

June 30, 2018

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 2017 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, 2018

NOTE G – GOVERNMENT FUND REVENUES AND EXPENDITURES

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

Revenues:

State Government	
Grants	\$ 1,635,379
Local Government	
Statutory fines, forfeitures, fees court costs and others	1,061,767
Charges for services	230,140
Investment earnings	2,932
Miscellaneous	2,327
Total Revenues	<u>\$ 2,932,545</u>

Expenditures:

Personnel Services and Benefits	
Salaries	\$ 1,287,660
Insurance	145,209
Payroll taxes	103,699
Retirement contributions	27,897
Other	1,565
	<u>1,566,030</u>
Professional Development	
Dues, licenses, and registrations	13,149
Travel	6,055
	<u>19,204</u>
Operating Costs	
Library and research	23,988
Contract services – attorney/legal	543,533
Contract services – other	22,136
Lease – office	-
Travel – transportation	7,662
Insurance	22,659
Supplies	28,430
Repairs and maintenance	13,996
Utilities and telephone	1,721
Other	10,671
	<u>674,796</u>
Capital outlay	4,714
Total Expenditures	<u>\$ 2,264,744</u>

REQUIRED SUPPLEMENTAL INFORMATION

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2018

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>			
Court costs on fines and forfeitures	\$ 759,500	\$ 1,061,767	\$ 302,267
Intergovernmental	1,334,906	1,635,379	300,473
Fees from indigents	100,600	230,140	129,540
Interest	750	2,932	2,182
Other income	-	2,327	2,327
<b>TOTAL REVENUES</b>	<b>2,195,756</b>	<b>2,932,545</b>	<b>736,789</b>
<b>EXPENDITURES</b>			
General Government			
Salaries and related benefits	1,657,500	1,566,030	91,470
Professional services	750,150	555,533	194,617
Litigation support	-	10,136	(10,136)
Library	27,500	23,988	3,512
Materials and supplies	36,000	28,430	7,570
Travel	18,250	7,662	10,588
Rent	45,594	-	45,594
Telephone	24,600	1,721	22,879
Other operating expenditures	52,950	66,530	(13,580)
Capital Outlay	40,000	4,714	35,286
<b>TOTAL EXPENDITURES</b>	<b>2,652,544</b>	<b>2,264,744</b>	<b>387,800</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(456,788)</b>	<b>667,801</b>	<b>1,124,589</b>
<b>FUND BALANCE - BEGINNING</b>	<b>974,130</b>	<b>974,130</b>	<b>-</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 517,342</b>	<b>\$ 1,641,931</b>	<b>\$ 1,124,589</b>

OTHER INFORMATION

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

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

Year Ended June 30, 2018

Chief Executive Officer: Harry Fontenot, District Defender

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 106,875
Benefits-health insurance	6,693
Benefits-malpractice insurance	578
Benefits-retirement	3,206
Benefits-cell phone	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	1,219
Conference travel	-
Continuing professional education fees	-
Housing	239
Unvouchered expenses	-
Special meals	-
State bar dues	755



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*

December 26, 2018

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, 2018, 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 December 26, 2018 .

### 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 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.



THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER FUND

Schedule of Findings and Responses

Year Ended June 30, 2018

1. Summary of Auditors' Results:

Type of auditors' opinion issued: unqualified, 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 2018-001:

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, 2018

3. Findings and Questioned Costs for Federal Awards

N/A

4. Prior Year Audit Findings

Finding 2017-001: Inadequate segregation of duties.

Corrective Actions Taken – None, a repeat finding in 2018.



**Gragson, Casiday & Guillory, L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS

RAYMOND GUILLORY, JR., C.P.A.  
COY T. VINCENT, C.P.A.  
MICHELLE LEE, C.P.A.  
BRADLEY J. CASIDAY, C.P.A., C.V.A.  
GRAHAM A. PORTUS, E.A.  
KATHRYN BLESSINGTON, C.P.A.  
JACKLYN BARLOW, C.P.A.  
BRIAN MCCAIN, C.P.A.  
BLAKE MANUEL, C.P.A.

INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES

December 26, 2018

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

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

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

The procedures and associated findings are as follows:

***Written Policies and Procedures***

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1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations)
  - a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget.

***The District has a complete written policies and procedures manual.***

- b) *Purchasing*, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

***The District has a complete written policies and procedures manual.***

- c) *Disbursements*, including processing, reviewing, and approving.

***The District has a complete written policies and procedures manual.***

- d) *Receipt/Collections*, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmations with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequence, agency fund forfeiture monies confirmation).

***The District has a complete written policies and procedures manual.***

- e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

***The District has a complete written policies and procedures manual.***

- f) *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

***The District has a complete written policies and procedures manual.***

- g) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

***The District has a complete written policies and procedures manual.***

- h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

***The District has a complete written policies and procedures manual.***

- i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

***The District has a complete written policies and procedures manual.***

- j) *Debt Service*, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

***The District has a complete written policies and procedures manual.***

***Board or Finance Committee***

---

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

***The District does not have a board.***

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

***The District does not have a board or minutes.***

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

***Unrestricted fund balance of the general fund was positive in the prior year.***

***Bank Reconciliations***

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3. Obtain a listing of the entity's 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 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

***Bank reconciliations were prepared within 2 months of the statement closing date.***

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

***Bank reconciliations included evidence that a member of management reviewed each reconciliation.***

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

*As of June 30, 2018, there appeared to be no outstanding items more than 12 months old.*

#### Collections

---

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

*The listing was provided by management.*

- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe the job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.

*The District does not maintain a cash drawer.*

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

*The employee who collects cash also prepares the deposit. Another employee does not reconcile the collection documentation to the deposit.*

*Management response: Management does not believe it is cost effective to employ adequate personnel to achieve appropriate segregation of duties.*

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledger, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

*The employee who collects cash and prepares the deposit makes postings to the general ledger. Another employee does not reconcile the postings to the deposit.*

*Management response: Management does not believe it is cost effective to employ adequate personnel to achieve appropriate segregation of duties.*

- d) The employee responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

*The employee who reconciles cash collections to the general ledger also collects cash.*

*Management response: Management does not believe it is cost effective to employ adequate personnel to achieve appropriate segregation of duties.*

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

*All employees are covered by an insurance policy for theft.*

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made no the same day). Obtain supported documentation for each of the deposits and:

- a) Observe that receipts are sequentially pre-numbered.

*Receipts are not utilized by the District. All collections are by mail or by bank ACH.*

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

*All deposited items were accompanied by a receipts or system report and traced to the deposit slip.*

- c) Trace the deposit slip total to the actual deposit per the bank statement.

*All selected deposits cleared the bank account timely and intact.*

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

*All selected deposits were made within one business day of receipt.*

- e) Trace the actual deposit per the bank statement to the general ledger.

*All selected deposits were traced to the general ledger. No exceptions.*

***Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements and petty cash purchases)***

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

***The listing was provided by management.***

9. For each location selected under #8 above, obtain a list of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

***Only one employee is involved in initiating and approving purchases.***

***Management response: Management does not believe it is cost effective to employ adequate personnel to achieve appropriate segregation of duties.***

- b) At least two employees are involved in processing and approving payments to vendors.

***Only one employee is involved in processing and approving purchases.***

***Management response: Management does not believe it is cost effective to employ adequate personnel to achieve appropriate segregation of duties.***

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

***The employee responsible for processing payments is not prohibited from adding/modifying vendor files. No other employee reviews changes to vendor files.***

***Management response: Management does not believe it is cost effective to employ adequate personnel to achieve appropriate segregation of duties.***

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

***The employee who processes payments also has signing authority and mails the checks.***

***Management response: Management does not believe it is cost effective to employ adequate personnel to achieve appropriate segregation of duties.***

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

*All transactions tested were paid by and matched the original invoice.*

- b) Observe that the disbursement documentation included evidence (e.g. initial/date, electronic logging) of segregation of duties tested under #9 as applicable.

*There are no segregation of duties present.*

*Management response: Management does not believe it is cost effective to employ adequate personnel to achieve appropriate segregation of duties.*

#### Credit Cards/Debit Cards/Fuel Cards/P-Cards

---

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

*The listing was provided by management.*

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excess fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

*On the months tested, supporting documentation was reviewed and approved in writing by someone other than the authorized card holder.*

- b) Observe that finance charges and/or late fees were assessed on the selected statements.

*No finance charges and/or late fees were assessed on the months tested.*

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain

supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

*All transactions tested had original itemized receipts attached to the statement with written documentation of the business/public purpose. No charges for meals were selected.*

**Travel and Travel-Related Expense Reimbursements (Excluding card transactions)**

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14. 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 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 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](http://www.gsa.gov)).

*Travel reimbursements were calculated using the U.S. General Services Administration mileage reimbursement rate.*

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

*Travel reimbursements tested where supported by an original itemized receipt.*

- 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 (procedure #1h).

*Reimbursement was supported by documentation of the business/public purpose of the travel.*

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*Reimbursements were reviewed and approved in writing by someone other than the person receiving the reimbursement.*

***Contracts***

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15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the list is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

*None of the selected contracts required bids.*

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

*Each contract selected was approved by management.*

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

*No selected contracts were amended.*

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

*All payments selected agreed to the terms and conditions of the contract.*

***Payroll and Personnel***

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16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five employees/officials, obtain their paid salaries and personnel files, and agree paid salaries to the authorized pay rates in the personnel files.

*The listing was provided by management. All salaries were paid in accordance to authorized payrates.*

17. Randomly select on pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave

according to policy and/or contract, the official should document his/her daily attendance and leave.)

*The City uses daily attendance records which are approved by a supervisor.*

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

*Two employees selected did not have supervisor approval of attendance and leave.*

*Management response: Management will ensure that a supervisor approves attendance and leave for all employees beginning in July 2018.*

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

*All employees tested had documentation of cumulative leave.*

18. Obtain a listing of those employees/officials that received termination pay during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

*Selected terminated employees tested where paid properly.*

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

*Documentation reflected that payroll tax return/reports, retirement contributions, health insurance premiums and workers' compensation premiums were timely paid, and associated forms filed, by required deadlines.*

#### *Ethics*

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20. Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

*All employees tested had documentation of one hour of ethics training during the fiscal period.*

- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

*All employees tested signed the District's ethics policy during the fiscal period.*

***Debt Service***

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21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the list is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that the State Bond Commission approval was obtained for each bond/note issued.

*No debt was issued during the fiscal year.*

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

*The District does not have debt.*

***Other***

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23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*Management informed us that the District did not have any misappropriation of public funds or assets during the fiscal year.*

24. Observe the entity has posted on its premises and website, the notice required by R.S. 24:523.1, concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

*The District has the required notice posted in a conspicuous place upon its premises or its website.*

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

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

*Gregson, Casiday & Guillot*