

Fourth Judicial District Public Defender Fund
Parishes of Morehouse and Ouachita, Louisiana

Financial Statements
For the Fiscal Year Ended June 30, 2023



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For the Fiscal Year Ended June 30, 2023**

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INDEPENDENT AUDITORS' REPORT

Fourth Judicial District Public Defender Fund
Parishes of Morehouse and Ouachita, Louisiana

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Fourth Judicial District Public Defender Fund as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the aggregate remaining fund information of the Fourth Judicial District Public Defender Fund, as of June 30, 2023, 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.

Basis for Opinions

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 United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fourth Judicial District Public Defender Fund, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fourth Judicial District Public Defender Fund's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Fourth Judicial District Public Defender Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fourth Judicial District Public Defender Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 4-7 and 23-24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required

supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, reimbursements, benefits and other payments to agency head on page 25, the accompanying Act 87 Justice System Funding Schedule – Receiving Entity on page 26, and the accompanying Act 87 Justice System Funding Schedule – Disbursing Entity on page 26, are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 4, 2023, on our consideration of the Fourth Judicial District Public Defender Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fourth Judicial District Public Defender Fund's internal control over financial reporting and compliance.

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
December 4, 2023

**Fourth Judicial District Public Defender Fund
Management's Discussion and Analysis
For The Fiscal Year Ended June 30, 2023**

The management of the Fourth Judicial District Public Defender Fund offers readers of its financial statements this narrative overview and analysis of the financial activities of the Fund for the fiscal year ended June 30, 2022. This management discussion and analysis ("MD&A") is designed to provide an objective analysis of the Fund's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of the Fund's finances. It is also intended to provide readers with an analysis of the Fund's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the Fund. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Fund's financial activity, identify changes in the Fund's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

Government-wide Financial Analysis

As noted earlier, net assets may, over time, serve as a useful indicator of a government's financial position. At the close of the most recent period, the Fund's assets exceeded its liabilities by \$1,213,071 (net position); this represents an decrease of \$53,034 from the last fiscal year. Of this total net position amount, \$1,111,457 is unrestricted net position. The Fund's net assets are comprised of \$1,213,071 from governmental activities.

**Fourth Judicial District Public Defender Fund
Management's Discussion and Analysis
For The Fiscal Year Ended June 30, 2023**

The following is a condensed statement of the Fourth Judicial District Public Defender Fund's net assets as of June 30, 2022:

	Governmental-Type Activities		Total	
	2023	2022	2023	2022
Assets				
Cash & Equivalents	\$ 1,055,730	\$ 1,118,754	\$ 1,055,730	\$ 1,118,754
Receivables	77,413	69,929	77,413	69,929
Capital Assets (net)	<u>101,614</u>	<u>98,257</u>	<u>101,614</u>	<u>98,257</u>
Total Assets	<u><u>1,234,757</u></u>	<u><u>1,286,940</u></u>	<u><u>1,234,757</u></u>	<u><u>1,286,940</u></u>
Liabilities				
Accounts Payable	\$ 4,340	\$ 3,900	\$ 4,340	\$ 3,900
Long-term Liabilities	<u>17,346</u>	<u>16,935</u>	<u>17,346</u>	<u>16,935</u>
Total Liabilities	<u>21,686</u>	<u>20,835</u>	<u>21,686</u>	<u>20,835</u>
Net Position				
Invested in capital assets, net	101,614	98,257	101,614	98,257
Restricted	-	-	-	-
Unrestricted	<u>1,111,457</u>	<u>1,167,848</u>	<u>1,111,457</u>	<u>1,167,848</u>
Total Net Position	<u><u>\$ 1,213,071</u></u>	<u><u>\$ 1,266,105</u></u>	<u><u>\$ 1,213,071</u></u>	<u><u>\$ 1,266,105</u></u>

The Fund has an unrestricted net position of \$1,111,457, which may be used to meet the government's on-going obligation to citizens and creditors. Approximately 8.38% of the Fund's net position reflects its investment in capital assets (eg. equipment, building, etc.). These assets are not available for future spending.

The Fund has long-term liabilities of \$17,346, related to compensated absences.

**Fourth Judicial District Public Defender Fund
Management's Discussion and Analysis
For The Fiscal Year Ended June 30, 2023**

The following is a summary of the statement of activities:

	Governmental-Type Activities		Total	
	2023	2022	2023	2022
Revenue				
Court Costs on Fines and Forfeitures	\$ 947,437	\$ 872,735	947,347	\$ 872,735
Intergovernmental Revenues	1,437,204	1,381,485	1,437,204	1,381,485
Fees, Charges, and Commissions	86,099	88,600	86,099	88,600
Total Revenue	<u>2,470,740</u>	<u>2,342,820</u>	<u>2,470,740</u>	<u>2,342,820</u>
Expenses				
Personnel Services	717,796	689,581	717,796	689,581
Professional Development	16,578	16,084	16,578	16,084
Operating Services	78,306	90,546	78,306	90,546
Professional Services	1,700,287	1,472,890	1,700,287	1,472,890
Depreciation	10,807	8,877	10,807	8,877
Total Expenses	<u>2,523,774</u>	<u>2,277,978</u>	<u>2,523,774</u>	<u>2,277,978</u>
Increase (Decrease) in Net Assets	(53,034)	64,842	(53,034)	64,842
Net Assets, Beginning	<u>1,266,105</u>	<u>1,201,263</u>	<u>1,266,105</u>	<u>1,201,263</u>
Net Assets, Ending	<u>\$ 1,213,071</u>	<u>\$ 1,266,105</u>	<u>\$ 1,213,071</u>	<u>\$ 1,266,105</u>

Total revenues increased \$127,920 or 5.46% from the prior period.

Expenses increased \$245,796 or 10.79% from the prior period.

Governmental Activities

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

Business-type Activities

The Fund does not have any business-type activities.

Fund Financial Statements – Governmental Funds

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

**Fourth Judicial District Public Defender Fund
Management's Discussion and Analysis
For The Fiscal Year Ended June 30, 2023**

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

Financial Analysis of the Fund's Governmental Fund

The Fourth Judicial District Public Defender Fund's governmental fund (General Fund) reported an ending fund balance of \$1,111,457, which is a decrease of \$73,326. The entire ending fund balance of \$1,111,457 is unreserved.

General Fund Budgetary Highlights

The Fund did amend the original General Fund budget once during the course of the year.

The difference between the General Fund final budgeted revenues and actual revenues for the year ended June 30, 2023, totaled \$238,379, a positive variance of 9.65%. The actual expenditures were more than the final budgeted expenditures for the year ended June 30, 2023, by \$122,712, a negative variance of 4.86%.

Capital Asset and Debt Administration

The Fund's investment in capital assets for its governmental activities as of June 30, 2023, amounted to \$1,012,614 (net of accumulated depreciation). This investment includes building, furniture, and equipment. The fund added capital assets of \$14,165 during the fiscal year ended June 30, 2023.

Current Financial Factors

The Fund is working diligently to gain more revenue while decreasing expenses. The Fund adopted its operating budget for the fiscal year ending June 30, 2024, with estimated revenues of \$2,453,957, which is an increase from the previous fiscal year of \$53,957 or 2.25% and estimated expenditures of \$2,501,779, which is an increase of \$101,779 or 4.24%.

Request for Information

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

Michael A. Courteau, District Public Defender
Fourth Judicial District Public Defender Fund
714 St. John Street
Monroe, LA 71210-3327

Basic Financial Statements

Fourth Judicial District Public Defender Fund
Statement of Position
June 30, 2023

	Governmental Activities
Assets	
Cash and Equivalents	\$ 1,055,730
Receivables	77,413
Capital Assets, net of accumulated depreciation	101,614
Total Assets	\$ 1,234,757
 Liabilities	
Accounts Payable	\$ 4,340
Non-Current Liabilities	
Due Within One Year	
Compensated Absences	17,346
Total Liabilities	21,686
 Net Position	
Invested in Capital Assets, net of Related Debt	101,614
Unassigned	1,111,457
Total Net Position	\$ 1,213,071

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

**Fourth Judicial District Public Defender Fund
Statement of Activities
For The Fiscal Year Ended June 30, 2023**

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government</u>	
				<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Primary Government:						
Governmental Activities:						
Judiciary	\$ 2,523,774	\$ 86,099	\$ -	\$ 1,437,204	\$ (1,000,471)	\$ -
Total Governmental Activities	<u>\$ 2,523,774</u>	<u>\$ 86,099</u>	<u>\$ -</u>	<u>\$ 1,437,204</u>	<u>\$ (1,000,471)</u>	<u>\$ (1,000,471)</u>
Business-Type Activities:						
Total Business-Type Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Primary Government	<u>\$ 2,523,774</u>	<u>\$ 86,099</u>	<u>\$ -</u>	<u>\$ 1,437,204</u>	<u>\$ (1,000,471)</u>	<u>\$ (1,000,471)</u>

General Revenues:

Court Costs on Fines	947,437	-	947,437
Total General Revenues, Special Items, and Transfers	<u>947,437</u>	<u>-</u>	<u>947,437</u>
Changes in Net Position	(53,034)	-	(53,034)
Net Position - Beginning	1,266,105	-	1,266,105
Net Position - Ending	<u>\$ 1,213,071</u>	<u>\$ -</u>	<u>\$ 1,213,071</u>

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

**Fourth Judicial District Public Defender Fund
Balance Sheet - Governmental Fund
June 30, 2023**

	General Fund
Assets	
Cash and equivalents	\$ 1,055,730
Receivables	77,413
Total Assets	\$ 1,133,143
 Liabilities And Fund Equity	
Liabilities	
Accounts Payable	\$ 4,340
Total Liabilities	4,340
 Fund Equity	
Fund Balance - Unassigned	\$ 1,128,803
Total Fund Equity	1,128,803
 Total Liabilities And Fund Equity	\$ 1,133,143
 Reconciliation to Statement of Net Position:	
<i>Amounts reported for Governmental Activities in the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	
Total Fund Balances - Governmental Funds	1,128,803
Cost of Capital Assets	309,830
Less: Accumulated Depreciation	(208,216)
Compensated absences are not due and payable in the current period and therefore are not reported in the funds.	(17,346)
Net Position of Governmental Activities	\$ 1,213,071

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

Fourth Judicial District Public Defender Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For The Fiscal Year Ended June 30, 2023

Revenues	
State Government	
General Appropriations	\$ 1,397,379
Special Appropriations	39,825
Local Government	
Statutory Fines, Forfeitures, Fees, Court Costs, etc.	947,437
Charges for Services	86,099
Total Revenues	<u>2,470,740</u>
Expenditures - Judicial	
Personnel Services and Benefits	
Salaries	665,570
Payroll Taxes	51,814
Total	<u>717,384</u>
Travel and Training	
Dues, Licenses, and Registrations	7,172
Travel	9,406
Total	<u>16,578</u>
Operating Services	
Insurance	9,829
Supplies	22,072
Repairs & Maintenance	15,576
Utilities and Telephone	19,559
Other	11,270
Total	<u>78,306</u>
Professional Services	
Contract Services - Attorneys	1,672,012
Contract Services - Other	28,275
Total	<u>1,700,287</u>
Capital Outlay	
Capital Outlay	14,165
Total	<u>14,165</u>
Total Expenditures	<u>2,526,720</u>
Excess of Expenditures over Revenues	(55,980)
Fund Balance:	
Beginning of Period	<u>1,184,783</u>
End of Period	<u>\$ 1,128,803</u>
Total Change in Fund Balances - Governmental Funds	\$ (55,980)
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital assets purchased capitalized	14,165
Depreciation expense	(10,807)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(412)
Change in Net Position of Governmental Activities	<u>\$ (53,034)</u>

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

Fourth Judicial District Public Defender Fund
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

INTRODUCTION

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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

B. REPORTING ENTITY

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

C. FUND ACCOUNTING

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

Governmental Funds

Governmental funds account for all or most of the Fourth Judicial District Public Defender Fund's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the Fund. The following are the Fund's governmental funds:

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

Fourth Judicial District Public Defender Fund
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Fund Financial Statements (FFS)

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

The amounts reflected in the General Fund use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Fourth Judicial District Public Defender Fund considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

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

Expenditures

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

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the Fund as a whole. These statements include all the financial activities of the Fourth Judicial District Public Defender Fund. Information contained in these statements reflect the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

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

Fourth Judicial District Public Defender Fund
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

E. FUNDEQUITY

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

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

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

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

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

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

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

F. BUDGETS

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

The Fund adopted a budget for the year ended June 30, 2023, for the General Fund. The Fund follows the following procedures in establishing the budgetary data reflected in the financial statements. During the May meeting, the chief public defender submits to the board members a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. During the June meeting, the budget is legally enacted through passage of an ordinance. The public is invited to attend all

Fourth Judicial District Public Defender Fund
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

meetings. The chief public defender is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the board members. Appropriations lapse at the end of the year.

G. CASH AND CASH EQUIVALENTS

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

H. INVESTMENTS

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

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

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

I. ANNUAL AND SICK LEAVE

The Fourth Judicial District Public Defender Fund has adopted a formal vacation and sick leave policy. Employees can earn annual and sick leave with no limit on accumulation. The sick leave is not paid upon termination. Up to 80 hours of annual leave will be paid upon termination. This amount is the maximum employees can earn in one year, therefore no liability is set up as payable. The cost of leave

privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the General Fund when leave is actually taken.

Fourth Judicial District Public Defender Fund
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

J. ESTIMATES

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

K. CAPITAL ASSETS

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Fund maintains a threshold level of \$500 or more for capitalizing capital assets.

Capital assets are reported in the government-wide financial statements but not in the fund financial statements. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes by the Fund, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings	40 Years
Furniture and Fixtures	5-10 Years
Vehicles	5 Years
Equipment	5-20 Years

L. RISK MANAGEMENT

The Fourth Judicial District Public Defender Fund is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions. To handle such risk of loss, the Fund maintains commercial insurance policies covering his automobile, and surety bond coverage. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the fiscal year ended June 30, 2023.

2. CASH AND CASH EQUIVALENTS

At June 30, 2023, the Fourth Judicial District Public Defender Fund had cash and cash equivalents (book balances) totaling \$1,055,730 as follows:

Interest-bearing demand deposits	\$ <u>1,055,730</u>
Total	\$ <u>1,055,730</u>

**Fourth Judicial District Public Defender Fund
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023**

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

At June 30, 2023, the Fourth Judicial District Public Defender Fund had \$1,192,443 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and an adequate amount of pledged securities held by the custodial bank in the name of the fiscal agent bank. (GASB Category 3).

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

3. RECEIVABLES

The receivables of \$77,413 at June 30, 2023, are as follows:

<u>Class of Receivable – Court Costs</u>	<u>General Fund</u>
Morehouse Parish Sheriff's Office	\$ 4,679
Ouachita Parish Sheriff's Office	50,189
West Monroe City Court	6,215
Bastrop City Court	2,887
Monroe City Court	8,776
Sterlington City Court	710
Probation	<u>3,957</u>
Total	\$ <u><u>77,413</u></u>

**Fourth Judicial District Public Defender Fund
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023**

4. CHANGES IN CAPITAL ASSETS

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Capital Assets:				
Office Furniture & Equipment	\$ 37,790	\$ 5,237	\$ -	\$ 43,027
Building & Improvements	<u>257,875</u>	<u>8,928</u>	<u>-</u>	<u>266,803</u>
Total Capital Assets	<u>295,665</u>	<u>14,165</u>	<u>-</u>	<u>309,830</u>
Less: Accumulated Depreciation	<u>197,408</u>	<u>10,808</u>	<u>-</u>	<u>208,216</u>
Net Capital Assets	\$ <u>98,257</u>	\$ <u>3,357</u>	\$ <u>-</u>	\$ <u>101,614</u>

5. ACCOUNTS, SALARIES, AND OTHER PAYABLES

Payables at June 30, 2023, consisted of \$4,340 due to Ouachita Parish Police Jury for contract attorney's health insurance premiums.

6. CONTRACT ATTORNEYS

At June 30, 2023, as provided by Louisiana Revised Statute 15:145(b)(3), the Fourth Judicial District Public Defender Fund had thirty contract attorneys to provide legal representation to indigents in the Fourth Judicial District. The contracts are for terms of one year and provide for a managing attorney, twenty-four attorneys for Ouachita Parish (including five juvenile attorneys), and two attorneys for Morehouse Parish. The managing attorney receives \$10,250 per month in compensation while the remaining attorneys receive monthly compensation ranging from \$2,500 to \$6,400, depending on their years of service under contract. The managing attorney reports to the public defender on the progress and disposition of cases received.

7. LITIGATION AND CLAIMS

The contracts between the Public Defender Fund and the attorneys contain provisions requiring the attorneys to maintain professional liability insurance and agreeing to hold the public defender fund harmless from any malpractice judgments. Accordingly, no provision for any liability arising from lawsuits has been made in the accompanying financial statements.

**Fourth Judicial District Public Defender Fund
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023**

8. GOVERNMENTAL FUND REVENUES AND EXPENDITURES

For the fiscal year ended June 30, 2023, the major sources of governmental fund revenues and expenditures were as follows:

Revenues

State Government

Appropriations – General	\$ 1,397,379
Appropriations – Special	39,825
Total	1,437,204

Local Government

Appropriations – General	-
Statutory fines, forfeitures, fees court costs, other	947,437
Total	947,437

Charges for Services

86,099

Investment Earnings

-

Miscellaneous

-

Total Revenues \$ 2,470,740

Expenditures

Personnel Services and Benefits

Salaries	\$ 665,570
Payroll Taxes	51,814
Total	717,384

Professional Development

Dues, Licenses and Registrations	7,172
Travel	9,406
Total	16,578

Operating Costs

Insurance	9,829
Supplies	22,072
Repairs and Maintenance	15,576
Utilities and Telephone	19,559
Other	11,270
Total	78,306

Professional Services

Contract Services – Attorney & Legal	1,672,012
Contract Services – Other	28,275
Total	1,700,287

Capital Outlay

Total	14,165
-------	--------

Total Expenditures \$ 2,526,720

**Fourth Judicial District Public Defender Fund
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023**

9. SUBSEQUENT EVENTS

Date of Management Evaluation

Management has evaluated subsequent events through December 4, 2023, the date on which the financial statements were available to be issued.

Supplemental Information

Fourth Judicial District Public Defender Fund
Budgetary Comparison Schedule
General Fund
For The Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
State Government				
General Appropriations	\$ 1,200,000	\$ 1,234,580	\$ 1,397,379	\$ 162,799
Special Appropriations	-	-	39,825	39,825
Local Government				
Statutory Fines, Forfeitures, Fees, Court Costs, etc,	1,110,000	910,775	947,437	36,662
Charges for Services	90,000	87,006	86,099	(907)
Total Revenues	<u>2,400,000</u>	<u>2,232,361</u>	<u>2,470,740</u>	<u>238,379</u>
Expenditures - Judicial				
Personnel Services and Benefits				
Salaries	519,550	632,920	665,570	(32,650)
Payroll Taxes	47,746	48,987	51,814	(2,827)
Travel and Training				
Dues, Licenses, and Registrations	12,604	2,140	7,172	(5,032)
Travel	16,600	7,843	9,406	(1,563)
Operating Services				
Library and Research	-	-	-	-
Insurance	5,000	2,489	9,829	(7,340)
Supplies	21,850	48,812	22,072	26,740
Repairs & Maintenance	12,000	12,586	15,576	(2,990)
Utilities and Telephone	9,000	-	19,559	(19,559)
Other	10,650	10,525	11,270	(745)
Professional Services				
Contract Services - Attorneys	1,668,000	1,604,605	1,672,012	(67,407)
Contract Services - Other	77,000	30,101	28,275	1,826
Capital Outlay				
Capital Outlay	-	3,000	14,165	(11,165)
Total Expenditures	<u>2,400,000</u>	<u>2,404,008</u>	<u>2,526,720</u>	<u>(122,712)</u>
Excess of Expenditures over Revenues	-	(171,647)	(55,980)	115,667
Fund Balance:				
Beginning of Period	1,184,783	1,184,783	1,184,783	-
End of Period	<u>\$ 1,184,783</u>	<u>\$ 1,013,136</u>	<u>\$ 1,128,803</u>	<u>\$ 115,667</u>

See independent auditors' report.

**Fourth Judicial District Public Defender Fund
Notes to Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023**

(1) Summary of Significant Accounting Policies

The Fund annually adopts a budget for the General Fund. All appropriations are legally controlled at the Fund level for operations. The proposed budget is published in the official journal at least ten days prior to the public hearing. A public hearing is held at the Fourth Judicial District Public Defender's office during the month of June. The budget is then legally adopted and amended during the year, as necessary.

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

See independent auditors' report.

**Fourth Judicial District Public Defender Fund
Schedule of Compensation, Reimbursements,
Benefits, and Other Payments to Agency Head
For The Fiscal Year Ended June 30, 2023**

Agency Head:

Michael A. Courteau, District Public Defender

Purpose:

	<u>Amount</u>
Salary	\$ 123,000
Benefits - Payroll Taxes	9,409
Benefits - Insurance	945
Travel - Mileage	2,073
Total Compensation, Benefits and Other Payments	<u><u>\$ 135,427</u></u>

See independent auditors' report.

Justice System Funding Schedule - Receiving Entity

As Required by Act 87 of the 2020 Regular Legislative Session

Identifying Information	
Entity Name	Fourth Judicial District Public Defender
LLA Entity ID # (This is the ID number assigned to the entity by the Legislative Auditor for identification purposes.)	1647
Date that reporting period ended (mm/dd/yyyy)	6/30/2023

If legally separate court funds are required to be reported, a separate receiving schedule should be prepared for each fund. Examples include Judicial Expense Fund, Drug Court Fund, Veterans Treatment Court Fund, etc.

Cash Basis Presentation	First Six	Second Six
	Month Period	Month Period
	Ended	Ended
	12/31/2022	6/30/2023

Receipts From: *(Must include one agency name and one collection type - see below - on each line and may require multiple lines for the same agency. Additional rows may be added as necessary.)*

Bond Fees - Monroe City Court	1,338	-
Bond Fees - Bastrop City Court	188	-
Bond Fees - Ouachita Parish	17,377	-
Court Cost and Court Fees - Ouachita Parish	248,112	279,689
Court Cost and Court Fees - Morehouse Parish	26,967	28,237
Court Cost and Court Fees - Bastrop City Court	25,626	28,207
Court Cost and Court Fees - Monroe City Court	65,152	78,215
Court Cost and Court Fees - Town of Sterlington	6,250	4,460
Court Cost and Court Fees - West Monroe City Court	29,891	33,311
Subtotal Receipts	420,901	452,119
Ending Balance of Amounts Assessed but Not Received <i>(only applies to those agencies that assess on behalf of themselves, such as courts)</i>	-	-

See independent auditors' report.

CAMERON, HINES & COMPANY

(A Professional Accounting Corporation)

Certified Public Accountants

104 Regency Place

West Monroe, Louisiana 71291

Mailing Address:

P. O. Box 2474

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

Fourth Judicial District Public Defender Fund
Parishes of Morehouse and Ouachita, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of the Fourth Judicial District Public Defender Fund, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Fourth Judicial District Public Defender Fund's basic financial statements, and have issued our report thereon dated December 4, 2023.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fourth Judicial District Public Defender Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 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 to be distributed by the Legislative Auditor as a public document.

Cameron Hines & Company (APAC)

West Monroe, Louisiana
December 4, 2023

**Fourth Judicial District Public Defender Fund
Schedule of Findings and Responses
For The Year Ended June 30, 2023**

We have audited the financial statements of the Fourth Judicial District Public Defender Fund as of and for the year ended June 30, 2023, and have issued our report thereon dated December 4, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2023, resulted in an unmodified opinion.

Section I - Summary of Auditors' Reports

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

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

B. Federal Awards – N/A

C. Identification of Major Programs – N/A

**Fourth Judicial District Public Defender Fund
Schedule of Findings and Responses
For The Year Ended June 30, 2023**

Section II - Financial Statement Findings

There were no findings for the Year Ended June 30, 2023.

Section III - Federal Award Findings and Question Costs

This section is not applicable for this entity.

**Fourth Judicial District Public Defender Fund
Schedule of Prior Year Findings
For the Year Ended June 30, 2023**

Internal Control and Compliance Material to the Financial Statements

2022-01 Budget Authority and Control

Condition:

It was noted that actual revenues on the general fund were less than total budgeted revenues by more than five percent.

Recommendation:

We recommend that the Fund monitor its budget on a regular basis so that amendments can be made in a timely manner in order to comply with state budget laws.

Management's Response:

The Fund amended its budget in May, 2022, anticipating additional State of Louisiana funding near the end of the fiscal year. The additional funding ultimately did not happen.

Status:

No longer applicable.

Management Letter

No management letter was issued.

**Fourth Judicial District Public Defender Fund
Management's Corrective Action Plan
For The Year Ended June 30, 2023**

There were no findings for the year ended June 30, 2023.

FOURTH JUDICIAL DISTRICT
PUBLIC DEFENDER

*Independent Accountants' Report on
Applying Agreed-Upon Procedures*

For the Year Ended June 30, 2023



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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Fourth Judicial District Public Defender (the Defender)
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022, through June 30, 2023. The Defender's management is responsible for those C/C areas identified in the SAUPs.

The Defender has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2022, through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:¹
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - ii. ***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.
 - iii. ***Disbursements***, including processing, reviewing, and approving.
 - iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g.,

¹ For governmental organizations, the practitioner may eliminate those categories and subcategories not applicable to the organization's operations. For quasi-public organizations, including nonprofits, the practitioner may eliminate those categories and subcategories not applicable to public funds administered by the quasi-public.

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

- v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. ***Ethics***², including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. ***Information Technology Disaster Recovery/Business Continuity***, including (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.
- xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Findings: No exceptions noted.

2) Board or Finance Committee³

- A. 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

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

³ These procedures are not applicable to entities managed by a single elected official, such as a sheriff or assessor.

- i. 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.
- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds⁴, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds⁵ if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned 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 unassigned fund balance in the general fund.
- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.⁶

Findings: The Defender is an independent official and operates without the aid of a Board or Council. This test is not applicable.

3) *Bank Reconciliations*

- A. Obtain a listing of entity 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 accounts⁷ (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:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a 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
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

⁴Proprietary fund types are defined under GASB standards and include enterprise and internal service funds. The related procedure addresses these funds as a way to verify that boards are provided with financial information necessary to make informed decisions about entity operations, including proprietary operations that are not required to be budgeted under the Local Government Budget Act.

⁵ R.S. 24:513 (A)(1)(b)(iv) defines public funds.

⁶ No exception is necessary if management's opinion is that the cost of taking corrective action for findings related to improper segregation of duties or inadequate design of controls over the preparation of the financial statements being audited exceeds the benefits of correcting those findings.

⁷ Accounts selected may exclude savings and investment accounts that are not part of the entity's daily business operations.

Findings: No exceptions noted.

4) Collections (excluding electronic funds transfers)⁸

- A. Obtain a listing of deposit sites⁹ for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations¹⁰ and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
 - i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - i. Observe that receipts are sequentially pre-numbered.¹¹

⁸ The Collections category is not required to be performed if the entity has a third-party contractor performing all collection functions (e.g., receiving collections, preparing deposits, and making deposits).

⁹ A deposit site is a physical location where a deposit is prepared and reconciled.

¹⁰ A collection location is a physical location where cash is collected. An entity may have one or more collection locations whose collections are brought to a deposit site for deposit. For example, in a school district a collection location may be a classroom and a deposit site may be the school office. For school boards only, the practitioner should consider the deposit site and collection location to be the same if there is a central person (secretary or bookkeeper) through which collections are deposited.

¹¹ The practitioner is not required to test for completeness of revenues relative to classroom collections by teachers.

- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- iii. Trace the deposit slip total to the actual deposit per the bank statement.
- iv. Observe that the deposit was made within one business day of receipt¹² 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 and the cash is stored securely in a locked safe or drawer).
- v. Trace the actual deposit per the bank statement to the general ledger.

Findings: No exceptions noted.

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

- A. 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).
- B. For each location selected under procedure #5A above, obtain a listing 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, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. 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;
 - iv. 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; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

- C. For each location selected under procedure #5A 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

¹² As required by Louisiana Revised Statute 39:1212.

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Findings: No exceptions noted.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards¹³. Obtain management's representation that the listing is complete.
- B. 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
 - i. Observe whether 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 excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #7B 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 (e.g., each card should have 10 transactions subject to inspection)¹⁴. For each transaction, observe 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

¹³ Including cards used by school staff for either school operations or student activity fund operations.

¹⁴ For example, if 3 of the 5 cards selected were fuel cards, transactions would only be selected for each of the 2 credit cards. Conceivably, if all 5 cards randomly selected under procedure #7B were fuel cards, procedure #7C would not be applicable.

meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Findings: No exceptions noted.

7) Travel and Travel-Related Expense Reimbursements¹⁵ (excluding card transactions)

- A. 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 and 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
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. 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 Policies and Procedures procedure #1A(vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Findings: No exceptions noted.

8) Contracts

- A. 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. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law¹⁶ (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);

¹⁵ Non-travel reimbursements are not required to be inspected under this category.

¹⁶ If the entity has adopted the state Procurement Code, replace “Louisiana Public Bid Law” with “Louisiana Procurement Code.”

- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
- iv. 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.

Findings: No exceptions noted.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials¹⁷ employed during the fiscal period and management’s representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials¹⁸ documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity’s cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management’s representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management’s termination payment calculations and the entity’s policy on termination payments. Agree the hours to the employee’s or official’s cumulative leave records, agree the pay rates to the employee’s or official’s authorized pay rates in the employee’s or official’s personnel files, and agree the termination payment to entity policy.
- D. Obtain management’s representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers’ compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

¹⁷ “Officials” would include those elected, as well as board members who are appointed.

¹⁸ Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.

Findings: No exceptions noted.

10) *Ethics*¹⁹

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Findings: No exceptions noted.

11) *Debt Service*²⁰

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. 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 (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Findings: The Defender does not have any debt. This test is not applicable.

12) *Fraud Notice*²¹

- A. 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

¹⁹ The Louisiana Code of Governmental Ethics (Ethics Code) is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If the Ethics Code is applicable to a nonprofit, the procedures should be performed.

²⁰ This AUP category is generally not applicable to nonprofit entities. However, if applicable, the procedures should be performed.

²¹ Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs and the notice is available for download at www.la.gov/hotline

misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

- B. Observe that 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.

Findings: No exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**
 - i. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Findings: We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment²²

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

²² While it appears to be a good practice for charter schools to ensure it has policies and training for sexual harassment, charter schools do not appear required to comply with the Prevention of Sexual Harassment Law (R.S. 42:341 et seq). An individual charter school, through the specific provisions of its charter, may mandate sexual harassment training.

- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
 - i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

Findings: No exceptions noted.

Management's Response

We agree with the results of the procedures.

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

We are required to be independent of the Defender and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Cameron Hines & Company (APAC)

West Monroe, Louisiana
December 1, 2023