

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
PARISHES OF EAST CARROLL, MADISON AND
TENSAS, LOUISIANA

Financial Statements
For the Year Ended June 30, 2021

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER BOARD
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Sixth Judicial District Public Defender
Parishes of East Carroll, Madison and Tensas, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities of the Sixth Judicial District Public Defender, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Public Defender'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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Sixth Judicial District Public Defender, as of June 30, 2021, 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.

Sixth Judicial District Public Defender
East Carroll, Madison and Tensas Parishes, Louisiana

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 3-6 and 17-18 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

The Schedule of Compensation, Reimbursements, Benefits and Other Payments to Agency Head, Political Subdivision Head, or Chief Executive Officer and the Justice System Funding Reporting Schedule are the responsibility of management and was derived directly from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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 my opinion, the Schedule of Compensation, Reimbursements, Benefits and Other Payments to Agency Head, Political Subdivision Head, or Chief Executive Officer and Justice System Funding Reporting Schedule are 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*, I have also issued my report dated August 10, 2021 on my consideration of the Sixth Judicial District Public Defender's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of the 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 Sixth Judicial District Public Defender's internal control over financial reporting and compliance.

David M. Smith, CPA (APAC)

West Monroe, Louisiana
August 10, 2021

REQUIRED SUPPLEMENTAL INFORMATION (PART A)
MANAGEMENT'S DISCUSSION AND ANALYSIS

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

As management of the Sixth Judicial District Public Defender, we offer readers of the Sixth Judicial District Public Defender's (Public Defender) financial statements this narrative overview and analysis of the financial activities of the Public Defender for the year ended June 30, 2021. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

Overview of the Financial Statements

This Management Discussion and Analysis document introduced the Public Defender's basic financial statements. The Statement of Net Position and the Statement of Activities (Government-Wide Financial Statements) provide information about the financial activities as a whole and illustrate a longer-term view of the Public Defender's finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Fund (Fund Financial Statements) tell how these services were financed in the short term as well as what remains for future spending. Fund Financial Statements also report the operations in more detail than the Government-Wide Financial Statements by providing information about the most significant funds. This report also contains other supplementary information in addition to the basic financial statements themselves.

Our auditor has provided assurance in his independent auditor's report that the basic financial statements are fairly stated. The auditor, regarding the required supplemental information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

Government-Wide Financial Statements

The Government-Wide Financial Statements are designed to provide readers with a broad overview of the Sixth Judicial District Public Defender's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Public Defender's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Public Defender is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned, but unused, sick leave).

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Public Defender, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Public Defender uses only governmental funds.

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Sixth Judicial District Public Defender adopts an annual appropriated budget for the general fund. A budgetary comparison statement is provided for the major fund to demonstrate compliance with this budget.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

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

Government-Wide Financial Analysis

As noted earlier, net position may, over time, serve as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the Public Defender's assets exceeded its liabilities by \$268,549; this represents an increase of \$19,264 in the year ended June 30, 2021. Of this total net position amount, \$268,296 is unrestricted. The Public Defender's net position is comprised of \$268,296 unrestricted, and \$253 invested in capital assets.

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

The following is a condensed statement of the Sixth Judicial District Public Defender's net position as of June 30, 2021 and 2020.

Assets	<u>2021</u>	<u>2020</u>
Current & Other Assets	\$ 271,207	\$ 258,566
Capital Assets (net)	<u>253</u>	<u>859</u>
Total Assets	<u>271,460</u>	<u>259,425</u>
Liabilities		
Other Liabilities	2,911	9,533
Net Position		
Invested in Capital Assets, net	253	859
Unrestricted	<u>268,296</u>	<u>249,032</u>
Total Net Position	<u>\$ 268,549</u>	<u>\$ 249,891</u>

The Public Defender has unrestricted net position of \$268,296, which may be used to meet the government's on-going obligation to citizens and creditors.

The Public Defender also had \$253 invested in capital assets, and no long-term debt.

The following is a summary of the statement of activities:

	<u>Year Ended</u> <u>June 30, 2021</u>	<u>Year Ended</u> <u>June 30, 2020</u>
Revenue		
Program Revenue	\$ 8,348	\$ 9,054
General Revenue	<u>497,224</u>	<u>559,560</u>
Total Revenue	<u>505,572</u>	<u>568,614</u>
Expenses		
Personal Services and Benefits	175,439	215,351
Professional Development	1,278	2,996
Operating Costs	<u>310,197</u>	<u>331,403</u>
Total Expenses	<u>486,914</u>	<u>549,750</u>
Increase (Decrease) in Net Position	18,658	18,864
Net Position, Beginning	<u>249,891</u>	<u>231,027</u>
Net Position, Ending	<u>\$ 268,549</u>	<u>\$ 249,891</u>

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

Business-Type Activities

The Public Defender does not have any business-type activities.

Financial Analysis of the Fund's Governmental Fund

The Sixth Judicial Public Defender's governments fund (General Fund) reported an ending fund balance of \$268,296 which is an increase of \$19,264 when compared to the prior period.

Capital Asset and Debt Administration

Capital Assets – The Sixth Judicial Public Defender's investment in capital assets for its governmental activities as of June 30, 2021 amounts to \$253. This investment includes furniture, equipment and a portable building. This value is net of accumulated depreciation.

General Fund Budgetary Highlights.

The Public Defender's budget is prepared according to Louisiana law.

A budgetary comparison schedule showing the Sixth Judicial District Public Defender's originally adopted budget compared with actual operating results is provided in the report that follows.

Economic Factors and Next Year's Budgets

The Sixth Judicial District Public Defender considered many factors when setting the Public Defender's June 30, 2021 and 2020 budgets.

Revenues and expenditures are expected to remain fairly consistent with the current fiscal year.

Request for Information

This financial report is designed to provide a general overview of the Sixth Judicial District Public Defender'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:

Sixth Judicial District Public Defender
1602A Felicia Drive
Tallulah, Louisiana 71282

GOVERNMENT-WIDE FINANCIAL STATEMENTS

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA
GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET POSITION
JUNE 30, 2021

	General Fund	Adjustments	Statement of Net Position
Assets			
Cash and Cash Equivalents	\$ 247,667	\$ -	\$ 247,667
Receivables	23,540	-	23,540
Capital Assets, Net of Accumulated Depreciation	<u>-</u>	<u>253</u>	<u>253</u>
Total Assets	<u><u>271,207</u></u>	<u><u>253</u></u>	<u><u>271,460</u></u>
Liabilities			
Accounts Payable	1,085	-	1,085
Withheld and Accrued Payroll Taxes	<u>1,826</u>	<u>-</u>	<u>1,826</u>
Total Liabilities	2,911	-	2,911
Fund Balances/Net Position			
Fund Balances:			
Unassigned, Reported In:			
General Fund	<u>268,296</u>	<u>(268,296)</u>	<u>-</u>
Total Fund Balances	<u>268,296</u>	<u>(268,296)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u><u>\$ 271,207</u></u>	<u><u>(268,296)</u></u>	<u><u>2,911</u></u>
Net Position			
Net Investment in Capital Assets		253	253
Unrestricted		<u>268,296</u>	<u>268,296</u>
Total Net Position		<u><u>\$ 268,549</u></u>	<u><u>\$ 268,549</u></u>

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

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Adjustments	Statement of Net Position
Expenditures/Expenses			
Judiciary			
Personal Services	\$ 140,600	\$ -	\$ 140,600
Related Benefits	34,839	-	34,839
Travel and Professional Development	1,278	-	1,278
Operating Services	306,918	-	306,918
Operating Supplies	2,673	-	2,673
Capital Outlay	-	-	-
Depreciation	-	606	606
	<hr/>	<hr/>	<hr/>
Total Expenditures/Expenses	486,308	606	486,914
Program Revenues			
Charges for Services	8,348	-	8,348
	<hr/>	<hr/>	<hr/>
Net Program Expenses	(477,960)	(606)	(478,566)
General Revenues			
State Grants	178,531	-	178,531
Court Costs on Fines	316,994	-	316,994
Investment Earnings	1,699	-	1,699
Other	-	-	-
	<hr/>	<hr/>	<hr/>
Total General Revenues	497,224	-	497,224
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	19,264	(606)	18,658
Fund Balance/Net Position:			
Beginning of the Year	249,032	859	249,891
	<hr/>	<hr/>	<hr/>
End of the Year	\$ 268,296	\$ 253	\$ 268,549
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Introduction

The Sixth Judicial District Public Defender (Public Defender), established in compliance with Louisiana Revised Statute 15:144-149, provides counsel to represent indigents (needy individuals) in criminal and quasi-criminal cases at the district court level. The Judicial District encompasses the Parishes of East Carroll, Madison and Tensas, Louisiana. Revenues to finance the Public Defender's operations are provided primarily from court costs on fines imposed by the various courts within the Judicial District, bail bond revenues, and Louisiana Indigent Defender Board grants. The Public Defender has three employees, two who serve as investigators and one as an office assistant. Four attorneys serve as public defenders.

Note 1 - Summary of Significant Accounting Policies

Basis of Presentation

The accompanying basic financial statements of the Sixth Judicial District Public Defender 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.

Reporting Entity

The Public Defender is part of the operations of the District Court System. However, the District Court System is fiscally dependent on the East Carroll, Madison and Tensas Parish Police Juries for office space and courtrooms. In addition, the Police Juries basic financial statements would be incomplete or misleading without inclusion of the Public Defender. For these reasons, the Public Defender was determined to be a component unit of the East Carroll, Madison and Tensas Police Juries, the financial reporting entities.

The accompanying financial statements present information only on the funds maintained by the Public Defender and do not present information on the Police Juries, the general government services provided by those governmental units, or the other governmental units that comprise the financial reporting entity.

Fund Accounting

The Public Defender 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 related to certain functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

Governmental Funds

Governmental funds account for all or most of the Public Defender'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 Public Defender. The following are the Public Defender's governmental funds:

General Fund – the primary operating fund of the Public Defender. 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.

Other Fund – accumulates the proceeds for the Louisiana Public Defender Board grants and their related expenditures.

Measurement Focus/Basis of Accounting

Fund Financial Statements -

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 balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled to a government-wide view of Public Defender 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 Public Defender 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 – In the General Fund, court costs on fines and forfeitures imposed by the Public Defender and city courts, and bail bond revenues are recorded in the year they are collected by tax collectors or Parish Sheriff, provided they are received within 60 days of the fiscal year end.

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

Fund Financial Statements (continued) –

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 Position and Statement of Activities display information about the Public Defender as a whole. These statements include all the financial activities of the Public Defender. Information contained in these Statements reflects the economic resources measurement focus and the accrual basis of accounting.

Program Revenues –

Program revenue included in the Statement of Activities is derived directly from Public Defender users as a fee for services; program revenues reduce the cost of the function to be financed from the Public Defender's general revenues.

Budgets

The Public Defender adopted a budget as part of the funding requirement for the year ended June 30, 2021.

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 Public Defender 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.

Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. The Public Defender maintains a level of \$500 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Position and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight line method over their estimated lives. Furniture and fixtures have a five to seven year useful life.

Compensated Absences

The Public Defender does not have a formal leave policy.

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Fund Equity

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 government 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 or ordinances of the board of directors. Those committed amounts cannot be used for any other purpose unless the board of directors 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 Public Defender’s “intent” to be used for specific purposes, but are neither restricted nor committed. The board of directors and management 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 also used to report negative fund balances in other governmental funds.

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

Fund Equity (continued)

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

Note 2 - Cash and Cash Equivalents

Under state law, the Public Defender fund 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 principal offices in Louisiana. At June 30, 2021, the Public Defender fund has cash and cash equivalents (book balances) totaling \$247,667.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, the 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 or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Public Defender fund that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Public Defender's name.

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These deposits are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash (bank balances) at June 30, 2021, total 252,144 and are fully secured by federal deposit insurance and pledged securities.

Note 3 - Receivables

The receivables at June 30, 2021 are as follows:

<u>Class of Receivable</u>	<u>Governmental Fund</u>	<u>Government – Wide</u>
Fines and Forfeitures	<u>\$ 23,540</u>	<u>\$ 23,540</u>

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
 PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

Note 4 - Changes in Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2021, is as follows:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
<u>Governmental Activities</u>				
Furniture and Equipment	\$ 11,822	\$ -	\$ -	\$ 11,822
Storage Building	<u>3,251</u>	<u>-</u>	<u>-</u>	<u>3,251</u>
Total Governmental Activities	15,073	-	-	15,073
Less: Accumulated Depreciation				
Furniture and Equipment	11,430	389	-	11,819
Storage Building	<u>2,784</u>	<u>217</u>	<u>-</u>	<u>3,001</u>
Total	<u>14,214</u>	<u>606</u>	<u>-</u>	<u>14,820</u>
Capital Assets – Net	<u>\$ 859</u>	<u>\$ (606)</u>	<u>\$ -</u>	<u>\$ 253</u>

Depreciation expense was \$606 for the year ended June 30, 2021.

Note 5 - Risk Management

The Public Defender currently carries no insurance. The attorneys are reimbursed a portion of their professional liability premium.

Note 6 - Contingencies

The Public Defender receives State grants for specific purposes that are subject to review and audit by State agencies. Such audits could result in a request for reimbursement for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the Public Defender, such disallowances, if any, will not be significant.

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 8 - Governmental Revenues and Expenditures

For the year ended June 30, 2021, the major sources of governmental fund revenues and expenditures were as follows:

Revenue

State Government Appropriation – General	\$ 178,531
Local Government	316,994
Charges for Services	8,348
Investment Earnings	<u>1,699</u>
Total Revenues	<u>\$ 505,572</u>

Expenditures

Personal Services and Benefits	
Salaries	\$ 140,600
Insurance	24,922
Payroll Taxes	<u>9,917</u>
Total	<u>175,439</u>

Professional Development

Dues, Licenses and Regulations	1,278
Travel	<u>-</u>
Total	<u>1,278</u>

Operating Costs

Library and Research	2,202
Contract Services – Attorney/Legal	241,110
Contract Services – Other	36,689
Lease – Office	7,200
Travel – Transportation	-
Travel – Other	-
Insurance	9,679
Supplies	2,673
Repairs and Maintenance	968
Utilities and Telephone	8,278
Capital Outlay	-
Other	<u>1,398</u>
Total	<u>310,197</u>

Total Expenditures	<u>\$ 486,914</u>
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THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 9 - Subsequent Events

Subsequent events were evaluated through August 10, 2021, which is the date the financial statements were available to be issued.

The Covid-19 outbreak in the United States and our state has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and whether those closings will precipitate a wider economic recession. As a result, the related financial impact on the Center and the duration cannot be estimated at this time.

REQUIRED SUPPLEMENTAL INFORMATION (PART B)
BUDGETARY COMPARISON SCHEDULES

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Actual	Variances Favorable (Unfavorable)
Revenues			
State Revenue	\$ 174,160	\$ 178,531	\$ 4,371
Court Fees and Costs Assessed	400,000	271,740	(128,260)
Bond Fees and Forfeitures	20,000	45,254	25,254
Application Fees	8,000	8,348	348
Other Revenue	-	-	-
Interest Revenue	-	1,699	1,699
Total Revenue	602,160	505,572	(96,588)
Expenditures			
Salaries	190,600	140,600	50,000
Dues and Seminars	3,700	1,278	2,422
Medical Insurance	29,637	24,922	4,715
Travel	3,600	-	3,600
Contract Services	198,000	252,270	(54,270)
Facilities Rent	7,200	7,200	-
Office Repairs and Maintenance	2,203	968	1,235
Office Supplies	1,600	2,673	(1,073)
Office Expense	-	-	-
Payroll Taxes	14,581	9,917	4,664
Workers Comp Insurance	3,000	1,746	1,254
Malpractice Insurance	16,000	7,933	8,067
Accounting Fees	8,000	8,419	(419)
Conflict	10,520	17,110	(6,590)
Telephone and Utilities	6,581	8,278	(1,697)
Library, Journals and Subscriptions	6,000	2,202	3,798
Miscellaneous	-	792	(792)
Total Expenditures	501,222	486,308	14,914
Excess of Revenue Over Expenditures	100,938	19,264	(81,674)
Fund Balance - Beginning of the Year	249,032	249,032	-
Fund Balance - End of the Year	\$ 349,970	\$ 268,296	\$ (81,674)

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

SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA
NOTES TO BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2021

A proposed budget, prepared on the modified accrual basis of accounting, is published in the official journal at least ten days prior to the public hearing. A public hearing is held at the Sixth Judicial District Public Defender's office during the month of June for comments from taxpayers. The budget is then legally adopted by the Public Defender fund. The budget is established and controlled by the Public Defender at the object level of expenditures. Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying budgetary comparison schedule include the original adopted budget amounts and all subsequent amendments.

OTHER SUPPLEMENTAL INFORMATION

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO
AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED JUNE 30, 2021

	<u>John Ellis</u> <u>Public Defender</u>
<i>Purpose:</i>	
Attorney Fees	\$ 15,000
Hospitalization Insurance	-
Travel Reimbursements	-
Total	<u>\$ 15,000</u>

THE SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA

JUSTICE SYSTEM FUNDING SCHEDULE - RECEIVING ENTITY
FOR THE YEAR ENDED JUNE 30, 2021

	First Six Month Period Ended 12/31/2020	Second Six Month Period Ended 6/30/2021
Receipts From:		
Louisiana State Appropriations	\$ 166,105	\$ 12,426
East Carroll Parish Clerk, Civil Court Costs	5,799	5,908
East Carroll Parish Sheriff, Criminal Court Costs/Fees	58,214	75,254
Madison Parish Clerk, Civil Court Costs	6,876	18,827
Madison Parish Sheriff, Criminal Court Costs/Fees	65,838	44,081
Tensas Parish Clerk, Civil Court Costs	3,499	4,345
Tensas Parish Sheriff, Criminal Court Costs/Fees	12,629	15,724
Total Receipts	<u>\$ 318,960</u>	<u>176,565</u>
Ending Balance of Amounts Assessed But Not Received	<u>\$ -</u>	<u>\$ -</u>

**INDEPENDENT AUDITOR'S 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**

Sixth Judicial District Public Defender
East Carroll, Madison and Tensas Parishes

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of the Sixth Judicial District Public Defender as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Sixth Judicial District Public Defender's basic financial statements and have issued my report thereon dated August 10, 2021.

Internal Control Over Financial Reporting

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

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

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that I consider to be significant deficiencies as item 20-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Public Defender's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 21-2.

Sixth Judicial District Public Defender's Response to Findings

The Sixth Judicial District Public Defender's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned cost. The Public Defender's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

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

David M. Staud, CPA (APAC)

West Monroe, Louisiana
August 10, 2021

SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Sixth Judicial District Public Defender
East Carroll, Madison and Tensas Parishes, Louisiana

I have audited the financial statements of the Sixth Judicial District Public Defender as of and for the year ended June 30, 2021, and have issued my report thereon dated August 10, 2021. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2021, resulted in an unqualified opinion.

Section I- Summary of Auditor's Results

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

Internal Control

Material Weakness ___ yes X no

Significant Deficiencies not considered to be

Material Weaknesses X yes ___ no

Compliance

Compliance Material to Financial Statements X yes ___ no

B. Federal Awards – N/A

Material Weakness Identified ___ yes ___ no

Significant Deficiencies not considered to be

Material Weaknesses ___ yes ___ no

Type of Opinion on Compliance For Major Programs (No Major Programs)

Unqualified ___ Qualified ___

Disclaimer ___ Adverse ___

Are their findings required to be reported in accordance with the Uniform Guidance (a)? N/A

C. Identification of Major Programs: N/A

Name of Federal Program (or cluster)

CFDA Number(s)

Dollar threshold used to distinguish between Type A and Type B Programs. N/A

Is the auditee a "low-risk" auditee, as defined by the Uniform Guidance? N/A

SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021 (continued)

21-1 Improving Segregation of Cash Duties

Condition:

At present, only one employee handles all aspects of the accounting system. She is responsible for, or has access to, the handling, recording and mailing of cash disbursements and receipts. Currently, she is the only person that is trained to do this job.

Criteria & Effect:

A fundamental concept in a good system of internal control is the segregation of duties.

Recommendation:

Although the size of the Public Defender's accounting staff prohibits complete adherence to this concept, I believe the following practices could be implemented to improve existing internal control without impairing efficiency.

- Mail should be opened by an employee not responsible for accounting, such as the head of the Public Defender's office. Cash receipts could be recorded and the deposit prepared by this person.
- Bank statements, cancelled checks, etc. should be received by someone other than the employee maintaining cash records. Such items could be periodically reviewed prior to turning them over for reconciliation. Unusual items noted during the review should be investigated promptly.
- Signed checks should be also mailed without allowing them to be returned to the employee responsible for accounts payable.
- Management should review supporting documents for normal recurring disbursements (not usually reviewed) on a spot-check basis. Non routine testing would aid in ensuring compliance with policy for all disbursements.
- Credit card statements should be reviewed monthly by the head of the Public Defender's office.

Also, the Public Defender should consider hiring another person to train to help the accountant and assist her in her daily duties.

Response:

The Public Defender has the opportunity to review the bank statements and reconciliations at any time. The monthly invoices are also reviewed. Two signatures are required on all checks written and the head of the Public Defender's office reviews each invoice prior to his signature. The cost of hiring a second employee to provide these safeguards far outweigh the benefits.

SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021 (continued)

21-2 Failure to comply with the Local Government Budget Act (LGBA)

Condition:

The LGBA requires budget amendments when total actual revenues plus projected revenues for the remainder of the year are less than the total budgeted revenues by 5% or more.

The Public Defender's original budget provided for \$602,160 of revenues and the actual revenues were \$505,572. This budget variance exceeds the 5% allowed by the LGBA.

Criteria:

According to the Local Government Budget Act, the governing authority must adopt a budget amendment if there is a 5% or greater shortage in revenue or a 5% or greater overage in expenditures or if there is a 5% or greater variance in the actual fund balance at the beginning of the year.

Effect:

The entity is out of compliance with the Local Government Budget Act.

Recommendation:

The Public Defender should monitor its budget closely and make amendments as necessary.

Response:

Management will monitor actual and budgeted expenditures more closely in the future, and will make amendments as necessary.

SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

20-1 Improving Segregation of Cash Duties

Condition:

At present, only one employee handles all aspects of the accounting system. She is responsible for, or has access to, the handling, recording and mailing of cash disbursements and receipts. Currently, she is the only person that is trained to do this job.

Recommendation:

Although the size of the Public Defender's accounting staff prohibits complete adherence to this concept, I believe the following practices could be implemented to improve existing internal control without impairing efficiency.

- Mail should be opened by an employee not responsible for accounting, such as the head of the Public Defender's office. Cash receipts could be recorded and the deposit prepared by this person.
- Bank statements, cancelled checks, etc. should be received by someone other than the employee maintaining cash records. Such items could be periodically reviewed prior to turning them over for reconciliation. Unusual items noted during the review should be investigated promptly.
- Signed checks should be also mailed without allowing them to be returned to the employee responsible for accounts payable.
- Management should review supporting documents for normal recurring disbursements (not usually reviewed) on a spot-check basis. Non routine testing would aid in ensuring compliance with policy for all disbursements.
- Credit card statements should be reviewed monthly by the head of the Public Defender's office.

Also, the Public Defender should consider hiring another person to train to help the accountant and assist her in her daily duties.

Response:

The Public Defender has the opportunity to review the bank statements and reconciliations at any time. The monthly invoices are also reviewed. Two signatures are required on all checks written and the head of the Public Defender's office reviews each invoice prior to his signature. The cost of hiring a second employee to provide these safeguards far outweigh the benefits. See finding 21-1 for the year ended June 30, 2021.

SIXTH JUDICIAL DISTRICT PUBLIC DEFENDER
PARISHES OF EAST CARROLL, MADISON AND TENSAS, LOUISIANA
STATUS OF PRIOR YEAR FINDINGS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

20-2 Failure to comply with the Local Government Budget Act (LGBA)

Condition:

The LGBA requires budget amendments when total actual expenditures plus projected expenditures for the remainder of the year are exceeding the total budgeted expenditures by 5% or more.

The Public Defender's original budget provided for \$635,057 of revenues and the actual revenues were \$568,614. This budget variance exceeds the 5% allowed by the LGBA.

Recommendation:

The Public Defender should monitor its budget closely and make amendments as necessary.

Action Taken:

Management will monitor actual and budgeted expenditures more closely in the future, and will make amendments as necessary. See also finding 21-2 for the year ended June 30, 2021.