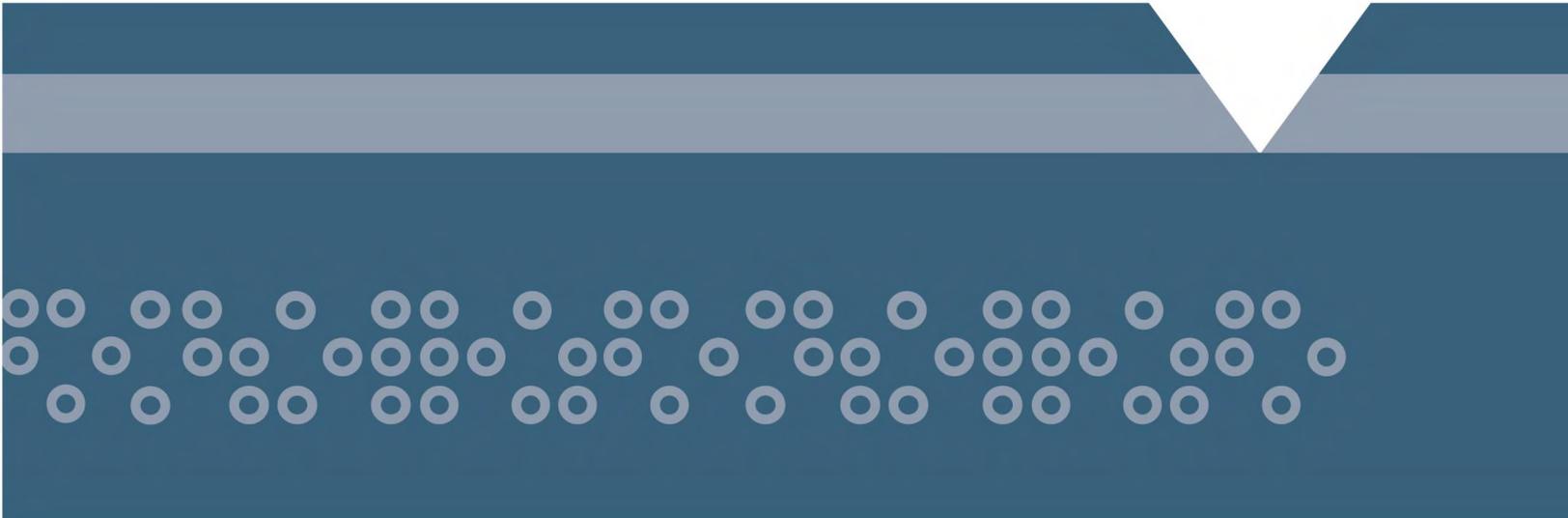


First Judicial District Public Defenders' Office
Audited Financial Statements

Caddo Parish, Louisiana
June 30, 2023



**FIRST JUDICIAL DISTRICT
PUBLIC DEFENDERS' OFFICE
CADDO PARISH, LOUISIANA
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the financial performance of the First Judicial District Public Defenders' Office, Caddo Parish, provides an overview of the Office's financial activities for the year ended June 30, 2023. Please read it in conjunction with the Office's financial statements, which begin on Page 4.

USING THIS REPORT

This report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on Pages 4 and 5) provide information about the activities of the Public Defenders' Office as a whole and present a longer-term view of the Office's finances. For governmental activities, the fund statements tell how these services were financed in the short-term as well as what remains for future spending.

Reporting the Public Defenders' Office as a Whole

Our analysis of the Office as a whole begins on Page 4. One of the most important questions asked about the Office's finances is, "Is the Public Defenders' Office as a whole better off or worse off as a result of the period's activities?" The Statement of Net Position and the Statement of Activities report information about the Office as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current period's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Office's *net position* and changes in them. You can think of the Office's net position - the difference between assets and liabilities - as one way to measure the Office's financial health, or *financial position*. Over time, *increases or decreases* in the Office's net position are one indicator of whether its *financial health* is improving or deteriorating.

Reporting the Office's Most Significant Funds

The fund financial statements also begin on Page 4 and provide detailed information about the most significant funds - not necessarily the Office as a whole.

Governmental funds (General Fund) - All of the Office's basic services are reported in a governmental fund, which focuses on how money flows into and out of this fund and the balances left at period-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Office's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Office's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in a reconciliation included on the financial statements and in Note 1.

THE PUBLIC DEFENDERS' OFFICE AS A WHOLE

The figures reflecting net position can be used to indicate the Office's financial position at that time or over a period of time. At the close of the most recent fiscal period, the Office's net position totaled \$894,340. Of this figure, \$13,748 (1.54%) is its investment in capital assets such as equipment, furniture, computers, etc. Additionally, \$795,678 (88.97%) is its leased right of use assets, such as office equipment and office space. The remaining portion of net position of \$84,914 (9.49%) is unrestricted. The Office's total net position changed from June 30, 2022, decreasing by \$45,672, or 4.86%.

Net positions are shown below.

	Governmental Activities	
	2023	2022
Current and other assets	\$ 956,609	\$ 971,945
Capital assets	13,748	19,013
Lease right of use assets	795,678	868,607
Total assets	1,766,035	1,859,565
Short-term liabilities	108,998	91,729
Long-term liabilities	762,697	827,824
Total liabilities	871,695	919,553
Net position:		
Net investment in capital assets	13,748	19,013
Unrestricted	880,592	920,999
Total net position	\$ 894,340	\$ 940,012

THE OFFICE'S ACTIVITIES

The governmental activities of the Office include all activities of the Office as required by law and are funded by court costs, fees paid by defendants, and grants from the state LPDB. Major expenditures of the Office, as well as revenues for the years ended June 30, 2023 and 2022, are shown below.

	Governmental Activities	
	2023	2022
Expenditures:		
Salaries and related benefits	\$ 1,801,513	\$ 1,703,728
Contract services	1,096,084	952,407
Operating services	363,371	326,675
Travel and professional development	16,285	19,802
Depreciation	5,265	5,482
Total expenses	3,282,518	3,008,094
Revenues:		
Court costs (fines & forfeitures)	829,210	782,094
Court ordered fees	62,905	55,121
Federal grants	5,656	27,500
State grants	2,242,768	1,983,711
Other income	96,307	10,298
Total revenues	3,236,846	2,858,724
Change in net position	(45,672)	(149,370)
Net position, beginning of year	940,012	1,089,382
Net positions, end of year	\$ 894,340	\$ 940,012

Total revenues increased \$378,122, from total revenues in 2022 of \$2,858,724 to total revenues of \$3,236,846 in 2023. The increase in revenues was largely attributable to an increase in state grants. In addition, total expenses increased by \$274,424 from total expenses of \$3,008,094 in 2022 to total expenses of \$3,282,518 in 2023. This increase was largely attributable to an increase in expenses for contract services, specifically Felony Contract Attorneys.

CAPITAL ASSET ADMINISTRATION

The Office's capital asset investment assists in carrying out the mandated functions of the Office. This investment, net of allowance for depreciation, as of June 30, 2023, was \$13,748. This investment includes equipment and fixtures.

The Office's lease right of use asset investment also assists in carrying out the mandated functions of the Office. This investment, net of allowance for amortization, as of June 30, 2023, was \$795,678. This investment is for office equipment, including copiers, as well as office space.

CONTACTING THE OFFICE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Office's finances and to show the Office's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the First Judicial District Public Defenders' Office's office at 400 Travis Street, Suite 2000, Shreveport, Louisiana 71101.

AUDITED FINANCIAL STATEMENTS



REGIONS TOWER
333 TEXAS STREET, SUITE 1525 | SHREVEPORT, LOUISIANA 71101
318.429.1525 (P) | 318.429.2124 (F)

The Chief Defender
First Judicial District Public Defenders' Office
Caddo Parish, Louisiana

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the First Judicial District Public Defenders' Office as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Office'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 major fund of the First Judicial District Public Defenders' Office, as of June 30, 2023, and the respective changes in financial position thereof 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 Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the First Judicial District Public Defenders' Office 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 these 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 the 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 First Judicial District Public Defenders' Office'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.

Auditor's 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 opinions. 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 First Judicial District Public Defenders' Office'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 First Judicial District Public Defenders' Office'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 on pages i – iii, and budgetary comparison information on pages 16 – 17 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other

knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the First Judicial District Public Defenders' Office's basic financial statements. The accompanying schedule of compensation on page 18 and justice system reporting schedule on page 19 are presented for purposes of additional analysis and are 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation and justice system reporting schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report, dated December 27, 2023, on our consideration of the First Judicial District Public Defenders' Office'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the First Judicial District Public Defenders' Office's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the First Judicial District Public Defenders' Office's internal control over financial reporting and compliance.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana
December 27, 2023

**FIRST JUDICIAL DISTRICT
PUBLIC DEFENDERS' OFFICE
GOVERNMENT WIDE STATEMENT OF NET POSITION
JUNE 30, 2023**

ASSETS	Governmental Fund Balance Sheet	Adjustments	Statement of Net Position
Cash	\$ 859,476	\$ -	\$ 859,476
Receivables	97,133	-	97,133
Capital assets, net of allowance for depreciation	-	13,748	13,748
Lease right of use assets, net allowance for amortization	-	795,678	795,678
Total assets	<u>\$ 956,609</u>	<u>\$ 809,426</u>	<u>\$ 1,766,035</u>
LIABILITIES AND FUND EQUITY			
<u>Current liabilities:</u>			
Accounts payable	\$ 10,198	\$ -	\$ 10,198
Lease liability - short-term	-	98,800	98,800
Total current liabilities	10,198	98,800	108,998
<u>Long-term liabilities:</u>			
Accrued compensated absences	-	15,648	15,648
Lease liability - long-term	-	747,049	747,049
Total long-term liabilities	-	762,697	762,697
Total liabilities	10,198	861,497	871,695
<u>Fund equity:</u>			
Unassigned	946,411	(946,411)	-
<u>Net position:</u>			
Invested in capital assets	-	13,748	13,748
Unrestricted	-	880,592	880,592
Total fund equities	<u>946,411</u>	<u>(52,071)</u>	<u>894,340</u>
Total liabilities and fund equity	<u>\$ 956,609</u>	<u>\$ 809,426</u>	<u>\$ 1,766,035</u>

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

**FIRST JUDICIAL DISTRICT
PUBLIC DEFENDERS' OFFICE
GOVERNMENT WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

	Governmental Fund Statement of Revenues and Expenditures	Adjustments	Statements of Activities
<u>Expenditures/expenses:</u>			
Judiciary:			
Personal services	\$ 1,485,520	\$ -	\$ 1,485,520
Contract Services	1,096,084	-	1,096,084
Related benefits	319,452	(3,459)	315,993
Travel and professional development	16,285	-	16,285
Operating services	335,616	27,755	363,371
Depreciation	-	5,265	5,265
Total expenditures/expenses	<u>3,252,957</u>	<u>29,561</u>	<u>3,282,518</u>
<u>Program revenues:</u>			
Charge for services	62,905	-	62,905
Other charges	<u>829,210</u>	<u>-</u>	<u>829,210</u>
Net program revenues	892,115	-	892,115
<u>General revenues:</u>			
Federal grants	5,656	-	5,656
State grants	2,242,768	-	2,242,768
Other income	<u>96,307</u>	<u>-</u>	<u>96,307</u>
Total general revenues	2,344,731	-	2,344,731
Total revenues	3,236,846	-	3,236,846
<u>Excess (deficiency) of revenues over expenditures/expenses</u>	(16,111)	(29,561)	-
<u>Change in net position</u>	-	-	(45,672)
<u>Fund balance/net assets:</u>			
Beginning of year	<u>962,522</u>	<u>(22,510)</u>	<u>940,012</u>
End of year	<u>\$ 946,411</u>	<u>\$ (52,071)</u>	<u>\$ 894,340</u>

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

**FIRST JUDICIAL DISTRICT
PUBLIC DEFENDERS' OFFICE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

Introduction

The First Judicial District Public Defenders' Office was established in compliance with Louisiana Revised Statutes 15:141-185.9 to provide and compensate counsel appointed to represent indigents in criminal and quasi-criminal cases on the district court level. The Judicial District encompasses the parish of Caddo, Louisiana.

The First Judicial District Public Defenders' Office is domiciled in Caddo Parish, Shreveport, Louisiana. All records of proceedings and official actions (all paper, documents, and records) are kept in Shreveport, Louisiana.

The First Judicial District Public Defenders' Office employs 58 people. There are 31 employees (15 full-time attorneys, 12 full-time support staff, 3 full-time investigators, and 1 part-time support staff), 25 contract attorneys, 1 contract social worker, and 1 contract IT person. All employees are salaried.

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying basic financial statements of the First Judicial District Public Defenders' Office 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 No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999.

Financial Reporting Entity

For financial reporting purposes, in conformity with GASB Statement No. 14, the First Judicial District Public Defenders' Office is part of the operations of the Louisiana Public Defender Board. The Louisiana Public Defender Board was established as a state agency to provide supervision, administration, and delivery of a statewide public defender system that is independent of local politics. The Public Defenders' Office is financially independent and operates autonomously from the State of Louisiana and independently from the Louisiana Public Defender Board. Therefore, the Office reports as an independent reporting entity and the financial statements include only the transactions of the First Judicial District Public Defenders' Office.

Fund Accounting

The Public Defenders' Office 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 board functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental funds account for all of the Public Defenders' Office'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.

**FIRST JUDICIAL DISTRICT
PUBLIC DEFENDERS' OFFICE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

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 equity. In general, fund equity represents the accumulated expendable resources which may be used to finance future period programs or operations of the Office. The unassigned balance under fund equity of the Governmental Funds Statement of Revenues and Expenditures represents the increases and decrease in the fund's expendable resources. The following are the Office's governmental funds:

General Fund: The General Fund is the primary operating fund of the Public Defenders' Office, 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 board policy.

Measurement Focus and 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 balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of Public Defenders' Office 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 Defenders' Office considers all revenues available if they are collected within 31 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 resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues: Court costs on fines and forfeitures imposed by the district and city courts are recorded in the year they are collected by the tax collectors and city courts within the judicial district. Interest earned on investments is recorded when the investments have matured, and the income is available. Grants are recorded as revenue during the period in which the related expenditures are incurred. Substantially all other revenues are recorded when received.

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

Government-Wide Financial Statements

The government-wide financial statements (GWFS) (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Office.

**FIRST JUDICIAL DISTRICT
PUBLIC DEFENDERS' OFFICE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

The content and certain titles of the GWFS were changed upon the adoption by the Office in 2013 of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides reporting guidance for deferred outflows of resources and deferred inflows of resources, and adds them, when applicable, as elements of the GWFS, because they are distinct from assets and liabilities. In addition, because these additional elements may affect the residual amount of all of the elements presented in a statement of financial position, GASB 63 renames that measure as net position rather than net assets. The Office had no deferred outflows or inflows of resources at June 30, 2023.

Accordingly, the statement of net position presents information on all of the Office'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 Office is improving or deteriorating.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. There are no indirect expenses allocated to this function. Depreciation expense is included in the direct expense of the function. Program revenues, if any, include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Other items, such as interest income, not properly included among program revenues are reported instead as general revenues.

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

**FIRST JUDICIAL DISTRICT
PUBLIC DEFENDERS' OFFICE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

The reconciliation of the items reflected in the fund column to the Statement of Net Position and Statement of Activities are as follows:

Fund Equity, Governmental Fund	\$	946,411
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>		
Property, Plant & Equipment		13,748
Lease Right of Use Asset		795,678
<p>Liabilities for accrued compensated absences that are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
		(15,648)
Lease Liability		<u>(845,849)</u>
Net Position of Governmental Activities	\$	<u>894,340</u>
Excess (deficiency) of revenues over expenditures, Governmental Fund		(16,111)
<p>Income deriving from the reduction of compensated absences liability reported in the Statement of Activities does not provide current financial resources and, therefore, are not reported as income in the governmental funds.</p>		
	\$	3,459
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
		(5,265)
Expenditures for lease payments that exceed the amortization of lease right of use assets and interest expense		<u>(27,755)</u>
Change in Net Position of Governmental Activities	\$	<u>(45,672)</u>

Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of three months or less from the date of acquisition. Under state law, the Public Defenders' Office 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.

**FIRST JUDICIAL DISTRICT
PUBLIC DEFENDERS' OFFICE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

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 Public Defenders' Office maintains a threshold level of \$1,000 or more for capitalizing capital assets. For capital asset additions over \$10,000, State Board approval is required. 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, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture and fixtures	5-15 years
Computer equipment	5 years

Compensated Absences

Amounts reflected as accrued compensated absences in the government wide statement of net assets represent amounts accumulated prior to June 30, 2017, when the PTO policy was updated. All unused vacation days accumulated prior to adoption of the new policy will continue to be held by the employee who carry it over until used by the employee and are eligible to be paid upon separation of employment. PTO earned under the current policy is not eligible to be paid upon separation of employment.

Long-Term Liabilities

Long-Term Liabilities include obligations of capitalized leases.

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of any related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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.

**FIRST JUDICIAL DISTRICT
PUBLIC DEFENDERS' OFFICE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

2. Budgets

The Public Defenders' Office followed the following budget practices, as of June 30, 2023:

- (a) The District Defender prepares a proposed budget and submits same to the Louisiana Public Defender Board no later than fifteen days prior to the beginning of each fiscal year. The Louisiana Public Defender Board must approve proposed budget before adoption by the Defenders' Office.
- (b) The public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
- (c) A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted prior to the commencement of the fiscal year for which the budget is being adopted.
- (d) The budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases or decreases in expenditures resulting from revenues exceeding or failing to meet amounts estimated are submitted to Louisiana Public Defenders' Board.
- (e) Budgetary appropriations lapse at the end of each fiscal year.

The original budget was amended once for the year ended June 30, 2023.

3. Cash and Cash Equivalents

At June 30, 2023, the Public Defenders' Office had cash and cash equivalents (book balances) as follows:

Interest-bearing demand deposits	\$859,476
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All deposits of the Public Defenders' are held by area financial institutions. Under state law, cash 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 fair value of the securities plus the federal deposit insurance must at all times equal the amount of the deposit with the fiscal agent. At June 30, 2023, the Public Defenders' Office deposits with banks were fully secured by federal deposit insurance and securities held by the pledging financial institution.

4. Receivables

Receivables of \$97,133 at June 30, 2023 result from items classified as Program Revenues, Other Charges in the general fund and General Revenues, State Grants. All receivables are considered fully collectible and, therefore, no allowance for uncollectible amounts is provided. If amounts become uncollectible, they are charged to operations when that determination is made.

**FIRST JUDICIAL DISTRICT
PUBLIC DEFENDERS' OFFICE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

5. Capital Assets

Capital assets and depreciation activity, and lease right-of-use assets and amortization activity, as of and for the year ended June 30, 2023, are as follows:

	Beginning Balance 6/30/2022	Increase	Decrease	Ending Balance 6/30/2023
Governmental activities:				
Computer equipment	\$ 189,851	\$ -	\$ -	\$ 189,851
Furniture and fixtures	164,109	-	-	164,109
Equipment	<u>136,428</u>	<u>-</u>	<u>-</u>	<u>136,428</u>
Total	490,388	-	-	490,388
Less accumulated depreciation	<u>(471,375)</u>	<u>(5,265)</u>	<u>-</u>	<u>(476,640)</u>
Capital assets, net	<u>\$ 19,013</u>	<u>\$ (5,265)</u>	<u>\$ -</u>	<u>\$ 13,748</u>

Depreciation expense of \$5,265 was charged to the general fund.

6. Pension and Deferred Compensation Plans

Under the guidelines established in accordance with the Internal Revenue Code Section 457, employees of the Public Defenders' Office participate in the Caddo Parish Public Defenders' 457 401(a) Plan. The 401(a) Plan and contributions to the pre-existing 457 Deferred Compensation Plan are administered by Security Benefit Retirement Corporation. The 401(a) Plan supersedes all other existing plans to which the Public Defenders' Office contributes. The Plan is governed by the laws of the State of Louisiana and is available to all full-time employees.

The amount of monthly contribution for each participating employee under the 401(a) Plan must be greater than or equal to that percent of the employee's compensation which the federal government would require withheld for the Federal Social Security System for employees not participating in a qualified retirement plan. At no time may the contribution fall below 7.5% of the compensation. Vesting provisions allow a participant to be fully vested in the employer's contributions after seven (7) years of service, with the participant eligible to receive distributions from the Plan upon normal retirement, death, or permanent disability.

It is the opinion of the Public Defenders' legal counsel that the Office is not liable for losses arising from depreciation or shrinkage in the value of any investments acquired under the deferred compensation plan.

However, the Public Defenders' Office believes it has the duty of care that would be required of an ordinary prudent investor.

For the year ended June 30, 2023, the Public Defenders' Office had deferred compensation expense of \$121,944.

**FIRST JUDICIAL DISTRICT
PUBLIC DEFENDERS' OFFICE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

7. Leases

At June 30, 2023, the Public Defenders' Office has four noncancelable finance leases as follows:

Lease	Interest Rate	Monthly Rental Amount	Termination Date
Main Office Copier	7.00%	\$ 310	9/29/2025
Phone System	7.50%	825	12/31/2025
Receptionist Copier	7.50%	320	12/31/2027
Office Space	7.00%	11,465	12/31/2030

Total payments made under these leases during 2023 amounted to \$163,159.

The following is a summary of lease transactions during 2023:

	Balance July 1, 2022	Additions	Retirements or Payments	Balance June 30, 2023
Right of use asset	\$ 975,585	\$ 36,983	\$ (3,602)	\$ 1,008,966
Accumulated amortization	(106,979)	(109,911)	3,602	(213,288)
Right of use asset, net	<u>\$ 868,606</u>	<u>\$ (72,928)</u>	<u>\$ -</u>	<u>\$ 795,678</u>
Lease obligation	<u>\$ 891,023</u>	<u>\$ 39,978</u>	<u>\$ (85,152)</u>	<u>\$ 845,849</u>

Lease obligation principal and interest requirements to maturity are as follows:

Years ending June 30:	Principal	Interest	Total Payments
2024	\$ 98,800	\$ 56,240	\$ 155,040
2025	106,003	49,037	155,040
2026	105,847	41,453	147,300
2027	107,337	34,083	141,420
2028	113,165	26,335	139,500
Thereafter	<u>314,697</u>	<u>29,253</u>	<u>343,950</u>
	<u>\$ 845,849</u>	<u>\$ 236,401</u>	<u>\$ 1,082,250</u>

Total lease-related expenses in the GWFS for 2023 include amortization of the lease right of use asset of \$109,911 and interest on the lease obligation of \$60,726.

**FIRST JUDICIAL DISTRICT
PUBLIC DEFENDERS' OFFICE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

8. Governmental Fund Revenues and Expenditures

Revenues:

Federal Government

Grants	\$	5,656
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State Government

Grants		2,242,768
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Local Government

Statutory fines, forfeitures, fees, court costs, and other		829,210
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Charges for Services

		62,905
--	--	--------

Miscellaneous

		96,307
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Total revenues

	\$	<u>3,236,846</u>
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Expenditures:

Personnel Services and Benefits

Salaries	\$	1,485,520	
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Retirement contributions		121,944	
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Insurance		<u>197,508</u>	
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Total			1,804,972
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Professional Development

		16,285
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Operating Costs

Library and research		17,676	
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Contract services - attorney/legal		1,096,084	
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Contract services - other		37,342	
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Lease - office		156,144	
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Lease - autos and other		7,015	
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Insurance		28,517	
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Supplies		10,017	
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Utilities and telephone		21,288	
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Other		<u>57,617</u>	
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Total			<u>1,431,700</u>
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Total expenditures

	\$	<u>3,252,957</u>
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**FIRST JUDICIAL DISTRICT
PUBLIC DEFENDERS' OFFICE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

9. Subsequent Events

We evaluated events and transactions that occurred after the balance sheet date through the date the financial statements were made available to be issued for potential recognition or disclosure in the financial statements. We evaluated such events through December 27, 2023 and noted no such events.

REQUIRED SUPPLEMENTARY INFORMATION

PUBLIC DEFENDERS; OFFICE
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2023
(Unaudited)

	Original Annual Budget	Amended/ Final Budget	Actual	Favorable (Unfavorable) Variance with Final Budget
<u>Revenues:</u>				
Fines and forfeitures	\$ 785,954	\$ 912,142	\$ 829,210	\$ (82,932)
Fees from indigents	86,816	63,409	62,905	(504)
State grants	1,786,768	2,165,220	2,242,768	77,548
Federal grants	65,000	58,000	5,656	(52,344)
Investment earnings	-	-	-	-
Other	-	8,521	96,307	87,786
Total revenues	<u>2,724,538</u>	<u>3,207,292</u>	<u>3,236,846</u>	<u>29,554</u>
<u>Expenditures:</u>				
Salaries	1,850,000	1,570,000	1,485,520	84,480
Retirement contributions and related benefits	140,000	122,000	121,944	56
Group health insurance	110,000	110,000	197,508	(87,508)
Library and research	25,000	17,000	17,676	(676)
Contract services - attorney/legal	1,090,000	1,101,500	1,096,084	5,416
Contract services - other	49,000	60,500	37,342	23,158
Lease - office and other	205,000	202,000	163,159	38,841
Education, travel and training	25,500	15,200	16,285	(1,085)
Insurance	32,800	29,508	28,517	991
Supplies	15,000	8,000	10,017	(2,017)
Other	68,000	26,250	78,905	(52,655)
Total expenditures	<u>3,610,300</u>	<u>3,261,958</u>	<u>3,252,957</u>	<u>9,001</u>
<u>Excess (deficiency) of revenues over expenditures</u>	(885,762)	(54,666)	(16,111)	38,555
<u>Fund balance at July 1, 2022</u>	<u>1,005,453</u>	<u>962,522</u>	<u>962,522</u>	<u>-</u>
<u>Fund balance at June 30, 2023</u>	<u>\$ 119,691</u>	<u>\$ 907,856</u>	<u>\$ 946,411</u>	<u>\$ 38,555</u>

**FIRST JUDICIAL DISTRICT
PUBLIC DEFENDERS' OFFICE
NOTES TO BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2023
(Unaudited)**

1. Budget

Refer to Note 2 of the financial statements for details regarding the budget process.

2. Budget Variances

The Louisiana Revised Statute 39:13:11 requires an amendment to the Public Defenders' Office's budget when receipts plus projected revenue collections for the year fail to meet budgeted revenues by 5% or more, or when actual expenditures plus projected expenditures to year end exceed budgeted expenditures by 5% or more. Actual total revenues were more than budgeted revenues by 0.92% and actual total expenses were 0.28% less than budgeted expenses.

SUPPLEMENTARY INFORMATION

**FIRST JUDICIAL DISTRICT
PUBLIC DEFENDERS' OFFICE
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2023**

Agency Head: Michelle M. AndrePont

Salary	\$ 120,000
Benefits-insurance	6,148
Benefits-retirement	9,600
Dues	180
Per diem	931
Travel	4,528
Housing	716

**FIRST JUDICIAL DISTRICT
PUBLIC DEFENDERS' OFFICE
JUSTICE SYSTEM FUNDING SCHEDULE – RECEIVING ENTITY
FOR THE YEAR ENDED JUNE 30, 2023**

	First Six Month Period Ended 12/31/2022	Second Six Month Period Ending 06/30/2023
Receipts From:		
Caddo District Court - Criminal Court Costs/Fees	\$ 8,890	\$ 9,729
Caddo Parish Commission - Criminal Court Costs/Fees	2,460	1,970
Shreveport City Court - Criminal Court Costs/Fees	5,540	8,360
Caddo Parish Sheriff's Office - Criminal Court Costs/Fees	82,876	79,655
Shreveport City Marshall - Criminal Court Costs/Fees	141,727	160,840
Caddo Parish Sheriff's Office - Probation/Parole/Supervision Fees	8,705	2,704
Caddo District Attorney - Bond Fees	7,622	18,687
Caddo Parish Sheriff's Office - Bond Fees	170,580	141,112
Shreveport City Court - Bond Fees	8,540	7,397
Caddo Parish Commission - Other	750	2,250
Total Receipts	<u>\$ 437,690</u>	<u>\$ 432,703</u>

OTHER REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS



REGIONS TOWER
333 TEXAS STREET, SUITE 1525 | SHREVEPORT, LOUISIANA 71101
318.429.1525 (P) | 318.429.2124 (F)

The Chief Defender
First Judicial District Public Defenders' Office
Caddo Parish, Louisiana

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

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 the major fund of the First Judicial District Public Defenders' Office (Office) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Office's basic financial statements, and have issued our report thereon dated December 27, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Office's internal control over financial reporting as a basis for designing 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 Office's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Office's internal control over financial reporting.

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 over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness as item 2023-01.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Office's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on

the financial statements. 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*.

First Judicial District Public Defenders’ Office’s Response to Findings

First Judicial District Public Defenders’ Office’s response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. First Judicial District Public Defenders’ Office’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of 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.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana
December 27, 2023

**FIRST JUDICIAL DISTRICT
PUBLIC DEFENDERS' OFFICE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the First Judicial District Public Defenders' Office.
2. One material weakness is reported for the year ended June 30, 2023.
3. The First Judicial District Public Defenders' Office was not subject to a Federal Single Audit for the year ended June 30, 2023.
4. No material noncompliance was noted.

B. Findings - Financial Statement Audit

2023-01 Internal Controls with Regard to Financial Reporting

Condition and Criteria: As is common in small operations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare the annual financial statements. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles have not been established, nor has management demonstrated an ability to perform these functions in-house. This condition, even though intentional, represents a material weakness in internal control under generally accepted auditing standards, and results from management's need to balance the entity's financial complexity with the appropriate level of accounting expertise. It is not cost-effective for the entity to prepare its financial statements in-house.

Effect and Recommendation: Although generally accepted auditing standards require preparation of year-end adjusting entries and financial statements with note disclosures by the audited entity, prudent management dictates that the potential benefit from an internal control must exceed its cost. In this case, both management and the auditor do not believe that curing the control deficiency is cost effective, and do not believe that any corrective action is required.

C. Findings and Questioned Costs – Major Federal Award Programs

Not applicable.

**FIRST JUDICIAL DISTRICT
PUBLIC DEFENDERS' OFFICE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

Prior Findings – Financial Statement Audit

2022-01 Internal Controls with Regard to Financial Reporting

Internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles have not been established, nor has management demonstrated an ability to perform these functions in-house. Under generally accepted auditing standards, this condition represents a control deficiency that is also considered to be a material weakness in internal controls. This finding was not resolved and therefore repeated in the current year.

Status: Unresolved – repeated as 2023-01.

**FIRST JUDICIAL DISTRICT
PUBLIC DEFENDERS' OFFICE
MANAGEMENT'S CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

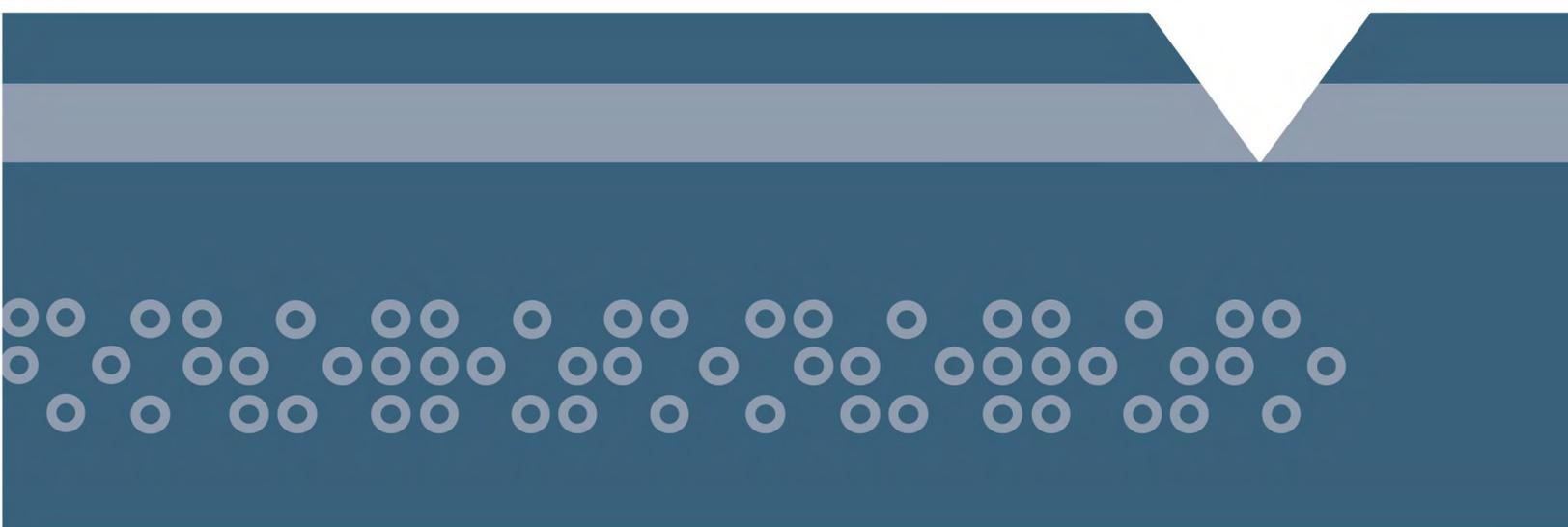
2023-01 Internal Controls with Regard to Financial Reporting

Statement on Auditing Standards (SAS) 115 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or impractical.

Management feels the resolution to this finding would be both impractical and cost prohibitive.

First Judicial District Public Defenders' Office
Statewide Agreed-Upon Procedures Report

Caddo Parish, Louisiana
June 30, 2023





REGIONS TOWER
333 TEXAS STREET, SUITE 1525 | SHREVEPORT, LOUISIANA 71101
318.429.1525 (P) | 318.429.2124 (F)

The Chief Defender
First Judicial District Public Defenders' Office
Shreveport, Louisiana

Louisiana Legislative Auditor
Baton Rouge, Louisiana

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

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. Management of First Judicial District Public Defender's management is responsible for those C/C areas identified in the SAUPs.

First Judicial District Public Defenders' 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:

Written Policies and Procedures

1. 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:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
Exception: The entity has written policies over the budget process but lacks procedures for adopting and monitoring the budget.
Management's Response: Budgeting is done in accordance with the Louisiana Local Government Budget Act. So, while the entity does not have a separate written policy, there are statutes the entity must follow regarding budgeting.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

Exception: the entity has written policies over the purchasing process but does not address how vendors are added to the vendor list.

Management's Response: Any vendor that is not currently on the Quickbooks vendor list is only added after the Chief Defender approves payment for that particular vendor or a contract is signed by the Chief District Defender authorizing said vendor to be paid, thereby authorizing that vendor to be added.

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

Exception: The entity does not have adequate written policies or procedures that deal with disbursements.

Management's Response: Policies governing disbursements such as purchases and reimbursements are outlined in the Caddo Parish Public Defender Office Policies. These policies will be reviewed and updated to ensure they adequately address all disbursements and the steps involved in the disbursement process.

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

Exception: The entity has written procedures covering the handling of receipts but does not address determining the completeness of all collections.

Management's Response: The entity will revise its policy to address the completeness of all collections.

- e) **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.

Exception: The entity has written policy covering payroll review and approval of time and attendance records, including leave; however, the policy does not include procedures for processing payroll or the approval process for pay rate/pay rate schedules.

Management's Response: An outside payroll service processes payroll. Before the payroll is run, the office manager reviews the payroll for any errors in the amounts, deductions, etc. Contract attorneys are not paid through the outside service; instead, they are paid by check drafted in-house after the Office Manager reviews and verifies their earnings and timesheets.

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

Exception: The entity does not have adequate written policies or procedures that deal with contracting.

Management's Response: The office does not have a policy for contracting because the only contracts in which the office enters are those involving attorneys to handle caseloads. A normal interview process for attorneys is used, and the Chief Defender determines the appropriateness and scope of the contracts.

- g) **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)

Exception: The entity does not have adequate written policies or procedures that deal with bank cards.

Management's Response: The entity will work towards a policy to address credit and bank cards.

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

The entity has an adequate policy regarding travel and expense reimbursement.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statutes 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.

Exception: The entity does not have adequate written policies or procedures that deal with ethics.

Management's Response: All staff and contractors are required to take the ethics training found on the Louisiana Legislative Auditor website. Furthermore, attorneys are required to take ethics training as a part of maintaining their licenses to practice law.

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

Not applicable, as the entity does not have the authority to issue debt.

- k) **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.

Exception: The entity does not have adequate written policies or procedures that relate to information technology disaster recovery/business continuity.

Management's Response: There is not written policy but the office will prepare one.

- l) **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.

Exception: The entity has adequate sexual harassment policies that deal with agency responsibilities and prohibitions and annual employee training; however, the policy does not address annual reporting.

Management's Response: The entity will revise its policy to address annual reporting.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Not applicable. As of August 2007, all public defender offices in Louisiana are offered oversight by a centralized Board located in Baton Rouge, Louisiana; therefore, there are no minutes to review.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.

Not applicable. As of August 2007, all public defender offices in Louisiana are offered oversight by a centralized Board located in Baton Rouge, Louisiana; therefore, there are no minutes to review.

- c) 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.

Not applicable. As of August 2007, all public defender offices in Louisiana are offered oversight by a centralized Board located in Baton Rouge, Louisiana; therefore, there are no minutes to review.

- d) Observe whether the board/finance committee received written updates of the progress of resolving audit findings, according to management's corrective action plan, at each meeting until the findings are considered fully resolved.

Not applicable. As of August 2007, all public defender offices in Louisiana are offered oversight by a centralized Board located in Baton Rouge, Louisiana; therefore, there are no minutes to review.

Bank Reconciliations

3. 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 accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

Bank reconciliations were prepared for each account selected and included evidence of having been prepared within 2 months of the related statement closing date.

- b) Bank reconciliations include 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

Exception: There is no documentation of bank reconciliation being reviewed by member of management or board member.

Management's Response: Each bank statement is reconciled as soon as it is received. Following reconciliation, a reconciliation report is generated from QuickBooks and attached to the bank statement. The information from the bank statement as well as the reconciliation report is then entered into the monthly financial report.

- c) 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.

Exception: Management does not review outstanding items in a timely manner.

Management's Response: The office will begin logging all outstanding checks and researching the reason for the staleness of the check.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites 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).

A listing of deposit sites was obtained from management.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees responsible for cash collections do not share cash drawers/registers.

Each employee responsible for collecting cash does not share the cash drawer with another employee.

- b) 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.

Each employee responsible for collecting cash does not prepare or make the related bank deposit.

- c) 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.

Each employee responsible for collecting cash does not post collection entries to the general or subsidiary ledgers.

- d) 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.

The employee responsible for reconciling cash collections to the general or subsidiary ledgers is not responsible for collecting cash.

6. 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.

The entity is covered for theft under an insurance policy that was in effect during the fiscal period.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliation procedure #3 (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

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

No exceptions.

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

No exceptions.

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

No exceptions.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

Exception: Deposits were not made within one business day.

Management's Response: If the amount collected is minimal, it may not be deposited the next day. The office is short-staffed and the office manager who makes the deposits has multiple duties.

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

No exceptions.

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

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

A listing of locations was obtained from management.

9. For each location selected under #8 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, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

An employee can initiate a purchase request, which is then approved by the Chief District Defender.

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

The Chief District Defender approves the bill, and the payment is processed by the office manager.

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

Exception: The office manager has access to the vendor file; however, there is no process to review files.

Management's Response: The same person who processes payments adds the vendors to the disbursement system. However, the District Defender signs off on any change or addition to the vendor system through approval of payment if it is for a new vendor.

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

Exception: The office manager processes and mails payments.

Management's Response: The office manager who processes payments and mails the checks does not sign the checks. Furthermore, the District Defender, or his/her designees, approves any payment before the check is processed and also signs the checks. However, the District Defender does not have access to process a check.

- e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (ETF), wire transfer, or some other electronic means.

Exception: The office manager, who handles the payment of electronic disbursements, does not have authorization to sign checks.

Management's Response: Management will improve its processes to ensure that electronic fund disbursements are approved by someone with the authorization to sign checks prior to payment.

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

- a) Observe whether the disbursement, whether by paper or electronic means, matched the related original invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.

For all selections, no exceptions noted.

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

Exception: There is no documentation of segregation of duties.

Management's Response: The purchase approval and initiation duties are properly separated.

11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure 3, 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.

Exception: These transactions are not reviewed or approved by any individual with check signing authority prior to payment.

Management's Response: Management will improve its processes to ensure that electronic fund disbursements are reviewed and approved by someone with the authorization to sign checks prior to payment.

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

12. 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 cards, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

A listing of all active cards was obtained from management.

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

- a) Observe 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) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.

Exception: There is no evidence of review or approval on the bank statement tested.

Management's Response: Management will improve its process to ensure there is evidence that the bank statement is reviewed and approved monthly.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Finance charges and late fees were not assessed on the selected statement.

14. Using the monthly statements or combined statements selected under procedure #13 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, 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 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.

Exception: For all selections, there was no written documentation of the business/public purpose of the transaction.

Management's Response: Management will begin documenting the business or public purpose of card transactions.

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

15. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, 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).

No exceptions noted.

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

No exceptions noted.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1.h).

Exception: For two selections, documentation did not include the names of those participating in meals.

Management's Response: Management will begin documenting the names of those participating in meals.

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

No exceptions noted.

Contracts

16. 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. *Alternately, 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:

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

Due to the nature of the contracts selected, it was determined that soliciting quotes as a best practice was not considered necessary.

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

No approval by governing body or board is required.

- c) 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

No exceptions to procedure noted.

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

No exceptions to procedure noted.

Payroll and Personnel

17. Obtain a listing of employees and officials 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.

Obtained listing from Management and agreed selected employees' salaries and pay rates without exception.

18. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #17 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

No exceptions noted.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

No exceptions noted.

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

Leave accrued or taken during the pay periods tested were appropriately reflected in cumulative leave records.

- d) Observe that the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

No exceptions noted.

19. 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

- a) Obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments.

No employee terminated in the current year received a termination payment other than their last paycheck.

- b) Agree the hours to the employee's or officials' cumulate leave records.

No employee terminated in the current year had accumulated leave.

- c) Agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files.

No exceptions noted.

d) Agree the termination payment to entity policy.

No exceptions noted.

20. 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.

Management's representation was obtained covering these statements.

Ethics

21. Using the 5 randomly selected employees/officials from procedure #17 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170.

No exceptions noted.

b. Observe that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Exception: The entity does not have an official Ethics Policy.

Management's Response: The entity will work towards a policy to address ethics for 2024.

22. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Entity has appointed its Chief Public Defender as the ethics designee in compliance with R.S. 42:1170.

Debt Service

23. 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.

Not applicable. Management represented that the entity does not have the authority to issue debt.

24. 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).

Not applicable. Management represented that the entity does not have the authority to issue debt.

Fraud Notice

25. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

Not applicable – no misappropriations of public funds identified during the fiscal period.

26. 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.

No exceptions noted.

Information Technology Disaster Recovery/Business Continuity

27. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**

- a. 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 that such backup (a) occurred within the past week, (b) was not stored on the entity’s local server or network, and (c) was encrypted.

We performed the procedure and discussed the results with management.

- b. 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.

We performed the procedure and discussed the results with management.

- c. 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.

We performed the procedure and discussed the results with management.

28. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Procedure #19. Observe evidence that the selected terminated employees have been removed or disabled from the network.

No exceptions noted.

Prevention of Sexual Harassment

29. Using the 5 randomly selected employees/officials from procedure #17 under “Payroll and Personnel” above, 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.

No exceptions noted.

30. 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).

No exceptions noted.

31. 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 it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;

No exceptions noted.

- b) Number of sexual harassment complaints received by the agency;
No exceptions noted.
- c) Number of complaints which resulted in finding that sexual harassment occurred;
No exceptions noted.
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
No exceptions noted.
- e) Amount of time it took to resolve each complaint.
No exceptions noted.

Exception: The entity was able to provide the sexual harassment report for the year; however, we were unable to observe that the report was dated on or before February 1.

Management's Response: Management is required by the Louisiana Public Defender Board to file a bi-yearly and year-end report to document the sexual harassment complaints during the fiscal year. Support provided indicated that Management filed in accordance with the Louisiana Public Defender Board's deadline.

We were engaged by First Judicial District Public Defenders' Office 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 First Judicial District Public Defenders' Office 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.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana
December 27, 2023