

**THIRTY-FIRST JUDICIAL DISTRICT
PUBLIC DEFENDERS OFFICE**
Jennings, Louisiana

Annual Financial Statements
As of and For the Year
Ending June 30, 2014

THIRTY-FIRST JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE
 Jennings, Louisiana
 Annual Financial Statements
 As of and for the Year Ending June 30, 2014

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INDEPENDENT AUDITOR'S REPORT

Thirty-First Judicial District Public Defenders Office
Jefferson Davis Parish Police Jury
Jennings, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund information of the Thirty-First Judicial District Public Defenders Office (Public Defender), as of and for the year ended June 30, 2014, 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 control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund information of the Public Defender, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 18 to 19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2013, on our consideration of the Public Defender's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Public Defender's internal control over financial reporting and compliance.

Mike B. Gillespie, CPA, APAC

Jennings, Louisiana
November 12, 2014

BASIC FINANCIAL STATEMENTS

THIRTY-FIRST JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE
Governmental Fund Balance Sheet / Statement of Net Position
June 30, 2014

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS			
Cash	\$ 130,233		130,233
Receivables, net	28,047		28,047
Accrued interest receivable	50		50
Capital assets, net of accumulated depreciation	-	5,210	5,210
Total Assets	<u>158,330</u>	<u>5,210</u>	<u>163,540</u>
LIABILITIES			
Accounts payable	476		476
Professional services payable	37,630		37,630
Salaries and benefits payable	7,164		7,164
Compensated absences	-	3,862	3,862
Total Liabilities	<u>45,270</u>	<u>3,862</u>	<u>49,132</u>
FUND BALANCE / NET POSITION			
Unassigned	113,060	(113,060)	-
Total Fund Balances	<u>113,060</u>	<u>(113,060)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 158,330</u>		
NET POSITION			
Net investment in capital assets		5,210	5,210
Unrestricted		109,198	109,198
Total Net Position		<u>\$ 114,408</u>	<u>114,408</u>

The accompanying notes are an integral part of this statement.

THIRTY-FIRST JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE
Statement of Governmental Fund Revenues, Expenditures, and
Changes in Fund Balances / Statement of Activities
For the Year Ending June 30, 2014

Statement B

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES/ EXPENSES :			
Current			
Judiciary:			
Professional legal services	\$ 449,161	-	449,161
Other contracted services	11,533	-	11,533
Personnel services and related benefits	119,216	(92)	119,124
Dues	1,484	-	1,484
Library expense	174	-	174
Insurance	1,261	-	1,261
Miscellaneous expense	333	-	333
Office expense	10,092	-	10,092
Travel, meals, & seminars	3,094	-	3,094
Depreciation expense	-	1,462	1,462
Capital outlay	-	-	-
Total Expenditures / Expenses	<u>596,348</u>	<u>1,370</u>	<u>597,718</u>
PROGRAM REVENUES:			
Court costs on fines and forfeitures	430,682	-	430,682
Fees from indigents	7,840	-	7,840
State grants and contributions- operating	74,164	-	74,164
Total Program Revenues	<u>512,686</u>	<u>-</u>	<u>512,686</u>
Net Program Expenses			<u>(85,032)</u>
GENERAL REVENUES:			
Interest earned	503	-	503
Other income	-	-	-
Total General Revenues	<u>503</u>	<u>-</u>	<u>503</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(83,159)	83,159	-
CHANGE IN NET POSITION	-	(84,529)	(84,529)
FUND BALANCE / NET POSITION:			
Beginning of the Year	196,219	2,718	198,937
End of the Year	<u>\$ 113,060</u>	<u>1,348</u>	<u>114,408</u>

The accompanying notes are an integral part of this statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS

THIRTY-FIRST JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

NOTES TO THE BASIC FINANCIAL STATEMENTS

INTRODUCTION

The Thirty-First Judicial District Public Defenders Office (Public Defender), was established in compliance with Louisiana Revised Statutes 15:144-149 and modified by Act 307 implemented August 15th 2007. The Public Defender provides counsel to represent indigents (needy individuals) in criminal and quasi-criminal cases at the district court level. The Thirty-First Judicial District encompasses Jefferson Davis Parish.

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

Revenues to finance the Public Defender's operations are primarily provided from court costs on fines imposed by the Thirty-First Judicial District Court and the City of Jennings Court, and State Revenues received through distributions from the Louisiana Public Defender Office.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying basic financial statements of the 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 statement have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999.

B. REPORTING ENTITY

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

C. 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 board functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds

Governmental funds account for all or most of the 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:

**THIRTY-FIRST JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE
NOTES TO THE BASIC FINANCIAL STATEMENTS**

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

D. MEASUREMENT FOCUS / BASIS OF ACCOUNTING

Fund Financial Statements (FFS)

The amounts reflected in the General Fund of Statements A and B, 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 Defender’s operations.

The amounts reflected in the General Fund of Statements A and B 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

Court costs on fines and forfeitures are recorded in the month that the amounts are collected by the appropriate courts since they are measurable and available.

Expenditures

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

Government-Wide Financial Statements (GWFS)

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

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

**THIRTY-FIRST JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE
NOTES TO THE BASIC FINANCIAL STATEMENTS**

Reconciliation

Reconciliation of the items reflected in the funds columns to the Statement of Activities (Statement B) and Statement of Net Position (Statement A) are as follows:

Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities:

Total Ending Fund Balance – Governmental Fund	\$	113,060
Amounts reported for governmental activities in the statement of net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Cost of capital assets	\$	16,810
Accumulated depreciation		<u>(11,600)</u>
		5,210
Compensated absences not considered matured and payable under modified accrual accounting		<u>(3,862)</u>
Net Position	\$	<u>114,408</u>

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities

Total Net Change in Fund Balance – Governmental Funds	(83,159)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the current period:

Depreciation expense	(1,462)	
Capital outlay expense	\$	<u>-</u>
		(1,462)

In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by amount of financial resources used (essentially, the amounts due that have matured and are actually payable).

Change in Net Position of Governmental Activities	\$	<u>92</u>
		<u>(84,529)</u>

**THIRTY-FIRST JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE
NOTES TO THE BASIC FINANCIAL STATEMENTS**

E. DEPOSITS AND INVESTMENTS

Deposits and investments include amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Under state law, the Public Defender may deposit funds in demand deposits, interest-bearing deposits, money market accounts, 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.

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 since the board does not have a formal investment policy. Funds which are available for investment and above immediate cash requirements can be invested in statutorily sanctioned investments including direct U.S. Treasury obligations, bonds, debentures, notes issued by or guaranteed by federal agencies, or certificates, or time certificates of deposit in any bank domiciled or having a branch office in Louisiana or any other federally insured investment. Statutorily sanctioned investments also include funds invested with external local government investment pools such as Louisiana Assets Management Pool.

When investments are present in the financial statements they are reflected at fair value except for the following which are permitted per GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*:

- 1) Investments in *nonparticipating* interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure. Interest-earning investment contracts include time deposits with financial institutions (such certificates of deposit), repurchase agreements, and guaranteed investment contracts.
- 2) Money-market investments and *participating* interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less are reported at amortized cost. Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

F. CAPITAL ASSETS

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Government-wide Financial Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are capitalized at historical cost or estimated historical 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 Defender maintains a threshold level of \$1,000 or more for capitalizing capital assets. Additions, improvement and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The estimated useful life by type of assets is as follows:

Office equipment	5 years
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**THIRTY-FIRST JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE
NOTES TO THE BASIC FINANCIAL STATEMENTS**

G. FUND EQUITY

Fund Financial Statements

Governmental funds can report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. 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 can be comprised of the remaining four classifications: restricted, committed, assigned, and unassigned defined as follows:

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 action of the Public Defender's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes 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 Chief District Public Defender has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

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

Government-wide Financial Statements

Equity is classified as net position and displayed in three components:

Invested in capital asset- Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position- Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position- All other net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt".

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

**THIRTY-FIRST JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE
NOTES TO THE BASIC FINANCIAL STATEMENTS**

H. ESTIMATES

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

I. COMPENSATED ABSENCES

The Public Defender’s employees earn up to a maximum of 10 days vacation leave per year after 1 to 3 years of service; 15 days vacation leave per year after 4 to 12 years of service; and 25 days vacation leave per year after 12 years of service. Vacation leave cannot be carried over and must be used during the year. Any vacation leave not used at year end is forfeited.

Employees earn one day of sick leave per month worked which can be accumulated up to 30 days. Upon termination, employees are not paid for unused sick leave. Due to the uncertainty of actual amount which will be paid for sick leave and the due to the fact that sick leave is forfeited upon termination, no accruals have been made at year end for such absences.

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following individual funds had actual expenditures over budgeted appropriations for the fiscal year:

Fund	Original Budget	Final Budget	Actual	Unfavorable Variance
None	\$	\$	\$	\$

3. DEPOSITS AND INVESTMENTS

Deposits

The year end balances of deposits are as follows:

Deposit Type	Bank Balances	Reported Amount
Cash –demand deposits	\$ 18,978	\$ 14,328
Cash –time and savings deposits	115,846	115,905
Totals	<u>\$ 134,824</u>	<u>\$ 130,233</u>

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

Custodial credit risk is the risk that in the event of a bank failure, the Public Defender’s deposits may not be returned to it. The Public Defender’s deposit policy for custodial credit risk requires that all uninsured deposits must be secured with acceptable collateral as defined in LRS 38:1221 valued at market. As of June 30, 2014, the Public Defender had deposits (collected bank balances) totaling \$134,824. Of these bank deposit balances, none were exposed to custodial credit risk.

Even though pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, *Deposits and Investment Risk Disclosures*, R.S. 39:1229 imposes a statutory requirement on the

**THIRTY-FIRST JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE
NOTES TO THE BASIC FINANCIAL STATEMENTS**

custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Board that the fiscal agent has failed to pay deposited funds upon demand.

Investments

Investments and maturities at year end were as follows:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1-5
None	\$ -	\$ -	\$ -
Totals	\$ -	\$ -	\$ -

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Public Defender does not have a written investment policy, but does adhere to State laws regarding allowable investments. The above investments are not rated.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the investments listed above, \$0 were exposed to custodial credit risk as follows: Uninsured and collateral held by pledging institution's agent not in the Board's name \$0; Uninsured and uncollateralized \$0.

4. RECEIVABLES

The receivables at year end are comprised of the following:

Class of Receivable	
Due from Other Governments:	
Court Costs on Fines & Forfeitures	\$ 28,047
Less Allowance for Doubtful Accounts	-
Total	\$ 28,047

5. CAPITAL ASSETS

Capital assets and depreciation activity as of year end were as follows:

	Balance Beginning	Additions	Dispositions	Balance Ending
Capital assets being depreciated:				
Furniture and equipment	16,810	-	-	16,810
Total capital assets being Depreciated	16,810	-	-	16,810
Less accumulated depreciation for:				
Furniture and equipment	10,138	1,462	-	11,600
Total accumulated Depreciation	10,138	1,462	-	11,600
Capital assets, net	\$ 6,672	(1,462)	-	5,210

**THIRTY-FIRST JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE
NOTES TO THE BASIC FINANCIAL STATEMENTS**

6. ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables were comprised of the following:

Professional Legal Services	\$	37,630
Accounts payable		476
Salaries and Benefits		7,164
Total	\$	<u>45,270</u>

7. LITIGATION

There is no known litigation pending against the Public Defender at year end that would have a material effect on the financial statements.

8. SIGNIFICANT CONTRACTUAL AGREEMENTS

The Public Defender has entered into contracts with six attorneys to provide criminal defense legal services to the Thirty-First Judicial District Court, Ward 2 Court and the Jennings City Court as appointed by the presiding judge of each court. Under the terms of each contract three of the attorneys are individually paid \$84,024 annually (\$7,002 monthly flat amount), two attorneys are paid \$54,000 annually (\$4,500 monthly flat amount), and the Chief Public Defender is paid 87,889 annually (\$7,324 monthly flat amount). In addition, per contractual agreement, the Public Defender pays each attorney's dues for membership in the Louisiana Association of Criminal Defense Attorneys and the Louisiana Public Defender Association (LPDA), in addition to reasonable expenses for contract attorney's to attend seminars sponsored by the LPDA.

9. RISK MANAGMENT

The Public Defender is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees/ independent contractors; and natural disasters. The Board carries commercial insurance for some of the above identified risk. The Public Defender does require each contracted attorney to provide proof of professional liability insurance coverage with a minimum liability limit of \$500,000. The Public Defender has not incurred any claims or settlements of claims for any risks in any of the past three years.

10. PENSION PLAN

Parochial Employees' Retirement System of Louisiana (PERS)

Plan Description. All employees of the Public Defender are members of the Parochial Employees' Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Public Defender are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of creditable service. However, for

**THIRTY-FIRST JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE
NOTES TO THE BASIC FINANCIAL STATEMENTS**

those employees who were members of the supplemental plan only before January 1, 1980, the benefit is equal to 1% of final average salary plus \$24 for each year of supplemental-plan-only service earned before January 1, 1980. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619.

Funding Policy. Under Plan A, members are required by state statute to contribute 9.5% of their annual covered salary and the district is required to contribute at an actuarially determined rate. The current rate is 16.00% of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Public Defender are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Public Defender's contributions to the System under Plan A for the year ending June 30, 2014, June 30, 2013, and June 30, 2012 \$14,246, \$14,214 and \$13,689 equal to the required contributions for each year.

11. GOVERNMENTAL FUND REVENUES AND EXPENDITURES

For the fiscal year, the major sources of governmental fund revenues were as follows:

	<u>Governmental Fund Revenues</u>
State Government	
Grants	\$ 74,164
Total	<u>74,164</u>
Local Government	
Statutory fines, forfeitures, fees, court cost, and other	430,682
Total	<u>430,682</u>
Charges for Services	7,840
Investment Earnings	503
Miscellaneous Income	<u>-</u>
Total Revenues	<u>\$ 513,189</u>

**THIRTY-FIRST JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE
NOTES TO THE BASIC FINANCIAL STATEMENTS**

For the fiscal year, the major sources of governmental fund expenditures were as follows:

	Governmental Fund Expenditures
Personnel Services and Benefits	
Salaries	\$ 87,052
Retirement contributions	14,246
Insurance	11,258
Payroll taxes	6,660
Total	<u>119,216</u>
Professional Development	
Dues, licenses, and registrations	1,484
Travel	3,094
Total	<u>4,578</u>
Operating Costs	
Library and research	174
Contract services –attorney/legal	449,161
Contract services –other	11,533
Insurance	1,261
Supplies	1,768
Repairs and maintenance	3,355
Utilities and telephone	2,770
Other	2,532
Total	<u>472,554</u>
Capital Outlay	<u>-</u>
Total Expenditures	\$ <u><u>596,348</u></u>

REQUIRED SUPPLEMENTAL INFORMATION

THIRTY-FIRST JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE
GOVERNMENTAL FUND - GENERAL FUND
Budgetary Comparison Schedule
For the Year Ending June 30, 2014

Schedule 1

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Court costs on fines and forfeitures	\$ 445,900	\$ 439,700	\$ 430,682	\$ (9,018)
Fees from indigents	8,000	14,000	7,840	(6,160)
State grants and contributions	-	74,163	74,164	1
Interest	4	2	503	501
Other		-	-	-
Total Revenues	<u>453,904</u>	<u>527,865</u>	<u>513,189</u>	<u>(14,676)</u>
EXPENDITURES				
Current				
Judicial:				
Professional legal services	459,900	449,461	449,161	300
Other contracted services	20,500	12,550	11,533	1,017
Personnel services and related benefits	118,454	119,440	119,216	224
Dues	1,000	910	1,484	(574)
Library expense	1,000	750	174	576
Insurance	2,100	2,072	1,261	811
Miscellaneous expense	-	40	333	(293)
Office expense	10,650	9,901	10,092	(191)
Travel, meals, & seminars	2,000	3,012	3,094	(82)
Capital outlay	-	-	-	-
Total Expenditures	<u>615,604</u>	<u>598,136</u>	<u>596,348</u>	<u>1,788</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(161,700)</u>	<u>(70,271)</u>	<u>(83,159)</u>	<u>(12,888)</u>
FUND BALANCES BEGINNING OF YEAR	<u>209,512</u>	<u>196,219</u>	<u>196,219</u>	<u>-</u>
FUND BALANCES END OF YEAR	<u>\$ 47,812</u>	<u>\$ 125,948</u>	<u>\$ 113,060</u>	<u>\$ (12,888)</u>

See accompanying note to budgetary comparison schedule.

THIRTY-FIRST JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE
Notes to Budgetary Comparison Schedule
For the Year Ending June 30, 2014

A. BUDGETARY PRACTICES

General Budget Practices The Public Defenders Office follows the following procedures in establishing budgetary data reported in the accompanying budgetary comparison schedule:

Pursuant to the Louisiana Government Budget Act (LSA-RS 39:1301-1314), the Public Defenders Office is required to adopt an annual budget no later than fifteen days prior to the beginning of each fiscal year.

Each year prior to December 15th, the Public Defenders Office develops a proposed annual budget for the general fund. The budget includes proposed expenditures and the means of financing them. The proposed budget is advertised as available for public inspection at least 10 days prior to final adoption simultaneously with a notice of the date of public hearing. The public hearing is conducted during an open meeting to obtain public input. The budget is subsequently adopted by the Public Defenders Office through a formal budget resolution.

General fund appropriations (unexpended budget balances) lapse at end of fiscal year.

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed.

Formal budget integration (within the accounting records) is not employed as a management control device. The budget is controlled at the object level. Budget amounts included in the accompanying financial statements include the original budget and all subsequent amendments. All budget revisions are approved by the Chief Public Defender.

Budget Basis of Accounting The governmental fund budgets are prepared on the modified accrual basis of accounting, a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Legally, the Public Defenders Office cannot budget total expenditures and other financing uses which would exceed total budgeted revenues and other financing sources including beginning fund balance. State statutes require the Public Defenders Office to amend the budget to prevent overall projected revenues, expenditures, or beginning fund balance from causing an adverse budget variance of five percent or more in an individual fund. The Public Defenders Office approves budgets at the object level and management is allowed to transfer amounts between line items within an object.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN INDIVIDUAL MAJOR FUNDS

The following budgeted major funds had actual expenditures over budgeted expenditures for the fiscal year:

Fund	Final Budget	Actual	Unfavorable Variance
None	\$	\$	\$

Reason for unfavorable variance: Not applicable.

OTHER REPORTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS IN ACCORDANCE WITH *GOVERNMENTAL AUDITING STANDARDS*

Thirty-First Judicial District Public Defenders Office
Jennings, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund information of the Thirty-First Judicial District Public Defenders Office (Public Defender), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Public Defender's basic financial statements, and have issued our report thereon dated November 12, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Public Defender's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Public Defender's internal control or on compliance. The 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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Mike B. Gillespie, CPA, APAC

Certified Public Accountant
Jennings, Louisiana
November 12, 2014

THIRTY-FIRST JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE
Jennings, Louisiana
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ending June 30, 2014

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FINANCIAL STATEMENTS

Current Year Findings:

No findings reported.

SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

No findings reported.

SECTION III - MANAGEMENT LETTER

No findings reported.

THIRTY-FIRST JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE
Jennings, Louisiana

**MANAGEMENT'S CORRECTIVE ACTION PLAN FOR
CURRENT YEAR FINDINGS**
For the Year Ending June 30, 2014

SECTION I –INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FINANCIAL STATEMENTS

No findings reported.

SECTION II –FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings reported.

SECTION III –MANAGEMENT LETTER

No findings reported.

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THIS SCHEDULE HAS BEEN PREPARED BY MANAGEMENT

THIRTY-FIRST JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE
Jennings, Louisiana

MANAGEMENT'S SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ending June 30, 2014

SECTION I –INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FINANCIAL STATEMENTS

No findings reported.

SECTION II –FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings reported.

SECTION III –MANAGEMENT LETTER

No findings reported.

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THIS SCHEDULE HAS BEEN PREPARED BY MANAGEMENT