

Third Judicial District Public Defender Fund
Parishes of Lincoln and Union, Louisiana

Financial Statements
For the Fiscal Year Ended June 30, 2014



Douglas A. Brewer, LLC
Certified Public Accountant

Third Judicial District Public Defender Fund
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For the Fiscal Year Ended June 30, 2014

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INDEPENDENT AUDITOR'S REPORT

Third Judicial District Public Defender Fund
Parishes of Lincoln and Union, Louisiana

I have audited the accompanying financial statements of the governmental activities and each major fund of the Third Judicial District Public Defender Fund, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the Third Judicial District Public Defender Fund, as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-6 and 20-21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during our audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standard's

In accordance with *Government Auditing Standards*, I have also issued my report dated December 12, 2014, on my consideration of the Third Judicial District Public Defender Fund's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of 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 Third Judicial District Public Defender Fund's internal control over financial reporting and compliance.

Douglas A. Brewer, LLC

Ruston, Louisiana
December 12, 2014

**Third Judicial District Public Defender Fund
Management's Discussion And Analysis
June 30, 2014**

The management of the Third Judicial District Public Defender Fund offers readers of the Third Judicial District Public Defender Fund (Fund) financial statements this narrative overview and analysis of the financial activities of the Fund for the fiscal year ended June 30, 2014. This management discussion and analysis ("MD&A") is designed to provide an objective analysis of the Fund's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of the Fund's finances. It is also intended to provide readers with an analysis of the Fund's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the Fund. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Fund's financial activity, identify changes in the Fund's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

Government-wide Financial Analysis

As noted earlier, net assets may, over time, serve as a useful indicator of a government's financial position. At the close of the most recent period, the Fund's assets exceeded its liabilities by \$77,184 (net position); this represents a decrease of \$57,327 from the last fiscal year. Of this total net position amount, \$77,184 is unrestricted net position. The Fund's net assets are comprised of \$77,184 from governmental activities.

**Third Judicial District Public Defender Fund
Management's Discussion And Analysis
June 30, 2014**

The following is a condensed statement of the Third Judicial District Public Defender Fund's net assets as of June 30, 2014:

	Governmental-Type Activities		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Assets				
Current & Other Assets	\$ 78,173	\$ 135,794	\$ 78,173	\$ 135,794
Capital Assets (net)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>78,173</u>	<u>135,794</u>	<u>78,173</u>	<u>135,794</u>
Liabilities				
Other Liabilities	\$ 989	\$ 1,283	\$ 989	\$ 1,283
Long-term Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>989</u>	<u>1,283</u>	<u>989</u>	<u>1,283</u>
Net Position				
Invested in capital assets, net	-	-	-	-
Restricted	-	-	-	-
Unrestricted	<u>77,184</u>	<u>134,511</u>	<u>77,184</u>	<u>134,511</u>
Total Net Position	<u>\$ 77,184</u>	<u>\$ 134,511</u>	<u>\$ 77,184</u>	<u>\$ 134,511</u>

The Fund has an unrestricted net position of \$77,184, which may be used to meet the government's on-going obligation to citizens and creditors.

The Fund had no capital assets or long-term debt.

**Third Judicial District Public Defender Fund
Management's Discussion And Analysis
June 30, 2014**

The following is a summary of the statement of activities:

	Governmental-Type Activities		Total	
	2014	2013	2014	2013
Revenue				
Program Revenue	\$ 508,355	\$ 585,506	\$ 508,355	\$ 585,506
General Revenue & Transfers	666	639	666	639
Total Revenue	<u>509,021</u>	<u>586,145</u>	<u>509,021</u>	<u>586,145</u>
Expenses				
Judicial	529,624	513,998	529,624	513,998
General & Administrative	36,724	34,315	36,724	34,315
Total Expenses	<u>566,348</u>	<u>548,313</u>	<u>566,348</u>	<u>548,313</u>
Increase (Decrease) in Net Assets	(57,327)	37,832	(57,327)	37,832
Net Assets, Beginning	<u>134,511</u>	<u>96,679</u>	<u>134,511</u>	<u>96,679</u>
Net Assets, Ending	<u>\$ 77,184</u>	<u>\$ 134,511</u>	<u>\$ 77,184</u>	<u>\$ 134,511</u>

Total revenues decreased \$77,124 from the prior period.

Expenses increased \$18,035 from the prior period.

Governmental Activities

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

Business-type Activities

The Fund does not have any business-type activities.

Fund Financial Statements – Governmental Funds

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

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

**Third Judicial District Public Defender Fund
Management's Discussion And Analysis
June 30, 2014**

Financial Analysis of the Fund's Governmental Fund

The Third Judicial District Public Defender Fund's governmental fund (General Fund) reported an ending fund balance of \$77,184, which is a decrease of \$57,327. The entire ending fund balance of \$77,184 is unreserved.

General Fund Budgetary Highlights

The Fund did amend the original General Fund budget during the course of the year. The budget is adopted on the accrual basis of accounting.

The difference between the General Fund final budgeted revenues and actual revenues for the year ended June 30, 2014, totaled \$26,813, a positive variance. The actual expenditures were less than the final budgeted expenditures for the year ended June 30, 2014, by \$12,381, a positive variance.

Capital Asset and Debt Administration

The Fund does not have capital assets or debt.

Current Financial Factors

The Fund is working diligently to gain more revenue while decreasing expenses.

Request for Information

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

Lewis A. Jones, District Public Defender
Third Judicial District Public Defender Fund
307 North Trenton Street, Suite 102
Ruston, LA 71270-3867

Basic Financial Statements

Third Judicial District Public Defender Fund
Statement of Position
June 30, 2014

	<u>Governmental Activities</u>
Assets	
Cash and Equivalents	\$ 40,900
Investments	5,764
Receivables	31,509
Total Assets	<u>\$ 78,173</u>
Liabilities	
Accounts Payable	\$ 989
Total Liabilities	<u>989</u>
Net Position	
Unrestricted	77,184
Total Net Position	<u>\$ 77,184</u>

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

**Third Judicial District Public Defender Fund
Statement of Activities
For the Fiscal Year Ended June 30, 2014**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
Judiciary	\$ 566,348	\$ -	\$ -	\$ -	\$ (566,348)	\$ -	\$ (566,348)
Total Governmental Activities	\$ 566,348	\$ -	\$ -	\$ -	\$ (566,348)	\$ -	\$ (566,348)
Business-Type Activities:							
Total Business-Type Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Primary Government	\$ 566,348	\$ -	\$ -	\$ -	\$ (566,348)	\$ -	\$ (566,348)

General Revenues:

Court Costs on Fines	508,355	-	508,355
Interest Income	66	-	66
Miscellaneous	600	-	600
Total General Revenues, Special Items, and Transfers	509,021	-	509,021
Changes in Net Position	(57,327)	-	(57,327)
Net Position - Beginning	134,511	-	134,511
Net Position - Ending	\$ 77,184	\$ -	\$ 77,184

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

**Third Judicial District Public Defender Fund
Balance Sheet – Governmental Fund
June 30, 2014**

	General Fund
Assets	
Cash and equivalents	\$ 40,900
Investments	5,764
Receivables	31,509
Total Assets	\$ 78,173
 Liabilities And Fund Equity	
Liabilities	
Accounts Payable	\$ 989
Total Liabilities	989
 Fund Equity	
Fund Balance - Unassigned	\$ 77,184
Total Fund Equity	77,184
 Total Liabilities And Fund Equity	 \$ 78,173
 Reconciliation to Statement of Net Position:	
There are no differences from amounts reported for <i>governmental activities</i> in the Statement of Net Position.	
 Net Position of Governmental Activities	 \$ 77,184

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

**Third Judicial District Public Defender Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Fiscal Year Ended June 30, 2014**

Revenues	
Court costs on fines	\$ 508,355
Investment earnings	66
Miscellaneous	600
Total Revenues	<u>509,021</u>
 Expenditures - Judicial	
Public defender fees and expenses	529,624
Operating expenses	36,724
Total Expenditures	<u>566,348</u>
 Excess of Revenues Over Expenditures	 (57,327)
 Fund Balance:	
Beginning of Period	134,511
End of Period	<u>\$ 77,184</u>

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

Third Judicial District Public Defender Fund
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2014

INTRODUCTION

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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

B. REPORTING ENTITY

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

C. FUND ACCOUNTING

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

Governmental Funds

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

Third Judicial District Public Defender Fund
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2014

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

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Fund Financial Statements (FFS)

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

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

Revenues

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

Expenditures

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

Government-Wide Financial Statements (GWFS)

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

Third Judicial District Public Defender Fund
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2014

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

E. FUND EQUITY

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

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

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

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

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

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

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

F. BUDGETS

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

Third Judicial District Public Defender Fund
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2014

The Fund adopted a budget for the year ended June 30, 2014 for the General Fund. The Fund follows the following procedures in establishing the budgetary data reflected in the financial statements. During the May meeting, the chief public defender submits to the board members a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. During the June meeting, the budget is legally enacted through passage of an ordinance. The public is invited to attend all meetings. The chief public defender is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the board members. Appropriations lapse at the end of the year.

G. CASH AND CASH EQUIVALENTS

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

H. INVESTMENTS

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

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

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

I. COMPENSATED ABSENCES

The Third Judicial District Public Defender Fund does not have a formal leave policy.

Third Judicial District Public Defender Fund
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2014

J. ESTIMATES

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

2. CASH AND CASH EQUIVALENTS

At June 30, 2014, the Third Judicial District Public Defender Fund had cash and cash equivalents (book balances) totaling \$46,664 as follows:

Interest-bearing demand deposits	\$ 40,900
Time deposits – investments	<u>5,764</u>
Total	\$ <u>46,664</u>

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

At June 30, 2014, the Third Judicial District Public Defender Fund had \$66,315 in deposits (collected bank balances). These deposits are secured from risk by \$66,315 of federal deposit insurance and \$0 of pledged securities held by the custodial bank in the name of the fiscal agent bank. (GASB Category 3).

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

3. INVESTMENTS

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Third Judicial District Public Defender Fund or its agent in the Fund's name.
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Fund's name.
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Fund's name.

**Third Judicial District Public Defender Fund
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2014**

At fiscal year-end, the Fund's investments balances were as follows:

Type of Investment	Category			Carrying Amount			Total Carrying Amount
	1	2	3	Fair Value	Amortized Cost	Cost	
Certificate of Deposit	\$5,764	-	-	\$5,764	-	-	\$5,764
Total Investments	\$5,764	\$0	\$0	\$5,764	\$0	\$0	\$5,764

4. RECEIVABLES

The receivables of \$31,509 at June 30, 2014, are as follows:

<u>Class of Receivable</u>	General Fund
Union Parish Court costs on fines	\$ 5,779
Lincoln Parish Court costs on fines	11,813
Bond Forfeiture Funds	263
Ruston City Marshal Court Cost on fines	13,654
Total	\$ <u>31,509</u>

5. ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$989 at June 30, 2014, consisted of Accounts Payable.

6. GOVERNMENTAL FUND REVENUES AND EXPENDITURES

For the fiscal year ended June 30, 2014, the major sources of governmental fund revenues and expenditures were as follows:

Revenues

State Government

Appropriations – General	\$ 154,488
Appropriations - Special	-
Total	<u>154,488</u>

Local Government

Appropriations - General	-
Statutory fines, forfeitures, fees court costs, other	337,842
Total	<u>337,842</u>

Charges for Services 16,025

Investment Earnings 66

Miscellaneous 600

Total Revenues \$ 509,021

**Third Judicial District Public Defender Fund
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2014**

Expenditures

Personnel Services and Benefits

Salaries	\$	25,200
Payroll Taxes		2,078
Total		27,278

Operating Costs

Contract Services – Attorney & Legal	\$	481,304
Contract Services – Other		46,823
Lease – Office		8,240
Insurance		739
Supplies		40
Seminar		1,840
Bank Service Charges		84
Total		539,070

	Total Expenditures	\$ 566,348
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8. SUBSEQUENT EVENTS

Date of Management Evaluation

Management has evaluated subsequent events through December 12, 2014, the date on which the financial statements were available to be issued.

Supplemental Information

**Third Judicial District Public Defender Fund
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Court costs on fines	\$ 553,716	\$ 481,488	\$ 508,355	\$ 26,867
Investment Earnings	70	70	66	(4)
Miscellaneous	600	650	600	(50)
Total Revenues	<u>554,386</u>	<u>482,208</u>	<u>509,021</u>	<u>26,813</u>
Expenditures				
Public defender fees and expenses	538,434	528,434	529,624	(1,190)
Operating expenses	47,295	50,295	36,724	13,571
Total Expenditures	<u>585,729</u>	<u>578,729</u>	<u>566,348</u>	<u>12,381</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(31,343)	(96,521)	(57,327)	39,194
Fund Balance at Beginning of Year	134,511	134,511	134,511	-
Fund Balance at End of Year	<u>\$ 103,168</u>	<u>\$ 37,990</u>	<u>\$ 77,184</u>	<u>\$ 39,194</u>

See independent auditor's report.

**Third Judicial District Public Defender Fund
Notes to Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2014**

(1) Summary of Significant Accounting Policies

The Fund annually adopts a budget for the General Fund. All appropriations are legally controlled at the Fund level for operations. In May, 2013, the Fund prepared and presented its original budget to the Louisiana Public Defender Board.

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

See independent auditor's report.

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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 PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Third Judicial District Public Defender Fund
Parishes of Lincoln and Union, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of the Third Judicial District Public Defender Fund, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Third Judicial District Public Defender Fund's basic financial statements, and have issued my report thereon dated December 12, 2014.

Internal Control Over Financial Reporting

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

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

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Douglas A. Brewer, LLC

Ruston, Louisiana
December 12, 2014

**Third Judicial District Public Defender Fund
Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2014**

I have audited the financial statements of the Third Judicial District Public Defender Fund as of and for the year ended June 30, 2014, and have issued my report thereon dated December 12, 2014. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2014, resulted in an unmodified opinion.

Section I- Summary of Auditors' Reports

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

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

B. Federal Awards – N/A

C. Identification of Major Programs: N/A

**Third Judicial District Public Defender Fund
Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2014**

Section II- Financial Statement Findings

There were no findings for the year ended June 30, 2014.

Section III- Federal Award Findings and Question Costs

This section is not applicable for this entity.

**Third Judicial District Public Defender Fund
Schedule of Prior Year Findings
For the Year Ended June 30, 2014**

Internal Control and Compliance Material to the Financial Statements

There were no findings for the fiscal year ended June 30, 2013.

Management Letter

No management letter was issued.