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**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA**

**BASIC FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION**

**AS OF AND FOR THE
YEAR ENDED JUNE 30, 2013**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **MAR 11 2015**

**THE DISTRICT PUBLIC DEFENDER
 NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
 BASIC FINANCIAL STATEMENTS
 WITH SUPPLEMENTAL INFORMATION
 AS OF AND FOR THE YEAR JUNE 30, 2013**

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BASIC FINANCIAL STATEMENTS

MARY SUE STAGES, CPA
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Louisiana Society of Certified Public Accountants
American Institute of Certified Public Accountants
Association of Governmental Accountants
Governmental Audit Quality Control Center

INDEPENDENT AUDITORS' REPORT

Michael Mitchell
The District Public Defender
Nineteenth Judicial District of Louisiana
P. O. Box 3356
Baton Rouge, Louisiana 70821

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental-type activities of the District Public Defender, Nineteenth Judicial District of Louisiana, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District Public Defender, Nineteenth Judicial District of Louisiana'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

Our responsibility is to express an opinion on the component unit 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 *Government 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 of material misstatement.

An audit includes 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-type activities of the District Public Defender, Nineteenth Judicial District of Louisiana, as of June 30, 2013, 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 schedule be presented to supplement the component unit financial statements. Such information, although not a part of the component unit financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the component unit 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 component unit financial statements and other knowledge we obtained during our audit of the component unit 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 May 16, 2014, on our consideration of the District Public Defender, Nineteenth Judicial District of Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 District Public Defender, Nineteenth Judicial District of Louisiana's internal control over financial reporting and compliance.



Mary Sue Stages, CPA,
A Professional Accounting Corporation
Baker, LA
May 16, 2014

REQUIRED SUPPLEMENTAL INFORMATION
(PART 1 OF 2)

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

The purpose of this section is to offer management's discussion and analysis of the District Public Defender, Nineteenth Judicial District of Louisiana's (hereafter referred to as the Public Defender) financial performance during the year ended June 30, 2013. It should be read in conjunction with the financial report taken as a whole.

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION

These financial statements are comprised of three components – (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. There is also other supplemental information contained in this report.

Government-wide Financial Statements. The government-wide financial statements present financial information for all activities of the Public Defender from an economic resources measurement focus using the accrual basis of accounting. These provide both short-term and long-term information about the Public Defender's overall financial status. They include a statement of net position and statement of activities.

Statement of Net Position. This statement presents information on all of the Public Defender's assets, deferred outflows of resources, liabilities and inflows of resources with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Public Defender is improving or not.

Statement of Activities. This statement presents information showing how the Public Defender's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This statement is designed to show the Public Defender's financial reliance on general revenues.

Both government-wide financial statements distinguish functions of the Public Defender that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Public Defender include activities related to public defense.

The government-wide financial statements can be found on pages 9-10 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Public Defender uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Public Defender has only one category of funds: governmental funds.

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements except that the focus with fund statements is to provide a distinct view of the governmental funds only. These statements report short-term fiscal accountability emphasizing the use of spendable resources during the year and balances of spendable resources available at the end of the year.

Because the view of governmental funds is short-term and the view of the government-wide financial statements is long-term, it is useful to compare these two perspectives. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provides reconciliation to the government-wide statements to assist in understanding the differences between the two viewpoints.

The fund financial statements can be found on pages 12-15 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The index of the notes is found on page 17 with the actual notes beginning immediately afterwards.

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

FINANCIAL ANALYSIS OF THE PUBLIC DEFENDER

Net position is an indicator of the Public Defender's financial position from year to year.

**SUMMARY OF NET POSITION
Governmental Activities**

	<u>2013</u>	<u>2012</u>
Assets		
Current and other assets	\$ 1,627,899.09	\$ 1,548,781.65
Capital assets, net	31,016.24	33,192.26
Total Assets	1,658,915.33	1,581,973.91
Liabilities		
Current liabilities	822,188.20	840,289.15
Net Position		
Investment in capital assets	31,016.24	33,192.26
Unrestricted	805,710.89	780,361.49
Total Net Position	836,727.13	741,553.75

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Net position increased by \$97,173 during the current year. A summary follows:

**SUMMARY OF CHANGES IN NET POSITION
Governmental Activities**

	<u>2013</u>	<u>2012</u>
Revenues		
Operating grants and contributions	\$ 1,404,332.57	\$ 1,296,707.00
General revenues:		
Fines, forfeitures and other	3,933,510.76	3,259,141.11
Investment earnings	<u>20,685.10</u>	<u>24,251.84</u>
Total Revenues	5,358,528.43	4,580,099.95
Expenses	<u>5,261,355.05</u>	<u>4,868,635.77</u>
Change in Net Position	<u>97,173.38</u>	<u>(288,535.82)</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The Public Defender's investment in capital assets, net of accumulated depreciation, at June 30, 2013 and 2012, was \$31,106 and \$33,192, respectively. There was \$2,000 expended on capital additions during the year. All assets are properly tagged and a detailed list is maintained.

Capital assets at year-end are summarized as follows:

**CAPITAL ASSETS
Net of Accumulated Depreciation**

	<u>2013</u>	<u>2012</u>
Equipment	\$ 4,127.78	\$ 7,195.11
Office furniture	<u>26,888.46</u>	<u>25,997.15</u>
Net	<u>31,016.24</u>	<u>33,192.26</u>

Debt Administration: The Public Defender currently has no long-term debt.

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

BUDGETARY HIGHLIGHTS

The Public Defender received \$552,951 more than it anticipated, but expenditures were \$116,960 (2.27%) more than budgeted amounts. Overall, the Public Defender ended the year with a favorable variance of \$435,991.

Information related to the comparison of actual to budgeted revenues and expenses can be found on page 29.

REQUEST FOR INFORMATION

A copy of this report or additional information can be obtained by writing or contacting Beverly Rice at the Office of the Public Defender, P. O. Box 3356, Baton Rouge, Louisiana 70821; (225) 389-3150.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**THE DISTRICT PUBLIC DEFENDER
 NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
 STATEMENT OF NET POSITION
 JUNE 30, 2013**

	Governmental Activities
<u>ASSETS</u>	
Cash and cash equivalents	\$ 820,148.84
Prepaid expenses	27,264.18
Receivables, net	754,226.29
Investments	26,259.78
Capital assets, net	31,016.24
Total Assets	1,658,915.33
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
 <u>LIABILITIES</u>	
Accounts payable	819,162.70
Payroll related payables	3,025.50
Total Liabilities	822,188.20
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
 <u>NET POSITION</u>	
Investment in capital assets	31,016.24
Unrestricted	805,710.89
Total Net Position	836,727.13

See Accompanying Notes and Independent Auditors' Report

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net Revenues (Expenses)</u>
		<u>Charges for Services</u>	<u>Capital Grants & Contributions</u>	<u>Operating Grants & Contributions</u>	<u>Governmental Activities</u>
Governmental Activities					
General government	\$ 229,298.26	\$ -	\$ -	\$ -	\$ (229,298.26)
Public defense	5,032,056.79	-	-	1,404,332.57	(3,627,724.22)
Total Governmental Activities	5,261,355.05	-	-	1,404,332.57	(3,857,022.48)
		General Revenues			
					3,933,510.76
					20,685.10
				Total General Revenues	3,954,195.86
				Change in Net Position	97,173.38
				Net Position, beginning	741,553.74
				Net Position, ending	838,727.12

See Accompanying Notes and Independent Auditors' Report

FUND FINANCIAL STATEMENTS

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

ASSETS

Cash and cash equivalents	\$ 820,148.84
Prepaid expenses	27,264.18
Receivables, net:	
Court	21,913.75
Sheriff	181,269.44
Defendant court-ordered	551,043.10
Investments	<u>26,259.78</u>
TOTAL ASSETS	<u><u>1,627,899.09</u></u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	819,162.70
Payroll related payables	<u>3,025.50</u>

Total Liabilities 822,188.20

Fund Balances:

Non-spendable	27,264.18
Assigned	628,822.10
Unassigned	<u>149,624.61</u>

Total Fund Balances 805,710.89

TOTAL LIABILITIES AND FUND BALANCES **1,627,899.09**

See Accompanying Notes and Independent Auditors' Report

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2013**

Total Fund Balances - Governmental Funds \$ 805,710.89

Amounts reported for governmental activities in the
Statement of Net Position are different because:

Capital assets used in governmental activities are not
current financial resources and, therefore, are not
reported in the Governmental Funds Balance Sheet

31,016.24

Total Net Position - Governmental Activities

836,727.13

See Accompanying Notes and Independent Auditors' Report

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2013**

REVENUES

Intergovernmental revenues	\$ 1,404,332.57
Fines, forfeitures, court costs and other	3,628,387.01
Application fees	305,123.75
Investment earnings	<u>20,685.10</u>
Total Revenues	5,358,528.43

EXPENDITURES

General government	230,671.86
Public defense	5,028,507.17
Capital outlay	<u>2,000.00</u>
Total Expenditures	<u>5,261,179.03</u>
Change in Fund Balances	97,349.40
Fund Balances, beginning	<u>708,361.49</u>
Fund Balances, ending	<u><u>805,710.89</u></u>

See Accompanying Notes and Independent Auditors' Report

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013**

Net Change in Fund Balances - Governmental Funds \$ 97,349.40

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 charged exceeded capital outlay charged
in the current period.

(2,176.02)

Change in Net Position - Governmental Activities

95,173.38

See Accompanying Notes and Independent Auditors' Report

NOTES TO FINANCIAL STATEMENTS

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
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JUNE 30, 2013**

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**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

INTRODUCTION

The Nineteenth Judicial District Public Defender Board was originally established for the Nineteenth Judicial District by Louisiana Revised Statute 15:144 – 15:148. On August 15, 2007, the Board was abolished and authority transferred to the District Public Defender (Michael Mitchell) by Act No. 307 known as the Public Defender Act.

The main purpose of the Public Defender is to provide legal counsel for public defendants. The appointments usually exceed 5,000 per year of the district's population of approximately 500,000.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting and reporting practice of the Public Defender conforms to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of the Governmental Accounting Standards Public Defender (GASB) which is the standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of certain significant accounting policies:

Financial Reporting Entity: Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the Public Defender includes all funds which are controlled by or dependent on the Public Defender which was determined on the basis of oversight responsibility, including accountability for fiscal and budget matters, designation of management or governing authority and authority to issue debt. While the Public Defender is a part of the district court system, state statute gives each district Public Defender control over its operations. It operates autonomously from the State of Louisiana and independently from the district court system and, therefore, issues its own financial statements.

Government-Wide Accounting: In accordance with Government Accounting Standards Statement No. 34, the Public Defender has presented a statement of net position and statement of activities for the Public Defender as a whole. These statements include the primary government and its component units, if applicable, with the exception of fiduciary funds. Those funds are reported separately. Government-wide accounting is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity.

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Government-wide statements distinguish between governmental-type and business-type activities. Governmental activities are those financed through taxes, intergovernmental revenues and other non-exchange revenues and are usually reported in governmental and internal service funds. Business activities are financed in whole or in part through fees charged for goods or services to the general public and are usually reported in proprietary funds.

Policies specific to the government-wide statements are as follows:

Eliminating Internal Activity

Inter-fund receivables and payables are eliminated in the statement of net assets except for the net residual amounts due between governmental and business-type activities. These are presented as internal balances. The allocation of overhead expenses from one function to another or within the same function is eliminated in the statement of activities. Allocated expenses are reported by the function to which they were allocated.

Capitalizing Assets

Tangible and/or intangible assets used in operations with an initial useful life that extends beyond one year are capitalized. Infrastructure assets such as roads and bridges are also capitalized. Capital assets are recorded at their historical cost and are depreciated using the straight-line method of depreciation over their estimated useful lives. They are reported net of accumulated depreciation on the statement of net position. Depreciation of contributed assets of proprietary funds is charged against contributed capital as opposed to unrestricted net position.

Program Revenues

The statement of activities presents three categories of program revenues – (1) charges for services; (2) operating grants and contributions; and (3) capital grants and contributions. Charges for services are those revenues arising from charges to customers who purchase, use or directly benefit from goods and services provided by the Public Defender. Grants and contributions, whether operating or capital in nature, are revenues arising from receipts that are restricted for a specific use.

Direct/Indirect Expenses

Expenses are reported according to function except for those that meet the definition of special or extraordinary items. Direct expenses are specifically associated with a service or program. Indirect expenses include general government or administration that cannot be specifically traced to a service or program. Governments are not required to allocate indirect expenses to other functions, and the Public Defender has chosen not to do so.

Operating Revenues

Proprietary funds separately report operating and non-operating revenues. Revenues from transactions of an entity's main operation are considered operating revenues. All other revenues, which are reported as cash flows from capital or non-capital financing and investing, are reported as non-operating revenues.

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Restricted Net Position

Restricted net position is that for which a constraint has been imposed either externally or by law. The Public Defender recognizes the use of restricted resources for expenditures that comply with the specific restrictions. Restricted resources are exhausted before unrestricted resources are used.

Fund Accounting: The Public Defender uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate entity with a self-balancing set of accounts. The Public Defender has only one category: governmental. Each category, in turn, is divided into separate fund types. The fund classification and a description of each existing fund type follow:

Governmental Funds: Governmental funds account for all of the Public Defender's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds include:

1. General Fund – is the general operating fund of the Public Defender and accounts for all financial resources, except those required to be accounted for in other funds.

Basis of Accounting/Measurement Focus: The type of financial statement presentation determines the accounting and financial reporting treatment applied to a fund.

The government-wide statements are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets, deferred outflows of resources, liabilities and inflows of resources associated with the operation of governmental-type and business-type activities are included in the statement of net position. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred in the statement of activities. In these statements, capital assets are reported and depreciated in each fund.

Governmental funds are reported using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Revenues are recognized when measurable and available, and expenditures are recorded when the related fund liability is incurred. An exception is unmatured principal and interest on general long-term debt which is recognized when due. The Public Defender considers all revenues available if they are collected within sixty days after year-end. Expenditures for capital assets are reported as current expenses, and such assets are not depreciated.

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Budgets and Budgetary Accounting: The Public Defender is not required under Louisiana Revised Statutes to have public meetings on the adoption of its budget. The Executive Director prepares an annual budget for review by the Louisiana Public Defender Board. It is reviewed periodically during the year and amended, if deemed necessary.

Cash and Cash Equivalents: Cash includes amounts in demand deposits, interest bearing demand deposits and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of ninety (90) days or less. Under state law, the Public Defender may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Investments: Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed ninety days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value with the corresponding increase or decrease reported in investment earnings. The Public Defender had several certificates of deposit at Regions Bank with maturities greater than 90 days totaling \$26,259.78.

Prepaid Expenses: Prepaid expenses are composed of \$27,264.18 in unexpired insurance premiums.

Capital Assets: The Public Defender's assets are recorded at historical cost. Depreciation is recorded using the modified accelerated cost recovery system over the useful lives of the assets of 5 years for equipment and 7-10 years for office furniture. The Public Defender's capitalization policy includes adding all assets with a value of \$500 or more. However, assets that are less in value may be capitalized if their use will benefit more than one period such as recording equipment or chairs.

Compensated Absences: Sick time accrues at one day per month or four hours each pay period (semi-monthly). Vacation accrues according to the position held as follows:

Attorneys	4 weeks
Investigators, Admin Assistant, Office Manager	3 weeks
Secretaries	2 weeks

All vacation time expires at the end of each year, and therefore, no provision for compensated absences has been recorded in the accompanying financial statements. Sick leave, while not paid upon termination, is allowed to be carried over to subsequent years.

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Long-Term Obligations: In the government-wide financial statements, debt principal payments of both governmental and business-type activities are reported as decreases in the balance of the liability on the statement of net assets. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

The Public Defender does not have any long-term debt.

Net Position/Fund Balances: In the statement of net position, the difference between a government's assets and deferred outflows of resources and its liabilities and deferred inflows of resources is recorded as net position. The three components of net position are as follows:

Net Investment in Capital Assets

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of capital assets.

Restricted Net Position

Net position that is reserved by external sources, such as banks or by law, are reported separately as restricted net position. When assets are required to be retained in perpetuity, these non-expendable resources are recorded separately from expendable net position. These are components of restricted net position.

Unrestricted Net Position

This category represents net position not appropriable for expenditures or legally segregated for a specific future use.

In the balance sheet of governmental funds, fund balances are segregated as follows:

Non-spendable

This includes amounts in permanent funds and inventories that are permanently precluded from conversion to cash.

Restricted

Fund balances that are restricted include those resources constrained to a specific purpose by enabling legislation, external parties or constitutional provisions.

Committed

Fund balances may be committed for a specific purpose by the highest level of decision-making authority through a formal action such as the adoption of an ordinance. The removal or change in this commitment can only be accomplished by the same level of authority through the same type of action taken to commit the fund balances initially.

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Assigned

Resources earmarked for a specific purpose by a government's management are reported as assigned fund balances.

Unassigned

This category represents that portion of equity that are available for any purpose

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – CASH AND CASH EQUIVALENTS

Deposits are stated at cost, which approximates market. Under state law, they must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement No. 3, La. Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand. There is no custodial credit risk associated with these funds.

At June 30, 2013, the Public Defender had cash and cash equivalents (book balances) in its governmental activities as follows:

Demand deposits	\$ 58,396.37
Interest-bearing demand deposits	176,299.11
Money market savings	<u>585,453.36</u>
Total	<u>820,148.84</u>

NOTE 3 – RECEIVABLES

The following is a summary of governmental funds receivables at June 30, 2013:

Court	\$ 21,913.75
Sheriff	181,269.44
Defendant court-ordered	<u>2,755,215.50</u>
Sub-Total	2,958,398.69

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Less: Allowance for bad debts	2,204,172.40
Receivables, net	754,226.29

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, being depreciated				
Equipment	\$ 158,251.62	\$.00	\$ 10,604.00	\$ 147,647.62
Less: accumulated depreciation	151,056.50	3,067.34	10,604.00	143,519.84
Net Equipment	7,195.12	(3,067.34)	.00	4,127.78
Office furniture	77,647.93	2,000.00	132.87	79,515.06
Less: accumulated depreciation	51,650.78	1,108.68	132.87	52,626.59
Net Office Furniture	25,997.14	891.32	.00	26,888.46
Net Capital Assets, being depreciated	33,192.26	(2,176.02)	.00	31,016.24

NOTE 5 – ACCOUNTS AND OTHER PAYABLES

The following is a summary of governmental funds payables at June 30, 2013:

Trade	\$ 5,386.38
Payroll and related	3,025.50
Rent	813,776.32
Total	822,188.20

NOTE 6 – RETIREMENT SYSTEM

Plan Description. The Public Defender established a pension plan in 1992. Substantially all of the employees of the District Public Defender, Nineteenth Judicial District of Louisiana are members of this plan. This defined contribution plan is invested in American Funds, a mutual fund account held at A.G. Edwards. Each participant is fully-vested at the time of the contribution and will receive his/her individual fund at the time of retirement.

Funding Policy. The Public Defender contributes 7.5% of each participant's salary. Contributions during the year, which were 100% funded, were \$207,062.04.

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Deferred Compensation Plan. While the participant is not required to make a contribution, employees are eligible to participate in the National Association of Counties (NACO) Deferred Compensation Program. The account value and annual earnings are not reported on the accompanying financial statements as all funds belong to the participants.

NOTE 7 - LEASES

There were no capital leases at June 30, 2013.

The minimum annual commitments under operating leases are as follows:

<u>Year</u>	<u>Office Space</u>
2013	167,756.76 + CPI increase

In the latter part of 2005, the Public Defender negotiated a new lease commencing January 1, 2006, at \$12,000 per month or \$144,000 for the first year. On the 1st day of each year, the annual rent will be adjusted upwards by the percentage change in the Consumer Price Index All Urban Consumer during the one-year period ending in November of the preceding year. Payments remitted and accrued during the year totaled \$166,064.23.

The previous lease expired on April 20, 2002, with an option to renew for one year under the same terms. The option was not renewed, and the Public Defender had been renting on a month-to-month basis. No payments were made during this time, and the amount currently owed on back rent is \$813,776.32. During this period of time, the Public Defender was considered a component unit of the City Parish of East Baton Rouge.

NOTE 8 – FUND BALANCES

Fund balances in the amount of \$27,264.18 are considered non-spendable as they relate to prepaid expenses. Another portion of fund balances in the amount of \$589,303.56 has been assigned for operating reserves in the event that the Public Defender is not able to meet its payroll obligations.

NOTE 9 – GOVERNMENTAL FUND REVENUES AND EXPENDITURES

For the year ended June 30, 2013, the major sources of governmental fund revenues and expenditures were as follows:

Revenues:

State Government	
Appropriations – general	\$ 1,310,408.00
Appropriations – specific	<u>92,354.57</u>
Total	\$ 1,402,762.57

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Local Government	
Statutory fines, forfeitures, fee, court costs and other	3,935,080.76
Investment Earnings	<u>20,685.10</u>
Total Revenues	\$ <u>5,358,528.43</u>

Expenditures:

Personnel Services and Benefits	
Salaries	\$ 3,148,749.13
Retirement contributions	207,062.04
Insurance	419,719.28
Payroll taxes	<u>50,664.98</u>
Total	\$ 3,826,195.43

Professional Development	
Dues, licenses and registrations	18,419.45
Other	<u>5,185.16</u>
Total	23,604.61

Operating Costs	
Library and research	44,836.57
Contract services – attorney/legal	613,415.85
Contract services – other	64,078.07
Lease – office	166,064.23
Lease – autos and other	36,158.67
Travel – transportation	25,270.88
Insurance	1,842.80
Supplies	28,156.62
Repairs and maintenance	15,222.10
Utilities and telephone	23,717.98
Other	<u>390,615.22</u>
Total	1,409,378.99

Debt Service	.00
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Capital Outlay	<u>2,000.00</u>
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Total Expenditures	\$ <u>5,261,179.03</u>
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**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 10 – RELATED PARTY TRANSACTIONS

A liability of \$813,776.32 is recognized on the financial statements for rent due to the City Parish of East Baton Rouge. Further explained in note 7 herein, this liability was incurred during a period of time that the Public Defender was included in that entity's annual financial statements as a component unit. There have been no repayment terms established, and the Public Defender is compliant under the terms of its current lease that was effective January 1, 2006.

NOTE 11 – LITIGATION AND CLAIMS

The Public Defender is not involved in any litigation and is not aware of any claims outstanding that require disclosure in the accompanying financial statements.

NOTE 12 – SUBSEQUENT EVENTS

There have been no events subsequent to year-end through the date of this report that would materially impact the accompanying financial statements.

REQUIRED SUPPLEMENTAL INFORMATION
(PART 2 OF 2)

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2013**

	<u>Budgeted</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
REVENUES				
Intergovernmental revenues	\$ 1,402,762.00	\$ 1,402,762.00	\$ 1,404,332.57	\$ 1,570.57
Fines, forfeitures, court costs	3,248,781.00	3,248,781.00	3,628,387.01	379,606.01
Application fees	134,542.00	134,542.00	305,123.75	170,581.75
Investment earnings	19,492.00	19,492.00	20,685.10	1,193.10
Total Revenues	4,805,577.00	4,805,577.00	5,358,528.43	552,951.43
EXPENDITURES				
General government	209,764.55	209,764.55	230,671.86	(20,907.31)
Public defense	4,916,454.45	4,916,454.45	5,028,507.17	(112,052.72)
Capital outlay	18,000.00	18,000.00	2,000.00	16,000.00
Total Expenditures	5,144,219.00	5,144,219.00	5,261,179.03	(116,960.03)
Change in Fund Balances	(338,642.00)	(338,642.00)	97,349.40	435,991.40
Fund Balances, beginning	708,361.49	708,361.49	708,361.49	-
Fund Balances, ending	369,719.49	369,719.49	805,710.89	435,991.40

See Independent Auditors' Report

SUPPLEMENTAL INFORMATION

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*Louisiana Society of Certified Public Accountants
American Institute of Certified Public Accountants
Association of Governmental Accountants
Governmental Audit Quality Control Center*

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

Michael Mitchell
The District Public Defender
Nineteenth Judicial District of Louisiana
P. O. Box 3356
Baton Rouge, Louisiana 70821

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-type activities of the District Public Defender, Nineteenth Judicial District of Louisiana, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District Public Defender, Nineteenth Judicial District of Louisiana's basic unit financial statements, and have issued our report thereon dated May 16, 2014.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District Public Defender, Nineteenth Judicial District of Louisiana'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 District Public Defender, Nineteenth Judicial District of Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the District Public Defender, Nineteenth Judicial District of Louisiana'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 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 the 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.

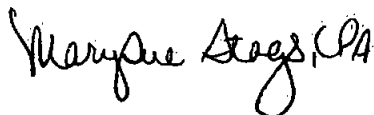
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District Public Defender, Nineteenth Judicial District of Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and responses as 2013.01.

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.

This report is intended solely for the information and use of management, others within the agency, the Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document



Mary Sue Stages, CPA,
A Professional Accounting Corporation
Baker, LA
May 16, 2014

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
SCHEUDLE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2013**

We have audited the financial statements of the District Public Defender, Nineteenth Judicial District of Louisiana as of and for the year ended June 30, 2013, and have issued our report thereon dated May 16, 2014. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2013, resulted in an unmodified opinion.

Section I Summary of Auditor's Reports

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

Internal Control	Material Weakness	■	No
	Deficiency(ies)	■	No
Compliance	Material Weakness	■	No
	Deficiency(ies)	■	No

B. Federal Awards

N/A

Section II Financial Statement Findings

2013.01 Compliance with Audit Law

Criteria. Louisiana Revised Statute 24:513 requires that an annual financial report or other type report be submitted to the Legislative Auditor within six months of the close of the fiscal/calendar year. This equates to December 31st for the agency.

Condition. This deadline was not met for the current year.

Impact. The agency is not in compliance with applicable laws.

Recommendation. We recommend that management be cognizant of this deadline in the future and make every effort to comply.

Management's Response. We will comply with this requirement in the future. We had issues with timing between ourselves and our auditor that we do not anticipate in the future.

Section III Management Letter

N/A

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2013**

Section I Internal Control and Compliance Material to the Financial Statements

N/A

Section II Compliance and Internal Control Material to Federal Awards

N/A

Section III Financial Statement Findings

None.

Section IV Management Letter

N/A

**THE DISTRICT PUBLIC DEFENDER
NINETEENTH JUDICIAL DISTRICT OF LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2013**

Section I Compliance and Internal Control Material to the Financial Statements

2013.01 Compliance with Audit Law

Please refer to management's response at the schedule of findings and questioned costs on page 33.

Section II Compliance and Internal Control Material to Federal Awards

N/A

Section III Management Letter

N/A