

**FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER  
Parishes of Morehouse and Ouachita, Louisiana**

**Annual Financial Statements  
With Independent Auditor's Report  
As of and for the Year Ended  
June 30, 2018  
With Supplemental Information Schedules**

FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER  
Parishes of Morehouse and Ouachita, Louisiana

Annual Financial Statements  
With Independent Auditor's Report  
As of and for the Year Ended June 30, 2018  
With Supplemental Information Schedules

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FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER  
Parishes of Morehouse and Ouachita, Louisiana  
Contents, June 30, 2018

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## **Independent Auditor's Report**

FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER  
Parishes of Morehouse and Ouachita, Louisiana

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities and major fund of the Fourth Judicial District Public Defender, a component unit of the Ouachita Parish Police Jury, as of June 30, 2018, and for the year then ended, 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 financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the Louisiana Governmental Audit Guide. 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 Fourth Judicial District Public Defender'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 Fourth Judicial District Public Defender'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.



## FOURTH JUDICIAL PUBLIC DEFENDER

Monroe, Louisiana

Independent Auditor's Report,

June 30, 2018

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 government activities and major fund information of the Fourth Judicial District Public Defender as of June 30, 2018, and the respective changes in financial position for the year then ended in conformity 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 on pages 7 through 10 and the budgetary comparison information on pages 28 through 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fourth Judicial District Public Defender's basic financial statements. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements.

The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule of compensation, benefits, and other payments to agency head on page 31 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing

FOURTH JUDICIAL PUBLIC DEFENDER

Monroe, Louisiana

Independent Auditor's Report,

June 30, 2018

standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued a report dated March 20, 2019, on my consideration of the Fourth Judicial District Public Defender's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of 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 Fourth Judicial District Public Defender's internal control over financial reporting and compliance.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Louisiana Legislative Auditor, I have issued a report, dated March 20, 2019, on the results of my statewide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's statewide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.



West Monroe, Louisiana

March 20, 2019

**REQUIRED SUPPLEMENTARY INFORMATION  
PART I**

FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER  
Parishes of Morehouse and Ouachita, Louisiana

**Management's Discussion and Analysis**  
June 30, 2018

As management of the Fourth Judicial District Public Defender, we offer readers of the Fourth Judicial District Public Defender's financial statements this narrative overview and analysis of the financial activities of the Fourth Judicial District Public Defender for the year ended June 30, 2018. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

**Overview of the Financial Statements**

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

Our auditor has provided assurance in her independent auditor's report that the Basic Financial Statements are fairly stated. The auditor, regarding the Required Supplemental Information and the Supplemental Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Fourth Judicial District Public Defender's finances, in a manner similar to a private-sector business.

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

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



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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

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

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, assets of the Fourth Judicial District Public Defender exceeded liabilities by \$750,272. Approximately 15% of the Fourth Judicial District Public Defender's net position reflects its investment in capital assets (e.g., equipment). These assets are not available for future spending.

The balance in unrestricted net position is affected by two factors: 1) resources expended, over time, by the Fourth Judicial District Public Defender to acquire capital assets from sources other than internally generated funds (i.e., debt), and 2) required depreciation on assets being included in the statement of net position.

STATEMENT OF NET POSITION

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$558,639	\$618,521
Receivables	85,230	120,343
Capital assets (net of accumulated depreciation)	<u>109,784</u>	<u>116,574</u>
TOTAL ASSETS	<u>\$753,653</u>	<u>\$855,438</u>
<b>LIABILITIES</b>		
Accounts payable	<u>\$3,381</u>	<u>\$5,753</u>
TOTAL LIABILITIES	<u>3,381</u>	<u>5,753</u>
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	109,784	116,574
Unrestricted	<u>640,488</u>	<u>733,111</u>
TOTAL NET POSITION	<u>\$750,272</u>	<u>\$849,685</u>

STATEMENT OF ACTIVITIES

	<u>2018</u>	<u>2017</u>
Judicial:		
Personal services	\$646,147	\$605,109
Operating services	1,452,908	1,467,161
Materials and supplies	21,088	22,394
Travel	19,676	13,401
Depreciation expense	<u>6,690</u>	<u>6,794</u>
Total Program Expenses	<u>2,146,509</u>	<u>2,114,859</u>
Program revenues - fees, charges and commissions	<u>43,160</u>	<u>57,706</u>
Net Program Expenses	<u>(2,103,349)</u>	<u>(2,057,153)</u>
General revenues		
Court costs on fines and forfeitures	1,161,192	1,446,239
Intergovernmental revenues	<u>838,882</u>	<u>871,353</u>
Total general revenues	2,000,074	2,317,592
Change in Net Position	(103,275)	260,439
Net Position - Beginning of year as restated	<u>853,547</u>	<u>589,246</u>
Net Position - End of year	<u>\$750,272</u>	<u>\$849,685</u>

**Financial Analysis of the Government's Funds**

As noted earlier, the Fourth Judicial District Public Defender uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2018, the General Fund unassigned fund balance of \$640,488 showed a decrease of \$96,485 over June 30, 2017.

## **General Fund Budgetary Highlights**

The major difference between the original budget and the final amended budget for revenues were due to a decrease in statutory fines, forfeitures, fees, court costs and other anticipated and an increase in state funds. The differences in expenditures of the original budget and final budget were due to a decrease in personal services and contract services - attorneys.

## **Capital Asset and Debt Administration**

**Capital assets.** The Fourth Judicial District Public Defender's investment in capital assets for its governmental activities as of June 30, 2018, amounts to \$109,784 (net of accumulated depreciation). This investment includes building, furniture and equipment. There were no increases in capital assets and decreases of \$10,641 for the year ended June 30, 2018.

**Long-term debt.** At the end of the fiscal year, Fourth Judicial District Public Defender had no outstanding long term debt.

## **Requests for Information**

This financial report is designed to provide a general overview of the Fourth Judicial District Public Defender's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Fourth Judicial District Public Defender, 714 St. John Street, LA 71210-3327.

March 20, 2019

**BASIC FINANCIAL STATEMENTS**



FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER  
Parishes of Morehouse and Ouachita, Louisiana

STATEMENT OF NET POSITION  
June 30, 2018

<b>ASSETS</b>	
Cash and cash equivalents	\$558,639
Receivables	85,230
Capital assets (net of accumulated depreciation)	<u>109,784</u>
TOTAL ASSETS	<u><u>\$753,653</u></u>
 <b>LIABILITIES</b>	
Accounts payable	<u>\$3,381</u>
TOTAL LIABILITIES	<u>3,381</u>
 <b>NET POSITION</b>	
Invested in capital assets, net of related debt	109,784
Unrestricted	<u>640,488</u>
TOTAL NET POSITION	<u><u>\$750,272</u></u>

The accompanying notes are an integral part of this statement.

FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER  
Parishes of Morehouse and Ouachita, Louisiana

STATEMENT OF ACTIVITIES  
June 30, 2018

Judicial:	
Personal services and benefits:	
Salaries	\$597,799
Payroll taxes	48,348
Professional Development:	
Dues, licenses, and registrations	2,175
Travel	2,485
Operating costs:	
Library and research	736
Contract services - attorney	1,367,463
Contract services - other	45,483
Travel	16,992
Insurance	8,528
Supplies	20,352
Repairs and maintenance	12,688
Utilities and telephone	15,515
Training	199
Other	1,056
Depreciation expense	6,690
Total Program Expenses	<u>2,146,509</u>
Program revenues - fees, charges and commissions	<u>43,160</u>
Net Program Expenses	<u>(2,103,349)</u>
General revenues	
Court costs on fines and forfeitures	1,161,192
Intergovernmental revenues - State Government-	
Appropriations - regular	<u>838,882</u>
Total general revenues	2,000,074
Change in Net Position	(103,275)
Net Position - Beginning of year	<u>853,547</u>
Net Position - End of year	<u><u>\$750,272</u></u>

The accompanying notes are an integral part of this statement.

FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER  
Parishes of Morehouse and Ouachita, Louisiana  
GOVERNMENTAL FUNDS

Balance Sheet, June 30, 2018

<b>ASSETS</b>	
Cash and cash equivalents	\$558,639
Receivables	<u>85,230</u>
<b>TOTAL ASSETS</b>	<u><b>\$643,869</b></u>
<b>LIABILITIES AND FUND EQUITY</b>	
Liabilities - Accounts payable	\$3,381
Fund Equity - fund balances - unassigned	<u>640,488</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u><b>\$643,869</b></u>

The accompanying notes are an integral part of this statement.

FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER  
Parishes of Morehouse and Ouachita, Louisiana

Reconciliation of Governmental Funds  
Balance Sheet to the Statement of Net Position

For the Year Ended June 30, 2018

Total Fund Balances - Governmental Funds (Statement C)		<u>\$640,488</u>
Cost of capital assets	\$296,721	
Less: Accumulated depreciation	<u>(186,937)</u>	<u>109,784</u>
Net Position (Statement A)		<u>\$750,272</u>

The accompanying notes are an integral part of this statement.

FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER  
Parishes of Morehouse and Ouachita, Louisiana  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
For the Year Ended June 30, 2018

**REVENUES**

State Government	
Appropriations - general	\$838,882
Local Government	
Statutory fines, forfeitures, fees, court costs, and other	<u>1,204,352</u>
Total revenues	<u>2,043,234</u>

**EXPENDITURES**

Personnel Services and Benefits	
Salaries	597,799
Payroll taxes	<u>48,348</u>
Total	646,147
Professional Development	
Dues, licenses, and registrations	2,175
Travel	<u>2,485</u>
Total	4,660
Operating Costs	
Library and research	736
Contract services - attorney	1,367,463
Contract services - other	45,483
Travel - transportation	16,992
Insurance	8,528
Supplies	20,352
Repairs and maintenance	12,688
Utilities and telephone	15,515
Training	199
Other	<u>956</u>
Total Operating Costs	1,488,912
Total expenditures	<u>2,139,719</u>

**EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES** (96,485)

**FUND BALANCES AT BEGINNING OF YEAR** 736,973

**FUND BALANCES AT END OF YEAR** \$640,488

The accompanying notes are an integral part of this statement.

FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER  
Parishes of Morehouse and Ouachita, Louisiana

Reconciliation of Governmental Funds  
Statement of Revenue, Expenditures, and Changes  
in Fund Balances to the Statement of Activities

For the Year Ended June 30, 2018

Total net change in fund balances - governmental funds (Statement D)	(\$96,485)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds do not report gain or loss on disposition of assets. In the Statement of Activities, gain on disposition of assets increased when the asset is disposed.	(100)
Capital outlays are reported in governmental funds 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 capital outlays exceed depreciation for the period.	<u>(6,690)</u>
Change in net position of governmental activities (Statement B)	<u><u>(\$103,275)</u></u>

The accompanying notes are an integral part of this statement.

FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER  
Parishes of Morehouse and Ouachita, Louisiana

Notes to the Financial Statements  
As of and For the Year Ended June 30, 2018

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Fourth Judicial District Public Defender was established in compliance with Louisiana Revised Statutes 15:144-149 to provide and compensate counsel appointed to represent indigents in criminal and quasi-criminal cases on the district court level. The judicial district encompasses the parishes of Morehouse and Ouachita, Louisiana.

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

**A. REPORTING ENTITY**

As the governing authority of the parish, for reporting purposes, the Ouachita Parish Police Jury is the financial reporting entity for Ouachita Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Ouachita Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial responsibility. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and:
  - a. The ability of the police jury to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.

## FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER

Parishes of Morehouse and Ouachita, Louisiana

Notes to the Financial Statements (Continued)

2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

The district public defender is appointed by the Louisiana Public Defender Board. However, the police jury is ultimately responsible for the fiscal operations of the Fourth Judicial District court system, which includes the Public Defender. Further, because of this relationship, the police jury's general purpose financial statements would be misleading without inclusion of the public defender's financial statements. Therefore, the public defender is considered a component unit of the parish reporting entity.

### **B. BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE STATEMENTS**

The Public Defender's basic financial statements include both government-wide (reporting the Public Defender as a whole) and fund financial statements (reporting the Fund's major fund). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. All activities of the Public Defender are classified as governmental.

The Statement of Net Position (Statement A) and the Statement of Activities (Statement B) display information about the reporting government as a whole. These statements include all the financial activities of the Public Defender.

In the Statement of Net Position, governmental activities are presented on a consolidated basis and are presented on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term obligations. Net Position are reported in three parts; invested in capital assets, net of any related debt; restricted net position; and unrestricted net position.

The government-wide financial statements are prepared using 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*.



## FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER

Parishes of Morehouse and Ouachita, Louisiana

Notes to the Financial Statements (Continued)

**Program Revenues** - Program revenues included in the Statement of Activities (Statement B) are derived directly from parties outside the Public Defender's taxpayers or citizenry. Program revenues reduce the cost of the function to be financed from the Public Defender's general revenues.

**Allocation of Indirect Expenses** - The Public Defender reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function.

### C. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The financial transactions of the public defender are reported in individual funds in the fund financial statements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Fund financial statements report detailed information about the public defender . The focus of governmental fund financial statements is on major funds rather than reporting funds by type.

A fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Funds are classified into three categories; governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The Public Defender's current operations require the use of only governmental funds. The governmental fund type used by the Public Defender is described as follows:

#### **Governmental Fund Type**

**General Fund** - The General Fund, as provided by Louisiana Revised Statute 13:781, is the principal fund of the public defender and is used to account for the operations of the public defender fund 's office. The various fees and charges due to the public defender's office are accounted for in this fund. General operating expenditures are paid from this fund.

## FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER

Parishes of Morehouse and Ouachita, Louisiana

Notes to the Financial Statements (Continued)

### **D. BASIS OF ACCOUNTING**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

#### **1. Accrual:**

Governmental type activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

#### **2. Modified Accrual:**

The governmental funds financial statements are presented on the modified accrual basis of accounting. 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 differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental funds 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:

FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER  
Parishes of Morehouse and Ouachita, Louisiana  
Notes to the Financial Statements (Continued)

**Revenues**

Court costs on fines and forfeitures imposed by the district and city courts are recorded in the year they are collected by the parish tax collector or the city.

Criminal bail bond fees are recorded in the year the bonds are written.

Fees from indigents are recorded when collected by the Division of Probation and Parole.

Interest income on time deposits is recorded when the time deposits have matured and the interest is available.

Based on the above criteria, court costs on fines and forfeitures, criminal bail bond fees, and fees from indigents have been treated as susceptible to accrual.

**Expenditures**

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

**E. CASH AND CASH EQUIVALENTS**

Under state law, the public defender fund may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2018, the public defender fund has cash and cash equivalents (book balances) totaling \$558,639.

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

**FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER**

Parishes of Morehouse and Ouachita, Louisiana

Notes to the Financial Statements (Continued)

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These deposits are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash (bank balances) at June 30, 2018, total \$674,943 and are fully secured by federal deposit insurance and pledged securities.

**F. CAPITAL ASSETS**

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Public Defender maintains a threshold level of \$500 or more for capitalizing capital assets.

Capital assets are reported in the government-wide financial statements but not in the fund financial statements. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes by the Public Defender, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	
Furniture and fixtures	5 - 10 years
Vehicles	5 - 15 years
Equipment	5 - 20 years

**G. ANNUAL AND SICK LEAVE**

The public defender has adopted a formal vacation and sick leave policy. Employees earn annual and sick leave with no limit on accumulation. The sick leave is not paid upon termination. Up to 80 hours of annual leave will be paid upon termination. This amount is maximum employee can earn in one year, therefore no liability is set up as payable. The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the General Fund when leave is actually taken.

## H. RISK MANAGEMENT

The public defender is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions. To handle such risk of loss, the public defender maintains commercial insurance policies covering his automobile, and surety bond coverage. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended June 30, 2018.

## I. EQUITY CLASSIFICATIONS

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - 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 borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies unrestricted resources first, unless a determination is made to use restricted resources. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

In the fund financial statements, governmental fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:



## FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER

Parishes of Morehouse and Ouachita, Louisiana

### Notes to the Financial Statements (Continued)

*Nonspendable* - represents amounts that are not expected to be converted to cash because they are either not in spendable form or legally or contractually required to be maintained intact.

*Restricted* - represents balances where constraints have been established by parties outside the Public Defender's office or imposed by law through constitutional provisions or enabling legislation.

*Committed* - represents balances that 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.

*Assigned* - represents balances that are constrained by the government's intent to be used for specific purposes, but are not restricted nor committed.

*Unassigned* - represents balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund.

The General Fund has an unassigned fund balance of \$640,488. If applicable, the Public Defender would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

## 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. RECEIVABLES

The General Fund receivables of \$85,230 at June 30, 2018, are as follows:

FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER  
 Parishes of Morehouse and Ouachita, Louisiana  
 Notes to the Financial Statements (Continued)

<u>Class of receivables:</u>	
Court costs on fines and forfeitures	\$80,024
Fees from indigents	<u>5,206</u>
Total	<u><u>\$85,230</u></u>

**3. CHANGES IN CAPITAL ASSETS**

A summary of changes in office furnishings and equipment follows:

Balance, June 30, 2017	\$307,362
Additions	NONE
Deletions	<u>(10,641)</u>
Balance, June 30, 2018	296,721
Less accumulated depreciation	<u>(186,937)</u>
Net Capital Assets	<u><u>\$109,784</u></u>

**4. PENSION PLAN**

The employees of the public defender are members of the Social Security System. In addition to the employee contributions withheld at 7.65 per cent of gross salary, the public defender fund contributes an amount equal to the employee's contributions to the Social Security System. The public defender does not guarantee the benefits granted by the Social Security System.

**5. LITIGATION AND CLAIMS**

The contracts between the public defender fund and the attorneys contain provisions requiring the attorneys to maintain professional liability insurance and agreeing to hold the public defender fund harmless from any malpractice judgments. Accordingly, no provision for any liability arising from lawsuits has been made in the accompanying financial statements.

**6. CONTRACT ATTORNEYS**

At June 30, 2018, as provided by Louisiana Statutes 15:145(b)(3), the public defender fund had twenty-nine contract attorneys to provide legal representation to indigents in the Fourth Judicial District. The contracts are for terms of one year and provide for a managing attorney, twenty-four attorneys for Ouachita Parish (including five juvenile attorneys), and two attorneys for Morehouse Parish. The managing attorney receives \$10,250 per month in compensation while the remaining attorneys receive monthly compensation ranging from \$2,100 to \$6,300, depending on their years of service under contract. The managing attorney reports to the public defender on the progress and disposition of cases received.

**REQUIRED SUPPLEMENTARY INFORMATION**

**PART II**



FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER  
Parishes of Morehouse and Ouachita, Louisiana

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

For the Year Ended June 30, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>				
State Government -				
Appropriations - regular	\$785,977	\$831,243	\$838,882	\$7,639
Statutory fines, forfeitures, fees, court costs, and other	1,480,600	1,103,774	1,204,352	100,578
Total revenues	<u>2,266,577</u>	<u>1,935,017</u>	<u>2,043,234</u>	<u>108,217</u>
<b>EXPENDITURES</b>				
Current:				
General government - judicial				
Personal services and benefits:				
Salaries	609,950	598,646	597,799	847
Payroll taxes	51,771	51,771	48,348	3,423
Professional Development:				
Dues, licenses, and registrations	150	150	2,175	(2,025)
Travel	4,100	4,100	2,485	1,615
Operating Costs:				
Library and research	850	850	736	114
Contract services - attorney	1,519,191	1,378,109	1,367,463	10,646
Contract services - other	56,200	56,200	45,483	10,717
Travel	10,200	10,200	16,992	(6,792)
Insurance	4,000	4,000	8,528	(4,528)
Supplies	22,425	21,785	20,352	1,433
Repairs and maintenance	12,500	12,500	12,688	(188)
Utilities and telephone	18,900	18,900	15,515	3,385
Training	5,000	5,310	199	5,111
Other			956	(956)
Capital outlay	31,000	31,000		31,000
Total expenditures	<u>2,346,237</u>	<u>2,193,521</u>	<u>2,139,719</u>	<u>53,802</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	(79,660)	(258,504)	(96,485)	162,019
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>300,000</u>	<u>735,437</u>	<u>736,973</u>	<u>1,536</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$220,340</u>	<u>\$476,933</u>	<u>\$640,488</u>	<u>\$163,555</u>

See accompanying note to budgetary comparison schedule.

FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER  
Parishes of Morehouse and Ouachita, Louisiana

NOTE TO BUDGETARY COMPARISON SCHEDULE  
For the Year Ended June 30, 2018

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

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

**OTHER SUPPLEMENTAL INFORMATION**

**PART III**

FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER  
Parishes of Morehouse and Ouachita, LouisianaSchedule of Compensation, Benefits and Other Payments to Agency Head  
For the Year Ended June 30, 2018

MICHAEL COURTEAU, DISTRICT DEFENDER

<b>PURPOSE</b>	<b>AMOUNT</b>
Salary	\$123,000
Benefits - social security	7,626
Benefits - medicare	1,784
Travel - mileage	2,146
Registration fees	288
Insurance	2,028

**REPORTS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS  
PART IV**

**Independent Auditor's Report Required  
by *Government Auditing Standards***

The following independent auditor's report on compliance and internal control over financial reporting is presented in compliance with the requirements of *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

**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 *Government Auditing Standards***

**FOURTH JUDICIAL DISTRICT  
PUBLIC DEFENDER**

Parishes of Morehouse and Ouachita, 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 the major fund of the Fourth Judicial District Public Defender, a component unit of the Ouachita Parish Police Jury, as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Fourth Judicial District Public Defender's basic financial statements, and have issued my report thereon dated March 20, 2019.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exist 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.

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.

FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER  
Monroe, Louisiana  
Independent Auditor's Report on Compliance  
And Internal Control Over Financial Reporting, etc.  
June 30, 2018

**Compliance and Other Matters**

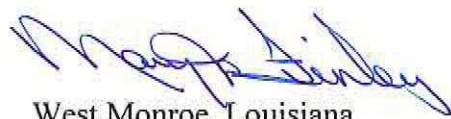
As part of obtaining reasonable assurance about whether Fourth Judicial District Public Defender's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could 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 two instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is included as findings 2018-001 and 2018-002 in the accompanying schedule of findings and questioned costs.

**Fourth Judicial District Public Defender's Response to Findings**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fourth Judicial District Public Defender'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 Fourth Judicial District Public Defender's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



West Monroe, Louisiana  
March 20, 2019



FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER  
Parishes of Morehouse and Ouachita, Louisiana

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2018

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unmodified opinion on the general purpose financial statements of the Fourth Judicial District Public Defender.
2. Two instances of noncompliance material to the financial statements of the Fourth Judicial District Public Defender were disclosed during the audit.
3. No significant deficiency relating to the audit of the financial statements is reported in the Independent Auditor's Report on Internal Control.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

**2018-001 Failing to file Financial Statements Pursuant to R.S. 24:513 B.(3)**

**Condition:** The Fourth Judicial District Public Defender's audited financial statements were not completed and submitted to the Louisiana Legislative Auditor's office by the statutory date of December 31, 2018.

**Criteria:** State law requires audited financial statements of governments to be submitted within six months of year end.

**Cause of Condition:** Management was unable to provide a complete set of books in time for the external auditor to complete the audit by its due date.

**Effect of Condition:** Material noncompliance relating to the financial statements.

**Recommendation:** Management should have financial records completed in a timely manner.

**Response:** Due to terminal illness of our consultant we were unable to complete the accounting records in a timely manner.

FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER  
Parishes of Morehouse and Ouachita, Louisiana

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2018

**2018-002 Noncompliance with Local Government Budget Act**

**Condition:** The Fourth Judicial District Public Defender amended the General Fund and Juvenile budgets, but failed to advertise the amendments.

**Criteria:** Local Government Budget Act requires budget amendments to be advertised before year end.

**Cause of Condition:** Management failed to advertise budget amendments.

**Effect of Condition:** Material noncompliance relating to the financial statements.

**Recommendation:** Management should advertise all budget amendments when required by law.

**Response:** Due to terminal illness of our consultant the amended budget was not published.

FOURTH JUDICIAL DISTRICT PUBLIC DEFENDER  
Parishes of Morehouse and Ouachita, Louisiana

Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2018

**2017-001 Failing to file Financial Statements Pursuant to R.S. 24:513**

**Finding:** The Fourth Judicial District Public Defender's financial statements were due to the legislative auditor by December 31, 2017. The Fourth Judicial District Public Defender did not provide the information needed to file the financial statements with the Statewide Agreed Upon Procedures by the due date.

**Recommendation:** The Fourth Judicial District Public Defender should submit financial information to the auditor in a timely manner in order for the financial statements to be submitted to the legislative auditor by the due date.

**Status:** This finding has not been corrected and is included as Finding 2018-001.



FOURTH JUDICIAL DISTRICT  
PUBLIC DEFENDER OFFICE  
PARISHES OF MOREHOUSE AND OUACHITA  
P.O. BOX 3327  
MONROE, LOUISIANA 71210

Telephone: 318-322-6643

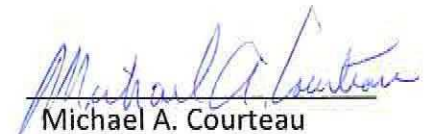
Fax: 318-325-7814

On finding the audit report not filed by December 31, 2018:

In the last month of our Fiscal year on June 2018 our previous accountant who handled all our financial documentation, tax processing, and audit submissions became diagnosed with Dementia. He was promptly removed from his position with our office and another employee was given the position to resolve any further issues and maintain the quality of our documentation here forward. Due to inconsistencies with the previous accountants reports through the previous year, as well as numerous missing tax payments, erroneous submissions of financial documents to state agencies, and missing documentation necessary to complete our yearly Fiscal Audits we fell behind the expected work load. We hired help to assist our current records/accounting clerk to restore and verify the quality of our financial records for the required fiscal year. Due to these circumstances we requested an extension of our due date for our 2017/2018 Fiscal Audit. After the request for extension our previous accountant passed away and it was no longer possible to collect or verify any records held by him. This necessitated a reconstruction of all missing records and details why we missed the original due dates.

On finding that the amended budget was not advertised:

One of the duties held by our previous accountant was handling the advertising of our budget and any amendments in accordance with Louisiana Budgetary Statutes. At the time he held this duty he fell ill with dementia and began to fail to meet the expected duties. Due to this he was removed from the position and new procedures are put into place to assure that from here forward all our budgetary requirements are met in a timely manner according to the Louisiana Statutes.

  
Michael A. Courteau

4<sup>th</sup> District Public  
Defender

Independent Accountant's Report  
on Applying Agreed-Upon Procedures

4<sup>th</sup> Judicial District Public Defender  
714 St. John Street  
Monroe, LA 71210

To the 4<sup>th</sup> Judicial District Public Defender

I have performed the procedures enumerated below, which were agreed to by the management of the 4<sup>th</sup> Judicial District Public Defender and the Louisiana Legislative Auditor, State of Louisiana, on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. Management of 4<sup>th</sup> Judicial District Public Defender is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

**AGREED-UPON PROCEDURES**

**WRITTEN POLICIES AND PROCEDURES**

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
  - A. Budgeting, including preparing, adopting, monitoring, and amending the budget.
  - B. Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - C. Disbursements, including processing, reviewing, and approving

- D. Receipts, including receiving, recording, and preparing deposits
- E. Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- F. Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- G. Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.
- H. Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- I. Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- J. Debt Service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Written policies and procedures were obtained and address the function noted above.

#### **BOARD (OR FINANCE COMMITTEE, IF APPLICABLE)**

- 2. The 4<sup>th</sup> Judicial District Public Defender does not have a board or a finance committee therefore this procedure is not applicable.

#### **BANK RECONCILIATIONS**

- 3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
  - A) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);



- B) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation(e.g., initialed and dated, electronically logged); and
- C) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more that 12 months from the statement closing date, if applicable.

The agency provided me with a certified list of all bank accounts. September, 2017 was randomly selected to be tested. Agency only has 2 bank accounts, so both were selected for testing.

For the 2 bank accounts selected it was determined that the bank reconciliations were dated to show evidence that they were reconciled within 2 months of the closing date of the statements. The bank reconciliations were performed by an outside consultant, and there was no written documentation that they were reviewed by anyone else. Both accounts had outstanding reconciling items over 12 months.

## COLLECTIONS

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Agency provided me with a certified list of deposit sites and I verified that it was complete.

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

- A) Employees that are responsible for cash collections do not share cash drawers/registers.
- B) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
- C) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- D) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.



The public defender's office has a crime policy that covers employee theft. The agency has 1 cash drawer. All collection payments are received by a member of the qualifications team, who issues a pre-numbered receipt to the client. A copy of the receipt is given to the front desk attendant. The front desk attendant records the receipt in the receipt ledger and prepares a recap of receipts for comparison to the deposit. At the end of the day the front desk attendant gives the money and recap to the office manager who verifies the amount and locks the money in her office until a deposit is made. Any checks received for court costs and other fees are given to the office manager who keeps them locked in her office until a deposit is made. Deposits are made weekly. The office manager prepares and makes the deposits. After the deposit is made, the office manager gives the information to an outside consultant who posts it to the accounting system. Bank reconciliations are prepared by an outside consultant.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

The Public Defender office has employee theft insurance coverage on the employees.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statement when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
  - A) Observe that receipts are sequentially pre-numbered.
  - B) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip,
  - C) Trace the deposit slip total to the actual deposit per the bank statement.
  - D) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
  - E) Trace the actual deposit per the bank statement to the general ledger.

The Public Defenders office uses pre-numbered receipts. Deposit documentation was traced to the information for the days receipts. The deposit slips selected were traced to the bank statements for all accounts. The public defender's office cash drawer in the front area. Collections are given to the front desk attendant who recaps the daily receipts and gives to the office manager who makes weekly deposits. The deposit slips selected were traced from the bank statements to the general ledger posting.

**NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES/PAYMENTS, TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES)**

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

Agency provided a complete list of locations that process payments and represented that the list was complete.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- A) At least two employees are involved in initialing a purchase request, approving a purchase, and placing an order/making the purchase.
- B) At least two employees are involved in processing and approving payments to vendors.
- C) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- D) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

The Public Defenders office does not use a purchase order system. The office manager initiates all purchases and the District Defender approves all purchases. The District Defender has ultimate approval on all purchases. The office manager initiates all checks and the District Defender signs all checks. The office manager and outside consultant add any new vendors and the District Defender approves all new vendors added. The District Defender gives all signed checks to the office manager to mail.

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

- A) Observe that the disbursement matched the related original invoice/billing statement.
- B) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

All disbursements selected to be tested had the proper support documentation. The office manger initiates all checks and the District Defender signs all checks. An outside consultant reconciles the bank statements and there is no evidence that anyone else reviews the reconciliations.

### **CREDIT CARDS/DEBIT CARDS/FUEL CARDS/P-CARDS**

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

The agency provided me with a certified list of all active credit cards, fuel cards, etc.

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

- A) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

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

The office manager attaches proper support to the credit card statement and the District Defender reviews and approves all charges. Support for the monthly debit card charges are maintained in the monthly invoice folder. For the cards tested, there were no service charges or interest charges noted.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

All transactions tested had the proper documentation, therefore we were able to confirm they were for business purposes.

## **TRAVEL AND EXPENSE REIMBURSEMENT**

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement form/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
  - A) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - B) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - C) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - D) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

The agency provided me with a certified list of travel or related expense reimbursements during the testing period and represented that the list was complete.

The agency is using the established rate and that is being paid to the employees. Amounts tested for reimbursement at per diem rates had the proper documentation. The travel reimbursements were not approved by anyone. All reimbursements were supported by proper documentation. Meal charges tested had written documentation of who was in attendance and the purpose of the meal. I was able to determine all purchases tested were for business purposes. There is no written documentation that travel reimbursements are reviewed or approved by anyone.

## **CONTRACTS**

15. The 4<sup>th</sup> Judicial District Public Defender had no exceptions in the prior year AUP testing, therefore this section was excluded from testing for the current period.

## **PAYROLL AND PERSONNEL**

16. The 4<sup>th</sup> Judicial District Public Defender had no exceptions in the prior year AUP testing, therefore this section was excluded from testing for the current period.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and :
  - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observe that supervisors approved the attendance and leave of the selected employees/official.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

September, 2017 pay period was randomly selected. It was noted that daily attendance and leave time is documented. Supervisors are approving time earned and used. Agency leave schedule for time earned and used was examined.

18. The 4<sup>th</sup> Judicial District Public Defender had no exceptions in the prior year AUP testing, therefore this section was excluded from testing for the current period.
19. The 4<sup>th</sup> Judicial District Public Defender had no exceptions in the prior year AUP testing, therefore this section was excluded from testing for the current period.

### **ETHICS (EXCLUDING NONPROFITS)**

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and:
  - A) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - B) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

The agency provided support for ethics training for the five randomly selected employees above. The agency had documentation to show that the employees have read the agency policy concerning the ethics policy.

### **DEBT SERVICE**

21. The 4<sup>th</sup> Judicial District Public Defender had no exceptions in the prior year AUP testing, therefore this section was excluded from testing for the current period.



22. The 4<sup>th</sup> Judicial District Public Defender had no exceptions in the prior year AUP testing, therefore this section was excluded from testing for the current period.

## **OTHER**

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

The Public Defender has no known misappropriation of funds during the test period.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

I observed the fraud hotline notice posted on the premises.

I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



Mary Jo Finley, CPA  
March 20, 2019



FOURTH JUDICIAL DISTRICT  
PUBLIC DEFENDER OFFICE  
PARISHES OF MOREHOUSE AND OUACHITA  
P.O. BOX 3327  
MONROE, LOUISIANA 71210

Telephone: 318-322-6643

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- **Written Policies and Procedures**

No Response

- **Board**

No Response

- **Bank Reconciliations**

- A. No Response needed
- B. For future reconciliations the documents will be generated in house by our accounting clerk and reviewed monthly by an independent CPA who does not handle any cash, ledger posting, or check issuance for the Fourth District Public Defender's Office.
- C. Both accounts held items outstanding for more than 12 months. The previous accounting clerk is no longer holding his position and the new clerk has produced all the necessary research and duties to clear these outstanding checks from our accounts.

- **Collections**

For future years we will be putting into effect a policy requiring collections deposits to be made on a daily basis by the office manager or manager's assistant.

- **Disbursements**

No Response



- **Credit Cards**

- 11. No Response
- 12. No Response
- 13. No Response

- **Travel and Expense Reimbursement**

- A. No Response
- B. No Response
- C. No Response
- D. For all future audit periods travel reimbursements will be reviewed and approved by the Office manager and District Defender before funds are made available to the payee.

- **Contracts**

No Response

- **Payroll and Personnel**

No Response

- **Ethics**

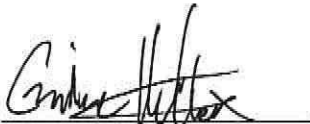
No Response

- **Debt service**

No Response

- **Other**

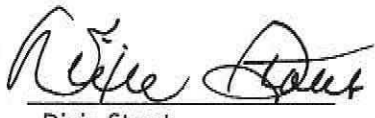
No Response



Garvice Hattox  
4<sup>th</sup> District Accounting  
Clerk



Michael A Courteau  
4<sup>th</sup> District Public  
Defender



Dixie Stout  
4<sup>th</sup> District Office  
Manager