

**TWENTY-SIXTH JUDICIAL DISTRICT**

**PUBLIC DEFENDERS' OFFICE**

**BOSSIER AND WEBSTER PARISHES, LOUISIANA**

**JUNE 30, 2022**

TWENTY-SIXTH JUDICIAL DISTRICT  
PUBLIC DEFENDERS' OFFICE  
BOSSIER AND WEBSTER PARISHES, LOUISIANA

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**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the financial performance of the Twenty-Sixth Judicial District Public Defender's Office, Bossier and Webster Parishes, provides an overview of the Office's financial activities for the year ended June 30, 2022. Please read it in conjunction with the Office's financial statements, which begin on Page 4.

### USING THIS REPORT

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

### REPORTING THE PUBLIC DEFENDERS' OFFICE AS A WHOLE

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

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

### REPORTING THE OFFICE'S MOST SIGNIFICANT FUNDS

The fund financial statements also begin on Page 4 and provide detailed information about the most significant funds - not necessarily the Office as a whole. Some funds may be required to be established by State law and by bond covenants.

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

### THE PUBLIC DEFENDERS' OFFICE AS A WHOLE

The figures reflecting net position can be used to indicate the Office's financial position at that time or over a period of time. At the close of the most recent fiscal period, the Office's net position totaled 928,520 . Of this figure, \$ 359,226 (38.69%) is its investment in capital assets such as buildings, equipment, furniture, library, computers, etc. Additionally, \$ 17,932 (1.93%) is its leased right of use assets, such as office equipment. The remaining portion of net position, \$551,362 (59.38%), is unrestricted assets that

are available to provide services to the citizens the Office was established to serve in Bossier and Webster Parish. The Office's total net position changed from June 30, 2021, decreasing by \$257,323, or 21.70%. It should be noted that the current year includes the new lease presentation required under GASB 87, while prior year does not. The implementation of GASB 87 had no effect on total expenditures in the Fund Financial Statements but added the Lease Right of Use Assets and Lease Liabilities at the end of the year in the Government-Wide Financial Statements. Net positions are shown below.

	Governmental Activities	
	2022	2021
Current and other assets	569,294	818,294
Capital assets	359,226	367,549
Lease right of use assets	17,932	-
Total assets	946,452	1,185,843
Short-term lease liabilities	5,277	-
Long-term lease liabilities	12,655	-
Total liabilities	17,932	-
Net position:		
Net investment in capital assets	359,226	367,549
Unrestricted	569,294	818,294
Total net position	928,520	1,185,843

## THE OFFICE'S FUNDS

The governmental activities of the Office include all activities of the Office as required by law and are funded by court costs, fees paid by defendants, and grants from the state LPDB. Major expenditures of the Office, as well as revenues, for the years ended June 30, 2022 and 2021 are shown below.

	Governmental Activities	
	2022	2021
Expenditures:		
Salaries and related benefits	908,859	892,775
Operating services	1,358,465	1,119,824
Travel and professional development	25,874	17,896
Depreciation	28,373	28,443
Total expenses	2,321,571	2,058,938
Revenues:		
Court costs (fines and forfeitures)	555,413	626,395
Court ordered fees	108,835	67,228
State grants	1,382,442	1,614,629
Other income	17,558	4,975
Total revenues	2,064,248	2,313,227
Change in net position	(257,323)	254,289
Net position, beginning of year	1,185,843	931,554
Net position, end of year	928,520	1,185,843

Total revenues decreased \$248,979, from total revenues in 2021 of \$2,313,227 to total revenues of \$2,064,248 in 2022. The decrease in revenue was largely attributable to the decrease in state funding. In addition, total expenses increased by \$262,633 from total expenses in 2021 of \$2,058,938 to total expenses of \$2,321,571 in 2022. This increase was attributable to the Office hiring more contract attorneys, resulting in an increase in operating services of \$238,641, as well as an increase in salaries and related benefits.

### **CAPITAL ASSET ADMINISTRATION**

The Office's capital asset investment assists in carrying out the mandated functions of the Office. This investment, net of allowance for depreciation, as of June 30, 2022 was \$359,226. This investment includes buildings, equipment, and fixtures.

The Office's lease right of use asset investment also assist in carrying out the mandated functions of the Office. This investment, net of allowance for amortization, as of June 30, 2022 was \$17,932. This investment is for office equipment, including copiers and a postage meter.

### **CONTACTING THE OFFICE'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Office's finances and to show the Office's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Twenty-Sixth Judicial District Public Defenders' Office at 211 Burt Boulevard, Benton, Louisiana, 71006.

**AUDITED FINANCIAL STATEMENTS**



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The Chief Defender  
Twenty-Sixth Judicial District Public Defenders' Office  
Bossier Parish, Louisiana

### **Independent Auditor's Report**

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

We have audited the accompanying financial statements of the governmental activities and the major fund of the Twenty-Sixth Judicial District Public Defenders' Office as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Office's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Twenty-Sixth Judicial District Public Defenders' Office, as of June 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Twenty-Sixth Judicial District Public Defenders' Office and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Twenty-Sixth Judicial District Public Defenders' Office's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Twenty-Sixth Judicial District Public Defenders' Office's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Twenty-Sixth Judicial District Public Defenders' Office's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i – iii, and budgetary comparison information on pages 17 - 18 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion

or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Twenty-Sixth Judicial District Public Defenders' Office's basic financial statements. The accompanying schedule of compensation on page 19 and justice system reporting schedule on page 20 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation and justice system reporting schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report, dated December 21, 2022, on our consideration of the Twenty-Sixth Judicial District Public Defenders' Office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Twenty-Sixth Judicial District Public Defenders' Office's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Twenty-Sixth Judicial District Public Defenders' Office's internal control over financial reporting and compliance.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana  
December 21, 2022

TWENTY-SIXTH JUDICIAL DISTRICT

PUBLIC DEFENDERS' OFFICE

GOVERNMENT WIDE STATEMENT OF NET POSITION

JUNE 30, 2022

<u>ASSETS</u>	Governmental Fund Balance Sheet	Adjustments	Statement of Net Position
Cash	459,930	-	459,930
Investments	5,998	-	5,998
Receivables	103,366	-	103,366
Capital assets, net of allowance for depreciation	-	359,226	359,226
Lease right of use assets, net of allowance for amortization	-	17,932	17,932
	<u>569,294</u>	<u>377,158</u>	<u>946,452</u>
Total assets	<u>569,294</u>	<u>377,158</u>	<u>946,452</u>
 <u>LIABILITIES &amp; FUND EQUITY</u>  			
<u>Liabilities:</u>			
Lease liability - short-term	-	5,277	5,277
Lease liability - long-term	-	12,655	12,655
	<u>-</u>	<u>17,932</u>	<u>17,932</u>
Total liabilities	<u>-</u>	<u>17,932</u>	<u>17,932</u>
 <u>Fund equity:</u>			
Unassigned Net Position	569,294	(569,294)	-
Net investment in capital assets	-	359,226	359,226
Unrestricted	-	569,294	569,294
	<u>569,294</u>	<u>359,226</u>	<u>928,520</u>
Total fund equities	<u>569,294</u>	<u>359,226</u>	<u>928,520</u>
Total liabilities and fund equity	<u>569,294</u>	<u>377,158</u>	<u>946,452</u>

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

TWENTY-SIXTH JUDICIAL DISTRICT

PUBLIC DEFENDERS' OFFICE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

	Governmental Fund Statement of Revenues and Expenditures	Adjustments	Statements of Activities
<u>Expenditures/expenses:</u>			
Judiciary:			
Personal services	716,835	-	716,835
Related benefits	192,024	-	192,024
Travel and professional development	25,874	-	25,874
Operating services	1,378,515	(20,050)	1,358,465
Depreciation	-	28,373	28,373
Total expenditures/expenses	<u>2,313,248</u>	<u>8,323</u>	<u>2,321,571</u>
<u>Program revenues:</u>			
Charge for services	108,835	-	108,835
Other charges	555,413	-	555,413
Net program revenues	<u>664,248</u>	<u>-</u>	<u>664,248</u>
<u>General revenues:</u>			
State grants	1,382,442	-	1,382,442
Investment earnings	3,221	-	3,221
Other income	14,337	-	14,337
Total general revenues	<u>1,400,000</u>	<u>-</u>	<u>1,400,000</u>
Total revenues	<u>2,064,248</u>	<u>-</u>	<u>2,064,248</u>
<u>Excess of revenues over expenditures/expenses</u>	<u>(249,000)</u>	<u>(8,323)</u>	<u>-</u>
<u>Change in net position</u>	<u>-</u>	<u>-</u>	<u>(257,323)</u>
<u>Fund balance/net position:</u>			
Beginning of year	<u>818,294</u>	<u>367,549</u>	<u>1,185,843</u>
End of year	<u>569,294</u>	<u>359,226</u>	<u>928,520</u>

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

TWENTY-SIXTH JUDICIAL DISTRICT

PUBLIC DEFENDERS' OFFICE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

**Introduction**

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

As of August 15, 2007, the indigent defender boards in each judicial district were dissolved, and new law created within each judicial district an indigent defender fund which is now administered by the district public defender. New law provides that any surplus monies in the judicial district indigent defender fund on August 15, 2007, will be retained in that judicial district to be used solely and exclusively for purposes of delivering indigent defender services in that judicial district. In addition, effective August 15, 2007, the Indigent Defender Board is referred to as the Public Defenders' Office.

The District Board of the Twenty-Sixth Judicial District was approved by the judges of the District and was comprised of five members through August 15, 2007. The board members were not compensated for their services; however, they were eligible to obtain health insurance for which the Office paid the premium. After August 2007, all public defender offices in Louisiana are now offered oversight by a centralized Board located in Baton Rouge, Louisiana.

The Twenty-Sixth Judicial District Public Defenders' Office is domiciled in Bossier Parish, Benton, Louisiana. All records of proceedings and official actions (all paper, documents, and records) are kept in Benton, Louisiana.

The Twenty-Sixth Judicial District Public Defenders' Office employs 13 people. There are 9 employees at the Bossier office, 2 employees at the Minden office, and 2 employees at the Juvenile Office. All employees are salaried.

**1. Summary of Significant Accounting Policies**

**Basis of Presentation**

The accompanying basic financial statements of the Twenty-Sixth Judicial District Public Defenders' Office have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999.

**Financial Reporting Entity**

For financial reporting purposes, in conformity with GASB Statement No. 14, the Twenty-Sixth Judicial District Public Defenders' Office is part of the operations of the Louisiana Public Defender Board. The Louisiana Public Defender Board was established as a state agency to provide supervision, administration, and delivery of a statewide public defender system that is independent

## 1. Summary of Significant Accounting Policies (Continued)

of local politics. The Public Defenders' Office is financially independent and operates autonomously from the State of Louisiana and independently from the Louisiana Public Defender Board. Therefore, the Office reports as an independent reporting entity and the financial statements include only the transactions of the Twenty-Sixth District Public Defenders' Office.

### Fund Accounting

The Public Defenders' Office uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to the Office's functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental funds account for all of the Public Defenders' Office's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund equity. In general, fund equity represents the accumulated expendable resources which may be used to finance future period programs or operations of the Office. The unassigned balance under fund equity of the Governmental Funds Statement of Revenues and Expenditures represents the increases and decreases in the funds expendable resources. The following are the Office's governmental funds:

**General Fund:** The General Fund is the primary operating fund of the Public Defenders' Office and it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to board policy.

### Measurement Focus and Basis of Accounting

#### ***Fund Financial Statements***

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

The amounts reflected in the General Fund use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Public Defenders' Office considers all revenues available if they are collected within 30 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 claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available resources. The governmental funds use the following practices in recording revenues and expenditures:

1. **Summary of Significant Accounting Policies** (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 tax collectors and city courts within the judicial district. Interest earned in investments is recorded when the investments have matured, and the income is available. Grants are recorded as revenue during the period in which the related expenditures are incurred. Substantially all other revenues are recorded when received.

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

***Government-Wide Financial Statements***

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

The content and certain titles of the GWFS were changed upon the adoption by the Office in 2013 of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides reporting guidance for deferred outflows of resources and deferred inflows of resources, and adds them, when applicable, as elements of the GWFS, because they are distinct from assets and liabilities. In addition, because these additional elements may affect the residual amount of all of the elements presented in a statement of financial position, GASB 63 renames that measure as net position rather than net assets. The Office had no deferred outflows or inflows of resources at June 30, 2022.

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

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

Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

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

**1. Summary of Significant Accounting Policies (Continued)**

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

Fund Equity, Governmental Fund	569,294
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Property, Plant & Equipment	359,226
Lease Right of Use Asset	17,932
Lease Liability	<u>(17,932)</u>
Net Position of Governmental Activities	<u>928,520</u>
Excess of revenues over expenditures, Governmental Fund	(249,000)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
	<u>(8,323)</u>
Change in Net Position of Governmental Activities	<u>(257,323)</u>

**New Accounting Standard**

The Governmental Accounting Standards Board (GASB) issued Statement No. 87, Leases, and as required the Twenty-Sixth Judicial District Public Defenders' Office has adopted it in this fiscal year. This Statement outlines a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Twenty-Sixth Judicial District Public Defenders' Office has analyzed the provisions of GASB Statement No. 87, Leases, and has concluded that there are four leasing arrangements which qualify for disclosure under the new statement with the Twenty-Sixth Judicial District Public Defenders' Office being the lessee.

**Cash and Cash Equivalents**

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



## 1. Summary of Significant Accounting Policies (Continued)

state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

### Investments

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

Investments held at June 30, 2022 included \$5,998 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB codification 150.165, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and, therefore, not evidenced by securities that exist in physical or book entry form.

LAMP, a local government investment pool, is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "Investment Grade (A-1/P-1) commercial paper of domestic United State corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets shall not generally exceed 60 days and consists of no securities with an excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

### Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Public Defenders' Office maintains a threshold level of \$1,000 or more for capitalizing capital assets. For capital asset additions over \$10,000, State Board approval is required.

Capital assets are recorded in the Statement of Net Position and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public

**1. Summary of Significant Accounting Policies (Continued)**

purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and building improvements	10-40 years
Furniture and fixtures	5-15 years
Computer equipment	5 years

**Compensated Absences**

The Public Defenders’ Office does not provide for the accumulation and vesting of paid leave beyond the year in which it is earned.

**Long-Term Liabilities**

Long-Term Liabilities include obligations of capitalized leases.

**Net Position**

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

**Estimates**

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

**2. Budgets**

The Public Defenders’ Office followed the following budget practices, as of June 30, 2022:

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

**2. Budgets (Continued)**

Defenders' Board for approval.

(e) Budgetary appropriations lapse at the end of each fiscal year.

The original budget was amended once for the year ended June 30, 2022.

**3. Cash and Cash Equivalents**

At June 30, 2022, the Public Defenders' Office had cash and cash equivalents (book balances) as follows:

Interest-bearing demand deposits	459,930
----------------------------------	---------

These deposits are stated at cost, which approximates market. Custodial credit risk is the risk that, in the event of a bank failure, the Office's deposits might not be recovered. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance, or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2022, the Public Defenders' Office had approximately \$572,107 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance and/or a pledge of qualified U.S. Government (or its agencies) Securities.

**4. Investments**

Louisiana Revised Statutes and the Public Defenders' Office's investment policy govern the procedures to be followed and the types of allowable securities to be purchased by the board.

Under state law, the Public Defenders' Office is authorized to invest in United States bonds, treasury notes, or certificates. The Office has no specific policy defining levels of risk and amounts of investments they invest at any given time. Investments are categorized into these three categories of credit risk:

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

Investments not subject to categorization include investments in an external investment pool. At June 30, 2022, the fair value/carrying amount was \$5,998.

**5. Receivables**

Receivables of \$103,366 at June 30, 2022 result from items classified as Program Revenues, other charges and General Revenues, State Grants.

All receivables are considered fully collectible and, therefore, no allowance for uncollectible amounts is provided. If amounts become uncollectible, they are charged to operations when that determination is made.

## 6. Capital Assets

Capital assets and depreciation activity as of and for the twelve months ended June 30, 2022, are as follows:

	Beginning Balance 06/30/21	Increase	Decrease	Ending Balance 06/30/22
Governmental activities:				
Buildings and improvements	652,703	15,600	-	668,303
Furniture and equipment	<u>102,054</u>	<u>4,450</u>	<u>-</u>	<u>106,504</u>
Total	754,757	20,050	-	774,807
Less accumulated depreciation				
Buildings and improvements	297,558	23,013	-	320,571
Furniture and equipment	<u>89,650</u>	<u>5,360</u>	<u>-</u>	<u>95,010</u>
Total	<u>387,208</u>	<u>28,373</u>	<u>-</u>	<u>415,581</u>
Right of use assets	10,562	10,887	-	21,449
Less accumulated amortization	<u>-</u>	<u>3,517</u>	<u>-</u>	<u>3,517</u>
Total	<u>10,562</u>	<u>7,370</u>	<u>-</u>	<u>17,932</u>
Capital assets, net	<u><u>378,111</u></u>	<u><u>(953)</u></u>	<u><u>-</u></u>	<u><u>377,158</u></u>

## 7. Pension Plan

Substantially all of the Public Defenders' Office's employees participate in the federal social security program. The Public Defenders' Office is required to remit as a match the amount equal to the employee's contribution. The Public Defenders' Office does not guarantee any of the benefits granted by the Social Security Administration.

The Twenty-Sixth Judicial District Public Defenders' Office established a SIMPLE Individual Retirement Account Plan for its employees effective May 1, 1998. Under the plan, an employee must be eligible to participate in any calendar year if he or she received at least \$5,000 of compensation from the employer during each of the two preceding calendar years and is reasonably expected to receive at least \$5,000 in compensation during the current calendar year.

Under the arrangement, each eligible employee has the right to elect, during the 60-day period preceding the beginning of any calendar year, to participate in the arrangement for that calendar year or to modify the amount of his or her elective contributions for that year. An employee may terminate participation in the arrangement at any time during a calendar year. For the year ended

June 30, 2022, the Public Defenders' Office satisfied its matching contribution requirement by electing to make matching contributions of 3% of compensation for each employee who was eligible to participate. The employee's right to both elective contributions and matching contributions is fully vested at all times. The plan does not contain any employer-imposed prohibition on withdrawals from the account.

**7. Pension Plan (Continued)**

The amount of employer contributions for the period was \$8,346.

**8. Leases**

The Public Defenders' Office leases office equipment at both the Bossier and Webster locations. Each agreement is discounted at a 9% interest rate. The various lease commitments are as follows:

1. On July 1, 2018, the Twenty-Sixth Judicial District Public Defenders' Office entered into a finance lease agreement for a postage meter for the Benton office for 63 months. In the current year, \$347 was paid in postage meter lease payments.
2. On July 1, 2019, the Twenty-Sixth Judicial District Public Defenders' Office entered into a finance lease agreement for a copier for the Minden office for 48 months. In the current year, \$1,817 was paid in Minden office copier lease payments.
3. On September 30, 2020, the Twenty-Sixth Judicial District Public Defenders' Office entered into a finance lease agreement for a copier for the Juvenile office for 60 months. In the current year, \$1,800 was paid in Juvenile office copier lease payments.
4. On May 17, 2022, the Twenty-Sixth Judicial District Public Defenders' Office entered into a finance lease agreement for a copier for the Benton office for 60 months. In the current year, \$452 was paid in Benton office copier lease payments.

The following is a summary of lease liability transactions of the Public Defenders' Office for the year-ended June 30, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance
Capital Leases	10,562	10,887	(3,517)	17,932

The Public Defenders' Office's principal and interest requirements to maturity are as follows:

	Principal	Interest	Total Payments
2023	5,277	1,400	6,677
2024	3,774	977	4,751
2025	3,870	642	4,512
2026	2,842	320	3,162
2027	2,169	91	2,260
2028-32	-	-	-
	<u>17,932</u>	<u>3,430</u>	<u>21,362</u>

**9. Governmental Fund Revenues and Expenditures**

Revenues:

**State Government**

Grants 1,382,442

**Local Government**

Statutory fines, forfeitures, fees, court costs, and other 555,413

**Charges for Services**

108,835

**Investment Earnings**

3,221

**Miscellaneous**

14,337

Total revenues

2,064,248 ▲

Expenditures:

**Personnel Services and Benefits**

Salaries 716,835

Retirement contributions 8,346

Insurance 130,090

Payroll taxes 53,588

Total

908,859

**Professional Development**

Dues, licenses, and registrations 23,558

Travel 560

Other 1,756

Total

25,874

**Operating Costs**

Library and research 12,613

Contract services-attorney/legal 1,221,160

Contract services-other 43,650

Lease-office 6,386

Insurance 20,562

Supplies 11,638

**9. Governmental Fund Revenues and Expenditures (Continued)**

Repairs and maintenance	13,454	
Utilities and telephone	28,850	
Major acquisitions	20,050	
Other	<u>152</u>	
Total		<u>1,378,515</u>
Total expenditures		<u><u>2,313,248</u></u>

**10. Subsequent Events**

We evaluated events and transactions that occurred after the balance sheet date but before the financial statements were made available to be issued for potential recognition or disclosure in the financial statements. We evaluated such events through December 21, 2022 and noted no such subsequent events.

**REQUIRED SUPPLEMENTARY INFORMATION**



TWENTY-SIXTH JUDICIAL DISTRICT

PUBLIC DEFENDERS' OFFICE

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2022

(Unaudited)

	Original Annual Budget	Amended/ Final Budget	Actual	Positive (Negative) Variance with Final Budget
<u>Revenues:</u>				
Fines and forfeitures	580,000	481,183	555,413	74,230
Fees from indigents	60,000	107,170	108,835	1,665
State grants	1,365,240	1,317,667	1,382,442	64,775
Interest income	4,000	4,000	3,221	(779)
Other income	-	14,412	14,337	(75)
Total revenues	<u>2,009,240</u>	<u>1,924,433</u>	<u>2,064,248</u>	<u>139,815</u>
<u>Expenditures:</u>				
Salaries	850,000	719,804	716,835	2,969
Employer contributions to Simple IRA	10,000	10,697	8,346	2,351
Payroll taxes	60,000	53,988	53,588	400
Hospitalization and disability insurance	150,000	126,294	130,090	(3,796)
Contract services and appointed counsel	1,370,000	1,291,515	1,239,160	52,355
Office supplies and expense	15,000	8,585	11,638	(3,053)
Accounting and audit expense	30,000	25,650	25,650	-
Law library	40,000	32,517	12,613	19,904
Telephone and utilities	30,000	25,581	27,042	(1,461)
Lease	10,000	8,550	6,386	2,164
Repairs and maintenance	37,000	12,046	13,454	(1,408)
Travel and professional development	13,000	7,506	25,874	(18,368)
Insurance	23,000	20,067	20,562	(495)
Other	200	37	1,960	(1,923)
Major acquisitions	49,506	20,300	20,050	250
Total expenditures	<u>2,687,706</u>	<u>2,363,137</u>	<u>2,313,248</u>	<u>49,889</u>
<u>Excess of revenues over expenditures</u>	(678,465)	(438,704)	(249,000)	189,704
<u>Fund balance at July 1, 2021</u>	<u>715,823</u>	<u>818,294</u>	<u>818,294</u>	<u>-</u>
<u>Fund balance at June 30, 2022</u>	<u><u>37,358</u></u>	<u><u>379,590</u></u>	<u><u>569,294</u></u>	<u><u>189,704</u></u>

TWENTY-SIXTH JUDICIAL DISTRICT

PUBLIC DEFENDERS' OFFICE

NOTES TO BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2022

(Unaudited)

1. Budget  
Refer to Note 2 of the financial statements for details regarding the budget process.
  
2. Budget Variances  
Actual total revenues were more than budgeted revenues by more than 5% and actual total expenses were less than budgeted expenses by less than 5%.

**SUPPLEMENTARY INFORMATION**

TWENTY-SIXTH JUDICIAL DISTRICT

PUBLIC DEFENDERS' OFFICE

SUPPLEMENTARY INFORMATION IN ACCORDANCE WITH

LOUISIANA REVISED STATUTE 24:513(A)(3) (ACT 706 OF 2014)

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD

FOR THE YEAR ENDED JUNE 30, 2022

Agency Head: Michael F. Miller (07/01/21 – 06/30/22)

Salary	97,500
Benefits-insurance-health	10,901
Benefits – retirement	1,200
Dues	435
Travel	339

TWENTY-SIXTH JUDICIAL DISTRICT

PUBLIC DEFENDERS' OFFICE

JUSTICE SYSTEM FUNDING SCHEDULE - RECEIVING ENTITY

AS REQUIRED BY ACT 87 OF THE REGULAR LEGISLATIVE SESSION

CASH BASIS PRESENTATION

FOR THE YEAR ENDED JUNE 30, 2022

	First Six Month Period Ended 12/31/2021	Second Six Month Peroid Ending 06/30/2022
Receipts From:		
Bossier City Court - Criminal Court Costs/Fees	\$ 78,924	\$ 46,098
Minden City Court - Criminal Court Costs/Fees	2,355	1,185
Springhill City Court - Criminal Court Costs/Fees	12,510	10,530
Bossier Parish Sheriff's Office- Criminal Court Costs/Fees	60,809	64,529
Webster Parish Sheriff's Office- Criminal Court Costs/Fees	20,218	11,780
Minden City Court - Criminal Court Costs/Fees	200	560
Bossier Parish Sheriff's Office - Bond Fees	80,444	76,083
City of Bossier - Bond Fees	1,923	1,754
Webster Parish Sheriff's Office - Bond Fees	22,986	17,004
Total Receipts	<u>\$ 280,369</u>	<u>\$ 229,523</u>

**OTHER REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS**



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December 21, 2022

The Chief Defender  
Twenty-Sixth Judicial District Public Defenders' Office  
Bossier Parish, Louisiana

**Independent Auditor's Report on Internal Control over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Twenty-Sixth Judicial District Public Defenders' Office (Office) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Office's basic financial statements, and have issued our report thereon dated December 21, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Office's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Office's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness as item 2022-01.

### **Compliance and Other Matters**

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

### **Twenty-Sixth Judicial District Public Defenders' Office's Response to Findings**

Twenty-Sixth Judicial District Public Defenders' Office response to the finding identified in our audit is described in the accompanying management's corrective action plan for current year findings. Twenty-Sixth Judicial District Public Defenders' Office response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Heard, McElroy & Vestal, LLC*

Shreveport, Louisiana



TWENTY-SIXTH JUDICIAL DISTRICT

PUBLIC DEFENDERS' OFFICE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2022

**A. Summary of Audit Results**

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the Twenty-Sixth Judicial District Public Defenders' Office.
2. No instances of noncompliance material to the basic financial statements of the Twenty-Sixth Judicial District Public Defender were disclosed during the audit.
3. One material weakness in internal control over financial reporting was disclosed during the audit.
4. The Twenty-Sixth Judicial District Public Defenders' Office was not subject to a Federal Single Audit for the year ended June 30, 2022.

**B. Findings – Financial Statement Audit**

2022-01 Internal Controls with Regard to Financial Reporting

As is common in small operations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare the annual financial statements. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles have not been established, nor has management demonstrated an ability to perform these functions in-house. Under generally accepted auditing standards, this condition represents a control deficiency that is also considered to be a material weakness in internal controls.

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

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

**C. Findings and Questioned Costs – Major Federal Award Programs**

Not applicable.

TWENTY-SIXTH JUDICIAL DISTRICT  
PUBLIC DEFENDERS' OFFICE  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2022

**Prior Findings – Financial Statement Audit**

2021-01 Internal Controls with Regard to Financial Reporting

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

TWENTY-SIXTH JUDICIAL DISTRICT

PUBLIC DEFENDERS' OFFICE

MANAGEMENT'S CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS

FOR THE YEAR ENDED JUNE 30, 2022

2022-01 Internal Controls with Regard to Financial Reporting

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

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



---

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December 21, 2022

The Chief Defender  
Twenty-Sixth Judicial District Public Defenders' Office  
Shreveport, Louisiana

Louisiana Legislative Auditor  
Baton Rouge, Louisiana

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 01, 2021 through June 30, 2022. Twenty-Sixth Judicial District Public Defender's management is responsible for those C/C areas identified in the SAUPs. These Statewide Agreed-Upon Procedures were applied only to the Workforce Development control and compliance areas, as these are the areas that involve the use of public monies.

Public Defender has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

***Written Policies and Procedures***

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1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

- a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

*The entity has an adequate policy regarding budgeting.*

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

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

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

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

*Exception: The entity has written procedures covering the processing and approving of disbursements but does not address the reviewal process.*

*Management's Response: The Chief District Defender reviews the disbursements as the check is signed. Management will update the written policy to include this reviewal process.*

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

*The entity has an adequate policy regarding collections.*

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

*Exception: The entity has written policy covering the processing of payroll but does not address the reviewing or approving of time and attendance records.*

*Management's Response: Management will review written policies over payroll and update as considered necessary.*

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

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

*Management's Response: Management will establish written policies over contracting as considered necessary.*

- 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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

*Not applicable, as the entity does not use credit, debit, fuel, or purchase cards.*

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

*Exception: The entity does not have adequate written policies or procedures that deal with travel and expense reimbursement.*

*Management's Response: Management will review written policies over travel and expense reimbursement and update as considered necessary.*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statutes 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

*Exception: The entity has a written ethics policies addressing prohibitions defined in LA RS 42:1111-1121, actions to be taken if an ethics violation takes place, and indicating employees' requirement of ethics training but systems to monitor possible ethics violations or annual employee attestation to having read the ethics policy.*

*Management's Response: Management will review ethics policies and update as considered necessary.*

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

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

- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

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

*Management's Response: Management will establish written policies over information technology disaster recovery.*

- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

*The entity has an adequate written policy addressing sexual harassment.*

### **Board or Finance Committee**

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

### **Bank Reconciliations**

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3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

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

*Bank reconciliation was prepared for account selected and included evidence of having been prepared within 2 months of the related statement closing date.*

- b) Bank reconciliations include evidence that a member of management/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

*Bank reconciliation included evidence of review by Chief District Defender.*

- c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

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

*Management's Response: The uncleared transactions in reference are those associated with the return of application fees to former clients. All payments are mailed to the last known address. Office investigator attempts to locate a valid address if item is returned. Management has been advised by the state auditor that after all efforts to contact former clients have exhausted, then funds are to be sent to the state. Management has requested a procedure from the state auditor.*

### ***Collections (excluding electronic funds transfers)***

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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).

*The only deposit site is the main office.*

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.

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

- 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.

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

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

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

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

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.

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



7. Randomly select two deposit dates for each of the 5 bank accounts selected for 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 statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
  - a) Observe that receipts are sequentially pre-numbered.  
*No exceptions.*
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.  
*No exceptions.*
  - c) Trace the deposit slip total to the actual deposit per the bank statement.  
*No exceptions.*
  - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).  
*Exception: The deposits were not made within one business day of receipt.*  
*Management Response: Application fees are usually collected on Tuesday and Wednesdays after clients are in court. The fee is collected and placed in a locked, mounted safe. Fees are received in the mail as well. Deposits are made about once a week.*
  - e) Trace the actual deposit per the bank statement to the general ledger.  
*No exceptions.*

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

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8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).  
*A listing of locations was obtained from management.*
9. For each location selected under #2 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

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

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

*The Chief District Defender approved the bill, and the payment is processed by the accountant.*

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

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

*Management's Response: The same person who does add the vendors to the disbursement system. However, the District Defender signs off on any change or addition to payroll.*

- 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 accountant processes vendor payments and the office manager mails the checks.*

- 10. For each location selected under #2 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 and that supporting documentation indicates that deliverables included on the invoice were received by the entity.

*For all selections, no exceptions noted.*

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #3, as applicable.

*Exception: There is no documentation of segregation of duties.*

*Management's Response: Office only has two (2) management members, the Chief District Defender and the office manager.*

### **Credit Cards/Debit Cards/Fuel Cards/P-Cards**

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*Not applicable. Management presented that the entity has not issued any credit cards, debit cards, fuel cards, or purchase cards to any board member or staff.*

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

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

- a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

*Exception: The reimbursements selected were reimbursed using the incorrect mileage rate.*

*Management's Response: Management will improve controls going forward to ensure the correct mileage rate is used.*

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

*Not applicable – No reimbursements selected were reimbursed using actual costs.*

- 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).

*Exception: Two of the reimbursements did not include the description of travel.*

*Management's Response: The entity will improve its process to ensure description of all travel is included on expense reimbursements going forward.*

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

*Exception: One reimbursement was authorized by the individual receiving the reimbursement.*

*Management's Response: Chief District Defender will have the office manager sign mileage reimbursement payable to the Chief District Defender if such application is made to the office.*

## **Contracts**

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12. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

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

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

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

*No approval by governing body or board is required.*

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g. if approval is required for any amendment was approval documented).

*No amendments to the contracts noted; therefore, this procedure is not applicable.*

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

*No exceptions to procedure noted.*

## **Payroll and Personnel**

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13. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

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

14. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

*All five selected employees did document their daily attendance and leave.*

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

*Exception: Attendance and leave records were not approved by supervisors.*

*Management's Response: The office manager makes every effort to reconcile the time sheets submitted by staff with their leave slips for correctness.*

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

*Leave accrued or taken during the pay period tested was appropriately reflected in cumulative leave records.*

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

*No exceptions noted.*

- 15. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, and

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

*Exception: Employee selected for testing did not turn in a timesheet for the last pay period worked, and entity does not have a termination policy.*

*Management's Response: The entity will work towards a policy to address termination payments for 2023 to ensure all terminated employees turn in a timesheet.*

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

*Exception: Employee selected for testing did not turn in timesheet for last pay period worked; therefore, leave records were not updated.*

*Management's Response: Management will improve controls to ensure all timesheets are turned in for terminated employees to leave records can be updated appropriately.*

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

*Exception: Employee selected for testing did not turn in timesheet for last pay period; therefore, it is undeterminable how the pay rate was determined.*

*Management's Response: Management will improve controls to ensure all timesheets are turned in for terminated employees to ensure pay is effective.*

- d) Agree the termination payment to entity policy.

*Exception: Entity does not have a termination policy.*

*Management's Response: The entity will work towards a policy to address termination payments for 2023.*

16. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g. payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

*Management's representation was obtained covering these statements.*

### **Ethics**

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17. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

*No exceptions to procedure noted.*

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

*Not applicable; no changes were made during the fiscal period to the entity's fiscal period.*

### **Debt Service**

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

## ***Fraud Notice***

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18. 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.

*N/A – no misappropriations of public funds identified during the fiscal period.*

19. 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.

*The entity does not have a website. The fraud notice is posted on the entity's premises.*

## ***Information Technology Disaster Recovery/Business Continuity***

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20. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

*We performed the procedure and discussed the results with management.*

- b. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

*We performed the procedure and discussed the results with management.*

- c. Obtain a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

*We performed the procedure and discussed the results with management.*

## ***Sexual Harassment***

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21. Using the 5 randomly selected employees/official from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

*Exception: One employee selected was unable to provide a dated sexual harassment training certificate.*

*Management’s Response: Management will improve controls to ensure all employees complete sexual harassment training and submit their certificate for documentation.*

22. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if they entity does not have a website).

*The sexual harassment policy and complaint procedure is posted on the Louisiana Public Defender website.*

23. Obtain the entity’s sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

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

*Not applicable. Entity does not have a sexual harassment report as there were no complaints to be reported on.*

- b) Number of sexual harassment complaints received by the agency;

*Not applicable. Entity does not have a sexual harassment report as there were no complaints to be reported on.*

- c) Number of complaints which results in a finding that sexual harassment occurred;

*Not applicable. Entity does not have a sexual harassment report as there were no complaints to be reported on.*

- d) Number of complaints in which the finding of sexual harassment results in discipline or corrective action; and

*Not applicable. Entity does not have a sexual harassment report as there were no complaints to be reported on.*

- e) Amount of time it took to resolve each complaint.

*Not applicable. Entity does not have a sexual harassment report as there were no complaints to be reported on.*



We were engaged by Twenty-Sixth Judicial District Public Defender Office to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Twenty-Sixth Judicial District Public Defender Office and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

*Heard, McElroy & Vestal, LLC*

Shreveport, Louisiana