

**36TH JUDICIAL DISTRICT
PUBLIC DEFENDERS' OFFICE**

Financial Report

Year Ended June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

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* A Professional Accounting Corporation

To the District Public Defender of the
36th Judicial District Public Defenders' Office
Deridder, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the 36th Judicial District Public Defenders' Office (District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 22 – 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2021, on our consideration of the District'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 District'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 District's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
January 6, 2021

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

36TH JUDICIAL DISTRICT PUBLIC DEFENDERS' OFFICE
Parish of Beauregard

Statement of Net Position
June 30, 2020

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and interest-bearing deposits	\$ 71,751
Due from other governments	17,143
Other receivables	<u>16,236</u>
Total current assets	105,130
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>1,598</u>
Total assets	<u>106,728</u>
NET POSITION	
Net investment in capital assets	1,598
Unrestricted	<u>105,130</u>
Total net position	<u>\$ 106,728</u>

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

36TH JUDICIAL DISTRICT PUBLIC DEFENDERS' OFFICE
Parish of Beauregard

Statement of Activities
For the Year Ended June 30, 2020

Activities	Expenses	Program Revenues		Governmental Activities Net (Expense) Revenue and Change in Net Position
		Charges for Services and Fines	Operating Grants and Contributions	
Governmental activities:				
General government	<u>\$ 387,433</u>	<u>\$ 48,996</u>	<u>\$ 382,103</u>	\$ 43,666
General revenues:				
Interest and investment earnings				117
Miscellaneous				<u>16,236</u>
Total general revenues				<u>16,353</u>
Change in net position				60,019
Net position - beginning				<u>46,709</u>
Net position - ending				<u>\$ 106,728</u>

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

FUND FINANCIAL STATEMENTS

36TH JUDICIAL DISTRICT PUBLIC DEFENDERS' OFFICE
Parish of Beauregard

Balance Sheet
Governmental Fund
June 30, 2020

	<u>General Fund</u>
ASSETS	
Cash and interest-bearing deposits	\$ 71,751
Due from other governments	17,143
Other receivables	<u>16,236</u>
Total assets	<u>\$ 105,130</u>
LIABILITIES AND FUND BALANCE	
Fund balance:	
Unassigned	<u>\$ 105,130</u>

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

36TH JUDICIAL DISTRICT PUBLIC DEFENDERS' OFFICE
Parish of Beauregard

Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
June 30, 2020

Total fund balances for governmental funds at June 30, 2020	\$ 105,130
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:	
Furniture and fixtures, net of \$9,556 accumulated depreciation	<u>1,598</u>
Total net position at June 30, 2020	<u>\$ 106,728</u>

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

36TH JUDICIAL DISTRICT PUBLIC DEFENDERS' OFFICE
Parish of Beauregard

Statement of Revenues, Expenditures, and Changes in Fund Balance-
Governmental Fund
For the Year Ended June 30, 2020

	<u>General Fund</u>
Revenues:	
Intergovernmental revenues -	
Court cost and bond forfeitures	\$ 216,159
District assistance fund - Louisiana IDAB	165,944
Charges for service -	
Partially indigent and application fees	48,996
Investment earnings	117
Other	<u>16,236</u>
Total revenues	447,452
 Expenditures:	
Current -	
Indigent defense:	
Operations	<u>386,927</u>
Net change in fund balance	60,525
 Fund balance, beginning	<u>44,605</u>
 Fund balance, ending	<u><u>\$ 105,130</u></u>

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

36TH JUDICIAL DISTRICT PUBLIC DEFENDERS' OFFICE
Parish of Beauregard

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of the Governmental Fund
to the Statement of Activities
For the Year Ended June 30, 2020

Total net change in fund balance for the year ended June 30, 2020 per the statement of revenues, expenditures and changes in fund balance	\$ 60,525
The change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense for the year ended June 30, 2020	<u>(506)</u>
Total change in net position for year ended June 30, 2020 per the statement of activities	<u>\$ 60,019</u>

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

36th JUDICIAL DISTRICT PUBLIC DEFENDERS' OFFICE
Parish of Beauregard

Notes to Basic Financial Statements

INTRODUCTION

The 36th Judicial District Public Defenders' Office (District) provides criminal defense to indigent persons in Louisiana's 36th Judicial District (Beauregard Parish). The function is accomplished by maintaining an administrative staff and contracting for legal and other defense experts.

The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America as applied to governmental units. Such accounting and reporting procedures also conform to the requirements of the industry guide, *Audits of State and Local Governmental Units*.

(1) Summary of Significant Accounting Policies

A. Financial Reporting Entity

The District is part of the operations of the Louisiana Public Defender Board. House Bill No. 436, Act No. 307 of the 2007 regular legislative session enacted the Louisiana Public Defender Act, effective August 15, 2007, creating the Louisiana Public Defender Board with oversight responsibilities of service regions and individual district public defender offices. The Louisiana Public Defender Board, which is established as a state agency, provides for the supervision, administration, and delivery of a statewide public defender system that is independent of local politics. Service regions are created to help provide supervision over district offices. The Louisiana Public Defender Board has the power to provide for the powers and duties of district public defenders and for the filling of vacancies.

The accompanying financial statements present information only on the Offices maintained by the 36th Judicial District Public Defenders' Office.

B. Basis of Presentation

The accompanying basic financial statements of the District 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.

Government-Wide Financial Statements

The government-wide financial statements provide operational accountability information for the District as an economic unit. The government-wide financial statements report the District's ability to maintain service levels and continue to meet its obligations as they come due. The statements include all governmental activities of the District.

36th JUDICIAL DISTRICT PUBLIC DEFENDERS' OFFICE
Parish of Beauregard

Notes to the Basic Financial Statements (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and therefore are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the District are organized on the basis of funds, each of which is considered to be an independent fiscal and accounting entity. The operations of each fund are accounted for within separate sets of self-balancing accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues, expenditures/expenses, and transfers. The minimum number of funds is maintained consistent with legal and managerial requirements. Fund financial statements report detailed information about the District. The various funds of the District are classified as governmental funds. The emphasis on fund financial statements is on major funds, each displayed in a separate column.

The General Fund is always a major governmental fund. Other individual governmental and enterprise major funds are determined as funds whose revenues, expenditures/expenses, assets and deferred outflows of resources or liabilities and deferred inflows of resources are at least ten percent of the corresponding totals for all funds of that category or type (total governmental or total enterprise funds) and at least five percent of the corresponding total for all governmental and enterprise funds combined for funds designated as major at the discretion of the District. Funds not classified as a major fund are aggregated and presented in a single column in the fund financial statements. The District maintains one fund, which is categorized as a governmental fund. The fund used by the District is described below.

Governmental Fund –

Governmental funds are those through which most governmental functions are financed. The acquisition, use, and balance of the District's expendable financial resources and related liabilities are accounted for through governmental funds.

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

36th JUDICIAL DISTRICT PUBLIC DEFENDERS' OFFICE
Parish of Beauregard

Notes to the Basic Financial Statements (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The measurement focus determines the accounting and financial reporting treatment applied to a fund. The governmental activities within the government-wide statement of net position and statement of activities are presented using the economic resources measurement focus. The economic resources measurement focus meets the accounting objectives of determining net income, net position, and cash flows.

The fund financial statements use either the current financial resources measurement focus or the economic resources measurement focus as appropriate. Governmental funds use the current financial resources measurement focus. This measurement focus is based upon the receipt and disbursement of current available financial resources rather than upon net income.

The accrual basis of accounting is used throughout the government-wide financial statements; conversely, the financial statements of the General Fund have been prepared in accordance with the modified accrual basis of accounting, whereby revenues are recognized when considered both measurable and available to finance expenditures of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal period. The District accrues court costs, bond forfeitures, fees from indigents, and intergovernmental revenues based upon this concept. Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursement for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when the cash is received by the District.

Expenditures are generally recognized when the related fund liabilities are incurred and become payable in the current period. Proceeds of debt are reported as other financing sources, and principal and interest on long-term debt, as well as expenditures related to compensated absences, are recorded as expenditures when paid.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity

Cash and interest-bearing deposits

Cash and interest-bearing deposits include amounts held in demand deposit accounts, interest-bearing demand deposits, and time deposits. They are stated at cost, which approximates market.

Receivables/Due from Other Governments

In the government-wide statements, receivables, including amounts due from other governments, consist of all revenues earned at year-end and not yet received.

36th JUDICIAL DISTRICT PUBLIC DEFENDERS' OFFICE
Parish of Beauregard

Notes to the Basic Financial Statements (Continued)

Capital Assets

Capital assets are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated capital assets are recorded at acquisition value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The District maintains a threshold level of \$1,000 or more for capitalizing capital assets.

Depreciation of all exhaustible capital assets is recorded as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Furniture and fixtures	5 - 10 years
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Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes.

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. There are no deferred inflows or outflows of resources as of June 30, 2020.

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 net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

36th JUDICIAL DISTRICT PUBLIC DEFENDERS' OFFICE
Parish of Beauregard

Notes to the Basic Financial Statements (Continued)

- b. Restricted net position consists of net position with constraints placed on the use either by external groups, such as grantors, creditors, contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation. It is the District's policy to use restricted net position prior to the use of unrestricted net position when both restricted and unrestricted net position are available for an expense which has been incurred.
- c. Unrestricted net position consists of all other assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of "restricted" or "net investment in capital assets."

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily upon the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The categories and their purposes are:

- a. Nonspendable includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints requiring they remain intact.
- b. Restricted includes fund balance amounts that are constrained for specific purpose which are externally imposed by providers, such as grantors, donors, creditors, or amounts constrained due to constitutional provisions or enabling legislation.
- c. Committed includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through formal action and does not lapse at year end. A committed fund balance constraint can only be established, modified, or rescinded by formal decision by the District Defender
- d. Assigned includes fund balance amounts that are constrained by the District's intent to be used for specific purposes, that are neither restricted nor committed. The assignment of fund balance is authorized by a directive from the District's Defender and approved by the District Defender.
- e. Unassigned includes fund balance amounts which have not been classified within the above-mentioned categories.

It is the District's policy to use restricted amounts first when both restricted and unrestricted fund balance is available unless prohibited by legal or contractual provisions. Additionally, the District uses committed, assigned, and lastly unassigned amounts of fund balance in that order when expenditures are made.

36th JUDICIAL DISTRICT PUBLIC DEFENDERS' OFFICE
Parish of Beauregard

Notes to the Basic Financial Statements (Continued)

E. Revenues, Expenditures/Expenses

Revenues

The District considers revenue to be susceptible to accrual in the governmental funds as it becomes measurable and available, as defined under the modified accrual basis of accounting. The District generally defines the availability period for revenue recognition as received within the reporting period or within sixty (60) days after year end. The District's major revenue sources that meet this availability criterion are court costs, bond forfeitures, intergovernmental revenues, and charges for services.

There are three classifications of programmatic revenues for the District, program specific grant and contributions revenue (operating and capital) and charges for services. Grant revenues are revenues from federal, state, and private grants. These revenues are recognized when all applicable eligibility requirements are met and are reported as intergovernmental revenues. The primary sources of charges for services are application fees and fees paid by partially indigent offenders. In the government-wide statement of activities interest income and other miscellaneous receipts are reported as general revenues because the District has discretion in the application of these funds to various programs/functions administered by the District.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by character and function. In the fund financial statements, expenditures are classified by character.

F. 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.

36th JUDICIAL DISTRICT PUBLIC DEFENDERS' OFFICE
Parish of Beauregard

Notes to the Basic Financial Statements (Continued)

(2) Cash and Interest-Bearing Deposits

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2020, the District has interest-bearing deposits (book balances) totaling \$71,751.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District' deposits may not be recovered, or the District will not be able to recover the collateral securities that are in the possession of an outside party. 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 securities are held in the name of the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties.

As of June 30, 2020, the District's bank balances totaling \$94,320 were fully insured by federal deposit insurance and, therefore, not exposed to custodial credit risk. The District does not have a policy for custodial credit risk.

(3) Due From Other Governments

At June 30, 2020, the amounts due from other governmental agencies consist of the following:

Court costs and fees	<u>\$17,143</u>
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(4) Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	7/1/2019	Additions	Deletions	6/30/2020
Capital assets:				
Furniture and fixtures	\$ 11,154	\$ -	\$ -	\$ 11,154
Less: accumulated depreciation				
Furniture and fixtures	9,050	506	-	9,556
Capital assets, net	\$ 2,104	\$ (506)	\$ -	\$ 1,598

Depreciation expense in the amount of \$506 was charged to general government.

36th JUDICIAL DISTRICT PUBLIC DEFENDERS' OFFICE
Parish of Beauregard

Notes to the Basic Financial Statements (Continued)

(5) Governmental Office Revenues and Expenditures

For the year ended June 30, 2020, the major sources of governmental fund revenues and expenditures were as follows:

Revenues:

State Government -	
Grants	\$ 165,944
Local Government -	
Statutory fines, forfeitures, fees, court costs, and other	216,159
Charges for Services	48,996
Investment earnings	117
Other	<u>16,236</u>
Total Revenues	<u>\$ 447,452</u>

Expenditures:

Professional Development -	
Dues, licenses, and registrations	<u>\$ 5,021</u>
Operating Costs -	
Contract services - attorney/legal	365,441
Contract services - other	5,825
Equipment rental	3,650
Insurance	4,020
Supplies	513
Utilities and telephone	2,025
Other	<u>432</u>
Total	<u>381,906</u>
Total Expenditures	<u>\$ 386,927</u>

(6) Risk Management

The District is exposed to risks of loss in the areas of general liability, malpractice, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

36th JUDICIAL DISTRICT PUBLIC DEFENDERS' OFFICE
Parish of Beauregard

Notes to the Basic Financial Statements (Continued)

(7) Schedule of Compensation, Benefits and Other Payments to Agency Head

The schedule of compensation, benefits and other payments to David Wallace, District Defender, for the year ended June 30, 2020 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	<u>\$ 90,000</u>

(8) Risks and Uncertainties

Subsequent to February 28, 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and many government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the District as of June 30, 2020, management does not believe that a material impact on the District's financial position and results of future operations is reasonably possible.

(9) Subsequent Events

30th Judicial District Public Defender Tony Tillman was appointed as interim District Defender of the 36th Judicial District Public Defenders' Office as of August 10, 2020 following the retirement of District Defender David Wallace.

REQUIRED SUPPLEMENTARY INFORMATION

36TH JUDICIAL DISTRICT PUBLIC DEFENDERS' OFFICE
Parish of Beauregard
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	2020			Variance - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental revenues -				
Court cost and bond forfeitures	\$ 15,306	\$ 15,306	\$ 216,159	\$ 200,853
District assistance fund - Louisiana IDAB	151,365	151,365	165,944	14,579
Charges for service -				
Partially indigent and application fees	14,209	14,209	48,996	34,787
Investment earnings	7	7	117	110
Other	-	-	16,236	16,236
Total revenues	<u>180,887</u>	<u>180,887</u>	<u>447,452</u>	<u>266,565</u>
Expenditures:				
Current -				
Indigent defense:				
Operations	<u>32,534</u>	<u>32,534</u>	<u>386,927</u>	<u>(354,393)</u>
Net change in fund balance	148,353	148,353	60,525	620,958
Fund balance, beginning	<u>44,605</u>	<u>44,605</u>	<u>44,605</u>	<u>-</u>
Fund balance, ending	<u>\$ 192,958</u>	<u>\$ 192,958</u>	<u>\$ 105,130</u>	<u>\$ 620,958</u>

The accompanying notes are an integral part of this schedule.

30th JUDICIAL DISTRICT PUBLIC DEFENDERS' OFFICE
Parish of Beauregard

Notes to Required Supplementary Information

(1) Budget and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with the Budget Act of the State of Louisiana, the District prepares an operating budget for the general fund at least fifteen days prior to the commencement of the budgetary year-end. The operating budgets include proposed expenditures and the means of financing them for the upcoming year.
2. A summary of the proposed budget is published, and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the District. Such amendments were not material in relation to the original appropriations.

(2) Excess of Expenditures Over Appropriations

The General Fund incurred expenditures in excess of appropriations totaling \$354,393 for the year ended June 30, 2020.

**INTERNAL CONTROL, COMPLIANCE
AND
OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

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To the District Public Defender of the
36th Judicial District Public Defenders' Office
Deridder, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the 36th Judicial District Public Defenders' Office (District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 6, 2021.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as item 2020-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as item 2020-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2020-003, 2020-004, 2020-005, and 2020-006.

The District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of current and prior year audit findings and management's corrective action plan. The District's 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. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC

Certified Public Accountants

Oberlin, Louisiana
January 6, 2021

36th JUDICIAL DISTRICT PUBLIC DEFENDERS' OFFICE
Parish of Beauregard

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended June 30, 2020

Part I: Current Year Findings and Management's Corrective Action Plan

A. Internal Control Over Financial Reporting

2020-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: Unknown

CONDITION: The District did not have adequate segregation of functions within the accounting system.

CRITERIA: AU-C§315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows:

“Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

CAUSE: The cause of the condition is the fact that the District does not have a sufficient number of individuals performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have a control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recording keeping; and (4) reconciliation.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The District has determined that it is not cost effective to achieve complete segregation of duties within the accounting department.

36th JUDICIAL DISTRICT PUBLIC DEFENDERS' OFFICE
Parish of Beauregard

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended June 30, 2020

2020-002 Financial Accounting Records

Fiscal year finding initially occurred: 2020

CONDITION: The District did not maintain accurate financial accounting records during the year, including, accurate support for revenues. At June 30, 2020, the District recorded an accrual for revenue with no supporting documentation other than the check received. This check, written by District Defender David Wallace, included the notation "PPP -005/08 to 07/02/20" in the memo line; however, no other supporting documentation was maintained.

CRITERIA: AU-C§315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows:

"Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations."

CAUSE: The cause of the condition is the failure to keep accurate support of certain revenue transactions.

EFFECT: Failure to maintain accurate financial accounting records could result in overspending of available funds. Additionally, inappropriate use of funds or receipt of funds from unidentified sources could go undetected for an extended period.

RECOMMENDATION: Management should maintain supporting documentation for all revenue and expense transactions.

MANAGEMENT'S CORRECTIVE ACTION PLAN: District Defender David Wallace retired shortly after the end of the fiscal year. An interim District Defender was appointed in August 2020. The District has implemented policies and procedures to ensure that accurate financial accounting records are maintained for all revenue and expense transactions.

36th JUDICIAL DISTRICT PUBLIC DEFENDERS' OFFICE
Parish of Beauregard

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended June 30, 2020

B. Compliance

2020-003 Budget Noncompliance

Fiscal year finding initially occurred: 2020

CONDITION: Total expenditures in the General Fund exceeded total budgeted expenditures by 1,089% or \$354,393.

CRITERIA: LA-RS 39:1311(A)(1)&(2) states that when total actual revenues and other sources or expenditures and other uses plus projected revenues and other sources or expenditures and other uses for the remainder of the year are failing to meet or exceeding the total budgeted amounts by five percent or more, the budget must be amended.

CAUSE: The District failed to properly monitor the expenditures of the General Fund and amend the budget when actual expenditures exceeded budgeted expenditures by five percent or more.

EFFECT: The District may not prevent and/or detect compliance violations due to revenue shortfalls or over expenditure of the appropriated budget, and/or errors or irregularities on a timely basis.

RECOMMENDATION: The District should periodically compare actual activity to budgeted amounts and adopt budgetary amendments as necessary to ensure compliance with state law.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The District will amend the General Fund budget in accordance with LA-RS 39:1311 (A)(1)&(2).

2020-004 Nepotism

Fiscal year finding initially occurred: 2020

CONDITION: The wife of the District Defender was employed by the District during the fiscal year.

CRITERIA: LA-RS 42:1119 states that no member of the immediate family of an agency head shall be employed in his agency.

CAUSE: The wife of the District Defender was employed by the District during the fiscal year.

36th JUDICIAL DISTRICT PUBLIC DEFENDERS' OFFICE
Parish of Beauregard

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended June 30, 2020

EFFECT: By employing the wife of the District Defender, the District may have violated state law.

RECOMMENDATION: The District should implement procedures to ensure that no member of the immediate family of the District Defender is employed in the District offices as required by LA R.S. 42:1119.

MANAGEMENT'S CORRECTIVE ACTION PLAN: District Defender David Wallace retired shortly after the end of the fiscal year. At this time, his wife also left her position with the District. An interim District Defender was appointed in August 2020.

2020-005

Timesheets

Fiscal year finding initially occurred: 2020

CONDITION: The District did not utilize timesheets for District personnel.

CRITERIA: Section 2.6.2 of the contract between the Louisiana Public Defender Board (LPDB) and David L. Wallace, District Defender, 36th Judicial District, requires all District personnel, independent contractors and employees, to keep timesheets, in a format approved by the State Public Defender, showing the work activities performed on the District's behalf and the actual amount of time expended on a daily basis. Presently, all attorneys who are employed by, or contract with, the District Defender and who split their time between District Defender work and private work are required to report the number of hours they spend on private work on a daily basis prominently displayed on the timesheets.

CAUSE: The District failed to properly utilize timesheets as required by Section 2.6.2 of the contract with the LPDB.

EFFECT: The District will be unable to properly monitor caseload levels accurately and ensure that no attorney's combined caseload (both District Defender and private cases) exceed caseload standards as set by the LPDB.

RECOMMENDATION: The District should utilize timesheets for all District personnel as required by Section 2.6.2 of the contract with the LPDB.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The District will implement policies and procedures to ensure that timesheets are utilized by all District personnel as required by Section 2.6.2 of the contract with the LPDB.

36th JUDICIAL DISTRICT PUBLIC DEFENDERS' OFFICE
Parish of Beauregard

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended June 30, 2020

2020-006 Insurance

Fiscal year finding initially occurred: 2020

CONDITION: The District purchased professional liability, automobile, and commercial property insurance policies.

CRITERIA: Section 19 of the contract between the Louisiana Public Defender Board (LPDB) and David L. Wallace, District Defender, 36th Judicial District, requires that the District Defender, at the District Defender's own expense, shall purchase and maintain the minimum insurance coverage specified for commercial general liability, professional liability, automobile liability, employee dishonesty/fidelity coverage, and workers' compensation.

CAUSE: The District purchased professional liability, automobile, and commercial property insurance in violation of Section 19 of the contract with the LPDB.

EFFECT: The District purchased insurance coverage in violation of Section 19 of the contract with the LPDB.

RECOMMENDATION: The District Defender should purchase insurance at his own expense as required by Section 19 of the contract with the LPDB.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The District will implement policies and procedures to ensure that the District does not purchase insurance policies in violation of Section 19 of the contract with the LPDB.

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

There were no findings reported under this section.

B. Compliance

There were no findings reported under this section.