

**FIRST JUDICIAL DISTRICT
PUBLIC DEFENDERS' OFFICE
CADDO PARISH, LOUISIANA
JUNE 30, 2020**

FIRST JUDICIAL DISTRICT
PUBLIC DEFENDERS' OFFICE
CADDO PARISH, 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 First Judicial District Public Defenders' Office, Caddo Parish, provides an overview of the Office's financial activities for the year ended June 30, 2020. Please read it in conjunction with the Office's financial statements, which begin on Page 3.

USING THIS REPORT

This report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on Pages 3 and 4) 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 3. 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 3 and provide detailed information about the most significant funds - not necessarily the Office as a whole.

Governmental funds (General Fund) - All of the Office's basic services are reported in a governmental fund, which focuses on how money flows into and out of this fund 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 \$534,466. Of this figure, \$31,498 (5.89%) is its investment in capital assets such as equipment, furniture, computers, etc. The remaining portion of net position of \$502,968 (94.11%) is unrestricted. The Office's total net position changed from June 30, 2019, decreasing by \$23,586, or 4.23%. Net position is shown below.

	Governmental Activities	
	2020	2019
Current and other assets	597,515	660,446
Capital assets	31,498	17,075
Total assets	629,013	677,521
Payables	-	9,900
Long-term liabilities	94,547	109,569
Total liabilities	94,547	119,469
Net position:		
Net investment in capital assets	31,498	17,075
Unrestricted	502,968	540,977
Total net position	534,466	558,052

THE OFFICE'S ACTIVITIES

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, 2020 and 2019, are shown below.

	Governmental Activities	
	2020	2019
Expenditures:		
Salaries and related benefits	1,509,741	1,535,304
Contract services	1,166,091	1,023,216
Operating services	428,000	422,480
Travel and professional development	7,477	8,816
Depreciation	10,923	7,502
Total expenses	3,122,232	2,997,318
Revenues:		
Court costs (fines & forfeitures)	1,121,845	1,199,943
Court ordered fees	35,163	151,414
State grants	1,845,368	1,755,644
Other income	96,270	91,399
Total revenues	3,098,646	3,198,400
Change in net position	(23,586)	201,082
Net position, beginning of year	558,052	356,970
Net positions, end of year	534,466	558,052

Total revenues decreased \$99,754, from total revenues in 2019 of \$3,198,400 to total revenues of \$3,098,646 in 2020. The decrease in revenues was largely attributable to a decrease in court ordered fees due to court closures as a response to the COVID-19 pandemic in 2020.

In addition, total expenses increased by \$124,914 from total expenses of \$2,997,318 in 2019 to total expenses of \$3,122,232 in 2020. This increase was attributable the Office hiring more contract attorneys, resulting in an increase in contract services of \$142,875, paired with a decrease 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, 2020 was \$31,498. This investment includes equipment and fixtures.

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 First Judicial District Public Defenders' Office's office at 400 Travis Street, Suite 2000, Shreveport, Louisiana 71101.

AUDITED FINANCIAL STATEMENTS

HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

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December 16, 2020

The Chief Defender
First Judicial District Public Defenders' Office
Caddo 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 First Judicial District Public Defenders' Office as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Office'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 the 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 of material misstatement.

An audit involves performing procedures to obtain 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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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 First Judicial District Public Defenders' Office as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages i through iii and 13 through 14 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The current year's supplemental data included on Page 15 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2020, on our consideration of the Office's internal control over financial reporting and 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 internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 Office's internal control over financial reporting and compliance.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana

FIRST JUDICIAL DISTRICT
PUBLIC DEFENDERS' OFFICE
GOVERNMENT WIDE STATEMENT OF NET POSITION
JUNE 30, 2020

<u>A S S E T S</u>	Governmental Fund Balance Sheet	Adjustments	Statement of Net Position
Cash	502,172	-	502,172
Receivables	95,343	-	95,343
Capital assets, net of allowance for depreciation	-	31,498	31,498
Total assets	<u>597,515</u>	<u>31,498</u>	<u>629,013</u>
 <u>LIABILITIES AND FUND EQUITY</u> 			
<u>Liabilities:</u>			
Accrued compensated absences	-	94,547	94,547
Total liabilities	-	94,547	94,547
 <u>Fund equity:</u>			
Unassigned	597,515	(597,515)	-
<u>Net position:</u>			
Invested in capital assets	-	31,498	31,498
Unrestricted	-	502,968	502,968
Total fund equities	<u>597,515</u>	<u>(63,049)</u>	<u>534,466</u>
Total liabilities and net assets	<u>597,515</u>	<u>31,498</u>	<u>629,013</u>

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

FIRST JUDICIAL DISTRICT
PUBLIC DEFENDERS' OFFICE
GOVERNMENT WIDE STATEMENT OF ACTIVITES
FOR THE YEAR ENDED JUNE 30, 2020

	Governmental Fund Statement of Revenues and Expenditures	Adjustments	Statements of Activities
<u>Expenditures/expenses:</u>			
Judiciary:			
Personal services	1,231,264	-	1,231,264
Contract Services	1,166,091	-	1,166,091
Related benefits	293,499	(15,022)	278,477
Travel and professional development	7,477	-	7,477
Operating services	453,346	(25,346)	428,000
Depreciation	-	10,923	10,923
Total expenditures/expenses	<u>3,151,677</u>	<u>(29,445)</u>	<u>3,122,232</u>
<u>Program revenues:</u>			
Charge for services	35,163	-	35,163
Other charges	<u>1,121,845</u>	-	<u>1,121,845</u>
Net program revenues	1,157,008	-	1,157,008
<u>General revenues:</u>			
State grants	1,845,368	-	1,845,368
Investment earnings	-	-	-
Other income	<u>96,270</u>	-	<u>96,270</u>
Total general revenues	1,941,638	-	1,941,638
Total revenues	3,098,646	-	3,098,646
<u>Excess (deficiency) of revenues over expenditures/expenses</u>	(53,031)	29,445	-
<u>Change in net position</u>	-	-	(23,586)
<u>Fund balance/net assets:</u>			
Beginning of year	<u>650,546</u>	<u>(92,494)</u>	<u>558,052</u>
End of year	<u>597,515</u>	<u>(63,049)</u>	<u>534,466</u>

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

FIRST JUDICIAL DISTRICT

PUBLIC DEFENDERS' OFFICE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020

Introduction

The First 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 parish of Caddo, Louisiana.

The First Judicial District Public Defenders' Office is domiciled in Caddo Parish, Shreveport, Louisiana. All records of proceedings and official actions (all paper, documents, and records) are kept in Shreveport, Louisiana.

The First Judicial District Public Defenders' Office employs 54 people. There are 27 employees (10 full-time attorneys, 12 full-time support staff, 3 full-time investigators, 1 part-time investigator and 1 part-time support staff), 26 contract attorneys and 1 contract IT person. All employees are salaried.

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying basic financial statements of the First 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 First 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 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 First Judicial 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 certain board 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.

1. Summary of Significant Accounting Policies (Continued)

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 decrease in the fund's 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 balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach 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 certain compensated absences 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:

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 on 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*.

1. Summary of Significant Accounting Policies (Continued)

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, 2020.

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 users as a fee for services. Program revenues reduce the cost of the function to be financed from the Office's general revenues.

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	597,515
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	31,498
Liabilities for accrued compensated absences that are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(94,547)</u>
Net Position of Governmental Activities	<u>534,466</u>

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

Excess of expenditures over revenues, Governmental Fund	(53,031)
Income deriving from the reduction of compensated absences liability reported in the Statement of Activities does not provide current financial resources and, therefore, are not reported as income in the governmental funds.	15,022
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>14,423</u>
Change in Net Position of Governmental Activities	<u>(23,586)</u>

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

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 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>
Furniture and fixtures	5-15 years
Computer equipment	5 years

Compensated Absences

Employees are granted PTO based upon years of employment. During fiscal year ended June 30, 2017, the Office of the Public Defenders paid time off (PTO) policy was updated to limit the amount of accumulated PTO available for future use to 5 days. PTO earned under the current policy is not eligible to be paid upon separation of employment.

All unused vacation days accumulated prior to adoption of the new policy will continue to be held by the employee who carry it over until used by the employee and are eligible to be paid upon separation of employment. Amounts reflected as accrued compensated absences in the government wide statement of net assets represent these amounts.

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

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of any 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, 2020:

- (a) The District 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) Effective August 15, 2007, budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases or decreases in expenditures resulting from revenues exceeding or failing to meet amounts estimated are submitted to Louisiana Public Defenders' Board.
- (e) Budgetary appropriations lapse at the end of each fiscal year.

The original budget was amended once for the year ended June 30, 2020.

3. **Cash and Cash Equivalents**

At June 30, 2020, the Public Defenders' Office had cash and cash equivalents (book balances) as follows:

Interest-bearing demand deposits	502,172
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3. **Cash and Cash Equivalents** (Continued)

All deposits of the Public Defenders' are held by area financial institutions. Under state law, cash 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 fair value of the securities plus the federal deposit insurance must at all times equal the amount of the deposit with the fiscal agent. At June 30, 2020, the Public Defenders' Office deposits with banks were fully secured by federal deposit insurance and securities held by the pledging financial institution.

4. **Receivables**

Receivables of \$95,343 at June 30, 2020 result from items classified as Program Revenues, Other Charges in the general fund 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.

5. **Capital Assets**

Capital assets and depreciation activity as of and for the year ended June 30, 2020, are as follows:

	Beginning Balance 6/30/19	Increase	Decrease	Ending Balance 06/30/20
Governmental activities:				
Computer equipment	161,555	25,346	-	186,901
Furniture and fixtures	164,109	-	-	164,109
Equipment	<u>136,428</u>	<u>-</u>	<u>-</u>	<u>136,428</u>
Total	462,092	25,346	-	487,438
Less accumulated depreciation	<u>(445,017)</u>	<u>(10,923)</u>	<u>-</u>	<u>(455,940)</u>
Capital assets, net	<u>17,075</u>	<u>14,423</u>	<u>-</u>	<u>31,498</u>

6. **Pension and Deferred Compensation Plans**

Under the guidelines established in accordance with the Internal Revenue Code Section 457, employees of the Public Defenders' Office participate in the Caddo Parish Public Defenders' 457 401(a) Plan. The 401(a) Plan and contributions to the pre-existing 457 Deferred Compensation Plan are administered by Security Benefit Retirement Corporation. The 401(a) Plan supersedes all other existing plans to which the Public Defenders' Office contributes. The Plan is governed by the laws of the State of Louisiana and is available to all full-time employees.

The amount of monthly contribution for each participating employee under the 401(a) Plan must be greater than or equal to that percent of the employee's compensation which the federal government would require withheld for the Federal Social Security System for employees not participating in a qualified retirement plan. At no time may the contribution fall below 7.5% of the compensation. Vesting provisions allow a participant to be fully vested in the employer's contributions after seven (7) years of service, with the participant eligible to receive distributions from the Plan upon normal retirement, death, or permanent disability.

6. **Pension and Deferred Compensation Plans** (Continued)

It is the opinion of the Public Defenders' legal counsel that the Office is not liable for losses arising from depreciation or shrinkage in the value of any investments acquired under the deferred compensation plan. However, the Public Defenders' Office believes it has the duty of care that would be required of an ordinary prudent investor.

For the year ended June 30, 2020, the Public Defenders' Office had deferred compensation expense of \$102,735.

7. **Leases**

The Public Defenders' Office leases office space and office equipment at the Caddo Parish location. The Office incurred \$263,241 in lease expense for the year ended June 30, 2020. Office space is leased for a term of 60 months (5 years) at an approximate annual expense of \$159,864.

Office equipment is leased for terms ranging from 36 months to 60 months (3 to 5 years) at an approximate annual expense of \$9,784. The future minimum lease payments for the next five years are as follows:

2021	183,680
2021	160,364
2021	159,864
2021	159,864
2021	238,867
	<u>902,639</u>

8. **Governmental Fund Revenues and Expenditures**

Revenues:

State Government

Grants 1,845,368

Local Government

Statutory fines, forfeitures, fees, court costs, and other 1,121,845

Charges for Services 35,163

Miscellaneous 96,270

Total revenues 3,098,646

Expenditures:

Personnel Services and Benefits

Salaries 1,231,264

Retirement contributions 102,735

Insurance 190,764

Total 1,524,763

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

Professional Development		7,477
Operating Costs		
Library and research	25,250	
Contract services - attorney/legal	1,166,091	
Contract services - other	28,511	
Lease - office	253,457	
Lease - autos and other	9,784	
Insurance	23,373	
Supplies	11,376	
Utilities and telephone	17,984	
Other	83,611	
Total		<u>1,619,437</u>
		<u>3,151,677</u>

9. **Subsequent Events**

We evaluated events and transactions that occurred after the balance sheet date through the date the financial statements were made available to be issued for potential recognition or disclosure in the financial statements. We evaluated such events through December 16, 2020, and noted the following subsequent events.

The World Health Organization declared the coronavirus outbreak a pandemic in March 2020. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of substantially all countries around the world, including the geographical area in which the Public Defenders' Office operates. While the disruption currently is expected to be temporary, there is considerable uncertainty about its duration. Although the pandemic could negatively affect the Public Defenders' Office, the amount of that impact and its duration cannot be reasonably estimated at this time.

REQUIRED SUPPLEMENTARY INFORMATION

FIRST JUDICIAL DISTRICT
PUBLIC DEFENDERS' OFFICE
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020
(Unaudited)

	Original Annual Budget	Amended/ Final Budget	Actual	Favorable (Unfavorable) Variance with Final Budget
<u>Revenues:</u>				
Fines and forfeitures	1,182,979	1,182,979	1,218,115	35,136
Fees from indigents	48,750	48,750	35,163	(13,587)
State grants	1,823,208	1,823,208	1,845,368	22,160
Investment earnings	-	-	-	-
Total revenues	3,054,937	3,054,937	3,098,646	43,709
<u>Expenditures:</u>				
Salaries	1,618,242	1,618,242	1,231,264	386,978
Retirement contributions and related benefits	128,500	128,500	102,735	25,765
Group health insurance	142,800	142,800	190,764	(47,964)
Library and research	24,000	24,000	25,250	(1,250)
Contract services - attorney/legal	1,139,500	1,139,500	1,166,091	(26,591)
Contract services - other	50,400	50,400	28,511	21,889
Lease - office and other	290,270	290,270	263,241	27,029
Education, travel and training	25,000	25,000	7,477	17,523
Insurance	28,382	28,382	23,373	5,009
Supplies	12,000	12,000	11,376	624
Other	44,330	44,330	101,595	(57,265)
Total expenditures	3,503,424	3,503,424	3,151,677	351,747
<u>Excess (deficiency) of revenues over expenditures</u>	(448,487)	(448,487)	(53,031)	395,456
<u>Fund balance at July 1, 2019</u>	607,250	650,546	650,546	-
<u>Fund balance at June 30, 2020</u>	158,763	202,059	597,515	395,456

FIRST JUDICIAL DISTRICT
PUBLIC DEFENDERS' OFFICE
NOTES TO BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020
(Unaudited)

1. Budget
Refer to Note 2 of the financial statements for details regarding the budget process.

2. Budget Variances
Actual total revenues were above budgeted revenues by 1.43%, and actual expenses were 10.04% below budgeted expenses. The Louisiana Revised Statute 39:13:11 requires an amendment to the Public Defenders' Office's budget when receipts plus projected revenue collections for the year fail to meet budgeted revenues by 5% or more, or when actual expenditures plus projected expenditures to year end exceed budgeted expenditures by 5% or more.

SUPPLEMENTARY INFORMATION

FIRST 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, 2020

Agency Head:

Pamela Smart (7/1/19-9/30/19)

Salary	25,000
Benefits-insurance-health	1,812
Benefits-other –simple IRA plan	2,000
Dues	435

Steve Thomas (interim) (10/1/19-2/19/20)

Salary	15,000
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Michelle M. AndrePont (2/20/20– 6/30/20)

Salary	35,833
Benefits-insurance-health	2,265
Benefits-other-simple IRA plan	3,333

OTHER REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

333 TEXAS STREET, SUITE 1525
SHREVEPORT, LOUISIANA 71101
318-429-1525 PHONE • 318-429-2070 FAX

December 16, 2020

The Chief Defender
First Judicial District Public Defenders' Office
Caddo 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 First Judicial District Public Defenders' Office (Office) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Office's basic financial statements, and have issued our report thereon dated December 16, 2020.

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 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 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 2020-01.

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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*.

First Judicial District Public Defenders' Office's Response to Findings

First Judicial District Public Defenders' Office's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. First Judicial District Public Defenders' Office'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.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana

FIRST JUDICIAL DISTRICT
PUBLIC DEFENDERS' OFFICE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the First Judicial District Public Defenders' Office.
2. One material weakness is reported for the year ended June 30, 2020.
3. The First Judicial District Public Defenders' Office was not subject to a Federal Single Audit for the year ended June 30, 2020.
4. No material noncompliance was noted.

B. Findings - Financial Statement Audit

2020-01 Internal Controls With Regard to Financial Reporting

Condition and Criteria: 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. This condition, even though intentional, represents a material weakness in internal control under generally accepted auditing standards, and results from management's need to balance the entity's financial complexity with the appropriate level of accounting expertise. It is not cost-effective for the entity to prepare its financial statements in-house.

Effect and Recommendation: Although generally accepted auditing standards require preparation of year-end adjusting entries and financial statements with note disclosures by the audited entity, prudent management dictates that the potential benefit from an internal control must exceed its cost. In this case, both management and the auditor do not believe that curing the control deficiency is cost effective, and do not believe that any corrective action is required.

FIRST JUDICIAL DISTRICT
PUBLIC DEFENDERS' OFFICE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

Prior Findings – Financial Statement Audit

2019-01 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, not 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.