

**FORTIETH JUDICIAL DISTRICT
PUBLIC DEFENDERS OFFICE**

**Annual Financial Report
And Independent Auditor's Report
As of and for the Year Ended
June 30, 2013**

KEITH M. RIVERE
Certified Public Accountant

**FORTIETH JUDICIAL DISTRICT
PUBLIC DEFENDERS OFFICE**
La Place, Louisiana

Annual Financial Statements and
Independent Auditor's Report

As of and for the Year Ended
June 30, 2013

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INDEPENDENT AUDITOR'S REPORT

To the District Public Defender
Fortieth Judicial District Public Defenders Office
La Place, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities and major fund of the Fortieth Judicial District Public Defenders Office (the "Public Defender") as of and for the year ended June 30, 2013, 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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the district'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 district's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Fortieth Judicial District Public Defenders Office, as of June 30, 2013, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fortieth Judicial District Public Defenders Office's basic financial statements. The supplementary information schedules, as listed in the table of

content, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information schedules listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued a report dated September 20, 2013, on my consideration of the Fortieth Judicial District Public Defenders Office's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the district's internal control over financial reporting and compliance.



Keith M. Rivere
Certified Public Accountant
September 20, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

La Place, Louisiana

Management's Discussion and Analysis

As of and for the year ended June 30, 2013

The Management's Discussion and Analysis (MD&A) of the Fortieth Judicial District Public Defenders Office's financial performance presents a narrative overview and analysis of the Public Defender's financial activities for the year ended June 30, 2013. Please read this document in conjunction with the additional information contained in the basic financial statements.

FINANCIAL HIGHLIGHTS

The minimum requirements for financial reporting on the Fortieth Judicial District Public Defenders Office that was established by GASB No. 34 are divided into the following sections:

- (a) Management's Discussion and Analysis
- (b) Basic Financial Statements
- (c) Required Supplementary Information (other than MD&A)

Basic Financial Statements:

The basic financial statements present information for the district as a whole, in a format designed to make the statements easier for the reader to understand. The financial statements in this section are divided into the two following types:

- (1) Government-Wide Financial Statements, which include a Statement of Net Position and a Statement of Activities. These statements present financial information for all activities of the district from an economic resources measurement focus using the accrual basis of accounting and providing both short-term and long-term information about the district's overall financial status.
- (2) Fund Financial Statements, which include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund (a governmental fund). These financial statements present information on the individual fund of the district allowing for more detail. The current financial resources measurement focus and the accrual basis of accounting used to prepare these statements are dependent on the fund type. The district's main governmental fund is the General Fund. The statements in this section represent the short-term financing of general government.

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

La Place, Louisiana

Management's Discussion and Analysis
As of and for the year ended June 30, 2013

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Position
As of June 30, 2013 and 2012

	<u>6/30/13</u>	<u>6/30/12</u>
Current and other assets	\$276,932	\$381,725
Capital assets	<u>2,637</u>	<u>4,608</u>
Total Assets	<u>279,569</u>	<u>386,333</u>
Deferred Outflows of Resources	<u>-0-</u>	<u>-0-</u>
Current liabilities	3,435	4,316
Long-term liabilities	<u>-0-</u>	<u>-0-</u>
Total Liabilities	<u>3,435</u>	<u>4,316</u>
Deferred Inflows of Resources	<u>-0-</u>	<u>-0-</u>
Net Position:		
Invested in capital assets, net of debt	2,637	4,608
Unrestricted	273,497	377,409
Restricted	<u>-0-</u>	<u>-0-</u>
Total Net Position	<u>\$276,134</u>	<u>\$382,017</u>

The district's net position decreased by \$105,883 or 27.7%, from the prior year primarily due to a decrease in court cost revenue during the last fiscal year.

The public defender's office does not have any "restricted" net position. The district does have "unrestricted" net position, and those are net position that do not have any limitations on what these amounts may be used for.

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

La Place, Louisiana

Management's Discussion and Analysis
As of and for the year ended June 30, 2013

Statement of Activities
For the years ended June 30, 2013 and 2012

	<u>6/30/13</u>	<u>6/30/12</u>
Revenues	\$631,488	\$683,165
Expenditures	<u>735,400</u>	<u>842,025</u>
Net Changes in Net Position	<u>\$(103,912)</u>	<u>\$(158,860)</u>

During the fiscal year total revenues decreased by \$51,677, or 7.6%. The total cost of all expenditures decreased by \$106,625, or 12.7%. The decrease in total revenue is primarily due to a decrease in court cost revenue.

CAPITAL ASSETS

At June 30, 2013, the Public Defender has invested \$2,637 in capital assets.

	<u>Governmental Activities</u>	
<u>Capital Assets</u>	<u>6/30/13</u>	<u>6/30/12</u>
Equipment & Furniture	\$29,871	\$29,871
Accumulated Depreciation	<u>(27,234)</u>	<u>(25,263)</u>
Net Capital Assets	<u>\$ 2,637</u>	<u>\$ 4,608</u>

USING THIS ANNUAL REPORT

This annual report consists of a report on the general financial highlighted statements (above), a general report on the entity performance as a whole, and an activities statement on contributing factors affecting the Public Defender's past and future financial conditions. Other supporting financial statements and comments are enclosed as components to the annual audit as presented by the auditing agent.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Public Defender is dependent on bail bond fees, forfeitures, and court cost collected in St. John the Baptist Parish for approximately 89 percent of its revenues. The principal source of income is court costs paid by people getting traffic tickets. Therefore, the district revenue is tied to police activity.

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

La Place, Louisiana

Management's Discussion and Analysis

As of and for the year ended June 30, 2013

Those sources are not expected to generate any significant increase. Therefore, the Public Defender's future revenues are expected to be not greater than the current year.

Barring any unforeseen event, the district currently expects that next year's revenue and available fund balance will be sufficient to cover its expenditures.

CONTACTING THE BOARD'S MANAGEMENT

This financial report is designed to provide the citizens, taxpayers, customers, and creditors with a general overview of the district's finances, and to demonstrate the district's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact Mr. Richard B. Stricks, District Public Defender of the Fortieth Judicial District Public Defenders Office, 75 Dominican Drive, Suite 202, La Place, Louisiana, or telephone, 985-651-6677 (extension 201).

BASIC FINANCIAL STATEMENTS

**FORTIETH JUDICIAL DISTRICT
PUBLIC DEFENDERS OFFICE
LaPlace, Louisiana
Governmental Funds Balance Sheet/Statement of Net Position**

June 30, 2013

	General Fund	Other Funds	Total	Adjustments	Statement of Net Position
ASSETS					
Cash and cash equivalents	\$9,008	\$0	\$9,008	\$0	\$9,008
Certificates of Deposit	204,926		204,926		204,926
Receivables	61,798	0	61,798	0	61,798
Inventories					
Other Assets	1,200	0	1,200	0	1,200
Capital assets, net of accumulated depreciation (Note C)				2,637	2,637
Total Assets	\$276,932	\$	\$276,932	\$2,637	\$279,569
DEFERRED OUTFLOWS OF RESOURCES					
	0	0	0	0	0
LIABILITIES					
Liabilities:					
Cash overdraft	\$	\$	\$	\$	\$
Accounts payable	-		-	0	-
Payroll Tax Payable	11		11		11
Garnishment Payable	-		-		-
Escrow Payable	3,424		3,424		3,424
Long-term liabilities					
Due within one year					
Due after one year					
Total Liabilities	\$3,435		\$3,435		\$3,435
DEFERRED INFLOWS OF RESOURCES					
	0	0	0	0	0
FUND BALANCES/NET POSITION					
Fund balances:					
Reserved for inventories					
Unassigned, reported in:					
General Fund	273,497		273,497	(273,497)	-
Other Funds					
Total Fund Balances	273,497		273,497	(273,497)	-
Total Liabilities and Fund Balances	\$ 276,932		\$ 276,932	\$ (273,497)	\$ 3,435
NET POSITION					
Invested in Capital Assets, Net of Related Debt				2,637	2,637
Restricted				-	-
Unrestricted				273,497	273,497
Total Net Position				\$ 276,134	\$ 276,134

The accompanying notes are an integral part of this statement.

FORTIETH JUDICIAL DISTRICT
PUBLIC DEFENDERS OFFICE
LaPlace, Louisiana
GOVERNMENTAL FUNDS

Statement of Governmental Fund Revenues,
Expenditures, and Changes in Fund Balances/
Statement of Activities
For the Year Ended June 30, 2013

	General Fund	Other Funds	Total	Adjustments	Statement of Activities
EXPENDITURES/EXPENSES					
Public Defender:					
Salaries	\$277,085	0	\$277,085	0	\$277,085
Hospitalization and Disability Insurance	1,079	-	1,079	-	1,079
Payroll Taxes	25,114	-	25,114	-	25,114
Workers' Compensation	1,303	-	1,303	-	1,303
Malpractice Insurance	6,813	-	6,813	-	6,813
Auto/Physical Liability Insurance	1,946	-	1,946	-	1,946
Audit/Accounting Expense	6,400	-	6,400	-	6,400
Expert Witness	5,250	-	5,250	-	5,250
Investigators	39,640	-	39,640	-	39,640
Capital Representation	-	-	-	-	-
Contract-Juvenile Attorneys	102,592	-	102,592	-	102,592
Misdemeanor Attorney Contracts	16,904	-	16,904	-	16,904
Contract Attorneys-all others	211,586	-	211,586	-	211,586
Building Lease/Rent	14,400	-	14,400	-	14,400
Office Repairs and Maintenance	1,317	-	1,317	-	1,317
IT/Technical Support	1,996	-	1,996	-	1,996
Equipment Lease/Rent	2,215	-	2,215	-	2,215
Telephone/Utilities/Postage/Internet	7,468	-	7,468	-	7,468
Office Supplies	1,750	-	1,750	-	1,750
Parking/Auto Tolls	59	-	59	-	59
Advertisements	91	-	91	-	91
Travel/Lodging/Per Diem/Mileage	2,492	-	2,492	-	2,492
Dues and Seminars	1,530	-	1,530	-	1,530
Law Library/Journals/Subscriptions	3,991	-	3,991	-	3,991
Other Operating Expense	1,075	-	1,075	-	1,075
Miscellaneous	1,232	-	1,232	-	1,232
Capital Outlay	-	-	-	-	-
Interpreters	72	-	72	-	72
Depreciation	-	-	-	1,971	1,971
Total Expenditures/Expenses	735,400	-	735,400	1,971	737,371
PROGRAM REVENUES					
Charges for services	39,703	-	39,703	-	39,703
Statutory fines, forfeitures, fees and court costs	560,355	-	560,355	-	560,355
Other charges	-	-	-	-	-
Net Program Expense (Revenue)	135,342	-	135,342	1,971	137,313
GENERAL REVENUES					
State revenue	30,420	-	30,420	-	30,420
Local grants	-	-	-	-	-
Investment earnings	1,010	-	1,010	-	1,010
Miscellaneous	-	-	-	-	-
Total General Revenues	31,430	-	31,430	-	31,430
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES/CHANGE IN NET POSITION					
	(103,912)	-	(103,912)	(1,971)	(105,883)
FUND BALANCE/NET POSITION:					
Beginning of the Year	377,409	-	377,409	4,608	382,017
End of Year	\$ 273,497	\$ -	\$ 273,497	\$ 2,637	\$ 276,134

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

La Place, Louisiana

Notes to the Financial Statements

June 30, 2013

INTRODUCTION

The Fortieth Judicial District Public Defenders Office (the Public Defender) was established in compliance with Louisiana Revised Statutes 15:141-149 and modified by Act 307 implemented August 15, 2007. The purpose of the Public Defender is to provide adequate legal representation of indigent persons charged with commission of criminal offenses and abuse or neglect of children. The Public Defender encompasses the parish of St. John the Baptist, which is located in the State of Louisiana. The Public Defender is composed of a District Public Defender who works under the supervision of the Louisiana Public Defender Office. The Louisiana Public Defender Board governs the Louisiana Public Defender Office. Revenues to finance the Public Defender's operations are provided primarily from court cost on fines imposed by the various courts within the District and State Revenues received through distributions from the Louisiana Public Defender Office.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Presentation

The accompanying basic financial statements of the Fortieth 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 34, *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999.

2. Reporting Entity

The Louisiana Public Defender Board provides for the supervision, administration, and delivery of a statewide public defender system, which must deliver uniform public defender services in all courts in this state. The Fortieth Judicial District Public Defender Office is not considered a component unit.

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

La Place, Louisiana

Notes to the Financial Statements

June 30, 2013

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Fund Accounting

The Public Defender 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 Public Defender functions and activities. A fund is designed as a separate fiscal and accounting entity with a self-balancing set of accounts. The fund of the Public Defender is classified as governmental.

Governmental Funds

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

General Fund - the primary operating fund of the Public Defender 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 it is expended or transferred in accordance with state and federal laws and according to Public Defender policy.

4. Measurement Focus/Basis of Accounting

Fund Financial Statements (FFS)

The amounts reflected in the General Fund and Other Funds, of Statements A and B, 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 the Public Defender's operations.

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

La Place, Louisiana

Notes to the Financial Statements

June 30, 2013

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The amounts reflected in the General Fund and Other Funds, of Statements A and B, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Public Defender considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues:

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. All major revenues (court fines) are susceptible to accrual.

Expenditures:

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

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

La Place, Louisiana

Notes to the Financial Statements

June 30, 2013

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide Financial Statements (GWFS)

The column labeled Statement of Net Position (Statement A) and the column labeled Statement of Activities (Statement B) display information about the Public Defender as a whole. These statements include all the financial activities of the Public Defender. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program Revenues - Program revenues included in the column labeled Statement of Activities (Statement B) are derived directly from Public Defender users as a fee for services; program revenues reduce the cost of the function to be financed from the Public Defender's general revenues.

Reconciliation

The reconciliation of the items reflected in the funds columns to the Statement of Activities (Statement B) and Statement of Net Position (Statement A) are as follows:

Net Change in Fund Balance-Governmental Funds		\$(103,912)
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense.		
In the current year:		
Expenditures for Capital assets	\$ -0-	
Less current depreciation expense	(1,971)	<u>(1,971)</u>
Change in Net position of governmental activities		<u><u>\$(105,883)</u></u>

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

La Place, Louisiana

Notes to the Financial Statements

June 30, 2013

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Budgets and Budgetary Accounting

The Public Defender's office 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 Public Defender 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. The budget is made available for public inspection for a fifteen-day period prior to a public hearing held to obtain taxpayer comment.
3. The budget for the General Fund is adopted on the cash basis of accounting.
4. The budget is adopted at the public hearing and is authorized for implementation on the first day of the fiscal year.
5. All annual appropriations lapse at year-end.

The following is a reconciliation of the excess of revenues over expenditures on Schedule 1 (budget comparison) with the excess of revenues over expenditures on Statement B for the General Fund:

	General Fund
Excess (Deficiency) of receipts over disbursements – Schedule 1	\$(124,238)
Add:	
+ Receivables at June 30, 2013	61,798
+ Liabilities at June 30, 2012	-0-
Less:	
- Receivables at June 30, 2012	(41,472)
- Liabilities at June 30, 2013	(-0-)
Excess (Deficiency) of revenues over expenditures – Statement B	<u><u>\$(103,912)</u></u>

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

La Place, Louisiana

Notes to the Financial Statements

June 30, 2013

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. Encumbrances

The Public Defender does not use encumbrance accounting.

7. Cash and Cash Equivalents

Cash includes amounts in demand deposits and time deposits. The Public Defender considers all highly liquid investments with a maturity of 90 days or less when purchased to be cash equivalents. Under state law, the Public Defender may deposit funds in demand deposit accounts, interest bearing demand deposit accounts, money market accounts, 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.

8. Court Cost Receivables

Receivables include amounts which were due to be received by June 30, 2013, but were not actually received until after June 30, 2013. Collection is assured for receivables for court costs on fines and forfeitures and bail bond fees; these fees are recognized as revenue when earned.

9. Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Public Defender maintains a threshold level of \$300 or more for capitalizing capital assets.

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 estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture, fixtures and equipment	5 years

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

La Place, Louisiana

Notes to the Financial Statements

June 30, 2013

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. Annual and Sick Leave

Vacation (annual) leave is accrued by employees at a variable rate, which is predetermined by the Public Defender and depends on the employee's years of service. After one (1) year of full time service, each employee is entitled to ten days off as paid vacation. After ten (10) years of full time service, each employee is entitled to twenty (20) days off as paid vacation. Vacation days have no cash value. At the time of termination of employment, whether voluntary or involuntary, the departing employee will not be paid any money as compensation for the accumulated unused vacation days.

Sick leave is granted to full-time, permanent employees at a variable rate and depends on the employee's years of service. Employees may carryover and accumulate up to sixty sick days. Sick days have no cash value. At the time of termination of employment, whether voluntary or involuntary, the departing employee will not be paid any money as compensation for the accumulated unused "sick days."

11. 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.

12. Equity Classifications

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

La Place, Louisiana
Notes to the Financial Statements
June 30, 2013

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- b. Restricted net position – Consists of assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt,” or deferred outflows of resources, liabilities, and deferred inflows of resources.

When both restricted and unrestricted resources are available for use, it is the government’s policy to use restricted resources first, then unrestricted resources as they are needed.

In the fund financial statements, governmental fund equity is classified as fund balance. The Public Defender has adopted GASB Statement 54 for the year ended June 30, 2013. As such, fund balance of the governmental fund is classified as follows:

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

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

Committed- represents balances that can be used for specific purposes pursuant to constraints imposed by formal action of the Public Defender.

Assigned- represents balances that are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned- represents balances for which there are no constraints.

When expenditures are incurred for the purposes for which both restricted and unrestricted amounts are available, the District reduces restricted amounts first, followed by unrestricted amounts. When expenditures are incurred for purposes for which committed, assigned and unassigned amounts are available, the District reduces committed amounts first, followed by assigned amounts and then unassigned amounts.

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

La Place, Louisiana

Notes to the Financial Statements

June 30, 2013

NOTE B – CASH

At June 30, 2013, the Public Defender had cash (book balances) as follows:

	Current
	Unrestricted
Demand deposit	\$ 9,008
Time deposits	<u>204,926</u>
Total	<u>\$213,934</u>

The 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. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial Credit Risk-Is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2013, \$222,854 of the bank balance was not exposed to custodial credit risk.

Interest Rate Risk-The Office does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE C – CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2013 is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Furniture, Fixtures, Equipment & Computers	\$ 29,871	-0-	\$ -0-	\$29,871
Less: Accumulated Depreciation	<u>(25,263)</u>	<u>(1,971)</u>	-0-	<u>(27,234)</u>
Net Capital Assets	<u>\$ 4,608</u>	<u>(1,971)</u>	\$ -0-	<u>\$2,637</u>

For the year ended June 30, 2013, depreciation expense was \$1,971.

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

La Place, Louisiana
Notes to the Financial Statements
June 30, 2013

NOTE D – PENSION PLAN

The Fortieth Judicial District Public Defenders Office does not have a pension plan or any other retirement plan for their employees.

NOTE E – OTHER POSTEMPLOYMENT BENEFITS

The Fortieth Judicial District Public Defenders Office does not provide any other post-employment benefits.

NOTE F – LEASES AND COMMITMENTS

The Public Defender leases office space (Suite 202) under a two-year operating lease, which expired June 30, 2010. After June 30, the lease became month to month. The monthly rental payment is \$1,200. In addition, the Public Defender entered into an agreement to lease a copier under a five year operating lease, which expires September 14, 2016. The rental payment is \$234.12 per month. The Public Defender has no other capital or operating leases open at June 30, 2013. For the year ended June 30, 2013, rent expense for office space and equipment totaled \$16,615.

The minimum annual commitments under non-cancelable operating leases are as follows:

Fiscal Year	<u>Equipment</u>
2014	\$2,809
2015	2,809
2016	2,809
2017	468
2018	<u>-0-</u>
Total	\$ 8,895

NOTE G – LITIGATION AND CLAIMS

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

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

La Place, Louisiana

Notes to the Financial Statements

June 30, 2013

NOTE H – CONCENTRATIONS

The majority of revenue earned by the district comes from the Parish of St John the Baptist in the form of bail bond fees, forfeitures, and court cost. The principal source of income is court cost paid by people getting traffic tickets. Therefore, the district revenue is tied to police activity.

NOTE I – ECONOMIC FACTORS

The Public Defender is dependent on bail bond fees, forfeitures, and court cost collected in St. John the Baptist Parish for approximately 89 percent of its revenues. Those sources are not expected to generate any significant increase. Therefore, the Public Defender's future revenues are expected to be not greater than the current year.

NOTE J – HEALTH CARE AND LIFE INSURANCE BENEFITS

The Public Defender does not provide continuing health insurance benefits for active employees.

NOTE K – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date the financial statements were available to be issued, September 20, 2013, and determined that there were no events that require disclosure.

No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

La Place, Louisiana

Notes to the Financial Statements

June 30, 2013

NOTE L – RISK MANAGEMENT

The Public Defenders Office is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Public Defenders Office has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage from the prior year. No settlements were made during the year that exceeded the Public Defenders Office's coverage.

The Public Defenders Office's management has not purchased commercial insurance or made provisions to cover or reduce the risk of loss, as a result of business interruption and certain acts of God, like floods or earthquakes.

NOTE M - GOVERNMENTAL FUND REVENUES AND EXPENDITURES

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

Revenues:

State Government

Appropriations - general	\$ 30,420	
Appropriations - special		
Revenue sharing		
Grants		
On-behalf payments		
Other		
Total		\$ 30,420

Local Government

Appropriations - general		
Appropriations - special		
Grants		
Statutory fines, forfeitures, fees, court costs, and other	560,355	
Taxes - millages, sales, special, and other		
Criminal court fund		
On-behalf payments		
Other		
Total		\$ 560,355

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

La Place, Louisiana

Notes to the Financial Statements

June 30, 2013

Federal Government

Grants - direct

Grants - indirect (passed-through state)

Total

Other Grants and Contributions

Non-profit organizations

Private organizations

Corporate

Other

Total

Charges for Services

\$ 39,703

Investment earnings

\$ 1,010

Miscellaneous

\$ -

Total Revenues

\$ 631,488

Expenditures:

Personnel Services and Benefits

Salaries

\$ 277,085

On-behalf payments - salaries

Retirement contributions

On-behalf payments - retirement

Insurance

2,382

On-behalf payments - insurance

Payroll taxes

25,114

Other

Total

\$ 304,581

FORTIETH JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE

La Place, Louisiana

Notes to the Financial Statements

June 30, 2013

Professional Development

Dues, licenses, and registrations	1,530	
Travel	858	
Other		
Total	<u> </u>	\$ 2,388

Operating Costs

Library and research	3,991	
Contract services - attorney/legal	331,082	
Contract services - other	51,290	
Lease - office	14,400	
Lease - autos and other	2,215	
Travel - transportation	1,693	
Travel - other		
Insurance	8,759	
Supplies	1,750	
Repairs and maintenance	1,317	
Utilities and telephone	7,468	
Other	4,466	
Total	<u> </u>	\$ 428,431

Debt Service

Capital outlay \$ -

Total Expenditures \$ 735,400

NOTE N - NEW ACCOUNTING PRONOUNCEMENTS

During the fiscal year ended June 30, 2013, the district has adopted the provisions of GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, which provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The Statement of Net Assets has been renamed the Statement of Net Position, and includes the following elements: assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

REQUIRED SUPPLEMENTAL INFORMATION

FORTIETH JUDICIAL DISTRICT
PUBLIC DEFENDERS OFFICE
LaPlace, Louisiana
GOVERNMENTAL FUND - GENERAL FUND

Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget
(Cash Basis) and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts Cash Basis	Budget to GAAP Differences Over(Under)	Actual Amount GAAP Basis
	Original	Final			
REVENUES					
Charges for services	\$ 37,751	\$ 24,247	\$ 36,688	\$ 15,456	\$ 39,703
Statutory fines, forfeitures, fees and court costs	949,220	534,831	543,034	25,524	560,355
Other charges				-	
State revenue	30,418	30,420	30,420	-	30,420
Local grants				-	
Investment earnings	2,563	-	1,010	1,010	1,010
Miscellaneous				-	
Total revenues	1,019,952	589,498	611,162	41,990	631,488
EXPENDITURES					
Salaries	304,600	265,994	277,085	11,091	277,085
Hospitalization and Disability Insurance	6,214	1,276	1,079	(197)	1,079
Payroll Taxes	23,302	21,542	25,114	3,572	25,114
Workers' Compensation	3,600	1,303	1,303	-	1,303
Malpractice Insurance	12,100	11,813	6,813	(5,000)	6,813
Auto/Physical Liability Insurance	1,250	1,945	1,946	1	1,946
Audit/Accounting Expense	6,400	6,400	6,400	-	6,400
Expert Witness	12,000	9,000	5,250	(3,750)	5,250
Investigators	76,800	41,700	39,640	(2,060)	39,640
Capital Representation	3,600	-	-	-	-
Contract-Juvenile Attorneys	112,800	99,540	102,592	3,052	102,592
Misdemeanor Attorney Contracts	24,000	20,166	16,904	(3,262)	16,904
Contract Attorneys-all others	350,400	193,805	211,586	17,781	211,586
Building Lease/Rent	18,420	14,400	14,400	-	14,400
Office Repairs and Maintenance	5,160	1,586	1,317	(269)	1,317
IT/Technical Support	10,500	1,900	1,996	96	1,996
Equipment Lease/Rent	3,000	2,161	2,215	54	2,215
Telephone/Utilities/Postage/Internet	8,940	7,191	7,468	277	7,468
Office Supplies	2,400	1,100	1,750	650	1,750
Parking/Auto Tolls	90	101	59	(42)	59
Advertisements	120	40	91	51	91
Travel/Lodging/Per Diem/Mileage	5,240	2,376	2,492	116	2,492
Dues and Seminars	3,255	1,305	1,630	225	1,630
Law Library/Journals/Subscriptions	5,400	3,810	3,991	181	3,991
Other Operating Expense	22,200	5,272	1,075	(4,197)	1,075
Miscellaneous	440	736	1,232	496	1,232
Capital Outlay	1,800	-	-	-	-
Interpreters	6,000	30	72	42	72
Depreciation				-	
Total Expenditures	1,030,031	716,492	735,400	18,908	735,400
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(10,079)	(126,994)	(124,238)	23,082	(103,912)
OTHER FINANCING SOURCES (Uses)					
Total other financing sources (uses)					
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(10,079)	(126,994)	(124,238)	23,082	(103,912)
FUND BALANCE (Deficit) AT BEGINNING OF YEAR	335,937	335,937	335,937	41,472	377,409
FUND BALANCE (Deficit) AT END OF YEAR	\$ 325,858	\$ 208,943	\$ 211,699	\$ 64,554	\$ 273,497
EXPLANATION OF DIFFERENCES:					
(1) Receivables at 6/30/12				41,472	
(2) Payables at 6/30/12					
Net increase in fund balance—budget to GAAP				41,472	

The accompanying notes are an integral part of this statement.

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

KEITH M. RIVERE, CPA

**75 Dominican Drive
Suite 206
LaPlace, LA 70068
(985) 652-6029**

**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**

To the District Public Defender
Fortieth Judicial District
Public Defenders Office
La Place, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Fortieth Judicial District Public Defenders Office (the "Public Defender"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Fortieth Judicial District Public Defender Office's basic financial statements and have issued my report thereon dated September 20, 2013.

Internal Control over Financial Reporting

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

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.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses as items 13-1(IC) and 13-2(IC), I identified certain deficiencies in the internal control over financial reporting that I consider to be a material weakness and significant deficiency.

Compliance and Other Matters

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

Purpose of this Report

The purpose of report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the district'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 district's internal control and compliance. According, 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 Louisiana Legislative Auditor as a public document.



Keith M. Rivere
Certified Public Accountant
September 20, 2013

FORTIETH JUDICIAL DISTRICT
PUBLIC DEFENDERS OFFICE
LaPlace, Louisiana

Summary Schedule of Current and Prior Year Audit Findings and Responses
For The Year Ended June 30, 2013

Ref. No.	Fiscal Year Finding Initially Occurred	Description of findings	Corrective Action Taken	Responses	Name of Contact Person	Anticipated Completion Date
Current Year (6/30/13)						
Internal Control						
13-1(IC)	Unknown	Due to the small number of employees, the Organization did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Richard Stricks	N/A
13-2(IC)	2007	The Organization does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	No	The Organization has evaluated the cost vs benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interest of the Organization to outsource this task to its independent auditor, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Richard Stricks	N/A
Prior Year (6/30/12)						
Internal Control						
12-1(IC)	Unknown	Due to the small number of employees, the Organization did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Richard Stricks	N/A
12-2(IC)	2007	The Organization does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	No	The Organization has evaluated the cost vs benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interest of the Organization to outsource this task to its independent auditor, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Richard Stricks	N/A