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ELEVENTH JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

MANSFIELD, LOUISIANA

DECEMBER 31, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JUL 26 2000

ELEVENTH JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

MANSFIELD, LOUISIANA

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AUDITED FINANCIAL STATEMENTS

June 23, 2000

The Board of Directors
Eleventh Judicial District Indigent Defender Board
Mansfield, Louisiana

Independent Auditor's Report

We have audited the accompanying general purpose financial statements of the Eleventh Judicial District Indigent Defender Board as of and for the year ended December 31, 1999. These general purpose financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying general purpose financial statements referred to above presents fairly, in all material respects, the financial position of the Eleventh Judicial District Indigent Defender Board as of December 31, 1999, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 23, 2000 on our consideration of the Board's internal control structure and on its compliance with laws and regulations.

Heard, McElroy & Vestal, LLP

ELEVENTH JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

BALANCE SHEETS-ALL FUND TYPES AND ACCOUNT GROUPS

DECEMBER 31, 1999

	<u>Governmental Fund Type General</u>	<u>Account Group General Fixed Assets</u>	<u>Total (Memorandum Only)</u>
<u>A S S E T S</u>			
Cash and cash equivalents (Note 2)	116,357	-	116,357
Equipment (Note 3)	<u>-</u>	<u>3,500</u>	<u>3,500</u>
Total assets	<u>116,357</u>	<u>3,500</u>	<u>119,857</u>
<u>LIABILITIES AND FUND BALANCE</u>			
<u>Liabilities:</u>			
Accounts payable	-	-	-
<u>Fund balance:</u>			
Fund balance-unreserved	116,357	-	116,357
Investment in general fixed assets	<u>-</u>	<u>3,500</u>	<u>3,500</u>
Total fund balance	<u>116,357</u>	<u>3,500</u>	<u>119,857</u>
Total liabilities and fund balance	<u>116,357</u>	<u>3,500</u>	<u>119,857</u>

The accompanying notes are an integral part of this statement.

ELEVENTH JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-

BUDGET (GAAP BASIS) AND ACTUAL-GOVERNMENTAL FUND-GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<u>Revenues:</u>			
Court costs on fines and forfeitures	215,000	222,864	7,864
Fees from indigents and others	300	300	-
Indigent defense assistance board	20,000	78,999	58,999
Interest	<u>1,500</u>	<u>761</u>	<u>(739)</u>
Total revenues	236,800	302,924	66,124
<u>Expenditures:</u>			
General government-judicial:			
Salaries	225,000	198,658	26,342
Other general expenses	45,000	53,156	(8,156)
Repayment of Grant Funds	<u>-</u>	<u>30,000</u>	<u>(30,000)</u>
Total expenditures	<u>270,000</u>	<u>281,814</u>	<u>(11,814)</u>
<u>Excess (deficiency) of expenditures over revenues</u>	(33,200)	21,110	54,310
<u>Fund balance at beginning of year</u>	<u>95,247</u>	<u>95,247</u>	<u>-</u>
<u>Fund balance at end of year</u>	<u>62,047</u>	<u>116,357</u>	<u>54,310</u>

The accompanying notes are an integral part of this statement.

ELEVENTH JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1999

1. Summary of Significant Accounting Policies

The Indigent Defender was established in compliance with Louisiana Revised Statutes 15:144-149 to provide and compensate counsel appointed to represent indigents in criminal and quasi-criminal cases on the district court level. The judicial district encompasses the Parishes of Desoto and Sabine, Louisiana.

The accounting and reporting policies of the Eleventh Judicial District Indigent Defender Board (Indigent Defender) conform to generally accepted accounting principles as applicable to governments.

Financial Reporting Entity

GASB Statement No. 14 established criteria for determining which component units should be considered part of the Desoto Parish Commission for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the commission to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the commission.
2. Organizations for which the commission does not appoint a voting majority but are fiscally dependent on the commission.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

For financial reporting purposes, the Indigent Defender is a part of the district court system of the State of Louisiana. However, the Indigent Defender operates autonomously from the State of Louisiana and independently from the district court system. Therefore, the Indigent Defender reports as an independent reporting entity.

Fund Accounting

The accounts of the Indigent Defender are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The Indigent Defender is grouped, in the financial statements in this report, into a governmental fund and an account group as follows:

1. Summary of Significant Accounting Policies (Continued)

Governmental Fund

General Fund

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

General Fixed Assets Account Group

The accounting and reporting treatment applied to fixed assets associated with a fund is determined by its measurement focus. Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund type when purchased. The Indigent Defender has elected to capitalize public domain ("infrastructure") fixed assets consisting primarily of office equipment. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost. The General Fixed Asset Account Group is not a fund. It is only concerned with the measurement of financial position. It is not involved with measurement of results of operations.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The records are maintained on a cash basis of accounting. However, the General Fund, as reported in the accompanying financial statements, has been converted to a modified accrual basis of accounting utilizing the following practices:

Revenues:

Court costs related to fines and forfeitures imposed by the district and city courts are recorded when they are earned and become available. 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.

Budgetary Accounting

Annually the Indigent Defender adopts a budget for the General Fund on the modified accrual basis of accounting. Beginning and ending fund balances are not budgeted. All appropriations lapse at year end.

Cash and Cash Equivalents and Investments

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits. Under state law, the Indigent Defender may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. The fund may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. In addition, local governments in Louisiana are authorized

1. Summary of Significant Accounting Policies (Continued)

to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. Investments in LAMP are stated at cost.

Total Column on Balance Sheet

The total column on the combined balance sheet is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Such data in this column is not comparable to a consolidation.

2. Cash and Investments

At December 31, 1999, the Indigent Defender held cash of \$104,582 in demand deposits and \$11,775 in time deposits.

Cash and cash equivalents are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. At December 31, 1999, deposit balances (bank balances) are fully secured by federal deposit insurance of \$116,357. Information on the aggregate deposits of the Desoto Parish Commission and how they are secured is available in the financial statements of the Desoto Parish Commission.

3. General Fixed Assets

General fixed assets consists of a computer purchased in 1995. Equipment used in governmental fund type organizations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund when purchased. No depreciation has been provided on general fixed assets. All equipment is stated at cost. The account group is not a fund. It is concerned only with the measurement of financial position and is not involved with the measurement or results of operations.

4. Fees from Indigents and Other Miscellaneous Receipts

The following is a summary of fees from indigents and other miscellaneous receipts:

Court costs on fines and forfeitures	222,864
Fees from indigents and others	<u>300</u>
	<u>223,164</u>

During 1999, monies were received from the Louisiana Indigent Defender Board (the Board) totaling \$78,999. The Board receives appropriations from the Louisiana Legislature and then allocates the funds to the various parishes. During 1999, the Indigent Defender was required to repay proceeds of \$30,000 to the Desoto Parish Probation Fund.

5. Misappropriation of Funds

During the year ended December 31, 1998, a misapplication of funds occurred over substantially the entire period. An insurance bond was in effect to cover losses and may be recoverable up to \$10,000. However, at this time the probability of recovery is uncertain. The exact amount of the loss has not yet been determined.

OTHER REPORTS REQUIRED BY GOVERNMENT

AUDITING STANDARDS

June 23, 2000

The Board of Directors
Eleventh Judicial District Indigent Defender Board
Mansfield, Louisiana

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

We have audited the financial statements of the Eleventh Judicial District Indigent Defender Board as of and for the year ended December 31, 1999, and have issued our report thereon dated June 23, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Eleventh Judicial District Indigent Defender Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the management and the Office of the Legislative Auditor, State of Louisiana and Desoto Commission, and is not intended to be and should not be used by anyone other than these specified parties.

Heard, McElroy & Vestal, LLP

ELEVENTH JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 1999

We have audited the financial statements of the Eleventh Judicial District Indigent Defender Board as of and for the year ended December 31, 1999, and have issued our report thereon dated June 23, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 1999 resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control - No material weakness or reportable condition was noted; no management letter was issued.

Compliance - No material noncompliance was noted.

b. Federal Awards - Nonapplicable.

Section II - Financial Statement Findings

No matters were reported.

ELEVENTH JUDICIAL DISTRICT INDIGENT DEFENDER BOARD
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 1999

<u>Finding No.</u>	<u>Finding/Noncompliance</u>	<u>Questioned Costs</u>
96-1	The Defender Board did not file its financial statements with the Legislative Auditor within six months of the close of the fiscal year as required by state law.	Resolved
96-2	The segregation of duties is inadequate to provide effective internal control.	Resolved
97-1	The segregation of duties is inadequate to provide effective internal control.	Resolved
97-2	Failure to file with the Legislative Auditor within six months of the close of the fiscal year as required by state law.	Resolved
98-1	The segregation of duties over cash is inadequate to provide effective internal control. As a result of the lack of segregation of duties the District's bookkeeper misapplied District funds from approximately February 1997 until her termination in October 1998. The amount of misapplied funds has not been determined. Collection and check signing authority should be separated from reporting and cash reconciliation.	Resolved
98-2	The Defender Board did not file financial statements with the Legislative Auditor within the six months of the close of the fiscal year as required by state law. In the course of the misapplication of funds various schemes were utilized to cover the losses, including record alteration and destruction. Therefore, records were missing and incomplete for the year ended December 31, 1998. The board should retain competent staff and provide appropriate oversight on a continuing basis.	Resolved