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**FOURTH JUDICIAL DISTRICT EMERGENCY
DEFENSE BOARD
Parishes of Iberville
and Ouachita, Louisiana**

**General Purpose Financial Statements
As of and for the Two Years Ended
December 31, 1998**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or assessor, levy and other appropriate public officials. The report is available for public inspection at the State Treasurer's office of the Louisiana Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date: 10/12/99



**FOURTH JUDICIAL DISTRICT INDEPENDENT
DEFENDERS BOARD**
Parishes of Morehouse and Ouachita, Louisiana

General Purpose Financial Statements
As of and for the Two Years Ended
December 31, 1998

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Independent Auditor's Report

**FOURTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD**
Parishes of Ouachita and Morehouse, Louisiana

I have audited the general purpose financial statements of the Fourth Judicial District Indigent Defender Board, a component unit of the Ouachita Parish Police Jury, as of December 31, 1998, and for each of the years in the two year period then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Fourth Judicial District Indigent Defender Board's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and 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 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 statements presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Fourth Judicial District Indigent Defender Board as of December 31, 1998, and the results of its operations for each of the years in the two year period then ended in conformity with generally accepted accounting principles.

VERNON R. COON
MEMBER AMERICAN
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FOURTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD
Parishes of Ouachita and Morehouse, Louisiana
Independent Auditor's Report,
December 31, 1998

In accordance with Government Auditing Standards, I have also issued a report dated May 21, 1999, on the Fourth Judicial District Indigent Defender Board's compliance with laws, regulations, and contracts, and my consideration of the agency's internal control over financial reporting.



West Monroe, Louisiana
May 21, 1999

GENERAL PURPOSE FINANCIAL STATEMENTS
(OVERVIEW)

**FOURTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD
Parishes of Morehouse and Ouachita, Louisiana
ALL FUND TYPES AND ACCOUNT GROUPS**

Balance Sheet, December 31, 1998

	GOVERNMENTAL FUND TYPE - <u>GENERAL FUND</u>	ACCOUNT GROUP - GENERAL FUND ASSETS	TOTAL (MINOR AMOUNT ONLY)
ASSETS			
Cash	\$72,183		\$72,183
Investments	398,150		398,150
Receivables:			
Court costs on fines and forfeitures	57,506		57,506
Criminal bond fines and forfeitures	51,382		51,382
Fees from indigents	1,471		1,471
Other	181		181
Furniture and equipment		<u>377,452</u>	<u>37,452</u>
TOTAL ASSETS	<u>\$781,123</u>	<u>\$77,452</u>	<u>\$858,575</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Salaries payable	382,452		382,452
Accounts payable	11,427		11,427
Payroll withholdings payable	593		593
Total Liabilities	<u>104,472</u>	<u>NONE</u>	<u>104,472</u>
Fund Equity:			
Investment in general fixed assets		\$77,452	31,485
Fund balance - unreserved - undesignated	<u>676,651</u>		<u>676,651</u>
Total Fund Equity	<u>676,651</u>	<u>77,452</u>	<u>754,103</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$781,123</u>	<u>\$77,452</u>	<u>\$858,575</u>

The accompanying notes are an integral part of this statement.

**FOURTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD
Parishes of Ouachita and Morehouse, Louisiana
GOVERNMENTAL FUND TYPE - GENERAL FUND**

Statement of Revenues, Expenditures, and
Changes in Fund Balance
For the Two Years Ended December 31, 1998

	Year Ended	
	...December 31, ...	1997
	1998	1997
REVENUES		
Court costs on fines and forfeitures	\$758,449	\$769,830
Criminal bail bond fees and forfeitures	158,425	121,356
Fees from indigents	24,325	21,658
District Assistance Fund	79,004	96,313
Use of money and property - interest earnings	43,690	36,038
Other revenue	1,790	
Total revenues	<u>1,065,683</u>	<u>1,045,195</u>
EXPENDITURES		
General government - judicial:		
Current:		
Personal services and related benefits	173,411	171,588
Operating services	1,059,497	879,799
Materials and supplies	4,688	3,838
Travel	4,626	2,000
Debt service	237	
Capital outlay	46,362	1,521
Total expenditures	<u>1,288,811</u>	<u>1,058,746</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(223,128)	(12,601)
FUND BALANCE AT BEGINNING OF YEAR	<u>889,349</u>	<u>912,050</u>
FUND BALANCE AT END OF YEAR	<u>\$678,621</u>	<u>\$899,349</u>

The accompanying notes are an integral part of this statement.

**FOURTH JUDICIAL DISTRICT INDIGENT
DEFENDER BOARD**
Parishes of Morehouse and Ouachita, Louisiana

Notes to the Financial Statements
As of and for the Two Years Ended December 31, 1998

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Fourth Judicial District Indigent Defender Board 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 Morehouse and Ouachita, Louisiana. The indigent defender board is composed of seven members who are appointed by the district court. The board members serve without compensation.

A. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Ouachita Parish Police Jury is the financial reporting entity for Ouachita Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Ouachita Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial responsibility. The GASB has set both 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 police jury 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 police jury.

**FOURTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD
Parishes of Morehouse and Ouachita, Louisiana
Notes to the Financial Statements (Continued)**

2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
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.

Board members are appointed by the district judges. However, the police jury is ultimately responsible for the fiscal operations of the Fourth Judicial District court system, which includes the Indigent Defender Board. Further, because of this relationship, the police jury's general purpose financial statements would be misleading without inclusion of the board's financial statements. Therefore, the indigent defender board is considered a component unit of the parish reporting entity.

B. FUND ACCOUNTING

The board uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fixed assets and general long-term obligations) that are not recorded in the "books" because they do not directly affect net expendable available financial resources. They are concerned only with the measurement of financial position, not with the measurement of results of operations.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate fund types.³ Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The board's current operations require only the use of governmental funds (General Fund). Revenues of the General Fund include court costs on fines and

**FOURTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD
Parishes of Morehouse and Ouachita, Louisiana
Notes to the Financial Statements (Continued)**

forfeitures, fees from indigents, and interest earnings. General operating expenditures are paid from this fund.

**C. GENERAL FIXED ASSETS AND
LONG-TERM OBLIGATIONS**

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in the General Fund. No depreciation has been provided on general fixed assets. Fixed assets are recorded at actual historical cost. There are no long-term obligations at December 31, 1998.

D. BASIS OF ACCOUNTING

The financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for reporting all governmental fund types. 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 be used to pay liabilities of the current period. The board uses the following practices in recognizing and reporting revenues and expenditures:

Revenues

Court costs or fines and forfeitures imposed by the district and city courts are recorded in the year they are collected by the parish tax collector or the city.

Criminal bail bond fees are recorded in the year the bonds are written.

**FOURTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD
Parishes of Morehouse and Ouachita, Louisiana
Notes to the Financial Statements (Continued)**

Fees from indigents are recorded when collected by the Division of Probation and Parole.

Interest income on time deposits is recorded when the time deposits have matured and the interest is available.

Based on the above criteria, court costs on fines and forfeitures, criminal bail bond fees, and fees from indigents have been treated as receivable to account.

Expenditures

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

K. CASH

Under state law, the indigent defender board may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. Further, the board may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 1998, the board has cash-deposit deposits (book balances) totaling \$71,003.

Under state law, these deposits, or the remaining bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. Deposit balances (bank balances) at December 31, 1998, total \$73,328, and are fully secured by federal deposit insurance.

L. INVESTMENTS

Under state law, the indigent defender board may invest funds in obligations of the United States, in federally insured investment, or in time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. Investments in

**FOURTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD
Parishes of Morehouse and Iberville, Louisiana
Notes to the Financial Statements (Continued)**

marketable securities with readily determinable fair values are reported at their fair values on Statement A. Unrealized gains and losses are included in operations on Statement B.

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>
United States Treasury Notes	<u>\$554,489</u>	<u>\$588,158</u>	<u>\$33,669</u>

G. VACATION AND SICK LEAVE

The indigent defender board employs three part-time employees and has not adopted a formal vacation and sick leave policy.

H. RISK MANAGEMENT

The indigent defender board is exposed to various risks of loss related to acts; theft of, damage to, and destruction of assets; and errors and omissions. To mitigate such risk of loss, the indigent defender board maintains a commercial insurance policy covering every board coverage. In the contracts with attorneys, the contract states that the attorneys will maintain their own professional liability insurance. No claims were paid on the policy during the past three years which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended December 31, 1998.

I. TOTAL COLUMN ON THE BALANCE SHEET

The total column on the balance sheet is captioned Memorandum Only (overview) to indicate that it is prepared only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

2. CHANGES IN GENERAL FIXED ASSETS

The following presents the changes in general fixed assets - furniture and equipment for the two years ended December 31, 1998:

FOURTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD
Parishes of Morehouse and Ouachita, Louisiana
Notes to the Financial Statements (Continued)

Balance January 1, 1998	\$31,485
Additions:	
1997	1,528
1998	46,392
Deductions:	
1997	56,058
1998	<u>(1,853)</u>
Balance December 31, 1998	<u>\$72,453</u>

3. PENSION PLAN

The employees of the indigent defender board are members of the Social Security System. In addition to the employee contributions withheld at 7.65 per cent of gross salary, the board contributes an amount equal to the employee's contributions to the Social Security System. The board does not guarantee the benefits granted by the Social Security System.

4. CONTRACT ATTORNEYS

At December 31, 1998, as provided by Louisiana Statutes 15:145(b)(3), the indigent defender board had twenty-two contract attorneys to provide legal representation to indigents in the Fourth Judicial District. The contracts are for terms of nine months to three years and provide for a managing attorney, nineteen attorneys for Ouachita Parish, and three attorneys for Morehouse Parish. The managing attorney receives \$6,000 per month in compensation while the remaining attorneys receive monthly compensation ranging from \$2,500 to \$5,450, depending on their years of service under contract. The managing attorney reports to the board on the progress and disposition of cases received.

5. LITIGATION

The contracts between the board and the attorneys contain provisions requiring the attorneys to maintain professional liability insurance and agreeing to hold the board harmless from any malpractice judgments. Accordingly, no provision for any liability arising from lawsuits has been made in the accompanying financial statements.

**SIXTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD
Parishes of Morehouse and Ouachita, Louisiana
Notes to the Financial Statements (Continued)**

6. GRANT FUNDS

In 1997 and 1998, the board received \$96,713 and \$79,801, respectively, from the District Assistance Fund of the Louisiana Indigent Defender Board. These grant funds provide supplemental financial assistance in felony cases to district indigent defender boards that have a need for such supplemental funding and that are willing to comply with the standards, guidelines, and policies of the Louisiana Indigent Defender Board.

7. YEAR 2000 ISSUE (Unaudited)

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year 1999. The Fourth Judicial Indigent Defender Board has completed an inventory of computer systems that may be affected by the year 2000 issue and that are critical to conducting operations of the board's office. The board records all financial information into manual ledgers, therefore, eliminating any systems requiring 2000 remediation.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that parties with whom the assessor does business will be year 2000 ready.

**Independent Auditor's Reports Required
by Government Auditing Standards**

The following independent auditor's report on compliance with laws, regulations, contracts and internal control is presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.



Independent Auditor's Report on Compliance and Internal Control Over Financial Reporting

**FOURTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD
Parishes of Morehouse and Iberville, Louisiana**

I have audited the general purpose financial statements of the Fourth Judicial District Indigent Defender Board as of and for the two years ended December 31, 1998 and have issued my report thereon dated May 21, 1999. I conducted my 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 Fourth Judicial District Indigent Defender Board's financial statements are free of material misstatement, I 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 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Fourth Judicial District Indigent Defender Board's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My 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 while a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

MEMPHIS, TENNESSEE
MEMBERS OF BARBERS
PUBLIC ACCOUNTANTS

MEMBERS OF LOUISIANA
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FOURTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD
Parish of Morehouse and Calcasieu, Louisiana
Independent Auditor's Report on Compliance
And Internal Control Over Financial Reporting, etc.
December 31, 1998

This report is intended for the information of the members and management of the Fourth Judicial District Indigent Defender Board and interested state and local agencies. This is not intended to limit the distribution of this report, which is a matter of public record.



West Monroe, Louisiana
May 21, 1999

FOURTH JUDICIAL DISTRICT INDIANT
DEFENDER BOARD
Parish of Morehouse
and Ouachita, Louisiana

Schedule of Findings and Questioned Costs
For the Two Years Ended December 31, 1988

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of Fourth Judicial District Indigent Defender Board.
2. No instances of non-compliance material to the financial statements of Fourth Judicial District Indigent Defender Board were disclosed during the audit.
3. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

FOURTH JUDICIAL DISTRICT INSIDENT
DEPENDENT BOARD
Parish of Morehouse
and Ouachita, Louisiana

Summary Schedule of Police Audit Findings
For the Two Years Ended December 31, 1998

**Need to Comply With Article VII, Section 14
Of the Louisiana Constitution**

Recommendation: The auditor recommended that the board discontinue the practice of authorizing retroactive raises.

Status: No retroactive pay raises have been given since the audit for the two years ended December 31, 1998 was received. Therefore, this finding has been cleared.