

**ELEVENTH AND FORTY-SECOND JUDICIAL DISTRICTS INDIGENT DEFENDER FUND**  
**DeSoto and Sabine Parishes, Louisiana**  
**FINANCIAL STATEMENTS**  
June 30, 2018

**ELEVENTH AND FORTY-SECOND JUDICIAL DISTRICTS INDIGENT DEFENDER FUND**  
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## **Independent Auditor's Report**

Steven Thomas, Chief Defender  
Eleventh and Forty-Second Judicial Districts Indigent Defender Fund  
Post Office Box 1004  
Mansfield, Louisiana 71052

I have audited the accompanying financial statements of the governmental activities of the Eleventh and Forty-Second Judicial Districts Indigent Defender Fund (the "Fund"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Fund'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 *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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 information the Fund, as of June 30, 2018, 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 on pages 5 through 8 and the General Fund Budgetary Comparison Schedule presented on pages 24 through 25 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 Eleventh and Forty-Second Judicial Districts Indigent Defender Fund basic financial statements. The Statement of Activities by District on page 27 and the Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer on page 28 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Statement of Activities by District and the Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer are the responsibility of management and were derived from and relate 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 Statement of Activities by District and the Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated December 7, 2018 on my consideration of the Eleventh and Forty-Second Judicial Districts Indigent Defender Fund'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 Fund's internal control over financial reporting and compliance.



Certified Public Accountant

Shreveport, Louisiana  
December 7, 2018

**Required Supplementary Information (Part I)**

## **ELEVENTH AND FORTY-SECOND JUDICIAL DISTRICTS INDIGENT DEFENDER FUND DeSoto and Sabine Parishes, Louisiana**

### Management's Discussion and Analysis For the Year Ending June 30, 2018

This section of the Eleventh and Forty-second Judicial Districts Indigent Defender Fund's (Indigent Defender Fund) annual financial report presents our discussion and analysis of the Indigent Defender Fund's financial performance during the year ending June 30, 2018. We encourage readers to consider the information presented here in conjunction with the Indigent Defender Fund's basic financial statements and supplementary information in assessing the efficiency and effectiveness of our stewardship of public resources.

As noted in previous years' Management and Discussion, pursuant to Act No. 416 of the 2007 Regular Session of the Louisiana Legislature, the former 11<sup>th</sup> Judicial District, which was comprised of Sabine and DeSoto Parishes, was split along parish boundaries as of January 1, 2009. Sabine Parish became the "new" 11<sup>th</sup> Judicial District; and DeSoto Parish became the newly created 42<sup>nd</sup> Judicial District. One chief defender operates the two districts under a cooperative endeavor agreement as a single entity.

#### **FINANCIAL HIGHLIGHTS**

The Eleventh and Forty-second Judicial Districts Indigent Defender Fund experienced a decrease in its net position of \$89,691 (18%) during the year ended June 30, 2018. At June 30, 2018, the assets of the Fund exceeded its liabilities by \$416,970.

The Fund's total general and program revenues were \$725,658 during the year ended June 30, 2018, compared to \$1,176,241 during year ended June 30, 2017.

The Fund's governmental fund reported a total ending fund balance this year of \$411,351. This compares to the prior year ending fund balance of \$481,855, showing a decrease of \$70,504 for the current year.

#### **OVERVIEW OF FINANCIAL STATEMENTS**

This Management Discussion and Analysis document introduces the basic financial statements which include 1) governmental fund financial statements, 2) government-wide financial statements and 3) notes to the financial statements. The two types of financial statements present the Fund's financial position and results of operations from differing perspectives. A reconciliation is provided to facilitate the comparison between the governmental fund statements and the government-wide statements. The components of the financial statements are described below:

#### **Fund Financial Statements**

Fund financial statements provide detailed information regarding the Indigent Defender Fund's most significant activities and are not intended to provide information for the Indigent Defender Fund as a whole. Funds are accounting devices that are used to account for specific sources of revenues. All of the Indigent Defender Fund's funds are limited to its *general fund*, which is classified as a Governmental Fund. The *general fund* uses a modified accrual basis of accounting that focuses on near-term inflows, outflows, and balances of spendable resources. Assets reported by the *general fund* are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets. Unassigned fund balance may serve as a useful measure of a government's net resources at the end of the fiscal year.

## Government-Wide Financial Statements

The *government-wide financial statements* report information about the Indigent Defender Fund as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. The *statement of net position* presents information on all the Indigent Defender Fund's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Indigent Defender Fund is improving or deteriorating. The *statement of activities* presents information showing how the net position changed during the most recent period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows.

## Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## Other Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. The Indigent Defender Fund adopts an annual budget for the general fund. A budgetary comparison statement is provided to demonstrate budgetary compliance.

## Other Supplementary Information

A statement of activities by district is included for additional analysis purposes only and is not required for fair presentation in accordance with generally accepted accounting principles. The schedule of compensation, benefits and other payments to agency head or chief executive officer is presented to fulfill the requirements of Louisiana Revised Statute 24:513(A)(3).

## FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

A summary of the Statement of Net Position is below:

	June 30, 2018	June 30, 2017
<b>Assets</b>		
Cash	\$ 459,515	\$ 491,472
Accounts Receivables	12,298	51,844
Prepaid Expenses	5,243	23,865
Capital Assets, Net of Depreciation	376	941
Total Assets	<u>477,432</u>	<u>568,122</u>
<b>Liabilities</b>		
Accounts Payable and Other Liabilities	60,462	61,461
Total Liabilities	<u>60,462</u>	<u>61,461</u>
<b>Net Position</b>		
Unrestricted	416,594	505,720
Net Investment in Capital Assets	376	941
Total Net Position	<u>\$ 416,970</u>	<u>\$ 506,661</u>

Net position may serve over time as a useful indicator of the Eleventh and Forty-second Judicial Districts Indigent Defender Fund's financial position. The Indigent Defender Fund's total net position changed from a year ago, decreasing from \$506,661 to \$416,970. The largest portion of the Indigent Defender Fund's net position, \$416,594 (99.9%) as of June 30, 2018, is unrestricted and may be used to meet the ongoing obligations to the citizens of DeSoto and Sabine Parishes.

The Indigent Defender Fund continues to maintain a high level of liquidity with \$459,315 (110.3%) of the Indigent Defender Fund's unrestricted net position invested in demand deposits as of June 30, 2018. Accounts receivable decreased 76% from \$51,844 to \$12,298 and accounts payable decreased 1.63% from \$61,461 to \$60,462. At June 30, 2018, \$376 (0.09%) of the Indigent Defender Fund's net position reflects capital assets with a historical cost of \$28,277 and accumulated depreciation of \$27,901.

An analysis of the government-wide Statement of Activities is presented as follows:

	Year Ended June 30, 2018	Year Ended June 30, 2017
Revenues		
Judiciary Program Revenue		
Charges for services	\$ 333,949	\$ 802,799
Operating grants & contributions	390,779	372,995
General Revenue		
Interest revenue	930	447
Total Revenue	<u>725,658</u>	<u>1,176,241</u>
Program Expenses		
Judiciary	<u>815,349</u>	<u>824,936</u>
Increase (Decrease) in Net Assets	(89,691)	351,305
Net Position, Beginning	506,661	155,356
Net Position Ending	<u>\$ 416,970</u>	<u>\$ 506,661</u>

As the accompanying presentation demonstrates, the Indigent Defender Fund has decreased its reserves by \$89,691 at June 30, 2018. Approximately 46.02% (\$333,949) of the Fund's total revenues were derived through charges for services (court, bond and other related fees) compared to 68.25% (\$802,799) for the year ended June 30, 2017. The decrease in charges for services results from a diversion program instituted by the District Attorney of the 42<sup>nd</sup> Judicial District.

The Indigent Defender Fund received \$390,779 (53.85%) and \$372,995 (31.71%) of its total revenues from Louisiana state appropriations during the years ended June 30, 2018, and June 30, 2017, respectively.

## FINANCIAL ANALYSIS OF THE FUND'S FUND

For the year ended June 30, 2018, differences between the government-wide presentation and the fund financial statements were due to prepaid insurance and depreciation changes associated with capital assets.

## BUDGETARY HIGHLIGHTS

Formal budgetary integration is employed as a management control device during the fiscal year. The budget policy of the Indigent Defender Fund complies with state law, as amended, and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA-RS 39:1301 et seq.). The Indigent Defender Fund's budget was amended once during the year ended June 30, 2018. The actual revenues were \$32,805 above the budgeted amounts and actual expenditures were \$39,325 or 4.7% less than the budgeted amounts.

## CAPITAL ASSET ADMINISTRATION

The Fund did not make any capital asset purchases during the year ended June 30, 2018.

## **DEBT ADMINISTRATION**

For the year ended June 30, 2018, there was no debt activity and no debts are outstanding at year-end.

## **ECONOMIC FACTORS EXPECTED TO EFFECT FUTURE OPERATIONS**

For the fiscal year ending June 30, 2019, the following factors were considered when the budget was prepared:

- General and program revenues will remain consistent with the prior year.
- Other expenditures are expected to remain steady with the prior year.

## **REQUEST FOR INFORMATION**

This report is designed to provide a general overview of the Eleventh and Forty-second Judicial District Indigent Defender Fund, DeSoto and Sabine Parishes, Louisiana, and seeks to demonstrate the Indigent Defender Fund's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Steven Thomas, Eleventh and Forty-second Judicial District Indigent Defender Fund, P. O. Box 1004, Mansfield, Louisiana, 71052.

## **Basic Financial Statements**

## ELEVENTH AND FORTY-SECOND JUDICIAL DISTRICTS INDIGENT DEFENDER FUND

DeSoto and Sabine Parishes, Louisiana

## GOVERNMENTAL FUND BALANCE SHEET/ STATEMENT OF NET POSITION

June 30, 2018

	Governmental Fund Statements		Government-Wide Statements
	<u>General Fund Balance Sheet</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 459,515	\$ -	\$ 459,515
Accounts receivable	12,298	-	12,298
Prepaid expenses	-	5,243	5,243
Capital assets, net of accumulated depreciation	-	376	376
Total Assets	<u>\$ 471,813</u>	<u>5,619</u>	<u>477,432</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	\$ 57,627	-	57,627
Accrued payroll	436	-	436
Payroll tax liabilities	2,399	-	2,399
Total Liabilities	<u>60,462</u>	<u>-</u>	<u>60,462</u>
<b>FUND BALANCE / NET POSITION</b>			
Fund Balance			
Unassigned	<u>411,351</u>	<u>(411,351)</u>	<u>-</u>
Total Fund Balance	<u>411,351</u>	<u>(411,351)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 471,813</u>	<u>(411,351)</u>	
Net Position			
Net investment in capital assets		376	376
Unrestricted		416,594	416,594
Total Net Position		<u>\$ 416,970</u>	<u>\$ 416,970</u>

**Reconciliation of Fund Balance on the Balance Sheet for Governmental Funds to  
Net Position of Governmental Activities on the Statement of Net Position**

Total Fund Balance for the Governmental Fund		\$	411,351
Total Net Position reported for Governmental Activities in the Statement of Net Position is different because:			
Prepaid expenses involve payment with current financial resources that are attributable to fiscal periods beyond the end of the current year.			5,243
Capital assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:			
Office equipment	\$	28,277	
Less accumulated depreciation		<u>(27,901)</u>	376
Total Net Position of Governmental Activities		\$	<u>416,970</u>

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

**ELEVENTH AND FORTY-SECOND JUDICIAL DISTRICTS INDIGENT DEFENDER FUND**  
DeSoto and Sabine Parishes, Louisiana

**GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE /  
STATEMENT OF ACTIVITIES**  
For the Year ended June 30, 2018

	<u>Governmental Fund Statements</u>		<u>Government- Wide Statements</u>
	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>EXPENDITURES/EXPENSES</b>			
Judiciary:			
Personnel services & benefits	\$ 71,049	\$ -	\$ 71,049
Professional development	5,576	-	5,576
Operating costs	719,537	18,622	738,159
Capital outlays	-	-	-
Depreciation	-	565	565
Total Expenditures/Judiciary Program Expenses	<u>796,162</u>	<u>19,187</u>	<u>815,349</u>
<b>JUDICIARY PROGRAM REVENUES</b>			
Operating grants and contributions:			
State government appropriations- general	390,779	-	390,779
Charges for services:			
Local government fines, fees & court costs	333,949	-	333,949
Total Program Revenues	<u>724,728</u>	<u>-</u>	<u>724,728</u>
Net Program Expense	(71,434)	-	(90,621)
<b>GENERAL REVENUES</b>			
Investment earnings	930	-	930
Total General Revenues	<u>930</u>	<u>-</u>	<u>930</u>
<b>Excess (Deficiency) of Revenues Over Expenditures/ Change in Net Position</b>	(70,504)	(19,187)	(89,691)
<b>Fund Balance/ Net Position:</b>			
Beginning of the year	481,855		506,661
End of the year	\$ <u>411,351</u> \$		\$ <u>416,970</u>

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the  
Governmental Fund to the Statement of Activities**

Total Net Change in Fund Balance per Statement of Revenues, Expenditures and Changes in Fund Balance	\$ (70,504)
Governmental funds report expenses that involve payments with current financial resources, such as insurance, in the year in which it is paid. In the Statement of Activities, payments that are attributable in current periods are recognized. This amount is the decrease in prepaid expenses.	(18,622)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$0) exceed depreciation (\$565) in the current period.	(565)
Total Changes in Net Position per Statement of Activities	\$ <u>(89,691)</u>

## **Notes To The Financial Statements**

**ELEVENTH AND FORTY-SECOND JUDICIAL DISTRICTS INDIGENT DEFENDER FUND**  
**DeSoto and Sabine Parishes, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**  
As of and for the Year Ended June 30, 2018

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**INTRODUCTION**

The Eleventh and Forty-second Judicial Districts Indigent Defender Fund (Indigent Defender Fund) was established to provide and compensate counsel appointed to represent indigents in criminal and quasi-criminal cases on the district court level. The district fund is regulated by the Louisiana Public Defender Board established by Louisiana Revised Statute 15:141-184 to provide effective legal representation to criminal defendants who are unable to afford an attorney, consistent with the right to counsel in criminal courts, mindful of the need for law and order and an appreciation of victim's rights. The Indigent Defender Fund is administered by district public defenders who are contracted with the Louisiana Public Defender Board to provide for the delivery and management of public defender services within the judicial district. Offices for the Eleventh and Forty-second Indigent Defender Fund are maintained in Mansfield, Louisiana.

Pursuant to Act No. 416 of the 2007 Regular Session of the Louisiana Legislature, the former 11<sup>th</sup> Judicial District, which was comprised of Sabine and DeSoto Parishes, was split along parish boundaries as of January 1, 2009. Sabine Parish became the "new" Eleventh Judicial District; and DeSoto Parish became the newly created Forty-second Judicial District. Whereas Act No. 416 made provisions for judges, law clerks, court reporters, and the district attorney and assistants, it made no provisions for public defender services of the districts after the split. One Chief Defender operates the two districts under a cooperative endeavor agreement as one entity. The agreement expires June 30, 2018. The agreement was renewed to June 30, 2019.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying basic financial statements of the Eleventh and Forty-second Judicial Districts Indigent Defender Fund have been prepared in conformity with governmental accounting principles generally accepted (GAAP) 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. Such accounting and reporting policies also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Governmental Audit Guide.

The more significant accounting policies established in GAAP and used by the Eleventh and Forty-second Judicial Districts Indigent Defender Fund are discussed below.

**A. REPORTING ENTITY**

For financial reporting purposes, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 14, the Eleventh and Forty-second Judicial Districts Indigent Defender Fund is a part of the operations of the district court system. However, the state statutes that create the indigent defender funds also gives the funds control over their operations including hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of monies. The Eleventh and Forty-second Judicial Districts Indigent Defender Fund is financially independent and operated autonomously from the State of Louisiana and independently from the district court system. Therefore, the Indigent Defender Fund reports as an independent reporting entity and the financial statements include only the transactions of the Eleventh and Forty-second Judicial Districts Indigent Defender Fund.

**B. BASIS OF PRESENTATION – BASIC FINANCIAL STATEMENTS**

The Indigent Defender Fund's basic financial statements include both government-wide (reporting the Fund as a whole) and fund financial statements (reporting the Fund's major fund).

**ELEVENTH AND FORTY-SECOND JUDICIAL DISTRICTS INDIGENT DEFENDER FUND**  
**DeSoto and Sabine Parishes, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**  
As of and for the Year Ended June 30, 2018

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. BASIS OF PRESENTATION – BASIC FINANCIAL STATEMENTS (continued)**

**Governmental Fund Statements**

The accounts of the Indigent Defender Fund are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income.

A fund is considered major if it is the primary operating fund of the entity. The Indigent Defender Fund maintains only one governmental fund.

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

**Government-Wide Statements**

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations, if appropriate.

The government-wide Statement of Activities reports both the gross and net cost of the Indigent Defender Fund's judicial function. This function is also supported by general government revenues (in this case interest revenue.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the judicial function. Operating grants include operating-specific and discretionary grants.

This government-wide focus is more on the sustainability of the Indigent Defender Fund as an entity and the change in the Indigent Defender Fund's net position resulting from the current year's activities.

**C. MEASUREMENT FOCUS / BASIS OF ACCOUNTING**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues or expenditures, expenses, and transfers—and assets, deferred outflows of resources, liabilities, and deferred inflows of resources—are recognized in the accounts and reported in the financial statements.

**Accrual Basis—Government-Wide Financial Statements**

The Statement of Net Position and the Statement of Activities have been prepared using 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).

**ELEVENTH AND FORTY-SECOND JUDICIAL DISTRICTS INDIGENT DEFENDER FUND**  
**DeSoto and Sabine Parishes, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**  
As of and for the Year Ended June 30, 2018

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

C. MEASUREMENT FOCUS / BASIS OF ACCOUNTING (continued)

Modified Accrual Basis—Governmental Fund Financial Statements

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. State government appropriations and revenue collected on the Fund's behalf by other local governments are recorded in the year the Fund is entitled to the funds. Fees collected by the Fund are recognized in the period in which they are received. Interest income on demand deposits is recorded monthly when the interest is earned and credited to the Fund's account. Interest income on time deposits is accrued at year end. Salaries and related benefits are recorded when employee services are provided. Purchases of various operating supplies are recorded as expenditures in the accounting period in which they are purchased. Substantially all other expenditures are recognized when the related fund liability is incurred.

D. ASSETS, LIABILITIES, AND EQUITY

**Cash and Interest-bearing deposits**

Cash includes amounts in interest-bearing demand deposits and certificates of deposit. Under state law, the Fund may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Fund may invest in United States bonds, treasury notes and bills, government-backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

**Accounts Receivable**

Substantially all receivables are considered to be fully collectible, and no allowance for uncollectibles is used.

**Prepaid Expenses**

Payments made to vendors for insurance and rent that will benefit periods beyond June 30, 2018 are recorded as prepaid expenses.

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance that do not add to the value of that asset or materially extend the life of that asset are expensed as incurred.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

<u>Description</u>	<u>Lives</u>
Office Equipment	5 years

**ELEVENTH AND FORTY-SECOND JUDICIAL DISTRICTS INDIGENT DEFENDER FUND**  
**DeSoto and Sabine Parishes, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**  
As of and for the Year Ended June 30, 2018

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

D. ASSETS, LIABILITIES, AND EQUITY (continued)

**Equity Classifications**

Net Position

The Fund classifies net position in the government-wide financial statements, as follows:

- Net investment in capital assets – consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increase by balances of deferred outflows of resources related to those assets.
- Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the Fund's bonds. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
- Unrestricted net position – consists of all other net resources that do not meet the definition of the above two components and is available for general use by the Fund.

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies unrestricted net position first, unless a determination is made to use restricted net position. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at incurrence of the expense.

Fund Balances

In the governmental fund statements, fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used. In accordance with GASB 54, the Fund classifies fund balances in governmental funds as follows:

- Nonspendable--Amounts that are not in spendable form (such as prepaid expenses) or because they are legally or contractually required to be maintained intact.
- Restricted--Amounts constrained to specific purposes by their providers (such as grantors or higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed--Amounts constrained by the Fund itself. To be reported as committed, amounts cannot be used for any other purpose unless the Fund takes the action to remove or change the constraint.
- Assigned--Amounts the Fund intends to use for a specific purpose.
- Unassigned--All amounts not included in other spendable classifications.

The Fund would typically apply an expenditure toward restricted fund balance and then to the other, less restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

**ELEVENTH AND FORTY-SECOND JUDICIAL DISTRICTS INDIGENT DEFENDER FUND**  
**DeSoto and Sabine Parishes, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**  
As of and for the Year Ended June 30, 2018

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. COMPENSATED ABSENCES**

The Indigent Defender Fund has the following policy relating to vacation and sick leave:

Employees of the Indigent Defender Fund, at the beginning of each calendar year, are allowed twenty days of non-cumulative paid time off, which encompasses both vacation and sick leave. There is no accumulation of vested benefits relating to any paid time off.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as current-year expenditures when leave is actually taken.

**F. ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**2. CASH AND CASH EQUIVALENTS**

At June 30, 2018, the Eleventh and Forty-second Judicial Districts Indigent Defender Fund has cash and cash equivalents (book balances) totaling \$459,515 as follows:

Demand deposits	\$ 459,315
Petty cash	200
Total	<u>\$ 459,515</u>

The cash and cash equivalents are subject to the following risks:

*Custodial Credit Risk:* Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. 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. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Indigent Defender Fund that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Indigent Defender Fund's name.

At June 30, 2018, the Indigent Defender Fund has \$463,838 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance. The remaining \$213,838 is pledged by marketable securities held by the custodial bank with a market value of \$848,554.

**ELEVENTH AND FORTY-SECOND JUDICIAL DISTRICTS INDIGENT DEFENDER FUND**  
**DeSoto and Sabine Parishes, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**  
As of and for the Year Ended June 30, 2018

**3. RECEIVABLES**

The General Fund receivables of \$12,298 at June 30, 2018, are as follows:

Statutory fines, forfeitures, fees, court costs and other:	
Court costs	\$ 7,304
Bond fees and forfeitures	1,101
Application fees	120
Other fees and costs	<u>3,773</u>
Total	<u><u>\$ 12,298</u></u>

**4. PREPAID EXPENSES**

Prepaid expenses of \$5,243 at June 30, 2018 consist of prepaid insurance.

**5. CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended June 30, 2018, is as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Office Equipment	\$ 28,277	\$ -	\$ -	\$ 28,277
Total	<u>28,277</u>	<u>-</u>	<u>-</u>	<u>28,277</u>
Less Accumulated Depreciation				
Office Equipment	27,336	565	-	27,901
Total	<u>27,336</u>	<u>565</u>	<u>-</u>	<u>27,901</u>
Capital Assets, Net	<u>\$ 941</u>	<u>\$ (565)</u>	<u>\$ -</u>	<u>\$ 376</u>

Depreciation expense of \$565 was charged to the judiciary function of the governmental activities.

**6. LEASES**

The Indigent Defender Fund has entered into a five-year agreement to lease office space that expires January 31, 2022. Future minimum rental commitments as of June 30, 2018 are as follows:

<u>Year Ending June 30,</u>	
2019	\$ 19,200
2020	19,200
2021	19,200
2022	<u>11,200</u>
Total	<u><u>\$ 68,800</u></u>

Rent expenditures were \$18,700 for the year ended June 30, 2018.

**ELEVENTH AND FORTY-SECOND JUDICIAL DISTRICTS INDIGENT DEFENDER FUND**  
**DeSoto and Sabine Parishes, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**  
As of and for the Year Ended June 30, 2018

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**7. COOPERATIVE ENDEAVOR AGREEMENTS**

In addition to the cooperative endeavor agreement discussed in the introduction, the Forty-second Indigent Defender Fund has also entered into an agreement with the Thirty-ninth Judicial District Indigent Defender Fund on June, 30, 2018. It is agreed that the office manager of the Thirty-ninth Indigent Defender Fund shall be allowed use, for ten hours per week, a computer and other office equipment belonging to the Forty-second Judicial District Indigent Defender Fund.

On March 19, 2018, the Forty-second Indigent Defender Fund entered into an agreement with the Forty-Second Judicial District District Attorney. It is agreed that the District Attorney would obligate themselves to tender the sum of \$45 on each ticket diverted (except seatbelt tickets) to the Indigent Defender Fund. Under the agreement the Indigent Defender is obligated to make reasonable efforts to employ an African American attorney. This cooperative endeavor agreement shall have a term of one year from the date of execution. However, it shall automatically renew for an additional successive one year term unless written notice provided by either party is given at least 30 days before the end of each term. On June 4, 2018, a Forty-second Judicial District Judge found this agreement to be unconstitutional as the transfer of money between the two offices created a conflict of interest. The ruling was sent to the Second-Circuit Court of Appeals. As of June 30, 2018, no money had transferred between the District Attorney and Indigent Defender Fund.

**8. COMMITMENTS AND CONTINGENCIES**

With the exception of the matter discussed in Notes 7 and 10, the Eleventh and Forty-second Judicial Districts Indigent Defender Fund is not currently named as defendant in any current or pending litigation.

The Indigent Defender Fund participates in certain state-assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement that may arise as the result of these audits is not believed to be material.

**ELEVENTH AND FORTY-SECOND JUDICIAL DISTRICTS INDIGENT DEFENDER FUND**  
**DeSoto and Sabine Parishes, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**  
As of and for the Year Ended June 30, 2018

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**9. GOVERNMENTAL FUND REVENUES AND EXPENDITURES**

For the year ended June 30, 2018, the major sources of governmental fund revenues and expenditures were as follows:

**REVENUES:**

**State Government**

Appropriations - general	\$ 390,779	
Appropriations - special	-	
Revenue sharing	-	
Grants	-	
On-behalf payments	-	
Other	-	
Total	<u>                    </u>	\$ 390,779

**Local Government**

Appropriations - general	-	
Appropriations - special	-	
Grants	-	
Statutory fines, forfeitures, fees, court costs, and other	333,949	
Taxes - millages, sales, special, and other	-	
Criminal court fund	-	
On-behalf payments	-	
Other	-	
Total	<u>                    </u>	333,949

**Federal Government**

Grants - direct	-	
Grants - indirect (passed-through state)	-	
Total	<u>                    </u>	-

**Other Grants and Contributions**

Non-profit organizations	-	
Private organizations	-	
Corporate	-	
Other	-	
Total	<u>                    </u>	-

**Charges for Services**

-

**Investment earnings**

930

**Miscellaneous**

                      
-

**Total Revenues** \$ 725,658

**ELEVENTH AND FORTY-SECOND JUDICIAL DISTRICTS INDIGENT DEFENDER FUND**  
**DeSoto and Sabine Parishes, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**  
As of and for the Year Ended June 30, 2018

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**9. GOVERNMENTAL FUND REVENUES AND EXPENDITURES (continued)**

**EXPENDITURES:**

**Personnel Services and Benefits**

Salaries	\$ 66,000	
On-behalf payments - salaries	-	
Retirement contributions	-	
On-behalf payments - retirement	-	
Insurance	-	
On-behalf payments - insurance	-	
Payroll taxes	5,049	
Other	-	
Total	<u>                    </u>	\$ 71,049

**Professional Development**

Dues, licenses, and registrations	1,389	
Travel	4,187	
Other	-	
Total	<u>                    </u>	5,576

**Operating Costs**

Library and research	746	
Contract services - attorney/legal	670,075	
Contract services - other	21,598	
Lease - office	-	
Lease - autos and other	-	
Travel - transportation	1,853	
Travel - other	-	
Insurance	6,394	
Supplies	9,047	
Repairs and maintenance	-	
Utilities and telephone	6,046	
Other	3,778	
Total	<u>                    </u>	719,537

**Debt Service**

-

**Capital outlay**

-

**Total Expenditures**                      **\$ 796,162**

**ELEVENTH AND FORTY-SECOND JUDICIAL DISTRICTS INDIGENT DEFENDER FUND  
DeSoto and Sabine Parishes, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**  
As of and for the Year Ended June 30, 2018

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**10. SUBSEQUENT EVENTS**

Management has performed an evaluation of the Indigent Defender Fund's activities through December 7, 2018, and has concluded that there is one significant event requiring recognition or disclosure through the date and time these financial statements were available to be issued. On September 7, 2018, the Second Circuit Court of Appeals upheld the ruling of the 42<sup>nd</sup> Judicial District Judge that the Cooperative Endeavor Agreement with the Forty-second District Attorney, discussed in Note 8, was unconstitutional.

**Required Supplementary Information (Part II)**

**ELEVENTH AND FORTY-SECOND JUDICIAL DISTRICTS INDIGENT DEFENDER FUND**  
DeSoto and Sabine Parishes, Louisiana

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

For the Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget Positive (Negative)
<b>Revenues</b>				
State government appropriations- general	\$ 377,464	\$ 387,103	\$ 390,779	\$ 3,676
Local government fines, fees & court costs	749,300	304,900	333,949	29,049
Investment earnings	440	850	930	80
<b>Total Revenues</b>	<u>1,127,204</u>	<u>692,853</u>	<u>725,658</u>	<u>32,805</u>
<b>Expenditures</b>				
Judiciary:				
Contract services - attorney/ legal	706,762	680,617	670,075	10,542
Contract services - other	20,000	8,500	5,423	3,077
Support staff salaries	66,000	66,000	66,000	-
Payroll taxes	5,050	5,050	5,049	1
Professional development	3,000	3,000	2,135	865
Professional services - accounting/audit	18,000	18,000	16,175	1,825
Office expenses	35,900	37,500	18,338	19,162
Travel	7,200	8,900	6,040	2,860
Capital outlays	5,000	1,000	-	1,000
Other	7,900	6,920	6,927	(7)
<b>Total Expenditures</b>	<u>874,812</u>	<u>835,487</u>	<u>796,162</u>	<u>39,325</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	252,392	(142,634)	(70,504)	(6,520)
Fund Balance,beginning of the year	<u>481,855</u>	<u>481,855</u>	<u>481,855</u>	<u>-</u>
Fund Balance,end of the year	<u>\$ 734,247</u>	<u>\$ 339,221</u>	<u>\$ 411,351</u>	<u>\$ (6,520)</u>

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

**ELEVENTH AND FORTY-SECOND JUDICIAL DISTRICTS INDIGENT DEFENDER FUND  
DeSoto and Sabine Parishes, Louisiana**

**NOTES TO BUDGETARY COMPARISON SCHEDULE**  
As of and for the Year ended June 30, 2018

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**Budgetary Information**

The District's Chief Public Defender directs the preparation of a proposed budget and submits it to the Louisiana Public Defender Board for approval by a specified date. The budget is then legally adopted by the Fund and amended during the year, as necessary. The budget is established and controlled by the Chief Defender at the objective level of expenditure. Amounts are available for expenditure only to the extent included within the budget. All appropriations lapse at year-end. The budget comparison schedule presents the original adopted budget and the final amended budget.

Formal budgetary integration is employed as a management control device during the year, and encumbrance accounting is not used by the Fund. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts. The Indigent Defender Fund amended the budget once during the year.

The Eleventh and Forty-second Judicial District Indigent Defender Fund's budget is prepared in accordance with accounting principles accepted in the United States of America. The Eleventh and Forty-second Judicial District Indigent Defender Fund's budget is adopted annually on the modified accrual basis of accounting.

The Louisiana Local Government Budget Act Section 1305(E) provides that "the total of proposed expenditures shall not exceed the total of estimated funds available for the ensuing fiscal year." The "total estimated funds available" is the sum of the respective estimated fund balances at the beginning of the year and the anticipated revenues for the current year.

The Eleventh and Forty-Second Judicial Districts Indigent Defender Fund is in compliance with the Louisiana Local Budget Act.

## Other Supplemental Information

**ELEVENTH AND FORTY-SECOND JUDICIAL DISTRICTS INDIGENT DEFENDER FUND**

DeSoto and Sabine Parishes, Louisiana

**STATEMENT OF ACTIVITIES BY DISTRICT**

For the Year ended June 30, 2018

	<u>Eleventh District</u>	<u>Forty-second District</u>	<u>Total</u>
Program Revenues			
Operating grants and contributions:			
State government appropriations- general	\$ 340,597	\$ 50,182	\$ 390,779
Charges for services:			
Local government fines, fees & court costs	59,645	274,304	333,949
Total Program Revenues	<u>400,242</u>	<u>324,486</u>	<u>724,728</u>
General Revenues			
Investment earnings	465	465	930
Total General Revenues	<u>465</u>	<u>465</u>	<u>930</u>
			-
<b>TOTAL REVENUES</b>	<u>400,707</u>	<u>324,951</u>	<u>725,658</u>
Expenditures/ Program Expenses			
Judiciary:			
Personnel services & benefits	35,524	35,525	71,049
Professional development	2,988	2,588	5,576
Operating costs	341,769	396,390	738,159
Depreciation	-	565	565
Total Expenditures/ Judiciary Program Expenses	<u>380,281</u>	<u>435,068</u>	<u>815,349</u>
Change in Net Position	20,426	(110,117)	(89,691)
Net Position			
Beginning of the year	(563,796)	1,070,457	506,661
End of the year	<u>\$ (543,370)</u>	<u>\$ 960,340</u>	<u>\$ 416,970</u>

The notes to the financial statements are an integral part of this statement.

**ELEVENTH AND FORTY-SECOND JUDICIAL DISTRICTS INDIGENT DEFENDER FUND**

DeSoto and Sabine Parishes, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS  
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

For the year ended June 30, 2018

Steven Thomas, Chief Defender

## Purpose:

Salary - contracted	\$	115,562
Benefits- Insurance		-
Benefits- retirement		-
Benefits- other		-
Car Allowance		-
Vehicle provided by government		-
Cell Phone		1,838
Per diem		-
Reimbursements		-
Registration fees		-
Meeting travel, meals and lodging		4,302
Continuing professional education fees		-
Professional dues		989
Unvouchered expenses		-
Special meals		-
Total	\$	<u>122,691</u>

The accompanying notes are an integral part of this statement.

**Other Reports Required by *Government Auditing Standards***

**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***

Steven Thomas, Chief Defender  
Eleventh and Forty-Second Judicial Districts Indigent Defender Fund  
Post Office Box 1004  
Mansfield, Louisiana 71052

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 of America, the financial statements of the governmental activities of the Eleventh and Forty-Second Judicial Districts Indigent Defender Fund (the "Fund") as of and for the year ended June 30, 2018, and the related notes to the financial statements and have issued my report thereon dated December 7, 2018.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, I do not express an opinion on the effectiveness of the Fund'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 over financial reporting was for the limited purpose described in the first preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Given these limitations, during my audit I did not identify any weaknesses in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance

As part of obtaining reasonable assurance about whether the Fund'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 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 this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountant

Shreveport, Louisiana  
December 7, 2018

**Eleventh and Forty-Second Judicial Districts Indigent Defender Fund**  
**DeSoto and Sabine Parishes, Louisiana**  
Schedule of Findings, Responses and  
Prior Year Findings

**Summary of Audit Results**

1. The independent auditor's report expressed an unmodified opinion on the financial statements of Eleventh and Forty-Second Judicial Districts Indigent Defender Fund.
2. No instances of internal control deficiencies were disclosed during the examination.
3. No instances of noncompliance were disclosed during the examination.
4. No separate management letter was issued to Eleventh and Forty-Second Judicial Districts Indigent Defender Fund.

**Findings for the Year Ended June 30, 2018**

None.

**Findings for the Year Ended June 30, 2017**

None.

**Independent Accountant's Report on Applying Agreed-Upon Procedures**

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the District Defender  
The 11<sup>th</sup> and 42<sup>nd</sup> Judicial Districts  
Indigent Defender Fund and the  
Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by 11th and 42nd Judicial Districts Indigent Defender Fund (11/42 IDF) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

***Written Policies and Procedures***

---

1. I obtained the entity's written policies and procedures and determined whether those written policies and procedures address each of the following financial/business functions (or noted that the entity does not have any written policies and procedures), as applicable:

a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

*All the above budgeting functions were addressed without exception.*

b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

*All the above purchasing functions were addressed without exception.*

c) **Disbursements**, including processing, reviewing, and approving.

*All the above disbursement functions were addressed without exception.*

d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g.

periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

*All the above receipts/collections functions were addressed without exception.*

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

*All the above payroll/personnel functions were addressed without exception.*

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

*All the above contracting functions were addressed without exception.*

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.

*All the above credit card functions were addressed without exception; however, it should be noted that the entity does not use such forms of payment.*

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

*All the above travel and expense reimbursement functions were addressed without exception.*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

*All the above ethics functions were addressed without exception.*

- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

*All the above debt service functions were addressed without exception.*

## **Collections**

---

2. I obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. I randomly select 5 deposit sites (or all deposit sites if less than 5).

*Done without exception.*

3. For each deposit site selected, I obtained a listing of collection locations and management's representation that the listing is complete. I randomly selected one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observed that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

*I noted cash drawers/registers are not used.*

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

*No exception noted.*

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

*No exceptions noted.*

- d) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

*No exceptions noted.*

4. I inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

*Noted without exception.*

5. I randomly selected two deposit dates for the entity's only bank account and:

- a) Observed that receipts are sequentially pre-numbered.

*No exception noted.*

- b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

*No exception noted.*

- c) Traced the deposit slip total to the actual deposit per the bank statement.

*No exception noted.*

- d) Observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

*Observed one deposit greater than \$100 was deposited 10 business days after the funds were received (Exception). Management's written policy requires collections greater than \$500 be deposited within one business day of collection.*

- e) Trace the actual deposit per the bank statement to the general ledger

*No exception noted.*

***Non-Payroll Disbursements – (excluding credit card/debit card/fuel card/P-Card purchases or payments)***

---

- 6. I obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. By reference to this listing, I noted only one such location.

*Done without exception.*

- 7. For each location selected under #6 above, I obtained a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observed that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase
- b) At least two employees are involved in processing and approving payments to vendors.
- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

*For subparagraphs a) through d) above, I noted the entity uses the services of an outside accountant who processes payments using their own accounting system. The accountant adds vendors as necessary to the accounting system upon receiving an approved invoice from management. As a compensating control, the outside accountant does not have check signing authority.*

8. For each location selected under #6 above, I obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. I randomly selected 5 disbursements for each location, obtain supporting documentation for each transaction and:

a) Observed that the disbursement matched the related original invoice/billing statement.

*Noted without exception.*

b) Observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #7, as applicable

*Noted without exception.*

I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



Certified Public Accountant

Shreveport, Louisiana  
December 7, 2018