

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

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 susceptible to accrual.

**Expenditures**

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

**E. 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, 1996, the board has cash demand deposits (book balances) totaling \$889,500.

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash (bank balances) at December 31, 1996, are secured as follows:

Bank Balances	<u>\$889,492</u>
Federal deposit insurance	\$178,791
Pledged securities (uncollateralized)	<u>892,630</u>
Total	<u>\$1,071,421</u>



MEMBER AMERICAN  
INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC  
ACCOUNTANTS

PRACTICE LIMITED TO  
GOVERNMENTAL  
ACCOUNTING, AUDITING  
AND FINANCIAL REPORTING

116 PROFESSIONAL DRIVE,  
WEST MONROE,  
LOUISIANA 71291  
PHONE 318.325.2121  
TOLL FREE LOUISIANA  
1.800.541.5020  
FAX 318.324.1630

## 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, 1995, 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 statement 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, 1996, 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.



FOURTH JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
Parishes of Ouachita and Morehouse, Louisiana  
Independent Auditor's Report  
on Internal Control Structure,  
December 31, 1996

In planning and performing my audit of the general purpose financial statements of the Fourth Judicial District Indigent Defender Board for the two years ended December 31, 1996, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the general purpose 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. I noted no matters involving the internal control structure and its operations that I consider to be material weaknesses as defined above.

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  
June 24, 1997





MEMBER AMERICAN  
INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC  
ACCOUNTANTS

PRACTICE LIMITED TO  
GOVERNMENTAL  
ACCOUNTING, AUDITING  
AND FINANCIAL REPORTING

116 PROFESSIONAL DRIVE,  
WEST MONROE,  
LOUISIANA 71291  
PHONE 318.325.2121  
TOLL FREE LOUISIANA  
1.800.541.5020  
FAX 318.324.1630

## Independent Auditor's Report on the Internal Control Structure

### 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, 1996, and for each of the years in the two year period then ended, and have issued my report thereon dated June 24, 1997.

I conducted my audit in accordance with generally accepted auditing standards: *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. Those standards and the audit guide require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of the Fourth Judicial District Indigent Defender Board is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

FOURTH JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
Parishes of Ouachita and Morehouse, Louisiana  
Independent Auditor's Report  
on Internal Control Structure,  
December 31, 1996

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

**Finding:** Retroactive raises totaling \$21,850 were given to all employees and contract attorneys in December, 1996. Further, other retroactive raises were approved in June and October, 1996. Article VII, Section 14 of the Louisiana Constitution prohibits the board from donating funds or things of value to any person, association, or corporation, public or private. Retroactive raises have been addressed by several opinions of the Attorney General, all of which opined that such expenditures were a violation of Article VII, Section 14.

**Recommendation:** I recommend that the board discontinue the practice of authorizing retroactive raises.

**Management's Response:** "Attorney raises reflect anniversary of hiring date on contract. In the future all raises will be from approval date by the Board rather than retroactive to anniversary of hiring."

I considered this instance of noncompliance in forming my opinion on whether the board's general purpose financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect my report dated June 24, 1997, on those primary government financial statements.

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  
June 24, 1997



MEMBER AMERICAN  
INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC  
ACCOUNTANTS

PRACTICE LIMITED TO  
GOVERNMENTAL  
ACCOUNTING, AUDITING  
AND FINANCIAL REPORTING

116 PROFESSIONAL DRIVE,  
WEST MONROE,  
LOUISIANA 71291  
PHONE 318.325.2121  
TOLL FREE LOUISIANA  
1.800.541.5020  
FAX 318.324.1630

## Independent Auditor's Report on Compliance With Laws, Regulations, and, Contracts

### 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, 1996, and for each of the years in the two year period then ended, and have issued my report thereon dated June 24, 1997.

I conducted my audit in accordance with generally accepted auditing standards: *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. Those standards and the audit guide require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, and contracts applicable to the Fourth Judicial District Indigent Defender Board is the responsibility of the Fourth Judicial District Indigent Defender Board's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, I performed tests of the Fourth Judicial District Indigent Defender Board's compliance with certain provisions of laws, regulations, and contracts. However, my objective was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

Material instances of noncompliance consist of failures to follow requirements, or violations of prohibitions, contained in statutes, regulations, or contracts that cause me to conclude that the aggregation of the misstatements resulting from those failures or violations is material to the general purpose financial statements. The results of my tests of compliance disclosed the following instance of noncompliance.

**Independent Auditor's Reports on Compliance  
With Laws, Regulations, and Contracts  
and Internal Control Structure**

The following independent auditor's reports on compliance with laws, regulations, contracts, and grants and internal control structure are 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.



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

Because the pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than in the name of the board, they are considered uncollateralized (Category 3) under the provisions of GASB Codification C20.1006; however, 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 board that the fiscal agent bank has failed to pay deposited funds upon demand. Further, LRS 39:1224 states that securities held by a third party shall be deemed to be held in the board's name.

**F. VACATION AND SICK LEAVE**

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

**G. TOTAL COLUMN ON THE BALANCE SHEET**

The total column on the balance sheet is captioned Memorandum Only (overview) to indicate that it is presented 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, 1996:

Balance January 1, 1996	\$9,359
Additions:	
1995	13,534
1996	<u>8,510</u>
Balance December 31, 1996	<u>\$31,403</u>

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

**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, 1996 .

**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 on 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.

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

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

**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, 1996

**1. 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 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 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)

**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, 1996, as provided by Louisiana Statutes 15:145(b)(3), the indigent defender board had twenty 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, sixteen attorneys for Ouachita Parish, and three attorneys for Morehouse Parish. The managing attorney receives \$4,900 per month in compensation while the remaining attorneys receive monthly compensation ranging from \$2,000 to \$4,500, 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.

**6. GRANT FUNDS**

In 1995 and 1996, the board received \$170,133 and \$108,139, 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.



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

Balance Sheet, December 31, 1996

	GOVERNMENTAL FUND TYPE - GENERAL FUND	ACCOUNT GROUP - GENERAL FIXED ASSETS	TOTAL (MEMORANDUM ONLY)
<b>ASSETS</b>			
Cash	\$889,500		\$889,500
Receivables:			
Court costs on fines and forfeitures	79,348		79,348
Criminal bond fines and forfeitures	19,989		19,989
Fees from indigents	1,395		1,395
Furniture and equipment		\$31,403	31,403
<b>TOTAL ASSETS</b>	<b>\$990,232</b>	<b>\$31,403</b>	<b>\$1,021,635</b>
<b>LIABILITIES AND FUND EQUITY</b>			
Liabilities:			
Salaries payable	\$75,535		\$75,535
Accounts payable	2,310		2,310
Payroll withholdings payable	237		237
Total Liabilities	78,082	NONE	78,082
Fund Equity:			
Investment in general fixed assets		\$31,403	31,403
Fund balance - unreserved - undesignated	912,150		912,150
Total Fund Equity	912,150	31,403	943,553
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$990,232</b>	<b>\$31,403</b>	<b>\$1,021,635</b>

The accompanying notes are an integral part of this statement.

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

General Purpose Financial Statements  
As of and for the Two Years Ended  
December 31, 1996

C O N T E N T S

	<u>Statement</u>	<u>Page No.</u>
<b>Independent Auditor's Report</b>		2
<b>General Purpose Financial Statements:</b>		
Balance Sheet - All Fund Types and Account Groups, December 31, 1996	A	5
Governmental Fund Type - General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance, By Years	B	6
Notes to the Financial Statements		7
<b>Independent Auditor's Reports Required by     <i>Government Auditing Standards:</i></b>		
Report on Compliance With Laws, Regulations, and Contracts		14
Report on Internal Control Structure		16

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, 1996

	Year Ended ...December 31,...	
	1996	1995
<b>REVENUES</b>		
Court costs on fines and forfeitures	\$770,304	\$787,761
Criminal bail bond fees and forfeitures	125,466	109,867
Fees from indigents	21,002	19,589
<i>District Assistance Fund</i>	108,139	170,133
Use of money and property - interest earnings	15,180	16,614
Total revenues	1,040,091	1,103,964
<b>EXPENDITURES</b>		
General government - judicial:		
Current:		
Personal services and related benefits	111,888	79,688
Operating services	698,350	579,824
Materials and supplies	4,209	2,014
Travel	4,641	1,361
Capital outlay	8,510	13,534
Total expenditures	827,598	676,421
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	212,493	427,543
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	699,657	272,114
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$912,150</u>	<u>\$699,657</u>

The accompanying notes are an integral part of this statement.

**GENERAL PURPOSE FINANCIAL STATEMENTS  
(OVERVIEW)**

FOURTH JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
Parishes of Ouachita and Morehouse, Louisiana  
Independent Auditor's Report,  
December 31, 1996

In accordance with *Government Auditing Standards*, I have also issued a report dated June 24, 1997 on my consideration of the Fourth Judicial District Indigent Defender Board's internal control structure and a report dated June 24, 1997 on the agency's compliance with laws and regulations.

A handwritten signature in black ink, appearing to be 'C. Smith', written in a cursive style.

West Monroe, Louisiana  
June 24, 1997