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**SEVENTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD
Parish of
Catahoula and Concordia, Louisiana**

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

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed, either in person or by mail, at the public office of the auditor, and a copy for public use is available at the Parish Library, the Parish Legislative Auditor and the Parish Clerk of Court, at the office of the parish clerk of court.

Release Date AUG 11 1999

**SEVENTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD
Parish of
Catahoula and Concordia, Louisiana**

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SECTION I – GENERAL PURPOSE FINANCIAL STATEMENTS

SWITZER, HOPKINS & MANGE

Certified Public Accountants

DENNIS R. SWITZER, CPA
H. MYLES HOPKINS, CPA
SUSAN L. MANGE, CPA
ROXANNE B. JAMES, CPA
JOHN M. JONES, CPA 1921 - 1983

INDEPENDENT AUDITORS' REPORT

**Seventh Judicial District
Indigent Defender Board
Parish of Catahoula and Concordia, Louisiana**

We have audited the accompanying component unit financial statements of the Seventh Judicial District Indigent Defender Board as of December 31, 1998, and for the two years then ended, as listed in the foregoing table of contents. These financial statements are the responsibility of management of the Seventh Judicial District Indigent Defender Board. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the component unit financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Seventh Judicial District Indigent Defender Board as of December 31, 1998 and the results of that fund's operations for the two years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 15, 1999 on our consideration of Seventh Judicial District Indigent Defender Board's internal control structure on its compliance with laws and regulations.

**Ferriday, Louisiana
July 15, 1999**

Switzer, Hopkins & Mange

SEVENTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD
Parish of Catahoula and Concordia, Louisiana

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

December 31, 1998

	Governmental Fund Type	Account Group General Fixed Assets	Totals (Memorandum Only)
	<u>General</u>	<u>Assets</u>	<u>1998</u> <u>1997</u>
<u>ASSETS</u>			
Cash and cash equivalents (note 2)	\$ 317,548	\$ -	\$ 317,548 \$ 300,174
Receivables - court costs on fines and forfeitures	10,473	-	10,473 13,498
Equipment	<u>-</u>	<u>16,677</u>	<u>16,677</u> <u>13,570</u>
TOTAL ASSETS	<u>328,021</u>	<u>16,677</u>	<u>344,698</u> <u>327,242</u>
<u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Payroll deductions and payable	<u>1,966</u>	<u>-</u>	<u>1,966</u> <u>2,156</u>
Fund Equity:			
Fund balance - unreserved	326,055	-	326,055 311,516
Investment in general fixed assets	<u>-</u>	<u>16,677</u>	<u>16,677</u> <u>13,570</u>
Total fund equity	<u>326,055</u>	<u>16,677</u>	<u>342,732</u> <u>325,086</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 328,021</u>	<u>\$ 16,667</u>	<u>\$ 344,698</u> <u>\$ 327,242</u>

The following notes are an integral part of these financial statements.

**SEVENTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD
Parish of Catahoula and Concordia, Louisiana
GOVERNMENTAL FUND – GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
DECEMBER 31, 1998 AND DECEMBER 31, 1997**

	<u>1998</u>	<u>1997</u>
REVENUES		
Court costs on fines and forfeiture	<u>\$ 72,597</u>	<u>\$ 78,344</u>
 EXPENDITURES		
General government - judicial:		
Salaries and related benefits	66,608	55,237
Operating services	5,720	8,757
Professional services	770	1,970
Travel	2,137	1,343
Capital Outlay	<u>3,107</u>	<u>3,970</u>
Total expenditures	<u>78,342</u>	<u>71,277</u>
 EXCESS (DEFICIENCY) OF REVENUES AND EXPENDITURES	 (5,745)	 7,067
 Other financing sources:		
Interest income	11,284	9,321
Grant income	<u>9,000</u>	<u>41,184</u>
Total other financing sources	<u>20,284</u>	<u>50,505</u>
 EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	 14,539	 57,572
 FUND BALANCE AT BEGINNING OF YEAR	 <u>311,516</u>	 <u>253,944</u>
 FUND BALANCE AT END OF YEAR	 <u>\$ 326,055</u>	 <u>\$311,516</u>

The following notes are an integral part of these financial statements.

SEVENTH JUDICIAL DISTRICT INDIGENT DEFENDER BOARD
 Parish of Catahoula and Concordia, Louisiana
 GOVERNMENTAL FUND - GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL (GAAP BASIS)

December 31, 1998

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Court costs on fines and forfeiture	\$ 99,708	\$ 72,597	\$ (27,111)
EXPENDITURES			
General government - judicial:			
Salaries and related benefits	89,405	66,608	22,797
Operating services	8,995	5,720	3,275
Professional services	2,484	770	1,714
Travel	3,940	2,137	1,803
Capital Outlay	2,000	3,107	(1,107)
Total expenditures	<u>106,824</u>	<u>78,342</u>	<u>28,482</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7,116)	(5,745)	1,371
Other financing sources: Interest income	1,116	11,284	10,168
Grant income	6,000	9,000	3,000
Total other financing sources	<u>7,116</u>	<u>20,284</u>	<u>13,168</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	-	14,539	14,539
FUND BALANCE AT BEGINNING OF YEAR	<u>311,516</u>	<u>311,516</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 311,516</u>	<u>\$ 326,055</u>	<u>\$ 14,539</u>

The following notes are an integral part of these financial statements.

SEVENTH JUDICIAL DISTRICT INDIGENT DEFENDER BOARD
Parish of Catahoula and Concordia, Louisiana
GOVERNMENTAL FUND - GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (GAAP BASIS)

December 31, 1997

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Court costs on fines and forfeiture	\$ 60,500	\$ 78,344	\$ (17,844)
EXPENDITURES			
General government - judicial:			
Salaries and related benefits	67,250	55,237	12,013
Operating services	7,080	8,757	(1,677)
Professional services	2,000	1,970	30
Travel	2,200	1,343	857
Capital Outlay	-	3,970	(3,970)
Total expenditures	<u>78,530</u>	<u>71,277</u>	<u>7,253</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(18,030)	7,067	25,097
Other financing sources: Interest income	800	9,321	8,521
Grant income	<u>30,000</u>	<u>41,184</u>	<u>11,184</u>
Total other financing sources	<u>30,800</u>	<u>50,505</u>	<u>19,705</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	12,770	57,572	44,802
FUND BALANCE AT BEGINNING OF YEAR	<u>253,944</u>	<u>253,944</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 266,714</u>	<u>\$ 311,516</u>	<u>\$ 44,802</u>

The following notes are an integral part of these financial statements.

**SEVENTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD
Parish of Catahoula and Concordia, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998**

INTRODUCTION

The Seventh Judicial District Indigent Defender Board, established in compliance with Louisiana Revised Statutes 15:144-149, provides council to represent indigents (needy individuals) in criminal and quasi-criminal cases at the district court level. The judicial district encompasses the parishes of Catahoula and Concordia, Louisiana. The board is composed of seven members who are appointed by the district court. The board members serve without compensation. Revenues to finance the board's operations are provided primarily from court costs on fines imposed by the various courts within the district. The board has one salaried employee and a contract employee (chief indigent defender).

1. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the Seventh Judicial District Indigent Defender Board have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

For financial reporting purposes, in conformance with GASB Codification Section 2100, the Indigent Defender Board is a part of the district court system of the State of Louisiana. However, the state statutes that create the boards also give each of the boards control over all their operations. This includes the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. The indigent defender board is financially independent and operates autonomously from the State of Louisiana and independently from the district court system. Therefore, the board reports as an independent reporting entity, and the financial statements include only the transactions of the Seventh District Indigent Defender Board.

**SEVENTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD
Parish of Catahoula and Concordia, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998**

C. FUND ACCOUNTING

The board uses a fund 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 relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The General Fund is accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The operating statement presents increases and decreases in net current assets. The General Fund uses the modified accrual basis of accounting. The General Fund uses the following practices in recording 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 tax collectors or the cities.

Interest earnings are recorded when received.

Expenditures

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

E. BUDGET AND BUDGETARY ACCOUNTING

- a) The secretary prepares a proposed budget and submits same to the board no later than fifteen days prior to the beginning of each fiscal year.
- b) A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.

**SEVENTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD
Parish of Catahoula and Concordia, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998**

E. BUDGETS AND BUDGETARY ACCOUNTING CONTINUED

- c) A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
- d) After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through the passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
- e) All budgetary appropriations lapse at the end of each year.
- f) Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the board. Such amendments were not material in relation to the original appropriations.

F. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits. Cash equivalents include amounts in the time deposits. Under state law, the indigent defender board may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

G. CHANGES IN GENERAL FIXED ASSETS AND LONG-TERM OBLIGATIONS

A summary of changes in general fixed assets follows:

	Balance Beginning of <u>Year</u>	<u>Additions</u>	<u>Deletions</u>	Balance End of <u>Year</u>
1997	\$ 9,600	\$ 3,970	-	\$ 13,570
1998	13,570	3,107	-	16,677

**SEVENTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD
Parish of Catahoula and Concordia, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998**

H. COMPENSATED ABSENCES

After one year of employment, full-time employees earn from one to three weeks of vacation and sick leave each year, depending on their length of service. Sick leave may be accumulated. At December 31, 1998, there are no accumulated and vested benefits relating to vacation or sick leave that require disclosure or accrual to conform to generally accounting principles.

2. CASH AND CASH EQUIVALENTS

At December 31, 1998, the board has cash and cash equivalents (book balances) totaling \$317,548 which consist of \$92,444 in demand deposits and \$225,104 in time deposits. Under state law, federal deposit insurance or the pledge of securities owned by the fiscal agent bank must secure these deposits (or the resulting bank balances). 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 or custodial bank that is mutually acceptable to both parties. At December 31, 1998, the district has \$317,664 in deposits (collected bank balances). These deposits are fully secured from risk by federal deposit insurance (\$248,445) and by the pledge of securities owned by the fiscal agent bank (\$69,219).

3. PENSION PLAN

The district has two employees. One is a contract employee (chief indigent defender) and one is a member of the Parochial Employees Retirement System of Louisiana (System), a multiple employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two district plans, Plan A and Plan B, with separate assets and benefit provisions.

All permanent employees working at least 28 hours per week whom are paid wholly or in part from parish fund and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each of creditable service. However, for those employees who were members of the supplemental plan only prior to January 1, 1980, the benefit is equal to one percent of final average salary plus \$24 for each year of supplemental-plan-only service earned prior to January 1, 1980.

**SEVENTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD
Parish of Catahoula and Concordia, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998**

3. PENSION PLAN CONTINUED

Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

Contributions to the System include one-fourth of one per cent of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge Parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. State statute requires covered employees to contribute a percentage of their salaries to the System. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by an actuarial valuation and are subject to change each year based on results of the valuations for the prior fiscal year.

The Parochial Employee's Retirement System issued a publicly available actuarial valuation and required supplementary information. That information may be obtained by writing to Parochial Employee's Retirement System, P. O. Box 14619, Baton Rouge, LA 70898-4619 or by calling (504) 928-1361.

The pension benefit obligation is a standardized measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rated benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credit projected benefits, is intended to help users assess the System's funding status on an on-going basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERS and pension benefit obligations for individual employers.

4. LEASES

The indigent defender board does not have any capital or operating leases at December 31, 1998.

5. LITIGATION AND CLAIM

There is no pending litigation against the indigent defender board at December 31, 1998.

6. YEAR 2000 ISSUES

The Indigent Defender Board uses a computer program for scheduling purposes. Year 2000 compliance issues have not been addressed.

SECTION II

OTHER REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

The following pages contain reports on internal control structure and compliance with laws and regulations required by Government Auditing Standards, issued by the Comptroller General of the United States. The report on internal control structure is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses. The report on compliance with laws and regulations is, likewise, based solely on the audit of the presented financial statements and presents, where applicable, compliance matters that would be material to the presented financial statements.

SWITZER, HOPKINS & MANGE
Certified Public Accountants

DENNIS R. SWITZER, CPA
H. MYLES HOPKINS, CPA
SUSAN L. MANGE, CPA
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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**Seventh Judicial District
Indigent Defender Board
Parish of Catahoula and Concordia, Louisiana**

We have audited the general purpose financial statements of Seventh Judicial District Indigent Defender Board as of and for the two years ended December 31, 1998, and have issued our report thereon dated July 15, 1999. We have conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Seventh Judicial District Indigent Defender Board's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non compliance 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 object of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*.

Finding 98-01

We noted that the audit report was due by June 30, 1999, but was not completed until approximately one week later.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Seventh Judicial District Indigent Defender Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter

**Seventh Judicial District
Indigent Defender Board
Page Two**

involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Seventh Judicial District Indigent Defender Board's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements.

Finding 98-02

We noted that the Seventh Judicial District Indigent Defender Board does not have adequate segregation of duties in accounting in the office. We recommend that an attempt be made to strengthen internal control problems created by having few employees.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

This report is intended for the information and use of management of the district and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Ferriday, Louisiana
July 15, 1999

Switzer, Hopkins & Marge

**SECTION III – SCHEDULE OF FINDINGS
AND QUESTIONED COSTS**

**SEVENTH JUDICIAL DISTRICT INDIGENT
DEFENDER BOARD**

**Schedule of Findings and Questioned Costs
Year Ended December 31, 1998**

Summary of Audit Results

- 1. The auditor's report expresses an unqualified opinion on the General Purpose Financial Statements.**
- 2. One reportable condition was disclosed during the audit of the financial statements reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed In Accordance with Government Auditing Standards.**
- 3. One instance of noncompliance with certain laws and regulations of Seventh Judicial District Indigent Defender Board was disclosed during the audit.**

Findings – Financial Statement Audit

Reportable Conditions

1. Segregation of Duties

- Condition:** We noted that the Seventh Judicial District Indigent Defender Board does not have adequate segregation of duties.
- Criteria:** To increase internal controls, we recommend adequate segregation of duties.
- Effect:** Because of lack of segregation of duties, internal controls are weakened.
- Recommendation:** We recommend that an attempt be made to strengthen internal control problems created by having few employees.
- Response:** Management indicated that it would not be cost efficient or feasible to increase the number of employees.

Schedule of Findings and Questioned Costs
Page Two

2. Timeliness of audit

Condition: We noted that the audit was not completed within six months as required by Louisiana law.

Recommendation: To increase audit effectiveness, we recommend that annual audits be completed timely.

Response: Management indicated that it would comply with this audit requirement in the future years.

SECTION IV – RESPONSE

**INDIGENT DEFENDER'S OFFICE
CATAHOULA & CONCORDIA
NEW COURTHOUSE
VIDALIA, LOUISIANA 71373**

VIDALIA, LA
PHONE: 757-2140
MON., WED., & FRI.

HARRISONBURG, LA
PHONE: 744-5232
TUES. & THURS.

July 16, 1999


Switzer, Hopkins & Mange
P. O. Box 1518
Ferriday, LA 71334

Dear Mr. Hopkins:

In regard to the segregation of duties internal control problem discussed in our audit for the year ended December 31, 1998, there is nothing that we can do or plan to do about the problem. We have only one employee and do not plan to hire any additional employees at this time. There is no way to segregate duties when you have only one employee.

Also in the future years, we will have the audit completed by the due date of six months after the end of our fiscal year.

Sincerely,


Jack H. McLemore, Jr.
Chairman