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**THE FOURTEENTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD
PARISH OF CALCASIEU, LOUISIANA**

**ANNUAL GENERAL PURPOSE FINANCIAL REPORT
A COMPONENT UNIT OF THE CALCASIEU PARISH POLICE JURY
DECEMBER 31, 2003**

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

Release Date 8-4-04

THE FOURTEENTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD

PARISH OF CALCASIEU, LOUISIANA

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THE FOURTEENTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD

December 31, 2003

BOARD OF DIRECTORS

Michael Dees - President

Tara Hawkins - Secretary

Frank Granger - Treasurer

Rudie Soileau - Board Member

Jackson Schrumpf - Board Member

McELROY, QUIRK & BURCH

A Professional Corporation • Certified Public Accountants • Since 1925
800 Kirby Street • P.O. Box 3070 • Lake Charles, LA 70602-3070
337 433-1063 • Fax 337 436-6618 • Web page: www.mqb-cpa.com

Carl W. Comcaux, CPA
Barbara Hutson Gonzales, CPA
Martin L. Chehotsky, CPA, CFE
Robert M. Gani, CPA, MT
Mollie C. Broussard, CPA



Billy D. Fisher, CPA
Jason L. Guillory, CPA
Greg P. Naquin, CPA, CFPTM
Joe G. Peshoff II, CPA, CVA

Charles P. Quirk, CPA, Retired
Otray J. Woods Jr., CPA, Inactive
Robert F. Cargile, CPA, Inactive
William A. Mancuso, CPA, Retired
Judson J. McCann Jr., CPA, Retired

CFE - Certified Fraud Examiner
MT - Masters of Taxation
CVA - Certified Valuation Analyst
CFP - Certified Financial Planner

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
The Fourteenth Judicial District
Indigent Defender Board
Parish of Calcasieu, Louisiana
Lake Charles, Louisiana

We have audited the accompanying general purpose financial statements of the Fourteenth Judicial District Indigent Defender Board, Parish of Calcasieu, Louisiana (the Board), a component unit of the Calcasieu Parish Police Jury, as of and for the year ended December 31, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of The Fourteenth Judicial District Indigent Defender Board, Parish of Calcasieu, Louisiana, as of December 31, 2003, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Fourteenth Judicial District Indigent Defender Board will continue as a going concern. As discussed in Note 2 to the financial statements, the Board has suffered recurring losses from operations and has a net assets deficit (negative fund balance) that raise substantial doubt about its ability to continue as a going concern. Plans of the Board and its management in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As described in Note 1-C, the Fourteenth Judicial District Indigent Defender Board, Parish of Calcasieu, Louisiana, has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of December 31, 2003.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2004, on our consideration of The Fourteenth Judicial District Indigent Defender Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis and budgetary comparison information on pages 6 through 10 and 28 through 30, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, Legislative Auditor, and federal awarding agencies and passthrough entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Mc Elroy, Quirk & Burch
Lake Charles, Louisiana
May 17, 2004



**PUBLIC DEFENDERS' OFFICE
CALCASIEU PARISH
P. O. BOX 3757
900 RYAN STREET - SUITE 700
LAKE CHARLES, LOUISIANA 70602**

**Ronald F. Ware
Executive Director**

**Telephone # (337) 436-1718
Fax # (337) 494-0370**

Our discussion and analysis of the Fourteenth Judicial District Indigent Defender Board, Parish of Calcasieu, Louisiana (the Board) financial performance provides an overview of the Board's financial activities for the year ended December 31, 2003.

USING THE ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of net Assets and the Statement of Activities provide information about the activities of the Board as a whole and present a longer-term view of the Board's finances. For governmental activities, these statements tell how these services were financed in the short-term, as well as what remains for the future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the Board's general fund.

The Statement of Net Assets and the Statement of Activities

The Statement of Net Assets and the Statement of Activities report information about the Board as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Board's net assets and changes in them. The Board's net assets (the difference between assets and liabilities) is one way to measure the Board's Financial position. Over time, increases or decreases in the Board's net assets are one indicator of whether its financial health is improving or deteriorating.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds, not the Board as a whole. Since the Board is not a complex entity, only a general fund is utilized. The Board's governmental fund uses a certain account approach described below:

Governmental funds- The Board's general fund is reported as governmental funds. The governmental fund focuses on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can be converted to cash. The government fund statements provide a detailed short-term view of the Board's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can readily be spent in the near future to finance the Board's operations.

Indigent Defender Board as a Whole

For the year ended December 31, 2003 and 2002, net assets changes as follows:

ASSETS	<u>2003</u>	<u>2002</u>
Current assets	\$ 75,721	\$ 213,969
Noncurrent assets	10,560	10,560
Capital assets(net)	<u>7,920</u>	<u>12,205</u>
Total assets	94,201	236,734
LIABILITIES		
Total liabilities	<u>148,750</u>	<u>175,604</u>
NET ASSETS		
Total net assets	\$ <u>(54,549)</u>	\$ <u>61,130</u>

The decrease in the net assets is due to the following factor:

- 1) Net assets decreased as a result of expenditures excluding revenues for 2003.

Governmental Activities

This section will show a condensed financial comparison of revenues and expenses and provide explanations for significant differences. To aid in the understanding of the statement of activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical statement of revenues, expenses and changes in fund balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a net (expense)/revenue. It also identifies how much each function draws from the general revenues or it is self-financing through fees.

Some of the individual line item revenues reported for each function are:

Operating (general government)	Court cost on fines and forfeitures from local courts and fees paid by indigents
Capital Defense	Court costs on fines and forfeitures from local courts
District Assistance Fund	State grants are used to pay expenses associated with the defense of indigents

	<u>Functions/Programs</u>			<u>Total</u>		<u>Change</u>
	<u>Operating</u>	<u>Defense</u>	<u>Assistance</u>	<u>2003</u>	<u>2002</u>	<u>From 2002</u>
Expenses:						
Salaries and benefits	645,030.00	-	-	645,030.00	650,200.00	(5,170.00)
Professional services	33,396.00	223,816.00	194,946.00	452,158.00	388,656.00	63,502.00
Rent expense	65,560.00	-	63,360.00	128,920.00	128,380.00	540.00
Other expenses	<u>96,736.00</u>	<u>508.00</u>	<u>3,717.00</u>	<u>100,961.00</u>	<u>100,555.00</u>	<u>406.00</u>
Total expenses	840,722.00	224,324.00	262,023.00	1,327,069.00	1,267,791.00	59,278.00
Program revenues:						
Court costs on fines and forfeitures	846,175.00	109,681.00	-	955,856.00	845,141.00	110,715.00
Fees from indigents	13,413.00	-	-	13,413.00	8,956.00	4,457.00
State and local grants	-	-	241,515.00	241,515.00	263,041.00	(21,526.00)
Other revenue				<u>606.00</u>	<u>5,313.00</u>	<u>(4,707.00)</u>
Total revenues				<u>1,211,390.00</u>	<u>1,122,451.00</u>	<u>88,939.00</u>
Change in net assets				(115,679.00)	(145,340.00)	29,661.00

Indigent Defender Board

The following schedule presents a summary of the general fund and expenditures for the years ended December 31, 2003 and 2002. Also presented on the schedules are the amounts and percentages of increase and decrease from the year ended December 31, 2002.

	<u>2003</u>	<u>2002</u>	<u>Change From 2002</u>	<u>Variance</u>
Revenues:				
Court cost on fines and forfeitures	955,856.00	845,141.00	110,715.00	13.10%
Fees from indigents	13,413.00	8,956.00	4,457.00	49.77%
State and local grants	241,515.00	263,041.00	(21,526.00)	-8.18%
Other income	<u>606.00</u>	<u>5,313.00</u>	<u>(4,707.00)</u>	-88.59%
Total revenues	<u>1,211,390.00</u>	<u>1,122,451.00</u>	<u>88,939.00</u>	<u>7.92%</u>

1) As a result of more court and traffic cases being processed this year.

Expenditures:

Salaries and benefits	645,030.00	650,200.00	(5,170.00)	-0.80%
Professional services	452,158.00	388,656.00	63,502.00	16.34%
Rent expense	128,920.00	128,380.00	540.00	0.42%
Other operating expenses	<u>100,961.00</u>	<u>100,555.00</u>	<u>406.00</u>	0.40%
Total expenditures	<u>1,327,069.00</u>	<u>1,267,791.00</u>	<u>59,278.00</u>	<u>4.68%</u>

1) Capital Expenditure increased from the prior year 2002.

SIGNIFICANT BUDGET VARIANCES

Indigent Defender Board

Annually, the Indigent Defender Board adopts a revenue and expenditure budget for the general fund. A forecast of revenues and expenditures is made based upon the prior years expenditures and taking into consideration additional expenditures which can be predetermined and estimated. All budgetary appropriations lapses at the end of each fiscal year. We amended the budgeted expenditures for professional services at year end in order to stay in compliance with LA Statue 39:1310.

CAPITAL ASSETS

At the end of December 31, 2003, the Board had \$7,920. net invested in capital assets consisting of various furniture, fixtures, and equipment. The chart listed below represents the breakdown:

	<u>2003</u>	<u>2002</u>
Furniture and fixtures-operating	77,646.00	74,472.00
Furniture and fixtures-DAF	83,126.00	83,126.00
	<hr/>	<hr/>
	160,772.00	157,598.00
Less accumulated depreciation	152,852.00	145,393.00
	<hr/>	<hr/>
Net capital assets	<u>7,920.00</u>	<u>12,205.00</u>

CONTACTING INDIGENT DEFENDER BOARD FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of The Fourteenth Judicial District Indigent Defender Board, Parish of Calcasieu, Louisiana's (the Board) finances and to show the Board's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Indigent Defender Board at 900 Ryan Street-Suite 700, Lake Charles, LA 70601.

Sincerely,

Indigent Defender Board



Sylvia Welborn
Office Manager

SW/rv

THE FOURTEENTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD

PARISH OF CALCASIEU, LOUISIANA

STATEMENT OF NET ASSETS - GOVERNMENTAL FUNDS
December 31, 2003 and 2002

ASSETS	<u>2003</u>	<u>2002</u>
CURRENT ASSETS		
Cash	\$ 25,608	\$ 145,994
Receivable - court cost	50,113	63,324
Receivable - other	-	4,651
Total current assets	<u>75,721</u>	<u>213,969</u>
NONCURRENT ASSETS		
Capital assets (net)	7,920	12,205
Rent deposit	<u>10,560</u>	<u>10,560</u>
Total noncurrent assets	<u>18,480</u>	<u>22,765</u>
Total assets	<u>94,201</u>	<u>236,734</u>
LIABILITIES		
Accounts payable	\$ 103,626	\$ 127,750
Accounts payable (payable from restricted assets)	5,280	5,412
Payroll taxes payable	1,502	-
Annual leave payable	33,621	34,172
Other liabilities	<u>4,721</u>	<u>8,270</u>
Total liabilities	<u>148,750</u>	<u>175,604</u>
NET ASSETS		
Investment in capital assets, net of related debt	7,920	12,205
Fund balance - unrestricted	(62,469)	(3,109)
Fund balance - restricted	<u>-</u>	<u>52,034</u>
Total net assets	<u>\$ (54,549)</u>	<u>\$ 61,130</u>

See Notes to Financial Statements.

THE FOURTEENTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD

PARISH OF CALCASIEU, LOUISIANA

STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
Years Ended December 31, 2003 and 2002

	Functions/Programs			Total	
	Operating	Capital Defense Fund	District Assistance Fund	2003	2002
Expenses:					
Salaries and benefits	\$ 645,030	\$ -	\$ -	\$ 645,030	\$ 650,200
Professional services	33,396	223,816	194,946	452,158	388,656
Litigation support	7,672	400	117	8,189	10,907
Library	10,975	-	-	10,975	9,029
Material and supplies	22,703	-	-	22,703	18,898
Travel	4,043	-	-	4,043	3,295
Rent	65,560	-	63,360	128,920	128,380
Telephone	11,037	-	-	11,037	10,562
Other program expense	35,222	108	1,225	36,555	37,920
Depreciation	<u>5,084</u>	<u>-</u>	<u>2,375</u>	<u>7,459</u>	<u>9,944</u>
Total expenses	840,722	224,324	262,023	1,327,069	1,267,791
Program revenues:					
Court costs on fines and forfeitures	846,175	109,681	-	955,856	845,141
Fees from indigents	13,413	-	-	13,413	8,956
State and local grants	<u>-</u>	<u>-</u>	<u>241,515</u>	<u>241,515</u>	<u>263,041</u>
Net program (revenues) expense	<u>(18,866)</u>	<u>114,643</u>	<u>20,508</u>	<u>116,285</u>	<u>150,653</u>
General revenues:					
Interest income				23	109
Miscellaneous income				<u>583</u>	<u>5,204</u>
Total general revenues				<u>606</u>	<u>5,313</u>
Change in net assets				(115,679)	(145,340)
Net assets at beginning of year				<u>61,130</u>	<u>206,470</u>
Net assets at end of year				<u>\$ (54,549)</u>	<u>\$ 61,130</u>

See Notes to Financial Statements.

THE FOURTEENTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD

PARISH OF CALCASIEU, LOUISIANA
ALL FUND TYPES AND ACCOUNT GROUPS

BALANCE SHEETS - GOVERNMENTAL FUNDS
December 31, 2003 and 2002

ASSETS	General Fund	
	2003	2002
Cash and cash equivalents	\$ 25,520	\$ 145,894
Restricted assets:		
Cash-district assistance fund	88	100
Receivables:		
Court cost on fines and forfeitures	50,113	63,324
Other receivables	-	4,651
Other assets - rent deposit	10,560	10,560
Total assets	\$ 86,281	\$ 224,529
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 103,626	\$ 127,750
Accounts payable (payable from restricted assets)	5,280	5,412
Payroll taxes payable	1,502	-
Annual leave payable	33,621	34,172
Other liabilities	4,721	8,270
Total liabilities	148,750	175,604
Fund balance:		
Reserved for district assistance fund	-	9,434
Designated for capital defense	-	42,600
Unreserved undesignated	(62,469)	(3,109)
Total fund balance	(62,469)	48,925
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$152,852	7,920	12,205
Net assets of government activities	\$ (54,549)	\$ 61,130

See Notes to Financial Statements.

THE FOURTEENTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD

PARISH OF CALCASIEU, LOUISIANA
GOVERNMENTAL FUND TYPE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS

Years Ended December 31, 2003 and 2002

	General Fund	
	2003	2002
Revenues:		
Court costs on fines and forfeitures	\$ 955,856	\$ 845,141
Intergovernmental revenue:		
Grants-Louisiana Indigent Defender Board	241,515	263,041
Fees from indigents	13,413	8,956
Use of money and property - interest earnings	23	109
Other income	583	5,204
Total revenues	1,211,390	1,122,451
Expenditures:		
General government-judicial:		
Salaries and related benefits	645,030	650,200
Professional services	452,158	388,656
Litigation support	8,189	10,907
Library	10,975	9,029
Material and supplies	22,703	18,898
Travel	4,043	3,295
Rent	128,920	128,380
Telephone	11,037	10,562
Other operating expenditures	36,555	37,920
Capital outlay	3,174	-
Total expenditures	1,322,784	1,257,847
(Deficiency) of revenues over expenditures	(111,394)	(135,396)
Fund balance, beginning	48,925	184,321
Fund balance, ending	\$ (62,469)	\$ 48,925

See Notes to Financial Statements.

THE FOURTEENTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD

PARISH OF CALCASIEU, LOUISIANA
GOVERNMENTAL FUND TYPE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
Years Ended December 31, 2003 and 2002

	<u>General Fund</u>	
	<u>2003</u>	<u>2002</u>
Reconciliation of the change in fund balances - total governmental funds to the change in net assets of governmental activities:		
Net change in fund balances - total governmental funds	\$ (111,394)	\$ (135,396)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Capital asset purchases	3,174	-
Depreciation expense	<u>(7,459)</u>	<u>(9,944)</u>
Change in net assets of governmental activities	<u>\$ (115,679)</u>	<u>\$ (145,340)</u>

See Notes to Financial Statements.

THE FOURTEENTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD

PARISH OF CALCASIEU, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2003

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the Fourteenth Judicial District Indigent Defender Board have been prepared in conformity with accounting principles generally accepted in the United States of America (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

The Fourteenth Judicial District Indigent Defender Board, Parish of Calcasieu, Louisiana (the Board), is 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 Parish of Calcasieu, Louisiana.

The Indigent Defender Board is composed of seven board members appointed by the judges of the Fourteenth Judicial District Courts. Compensation for services is prohibited and members of the Board were paid no per diem payments or compensation during 2003 by the Board for their services on The Fourteenth Judicial District Indigent Defender Board. The Board employs 21 employees and six contract attorneys.

The Indigent Defender Board is a component unit of the Calcasieu Parish Police Jury, the primary government which is financially accountable for the Board. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

NOTES TO FINANCIAL STATEMENTS

The financial statements of the Board include all operations and activities under control and authority of the Board and it was determined that no other agency should be included in this reporting entity.

C. CHANGE IN ACCOUNTING PRINCIPLES

The Board adopted the provisions of GASB Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (Statement 34) and GASB Statement 33, *Accounting and Financial Reporting for Nonexchange Transactions* (Statement 33) for the year ended December 31, 2003. Statement 34 establishes financial reporting standards for all state and local governments and related entities. Statement 34 primarily relates to presentation and disclosure requirements. This had an impact on capital assets, the presentation of net assets and the inclusion of management's discussion and analysis. Concurrent with the implementation of Statement 34, the following additional standards have been adopted. GASB Statement 37, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus*. This Statement amends Statement 34 to either (1) clarify certain provisions or (2) modify other provisions that the GASB believes may have unintended consequences in some circumstances. GASB Statement 38, *Certain Financial Statement Note Disclosures*. This Statement modifies, establishes and rescinds certain financial statement disclosure requirements.

D. BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government.

NOTES TO FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities report financial information for the Board as a whole. However, the Statement of Activities reports the expense of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) state grants that are awarded to aid in the cost of indigent fees and (2) court costs or fines and forfeitures received from the local court system. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

FUND FINANCIAL STATEMENTS

The accounts of the Board are organized on the basis of funds and account group, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Revenues are accounted for in these individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The funds presented in the financial statements are described as follows:

GOVERNMENTAL FUNDS

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

E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus refers to what is being measured. Basis of accounting refers to when revenues and expenditures (or expenses) are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

NOTES TO FINANCIAL STATEMENTS

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for government funds. The primary effect of internal activity (between or within funds) has been eliminated from the government-wide financial statements.

In the fund financial statements, governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, the following practices are utilized in recording revenues and expenditures:

Revenues:

Revenues collected in the current period that were measurable and available as net current assets of the prior period are adjusted out of current revenue. Uncollected revenues that are measurable and available as net current assets of the current period are recognized as revenue. Court costs are considered "measurable" when in the hands of the various courts. Grant income is considered measurable when received.

Expenditures:

Expenditures are adjusted to record in the current period only those expenditures for which the related fund liability was incurred in the current period.

Pervasiveness of 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 and expenses during the reporting period. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

F. BUDGET PRACTICES

The Director prepares a proposed annual budget and submits same to the Board of Directors no later than fifteen days prior to the beginning of each fiscal year. The budget includes proposed expenditures and the means of financing them.

The budget is employed as a management tool during the year by the Board of Directors; however, all expenditures are approved by the Directors on a monthly basis and revenue is reviewed monthly. Any revisions that alter total expenditures are approved by the Board.

The budget for the Board is adopted on the cash basis, which is not in conformity with accounting principles generally accepted in the United States of America (GAAP). All budgetary proposed expenditures lapse at the end of each year. Encumbrance accounting is not used.

G. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits and interest bearing demand deposits. Cash equivalents include amounts in time deposits and daily cash accumulation fund.

Under state law, the Board may deposit funds within a fiscal agent bank 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. Further, the Board may invest in United States bonds, treasury notes, or certificates, time deposits of state banks organized under Louisiana law and national banks, or any other federally insured investment.

H. CAPITAL ASSETS AND DEPRECIATION

The Accounting and reporting treatment applied to capital assets associated with a fund are determined by their measurement focus. General capital assets are recorded as expenditures in the governmental funds and capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. The minimum capitalization threshold is any individual item with a total cost greater than \$500.

NOTES TO FINANCIAL STATEMENTS

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings	15 to 40 years
Improvements, other than buildings	5 to 40 years
Furniture and fixtures	3 to 10 years
Machinery and equipment	3 to 15 years

I. COMPENSATED ABSENCES

The Board has the following policy related to vacation and sick leave:

The cost of current leave privileges is recognized as a current year expenditure in the General Fund when leave is actually taken.

Sick pay is not vested and, therefore, is not recorded as a liability in the accompanying financial statements. Other than maternity leave of six weeks, there is no formal sick pay plan.

J. BAD DEBTS

No reserve for uncollectible receivables had been recorded as of December 31, 2003, as all receivables were considered collectible.

K. FUND EQUITY

Reserves:

Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use. Grant revenue received from the Louisiana Indigent Defender Board is restricted in accordance with the grant agreement.

NOTES TO FINANCIAL STATEMENTS

Designated fund balance:

Designated for capital defense represents the portion of fund balance restricted by the Board for the payment of capital defense claims. Beginning in year 2001, the Board designated a portion of court costs to be used for the payment of cost related to capital defense cases.

L. COMPARATIVE DATA

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Board's financial position and operations. However, presentation of prior year's totals by fund type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

M. TOTAL COLUMNS ON STATEMENTS

The total columns of the statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations, in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation.

Note 2. CONTINUING OPERATING DEFICIENCIES

During the current and past several years, the Board has experienced recurring operating losses and negative cash flows that have resulted in net asset deficit (negative fund balance) as of December 31, 2003. The Fourteenth Judicial District Indigent Defender Board ("Board") and its management have been aware of and are concerned about the level of statutory funding for the operations of the Board. Article 1, Section 13, of the 1974 Constitution of Louisiana provides, in part, the following:

"The legislature shall provide a uniform system of securing and compensating qualified counsel for indigents."

NOTES TO FINANCIAL STATEMENTS

This issue and the concerns of the Board have been brought to the attention of the legislators, the judges of the Fourteenth Judicial District Court, the District Attorney, and the Calcasieu Parish Police Jury. The Board has proposed several options to increase its funding, including sharing proceeds of the existing parish law enforcement property tax millage or the proposed renewal of this tax so as to provide the Board additional funding. Judge David Painter, over a year ago, convened a working group of attorneys, judges, the District Attorney's office, the Police Jury, the Clerk of Court, and general members of the local bar association to consider various funding options or alternatives to the current indigent defender system. The Board and its management have actively participated in this effort. This working group has met regularly and continues to meet in an attempt to solve the obvious inadequate funding of the Board.

Note 3. CASH AND CASH EQUIVALENTS

At December 31, 2003, the Board had cash and cash equivalents (book balances) as follows:

Demand deposits:	
Operating	\$ 25,355
Capital defense	165
Restricted cash - District assistance fund	<u>88</u>
Total cash and cash equivalents	<u>\$ 25,608</u>

The Board's deposits (or the resulting bank balances), under state law, 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. As of December 31, 2003, the Board's deposits were entirely covered by FDIC insurance or by pledge of securities owned by the financial institution in the Board's name. The deposits at December 31, 2003 classified to give an indication of the level of risk assumed by the Board are as follows:

	<u>Demand Deposits</u>
Carrying amount	<u>\$ 25,608</u>

NOTES TO FINANCIAL STATEMENTS

Bank balances:

a. Insured or collateralized with securities held by the entity or its agent in the entity's name		\$ 60,864
b. Collateralized with securities held by pledging financial institution's trust department or agent in the entity's name		-
c. Uncollateralized, including any securities held for the entity but not in the entity's name		<u>-</u>
Total bank balances		<u>\$ 60,864</u>

Note 4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2003, was as follows:

	<u>Balance</u> <u>1/1/2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2003</u>
Government activities:				
Furniture and fixtures-operating	\$ 74,472	\$ 3,174	\$ -	\$ 77,646
Furniture and fixtures-DAF	<u>83,126</u>	<u>-</u>	<u>-</u>	<u>83,126</u>
Total at historical cost	<u>157,598</u>	<u>3,174</u>	<u>-</u>	<u>160,772</u>
Less accumulated depreciation:				
Furniture and fixtures-operating	65,149	5,084	-	70,233
Furniture and fixtures-DAF	<u>80,244</u>	<u>2,375</u>	<u>-</u>	<u>82,619</u>
Total accumulated depreciation	<u>145,393</u>	<u>7,459</u>	<u>-</u>	<u>152,852</u>
Governmental activities capital assets, net	<u>\$ 12,205</u>	<u>\$ (4,285)</u>	<u>\$ -</u>	<u>\$ 7,920</u>

NOTES TO FINANCIAL STATEMENTS

Note 5. FUND BALANCE - RESERVED FOR DISTRICT ASSISTANCE FUND

The Board has received grant revenue from the Louisiana Indigent Defender Board (LIDB) in order to provide supplemental funding for the defense of indigent persons accused of capital and felony crimes. The funds from this grant are restricted to the specific uses as determined by the LIDB at the time the funds are granted. During 2003, funds expended for defense of indigent persons accused of capital and felony crimes exceeded funds available as shown in the following schedule:

Fund balance at beginning of year restricted for District Assistance Fund	\$ 9,434
Revenues:	
Grants received - 2003	<u>241,515</u>
Total funds available 2003	<u>250,949</u>
Expenditures:	
Salaries and related benefits	194,946
Professional services	1,225
Litigation support	117
Rent	<u>63,360</u>
Total expenditures	<u>259,648</u>
Total expended from unreserved undesignated fund balance	<u>\$ (8,699)</u>

Note 6. DESIGNATED FUND BALANCE - CAPITAL DEFENSE FUND

The Board has designated a portion of court costs to be used for the payment of cost related to capital defense cases. Designated for capital defense represents the portion of fund balance designated for the payment of capital defense claims. During 2003, capital defense costs exceeded funds designated for payment of such costs as shown in the following schedule:

NOTES TO FINANCIAL STATEMENTS

Fund balance at beginning of year designated for capital defense cost	\$ 42,600
Revenues:	
Court cost on fines - 2003	<u>109,681</u>
Total funds available 2003	<u>152,281</u>
Expenditures:	
Professional services	223,816
Litigation support	400
Other operating expenses	<u>108</u>
Total expenditures	<u>224,324</u>
Total expended from unreserved undesignated fund balance	<u>\$ (72,043)</u>

Note 7. PENSION PLAN

Substantially all of the Board's employees participate in the federal social security program. The Board is required to remit an amount to the Social Security Administration equal to the employee's contribution.

Note 8. OPERATING LEASE

The Board leases office space from Charleston Business Center, Inc. under an operating lease expiring in 2005. Minimum future rental payments under the noncancellable operating lease are:

December 31,	
2004	\$ 126,720
2005	<u>21,120</u>
Total minimum future rental payments	<u>\$ 147,840</u>

NOTES TO FINANCIAL STATEMENTS

Note 9. BUDGETARY - GAAP REPORTING RECONCILIATION

The accompanying Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual-General Fund presents comparisons of the adopted budget (more fully described in Note 1) with actual data on a budgetary basis. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP), a reconciliation of resultant basis differences in excess (deficiency) of revenues over expenditures for the year ended December 31, 2003 is presented on the budgetary comparison statement at pages 29 and 30.

THE FOURTEENTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD

PARISH OF CALCASIEU, LOUISIANA

REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2003

Required supplementary information includes financial information and disclosures that are required by GASB and are not considered a part of the basic financial statements. Such information includes:

- Budgetary comparison schedule - General Fund (Budgetary and Actual Basis)

THE FOURTEENTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD

PARISH OF CALCASIEU, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE (NON-GAAP BUDGETARY BASIS) - BUDGET AND ACTUAL
Year Ended December 31, 2003

	<u>Budgetary Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u> <u>Basis</u>
Revenues:			
Court costs on fines and forfeitures	\$ 931,730	\$ 981,730	\$ 967,822
Intergovernmental revenues:			
Grant-Louisiana Indigent Defender Board	264,799	264,799	241,515
Fees from indigents	12,160	12,160	14,658
Use of money and property-interest earnings	2,500	2,500	23
Other income	<u>1,600</u>	<u>1,600</u>	<u>583</u>
Total revenues	<u>1,212,789</u>	<u>1,262,789</u>	<u>1,224,601</u>
Expenditures:			
General government-judicial:			
Salaries and related benefits	640,500	640,500	645,581
Professional services	351,847	401,847	452,158
Litigation support	11,350	11,350	8,189
Library	9,500	9,500	10,975
Materials and supplies	21,002	21,002	22,703
Travel	3,900	3,900	4,043
Rent	128,520	128,520	118,360
Telephone	11,500	11,500	11,037
Other operating expenditures	32,170	32,170	36,555
Capital outlay and equipment	<u>2,500</u>	<u>2,500</u>	<u>3,174</u>
Total expenditures	<u>1,212,789</u>	<u>1,262,789</u>	<u>1,312,775</u>
Excess (deficiency) of revenues over expenditures-budget basis	-	-	(88,174)
Fund balance at beginning of year	<u>48,925</u>	<u>48,925</u>	<u>48,925</u>
Fund balance at end of year	<u>\$ 48,925</u>	<u>\$ 48,925</u>	<u>\$ (39,249)</u>

Budget to GAAP Differences Over <u>(Under)</u>	Actual GAAP Basis	Variance With Final Budget Favorable <u>(Unfavorable)</u>
\$ (11,966)	\$ 955,856	\$ (13,908)
-	241,515	(23,284)
(1,245)	13,413	2,498
-	23	(2,477)
-	<u>583</u>	<u>(1,017)</u>
<u>(13,211)</u>	<u>1,211,390</u>	<u>(38,188)</u>
(551)	645,030	(5,081)
-	452,158	(50,311)
-	8,189	3,161
-	10,975	(1,475)
-	22,703	(1,701)
-	4,043	(143)
10,560	128,920	10,160
-	11,037	463
-	36,555	(4,385)
-	<u>3,174</u>	<u>(674)</u>
<u>10,009</u>	<u>1,322,784</u>	<u>(49,986)</u>
(23,220)	(111,394)	(88,174)
-	<u>48,925</u>	-
<u>\$ (23,220)</u>	<u>\$ (62,469)</u>	<u>\$ (88,174)</u>

McELROY, QUIRK & BURCH

A Professional Corporation • Certified Public Accountants • Since 1925
800 Kirby Street • P.O. Box 3070 • Lake Charles, LA 70602-3070
337 433-1063 • Fax 337 436-6618 • Web page: www.mqb-cpa.com

Carl W. Comeaux, CPA
Barbara Hutson Gonzales, CPA
Martin L. Chehotsky, CPA, CFE
Robert M. Gani, CPA, MT
Mollie C. Broussard, CPA



Billy D. Fisher, CPA
Jason L. Guillory, CPA
Greg P. Naquin, CPA, CFP™
Joe G. Peshoff II, CPA, CVA

Charles P. Quirk, CPA, Retired
Otray J. Woods Jr., CPA, Inactive
Robert F. Cargile, CPA, Inactive
William A. Mancuso, CPA, Retired
Judson J. McCann Jr., CPA, Retired

CFE - Certified Fraud Examiner
MT - Masters of Taxation
CVA - Certified Valuation Analyst
CFP - Certified Financial Planner

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Directors
The Fourteenth Judicial District
Indigent Defender Board
Parish of Calcasieu, Louisiana
Lake Charles, Louisiana

We have audited the general purpose financial statements of the Fourteenth Judicial District Indigent Defender Board, Parish of Calcasieu, Louisiana, as of and for the year ended December 31, 2003, and have issued our report thereon dated May 17, 2004. We conducted our 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.

Compliance

As part of obtaining reasonable assurance about whether the Fourteenth 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, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed the following instance of noncompliance that is required to be reported under *Government Auditing Standards*.

2003-01

Criteria: Louisiana Revised Statute 39:1309 requires that all action necessary to adopt and otherwise finalize and implement the budget for a fiscal year shall be taken in open meeting and completed before the end of the prior year.

Condition: The budget for the fiscal year ended December 31, 2003 was adopted at the January 2, 2003 Board of Directors' meeting.

Effect: The Board did not comply with LRS39:1309.

Recommendation: The Board comply with laws relating to budgeting.

Response: The budget for the year ended December 31, 2003 was not adopted before the end of the prior fiscal year because the Board's last meeting before the beginning of the 2003 fiscal year was on October 29, 2002. The Board never met again after October 29, 2002, therefore, they were unable to adopt the 2003 budget before the fiscal year began. The Board adopted the 2004 budget before the end of the fiscal year at their December 16, 2003 board meeting. The Board is now in compliance with state law and plans to remain in compliance in future years.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Fourteenth 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 certain matters, as described below, 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 judgment, could adversely affect the Fourteenth 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.

2003-02

Criteria: Effective internal control requires adequate segregation of duties among entity personnel.

Condition: Because of the small size of the Board's office staff, the opportunity for segregation of duties is limited.

Effect: Without proper segregation of duties, misstatements in amounts may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

This condition was also reported as a result of the prior year's audit.

Response: Management has responded that it does not believe that it is cost effective to employ adequate personnel to achieve appropriate segregation of responsibilities. Management has implemented supervision and review procedures such as review and approval of supporting documents related to expenditures, review listings of revenue received and review of bank reconciliations on a monthly basis.

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, of the reportable conditions described above, we consider 2003-02 to be a material weakness.

This report is intended solely for the information and use of the Board of Directors, management, and Legislative Auditor, and is not intended to be, and should not be, used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Ms. Erroy, Quirk & Burch
Lake Charles, Louisiana
May 17, 2004

THE FOURTEENTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD
PARISH OF CALCASIEU, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2003

Financial Statements

We have audited the general purpose financial statements of The Fourteenth Judicial District, Indigent Defender Board, Parish of Calcasieu, Louisiana, as of and for the year ended December 31, 2003, and have issued our report thereon dated May 17, 2004. We conducted our 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. Our audit of the financial statements as of December 31, 2003 resulted in an unqualified opinion.

Internal control over financial reporting:

- Material weaknesses Yes No
- Other conditions Yes No

Compliance

- Noncompliance material to financial statements noted? Yes No

THE FOURTEENTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD
PARISH OF CALCASIEU, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PRIOR YEAR FINDINGS

Year Ended December 31, 2003

Internal Control Findings:

Because of the small size of the Board's office staff, the opportunity for segregation of duties was limited. This matter continues to exist and has been discussed in the report on compliance and internal controls at item 2003-02.