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**THE
TWENTY-SECOND JUDICIAL
DISTRICT
INDIGENT DEFENDER BOARD**

**INDEPENDENT AUDITOR'S REPORT AND REPORT ON
COMPLIANCE AND INTERNAL CONTROL**

COVINGTON, LA

For the Year Ended 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 9.1.04

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**EILEEN
SHANKLIN
ANDRUS**
CERTIFIED
PUBLIC
ACCOUNTANT
A LIMITED LIABILITY
COMPANY

Member of the
American Institute
of Certified Public
Accountants

Member of the
Louisiana Society
of Certified Public
Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Twenty-Second Judicial District
Indigent Defender Board
402 North Jefferson Street
Covington, LA 70453

I have audited the accompanying basic financial statement of the Twenty-Second Judicial District Indigent Defender Board (the Board) as of December 31, 2003 as listed in the table of contents. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted by the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion the financial statements referred to above present fairly, in all material respects, the financial position of the Twenty-Second Judicial District Indigent Defender Board as of December 31, 2003 and results of operations for the year ended in conformity with accounting principles generally accepted in the United States of America.

210 Belle Meade
Thibodaux, LA 70301
(985) 209-3067
Eileen@esacpa.com

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As described in Note 1 to the basic financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—For State and Local Governments; Statement No. 37, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus; and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements, as of December 31, 2003. This results in a change in the format and content of the basic financial statements.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 17, 2004 on my consideration of the Board's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That 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 my audit.

My audit was performed for the purpose of forming an opinion on the financial statements of the Board. The accompanying schedule of findings and *other supplementary information* is presented for purposes of additional analysis as required by the Louisiana Office of the Legislative Auditor and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



EILEEN SHANKLIN ANDRUS
CERTIFIED PUBLIC ACCOUNTANT
A LIMITED LIABILITY COMPANY

February 17, 2004

**TWENTY SECOND JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD**
St. Tammany and Washington Parishes, Louisiana

Management Discussion and Analysis
As of and for the Year Ended December 31, 2003

Our discussion and analysis of the Twenty Second Judicial District Indigent Defender Board's financial performance provides an overview of our financial activities for the fiscal year ended December 31, 2003. Please read it in conjunction with the financial statements enclosed.

FINANCIAL HIGHLIGHTS

- The 22nd JDC IDB net assets decreased by 23.9% as a result of fiscal year 2003 operations.
- During fiscal year 2003, the 22nd JDC IDB had operating and non-operating revenues that were \$ 189,997.57 less than the \$1,323,906.93 in operating expenses.
- The cost of all of the 22nd JDC IDB programs increased by \$ 209,395.94 or 18.8% over the FYE December 31, 2002

USING THIS ANNUAL REPORT

This annual report consists of a report on the general financial highlights statements (above), a general report on the our entity performance on the whole, and an activities statement on contributing factors effecting our past and future financial conditions. Other supporting financial statements and comments are enclosed as components to the annual audit as presented by the auditing agent.

Reporting on the 22nd JDC IDB as a Whole

The expense structure for the 22nd JDC Indigent Defender is structured on a historical average with nearly 90% of expenditures coming from payroll related expenses. The anticipated revenue stream from the increase from \$30.00 to \$35.00 from Parish and City Court Fees and Traffic Fees effective January 1, 2003 was an increase in those affective accounts was estimated to be a 15% for the year. An 8.3% gain was recognized through the St. Tammany Parish Court and a 32.8% decline was realized within the Washington Parish Court. The total revenue shortfall contributed to these income sources totals approximately \$57,000.00 to the excess expenditures over revenues for fiscal year 2003. For the City Courts affected fees the performance was collectively a 5.8% increase over the previous year. This reflects a decline in anticipated revenues by 9.2% or approximately \$74,000.00. Combined the

anticipated fee increase netted a loss contribution of approximately \$131,000.00 to the budgeted performance for the year.

Direct payroll related expenses, inclusive of salary, taxes, and health care increased in the amount of \$159,729.00. Of this amount the health care increase for the period reflected approximately a \$4,000 increase with the balance of \$155,729.00 attributed to staff augmentation and a wage increases.

22nd JDC Indigent Defender Board Activities

Effective on August 15th of 2003 two new revenue programs came into existence. As legislated through the Louisiana state legislature under R.S. 15.85.1 and 15.147 the Criminal Bond Fee and Indigent Defender Application Fees came into the revenue model. Forecasting on 2004 income should show a revenue stream of \$19,200.00 and \$60,000.00 respectively from these sources.

One attorney and one support staff secretary have been vacated as manpower was reduced at the beginning of the new 2004 calendar year. Monthly reviews of our financial position will continue and especially the revenue stream from the courts will be monitored closely. An 11% increase in health insurance costs is also expected for the period of 1 April through December 31st of the 2004 Fiscal year.

Building repairs (roof replacement) and some future considerations for ceiling, lighting, outside maintenance concerns have been addressed. No costs to the 22nd JDC IDB are expected from the Parish's assistance.

THE TWENTY-SECOND JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

STATEMENT OF NET ASSETS

DECEMBER 31, 2003

		STATEMENT OF NET ASSETS
ASSETS:		
Cash - Checking	\$	69,259
Cash - Savings		142,183
Certificates of Deposit		200,000
Court Fees Receivable		77,919
Probation Fees Receivable		
(net of allowance of \$961,705		44,100
Prepaid Expenses and Other		9,186
Net Equipment and Furnishings		--
Total Assets	\$	<u>542,647</u>
LIABILITIES:		
Accounts Payable	\$	9,193
Accrued Liabilities		52,197
Deferred Revenue		51,389
Total Liabilities		<u>112,779</u>
Fund Balances:		
Fund Balances - Unrestricted		<u>429,868</u>
Total Fund Balances		<u>429,868</u>
Total Liabilities and		
Fund Balances	\$	<u>429,868</u>
Net Assets:		
Unrestricted	\$	<u>429,868</u>
Total Net Assets	\$	<u>429,868</u>

THE TWENTY-SECOND JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

STATEMENT OF ACTIVITIES-ALL GOVERNMENTAL FUND TYPES

DECEMBER 31, 2003

	GENERAL FUND	SPECIAL REVENUE GRANT FUND	TOTAL
Expenses:			
Payroll & Fringe	1,082,353	88,910	1,171,263
Office Supplies and Expenses	10,317	--	10,317
Office Equipment and Furnishings	1,352	--	1,352
Maintenance Contracts	1,595	--	1,595
Insurance	15,243	--	15,243
Building Expenses & Rent	18,881	--	18,881
Travel	5,750	--	5,750
Law Library	18,585	--	18,585
Continuing Legal Education Expenses	10,298	--	10,298
Attorneys Private	23,373	--	23,373
Defendant Expenses and Services	5,964	--	5,964
Accounting & Audit	5,015	--	5,015
Telephone	13,396	--	13,396
Administration	1,363	--	1,363
Other Expenditures	1,343	--	1,343
Total Expenses	1,214,828	88,910	1,303,738
REVENUES:			
Shared Government Local	\$ 120,022	--	\$ 120,022
Intake Fees	14,715	--	14,715
Defense Assistance Fund	--	87,750	87,750
Court Costs Fees and Charges	840,582	--	840,582
Court Fees and Awards	44,020	--	44,020
Other	5,492	--	5,492
Total Revenues	1,024,831	87,750	1,112,581
Change in Net Assets	(189,997)	(1,160)	(191,157)
Net Assets Beginning	665,966	1,160	667,126
Prior period adjustment	(46,101)	--	(46,101)
Net Assets Beginning, as adjusted	619,865	1,160	621,025
Net Assets End of Year	\$ <u>429,868</u>	\$ <u>--</u>	\$ <u>429,868</u>

THE TWENTY-SECOND JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

BALANCE SHEET - ALL GOVERNMENTAL FUND TYPES

DECEMBER 31, 2003

	GENERAL	TOTAL
	FUND	GOVERNMENTAL
ASSETS:		FUNDS
Cash - Checking	\$ 69,259	\$ 69,259
Cash - Savings	142,183	142,183
Certificates of Deposit	200,000	200,000
Fees Receivable	77,919	77,919
Probation Fees Receivable (net of allowance of \$961,705)	44,100	44,100
Prepaid Expenses	9,186	9,186
Total Assets	\$ <u>542,647</u>	\$ <u>542,647</u>
LIABILITIES:		
Accounts Payable	\$ 9,193	\$ 9,193
Accrued Liabilities	52,197	52,197
Deferred Revenue	<u>51,389</u>	<u>51,389</u>
Total Liabilities	<u>112,779</u>	<u>112,779</u>
Fund Balances:		
Fund Balances - Unrestricted	<u>429,868</u>	<u>429,868</u>
Total Fund Balances and Fixed Assets	<u>429,868</u>	<u>429,868</u>
Total Liabilities and Fund Balances	\$ <u>542,647</u>	\$ <u>542,647</u>

Reconciliation of the Governmental Funds Balance Sheet to the Statement
Of Net Assets:

Net Assets per Balance Sheet	\$ 429,868
Add: Capitalized Fixed Assets	81,717
Less: Accumulated Depreciation	<u>(81,717)</u>
Net Assets per Statement of Net A:	<u>429,868</u>

THE TWENTY-SECOND JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

DECEMBER 31, 2003

	GENERAL FUND	SPECIAL REVENUE GRANT FUND	TOTAL MEMORANDUM ONLY
REVENUES:			
Shared Government Local	\$ 120,022	--	\$ 120,022
Intake Fees	14,715	--	14,715
Defense Assistance Fund	--	\$ 87,750	87,750
Court Costs Fees and Charges	840,582	--	840,582
Court Fees and Awards	44,020	--	44,020
Other	<u>5,492</u>	--	<u>5,492</u>
Total Revenues	<u>1,024,831</u>	<u>87,750</u>	<u>1,112,581</u>
Expenses:			
Payroll & Fringe	1,082,353	88,910	1,171,263
Office Supplies and Expenses	10,317	--	10,317
Office Equipment and Furnishings	1,352	--	1,352
Maintenance Contracts	1,595	--	1,595
Insurance	15,243	--	15,243
Building Expenses & Rent	18,881	--	18,881
Travel	5,750	--	5,750
Law Library	18,585	--	18,585
Continuing Legal Education Expenses	10,298	--	10,298
Attorneys Private	23,373	--	23,373
Defendant Expenses and Services	5,964	--	5,964
Accounting & Audit	5,015	--	5,015
Telephone	13,396	--	13,396
Administration	1,363	--	1,363
Other Expenditures	<u>1,343</u>	--	<u>1,343</u>
Total Expenses	<u>1,214,828</u>	<u>88,910</u>	<u>1,303,738</u>
Change in Net Assets	<u>(189,997)</u>	<u>(1,160)</u>	<u>(191,157)</u>
Fund Balance Beginning	665,966	1,160	667,126
Prior Period Adjustment	<u>(46,101)</u>	--	<u>(46,101)</u>
Net Assets Beginning, as adjusted	619,865	\$ 1,160	621,025
Net Assets End of Year	\$ <u>429,868</u>	--	\$ <u>429,868</u>

Reconciliation of the Governmental Statement of Revenues, Expenses and Changes in Fund Balances to Statement of Activities

Net Assets per Statement of Revenues, Expenses and Changes in Fund Balances	\$ 429,868
Add: No Adjustments needed	--
Less: No Adjustments needed	--
Net Assets per Statement of Net Assets	\$ <u>429,868</u>

TWENTY-SECOND JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2003

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Twenty-Second Judicial District Indigent Defender Board (the Board) was established in compliance with Louisiana Revised Statutes 15:144-149. The Board provides counsel to represent indigents (needy individuals) in criminal cases at the district level. The Judicial District encompasses the parishes of Washington and St. Tammany which is located in the State of Louisiana.

The Board is composed of five members who are appointed by the district court system. 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.

A. Basis of Presentation

Government Wide Financial Statements

The accompanying statement of net assets and the statement of activities display information about the District as a whole. These statements were prepared using the economic resources measurement focus and the accrual basis of accounting.

Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of Statement No. 33.

This presentation represents a change in accounting principle.

Governmental Financial Statements

The Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance have been prepared on the modified-accrual basis of accounting in accordance with generally accepted accounting principles (GAAP) as applied to governmental units prior to GASB 34.

Reconciliations of the Pre GASB 34 statements to the GASB 34 statements are presented as required by GASB 34 within the body of their respective statements.

TWENTY-SECOND JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2003

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reporting Entity

For financial statement reporting purposes, 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 of 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 independently from the district court system. The financial statements include only the transactions of the Twenty-Second Judicial District Indigent Defender Board.

C. Governmental Fund Accounting

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. The Board uses two funds and one account group to report the Board's financial position and the results of operations. A special revenue fund (grant fund) reports all transactions for grant money. The general fund reports all transactions of the organization other than those funds to be used for a purpose specified by law or agreement.

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 current financial resources measurement focus. Only current assets and current liabilities are generally included in this measurement focus on the balance sheet. The operating statement represents increases and decreases in net current assets. 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 contributing agencies. Fees from indigents are recorded when received. Interest income is accrued when earned. All other revenues and grants are recorded when earned.

TWENTY-SECOND JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2003

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Governmental Fund Accounting (continued)

Basis of Accounting (continued)

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

E. Budget Practices

The Indigent Defender Board is required by law to adopt an annual budget. The board adopted and prepared a budget for the General Fund and the Special Revenue Fund on the modified accrual basis of accounting for the year ended December 31, 2003. These budgets are presented within these financial statements in the supplementary section of the report on pages 19 and 20.

This budget was integrated into the accounting records and employed as a management control device. Budget comparisons were presented to the board at the quarterly meetings. The board does not use encumbrance accounting and appropriations lapse at the end of each year.

F. Cash

Cash includes amounts in demand deposits and interest - bearing demand deposits. Under state law, the district 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. Account Receivable

Receivables for probation fees are fees imposed by the courts as a condition of probation and are reported net of uncollectible amounts. Traditionally, collection of these fees is highly questionable. Accordingly, the amounts collected before due is treated as deferred revenue. Collection is assured for receivables for court costs on fines and forfeitures and bail bond fees, these fees are recognized as revenue when earned.

TWENTY-SECOND JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2003

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Grants

The Board's sole grant is reported as special revenue in a special revenue fund. The Board had one grant at December 31, 2003 from the State of Louisiana's Indigent Defender Board's District Assistance Fund.

J. Compensated Absences

The Board's employees earn varying amounts of vacation and sick leave each year. Employees cannot accrue sick leave; however, vacation leave may be accrued and used to supplement sick leave in the event of catastrophic illness. Therefore, there is no liability for accumulated sick leave relating to the General Fund and vacation days in excess of thirty days will be lost if not taken in the current year.

NOTE 2 – CASH AND INVESTMENTS

Cash is deposited by the District in certain interest - bearing demand deposits. Under state law, the district 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.

In accordance with state law the District requires security deposits for its deposits. Deposits for this purpose are divided into checking (interest bearing and non-interest bearing) and demand deposits or investment accounts (interest bearing). The District's carrying value of its checking accounts at December 31, 2003 total \$ 69,259. The checking account bank balance was \$ 108,969.

The District's book and carrying value of its savings account (interest bearing) total \$ 142,183 at December 31, 2003. Its certificate of deposit balances (interest bearing) total \$ 200,000 at December 31, 2003. Total interest bearing accounts total \$ 342,183 at December 31, 2003. Total interest earned for the year ended December 31, 2003 is \$7,106.

TWENTY-SECOND JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2003

NOTE 2 – CASH AND INVESTMENTS (continued)

The State requires that deposits be 100% secured by collateral valued at market or par, whichever is lower, less the amount of Federal Deposit Insurance Corporation insurance (FDIC). The FDIC insures up to \$ 100,000 of deposits per entity per financial institution in the categories of checking and savings. In other words, all of the District's combined checking accounts are insured up to \$100,000 per financial institution and all of the District's savings and certificates of deposits combined are insured up to \$100,000 per financial institution. The total amount of FDIC insurance covering the District's accounts is \$200,000- \$100,000 for all checking accounts and \$100,000 for all savings and certificates of deposits.

Amounts on deposit in excess of the FDIC coverage are categorized as follows;

Category 1 – Insured or collateralized with securities held by the District or by its agent in the District's name.

Category 2 – Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

Category 3 – Uncollateralized.

The Districts accounts can be categorized as follows:

	December 31, <u>Balances</u>	Category <u>1</u>	Category <u>2</u>	Category <u>3</u>
Checking Per Bank	\$ 108,969			
Savings	142,183			
Certificate of Deposit	200,000			
<i>Less: FDIC Insurance</i>				
<u>Checking</u>	(100,000)			
<i>Less: FDIC Insurance</i>				
<u>Savings and Investments</u>	(100,000)			
Balance In Excess of FDIC	<u>\$251,152</u>	<u>NONE</u>	<u>\$ 251,152</u>	<u>NONE</u>

TWENTY-SECOND JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2003

NOTE 2 – CASH AND INVESTMENTS (continued)

The market and carrying values of the securities allocated to the District are as follows:

	<u>Market Value</u>	<u>Carrying Value</u>
Marketable Securities	\$256,661	\$ 251,737
Federal Home Loan Bank Letter of Credit	<u>350,000</u>	<u>350,000</u>
Total Collateral	\$ <u>606,661</u>	\$ <u>601,737</u>
Balance In Excess of FDIC	\$ <u>430,690</u>	\$ <u>430,690</u>
Excess Collateral per Louisiana Law		\$ <u>179,538</u>
<u>Under collateralized</u>		
<u>Per GAGAS</u>		\$ <u>430,690</u>

NOTE 3 – FIXED ASSETS

The District's furniture and fixtures consist of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Ending Balance</u>
Furniture & Fixtures	\$ <u>81,717</u>	\$ --	\$ <u>81,717</u>
Total	\$ <u>81,717</u>	\$ ==	\$ <u>81,717</u>
Less: Accumulated Depreciation			(<u>81,717</u>)
Net Fixed Assets			==

All of the District's fixed assets are fully depreciated at December 31, 2003.

TWENTY-SECOND JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2003

NOTE 4 - CONCENTRATIONS

The majority of revenue earned by the District comes from the Parish of St. Tammany and the City of Slidell in the form of court costs.

NOTE 5 - OPERATING LEASE

On January 1, 1999, the District entered into a lease in Washington Parish for office space. The lease is non-cancelable with an option to lease the building till December 2005. There are two renewal periods-each with a five-year term. Future payments required under the first term are as follows:

<u>Year</u>	<u>Amount</u>
2004	\$ 10,800
2005	<u>10,800</u>
Total	\$ <u>21,600</u>

NOTE 6 – PRIOR PERIOD ADJUSTMENT

The District recorded depreciation expense in anticipation of the implementation of GASB 34 resulting in a prior period adjustment of \$ 46,101 which reduced net assets and increased accumulated depreciation.

**SUPPLEMENTARY INFORMATION
OTHER THAN MANAGEMENT'S
DISCUSSION AND ANALYSIS**

THE TWENTY-SECOND JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

DECEMBER 31, 2003

	ORIGINAL AND FINAL <u>BUDGET</u>	GENERAL <u>FUND</u>	DIFFERENCE ACTUAL <u>TO BUDGET</u>
REVENUES:			
Shared Government Local	108,600	120,022	11,422
Court Costs Fees and Charges	952,800	840,582	(112,218)
Court Fees and Awards	55,200	44,020	(11,180)
Other	<u>10,694</u>	<u>20,207</u>	<u>9,513</u>
Total Revenues	<u>1,127,294</u>	<u>1,024,831</u>	<u>102,463</u>
Expenses:			
Payroll & Fringe	\$ 1,082,740	\$ 1,082,353	\$ 387
Office Supplies and Expenses	3,744	10,317	(6,573)
Office Equipment and Furnishings	1,704	1,352	352
Maintenance Contracts	2,088	1,595	493
Insurance	12,420	15,243	(2,823)
Building Expenses & Rent	20,390	18,881	1,509
Travel	6,000	5,750	250
Law Library	13,656	18,585	(4,929)
Continuing Legal Education Expenses	7,310	10,298	(2,988)
Attorneys Private	22,999	23,373	(374)
Defendant Expenses and Services	1,000	5,964	(4,964)
Accounting & Audit	4,500	5,015	(515)
Telephone	12,396	13,396	(1,000)
Administration	420	1,363	(943)
Other Expenditures	3,000	<u>1,343</u>	<u>1,657</u>
Total Expenses	<u>1,194,367</u>	<u>1,214,828</u>	<u>(20,461)</u>
 Change in Net Assets	 \$ <u>(67,073)</u>	 <u>(189,997)</u>	 <u>(122,924)</u>
 Fund Balance Beginning	 665,966	 665,966	 0
Prior Period Adjustment	0	<u>(46,101)</u>	<u>(46,101)</u>
Net Assets Beginning, as adjusted	665,966	619,865	(46,101)
 Net Assets End of Year	 \$ <u>598,893</u>	 <u>\$ 429,868</u>	 <u>\$ (169,025)</u>

See Accompanying Notes.

THE TWENTY-SECOND JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL-SPECIAL REVENUE FUND

DECEMBER 31, 2003

	ORIGINAL AND FINAL BUDGET	SPECIAL REVENUE GRANT FUND	DIFFERENCE ACTUAL TO BUDGET
REVENUES:			
Defense Assistance Fund	\$ 96,410	\$ 87,750	\$ (8,660)
Total Revenues	<u>96,410</u>	<u>87,750</u>	<u>(8,660)</u>
Expenses:			
Payroll & Fringe	99,992	88,910	11,082
Total Expenses	<u>99,992</u>	<u>88,910</u>	<u>11,082</u>
Change in Net Assets	<u>(3,582)</u>	<u>(1,160)</u>	<u>2,422</u>
Fund Balance Beginning	1,160	1,160	--
Prior Period Adjustment	--	--	--
Net Assets Beginning, as adjusted	<u>1,160</u>	<u>1,160</u>	<u>--</u>
Net Assets End of Year	\$ <u>(2,422)</u>	\$ <u>--</u>	\$ <u>2,422</u>

See Accompanying Notes.



**EILEEN
SHANKLIN
ANDRUS**
CERTIFIED
PUBLIC
ACCOUNTANT
A LIMITED LIABILITY
COMPANY

Member of the
American Institute
of Certified Public
Accountants

Member of the
Louisiana Society
of Certified Public
Accountants

210 Belle Meade Blvd.
Thibodaux, LA 70301
(985) 209-3067
Eileen@esacpa.com

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

Board of Directors
Twenty-Second Judicial District
Indigent Defender Board
402 North Jefferson Street
Covington, LA 70453

I have audited the financial statements of the Twenty-Second Judicial District Indigent Defender Board, as of and for the year ended December 31, 2003, and have issued my report thereon dated February 17, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item # 03-01 I also noted certain immaterial instances of noncompliance, which I have reported to the management of the District in a separate letter dated February 17, 2004.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the District's ability to process, summarize, and report financial data consistent with the assertions of management in the financial statements. This reportable condition is described in the accompanying schedule of findings and questioned costs as item # 03-01.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement 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 over financial reporting and its operation that I consider to be material weaknesses. However, I believe that none of the reportable conditions described above is a material weakness. I also noted another matter involving internal control over financial reporting that I have reported to management of the District in a separate letter dated February 17, 2004.

This report is intended solely for the information and use of the Board and management of the District, federal, state and local awarding agencies and pass-through agencies and the Legislative Auditor of the State of Louisiana. However, under Louisiana Revised Statute 24:513; this report is distributed by the Legislative Auditor as a public document.



Eileen S. Andrus
CERTIFIED PUBLIC ACCOUNTANT
A LIMITED LIABILITY COMPANY

February 17, 2004

THE TWENTY-SECOND JUDICIAL DISTRICT INDIGENT DEFENDER
BOARD

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2003

Section 1. Summary of Auditor's Reports

Financial Statements

Type of auditor's report issued = Unqualified

Internal Control

Internal Control Over Financial Reporting Yes No

Reportable Condition(s) identified

That is not considered to be a
Material weaknesses

Yes None
Reported

Compliance

Noncompliance material to financial
Statements noted?

Yes No

NOTE: The Twenty-Second Judicial District Indigent Defender Board did not qualify for a Single Audit for the year ended December 31, 2003; therefore, the remaining information is not applicable to 2003.

Federal Awards

Internal Control over major programs:

Material weakness(es) identified Yes No

Reportable condition(s) identified

That is not considered to be a
Material weakness(es)?

Yes None
Reported

Type of auditor's report issued on compliance for major programs = not applicable

Any audit findings disclosed that
are required to be reported in accordance
With section 510 (a) of Circular A-133 ?

Yes No

**THE TWENTY-SECOND JUDICIAL DISTRICT INDIGENT DEFENDER
BOARD**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2003

Section I. Summary of Auditor's Reports

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Programs or Cluster</u>
NOT APPLICABLE	

**Dollar threshold used to distinguish
Between type A and type B programs:** **\$ 500,000**

Auditee qualified as a low-risk auditee? **NOT APPLICABLE**

Section II. Financial Statement Findings

03-01 State Budget Act Compliance

Finding: I noted during my testing that the District did not amend its budget when actual revenues failed to meet projected revenues by 5% or more. In fact the "shortfall" in revenues was 9.08% at December 31, 2003. This "shortfall" caused a loss that exceeded the budgeted loss by 183%, although there was sufficient fund balance to absorb the loss.

I further noted that no budget message was prepared with the original budget and the advertisement of the availability of the budget for inspection was also not accomplished by the 22nd Judicial District.

Cause: This condition was caused by the District's belief that the budget law did not apply to Indigent Defender Boards.

Effect: This condition has the effect of putting the District in non-compliance with state law, specifically LSA 39:1301 -15.

Criteria: LSA 39-1301-15 outlines the guidelines the District should use as it relates to budget adoption, amendment and inspection.

Recommendation: I recommend that the detailed provisions of the The Louisiana Government Budget Act be followed by the District without exception.

**THE TWENTY-SECOND JUDICIAL DISTRICT INDIGENT DEFENDER
BOARD**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2003

Section III Federal Award Findings and Questioned Costs

NONE NOTED

**THE TWENTY-SECOND JUDICIAL DISTRICT INDIGENT DEFENDER
BOARD**

STATUS OF PRIOR YEAR'S FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2003

NONE REPORTED IN PRIOR YEAR.

MANAGEMENT'S CORRECTIVE ACTION PLAN

For the Year Ended December 31, 2003

Findings and Questioned Costs Action Plan

03-01 Budget Monitoring

Resolution: Management has always adopted a budget although in the past we did not think that his law applied to Indigent Defender Boards. Now that we realize that this law does apply to us, we have taken steps to make sure that "underage" and "overages" are monitored and amended in accordance with state law.

Management Letter Action Plan

MGT. 03-01 Timely Submission of Audited Financial Statements

Resolution: Fiscal procedure is now established whereby all audit reports will be submitted within the statutory deadline. We must note that the audit was completed within the six-month deadline, however, the auditor failed to mail the report within the six-month time-frame due to financial and personal hardships.



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February 17, 2004

Board of Directors
Twenty-Second Judicial District
Indigent Defender Board
402 North Jefferson Street
Covington, LA 70453

I have audited the accompanying basic financial statements of the 22nd Judicial District Indigent Defender Board, Inc. (the District) as of and for the year ended December 31, 2003, and have issued my report thereon dated February 17, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As part of my examination, I have issued my report on the financial statements dated February 17, 2004 and my report on internal control and compliance with laws, regulations, and contracts dated December 31, 2003.

In planning and performing my audit of the financial statements of the District, I considered its internal control in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on internal control.

However, I noted certain matters involving internal control and its operation that I consider to be important, but not significant enough to be considered a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of internal control that, in my judgment, could adversely affect the ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

The following conditions were noted during the course of conducting the District's audit for the year ended December 31, 2003.

MGT. 03-01 Timely Submission of Audited Financial Statements

Condition: It is required by state law that the audit report be submitted by the six-month after the District's yearend. While the audit was completed on February 17, 2004, the reports were not submitted to the Legislative Auditor's office by June 30, 2004 as statutorily required.

Recommendation: I recommend that the auditor be held responsible for this failure because the audit was completed well before June 30, 2004 and not submitted timely due to financial conditions at the auditor's firm.

These recommendations are meant as suggestions to improve and not to criticize management or the administrative accounting staff. Should you need any suggestions on how to resolve or apply the recommendations suggested, please do not hesitate to call me at (985) 209-3067.

Sincerely,



Eileen S. Andrus
CERTIFIED PUBLIC ACCOUNTANT
A LIMITED LIABILITY COMPANY

February 17, 2004