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**TWENTY-SECOND JUDICIAL DISTRICT
INDEPENDENT DEFENDER BOARD**

Parish of Washington and
St. Tammany, Louisiana

INDEPENDENT AUDITOR'S REPORT

Fiscal Year Ending December 31, 1996

June 30, 1997

JUDICIAL provisions of state law, that
report in a public document. A
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from the Auditor, or returned
written and signed by the Auditor
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office of the parish clerk of court.

Release Date, JUN 30 1997

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

General Purpose Financial Statements
As of and for the Year Ended December 31, 1999

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

TWENTY-SECOND JUDICIAL DISTRICT

INDIGENT DEFENDER BOARD
Perish of Washington and
St. Tammany, Louisiana

I have audited the general purpose financial statements of the Twenty-Second Judicial District Indigent Defender Board as of and for the year ended December 31, 1996, and transactions only for 1995. These general purpose financial statements are the responsibility of the Twenty-Second Judicial District Indigent Defender Board. The responsibility of the independent auditor is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards contained in the Government Auditing Standards. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatements. 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 the Board, as well as, evaluating the overall general purpose financial statement presentation. I believe that our audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respect, the financial position of the Twenty-Second Judicial District Indigent Defender Board, as of December 31, 1996, and the results of its operations and the cash flows of its priority fund types for the year then ended and transactions only for the year of 1995, in conformity with generally accepted accounting principles.

**TWENTY-SECOND JUDICIAL DISTRICT
INCIDENT RESPONSE BOARD**

Internal Accounting Controls Report

Internal control structure consists of the control environment, accounting system, and control procedures used by the board. The internal control structure is the responsibility of management and is used to provide the board with a reasonable, but not absolute, ability to record, process, summarize, and report financial data consistent with the assertions embodied in the accompanying financial statements; to safeguard public assets; and to comply with laws and regulations. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies and procedures.

For the purpose of this report, I have classified the significant internal control structure policies and procedures into the following categories.

Budgeting and Budget Reporting
Revenues/Receipts
Purchases/Disbursements/Payroll

For all of the internal control structure categories listed above, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk. I did not evaluate the effectiveness of the internal control structure categories because of the limited number of personnel involved in the accounting system. Assessing control risk at a high level, I expanded my substantive audit tests.

In my consideration of the internal control structure, I noted a material weakness regarding the limited accounting staff, precludes an adequate segregation of duties. Also, I identified the following matter relating to accounts receivable for probation fees which was also a material weakness in the internal control structure.

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INDIGENT DEFENDER BOARD**

The Twenty-Second Judicial District Indigent Defender Board did not reconcile the accounts receivable control accounts to the individual ledger accounts for probation fees in 1991. Internal controls should be instituted that require that the asset account for probation fees receivable be reconciled to the accounts receivable individual subsidiary ledger. Failure to reconcile the subsidiary individual ledger may allow errors or irregularities to occur and not be detected in a timely manner.

The board has established a computerized subsidiary detail ledger for probation fees receivable. They have developed a system to reconcile the general ledger account with the individual probation accounts receivable. The probation accounts receivable were reconciled as of December 31, 1990.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. Because of inherent limitations in any internal control structure, errors and irregularities may, nevertheless, occur and not be detected. Also, projection of any evaluation of the control structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

My report on internal control structure is intended for the information and use of the Indigent Defender Board and its Management.

Compliance Report

In accordance with the standards mentioned previously, I am required to communicate to management and include in my reportable conditions, all matters that come to my attention

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

relating to significant deficiencies in the design or operation of the internal control structure, in my judgement, could adversely affect the board's ability to (1) record, process, summarize, and report financial data consistent with the assertions of management in the financial statements, or (2) comply with the laws and regulations that could have a material impact on the financial statements. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements, including those relating to compliance with laws and regulations, does not reduce to a relatively low level the risk that errors or irregularities, in amounts that would be material in relation to the financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned duties.

Compliance with laws and regulations applicable to the Indigent Defender Board is the responsibility of management and the board. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatements, I performed tests of the board's compliance with certain provisions of laws and regulations. However, my objective was not to provide an opinion on overall compliance with each provision.

The result of my tests indicates that, with respect to the items tested, the Twenty-Second Judicial District Indigent Defender Board complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to the items not tested, nothing came to my attention that caused me to believe that the board had not complied, in all material respects, with those provisions.

Respectfully submitted,



David E. Hoyle, CPA
June 30, 1987

Statement A

**TWENTY-SECOND JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD**
Parish of Washington and
St. Tammany, Louisiana
ALL FUND TYPES AND ACCOUNT GROUPS

Balance Sheet, December 31, 1995

	GOVERNMENTAL FUND GENERAL	GRANTS LIDB	GENERAL FUND ASSETS	TOTAL (MEMORANDUM ONLY)
ASSETS				
Cash (note 2)	\$595,344			\$595,344
Grants from LA Note (2)				
#1		\$ 7,100		7,100
#2		7,100		7,100
#3		95,790		95,790
#4		90,100		90,100
Receivables				
Interest	480			480
Court costs on fees and contributions	92,310			92,310
Protection fees (net of allowance for uncollectibles)	94,189			94,189
Bar Bond Fees	13,280			13,280
Equipment (note 4)			\$68,230	68,230
TOTAL ASSETS	<u>\$748,523</u>	<u>\$170,110</u>	<u>\$68,230</u>	<u>\$986,863</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Payables	\$ 460			\$ 460
Deferred revenues	84,844			84,844
Total Liabilities	<u>\$ 85,304</u>			<u>\$ 85,304</u>
FUND EQUITY:				
Fund Balance-General				
Unreserved	608,740			608,740
Fund balance-Grants				
LIDB		\$128,114		128,114
Investment-General				
Fixed Assets			\$68,230	68,230
Total Fund Equity	<u>\$696,740</u>	<u>\$128,114</u>	<u>\$68,230</u>	<u>\$893,084</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 85,304</u>	<u>\$ 128,114</u>	<u>\$ 68,230</u>	<u>\$ 986,868</u>

The accompanying notes are an integral part of this statement.

**TWENTY-SECOND JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD**
Parishes of Washington and
St. Tammany, Louisiana
GOVERNMENTAL FUND - GENERAL FUND & GRANT FUND

Statement of Revenues, Expenditures,
and Changes in Fund Balance
For the Year Ended December 31, 1995

	GENERAL FUND	GRANT FUNDS
REVENUES		
Court costs on fines and forfeitures	\$679,118	
Probation Fees	59,828	
Bail Bond Fees	50,353	
22nd JDC Child Support	30,000	
Interest earned on deposits	10,782	
Grant 1		
Grant 2		
Grant 3		\$ 90,700
Grant 4		55,181
Total revenues	<u>829,881</u>	<u>145,881</u>
EXPENDITURES		
General government-judicial		
Salaries and related benefits	683,225	125,274
Operating services	67,901	5,541
Material and supplies	7,948	112
Travel, Seminars, Education	18,422	2,436
Contractual services	10,296	3,899
Capital outlay and equipment	21,292	
Total expenditures	<u>727,082</u>	<u>132,262</u>
EXCESS REVENUES OVER EXPENDITURES	102,849	8,621
FUND BALANCE AT BEGINNING OF YEAR	<u>568,088</u>	<u>111,483</u>
FUND BALANCE AT END OF YEAR	<u>\$670,937</u>	<u>\$120,104</u>

The accompanying notes are an integral part of this statement.

**TWENTY-SECOND JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD**
Parishes of Washington and
St. Tammany, Louisiana
GOVERNMENTAL FUND - GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget
(Non-GAAP Basis) and Actual
For the Year Ended December 31, 1998

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Court costs on fines & forfeitures	\$685,808	\$705,444	\$19,636
Probation fees	57,108	58,828	1,720
Interest earned	4,858	10,700	5,842
22nd Judicial District Child Support Fund	30,000	30,000	0
Ball Bond Fees	57,425	47,258	(10,167)
Total revenues	\$835,199	852,131	16,932
EXPENDITURES			
General government judicial			
Salaries	468,220	515,288	(20,188)
Payroll taxes	37,000	39,908	(2,908)
Office supplies	5,000	5,586	(586)
Investigative services	5,000	6,577	(1,577)
Postage	2,000	1,482	518
Bank Charges	200	127	83
Insurance	68,000	68,882	(882)
Law Library	8,000	8,787	(787)
Books and subscriptions	2,000	2,987	(987)
Furniture and equipment	18,000	27,280	(9,280)
Accounting and legal	1,800	2,874	(1,074)
Attorney fees (contract)	10,000	8,488	1,512
Kent-Franklin	4,800	4,808	(8)
Leites-Franklin	1,200	1,277	(77)
Kent-Covington	3,800	3,215	585
Leites-Covington	8,000	5,593	2,407
Repairs and maintenance	2,800	2,158	642
Maintenance contract	2,000	1,499	501
Telephone	10,000	11,808	(1,808)
Training/seminars	8,000	8,808	(808)
Travel	10,000	8,828	1,172
Miscellaneous	0	43	(43)
Total disbursements	\$658,580	727,881	(69,301)
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	176,619	124,250	52,369
FUND BALANCE AT BEGINNING OF YEAR	135,345	471,028	(335,683)
FUND BALANCE AT END OF YEAR	\$312,188	\$595,278	\$283,090

The accompanying notes are an integral part of this statement.

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

**Notes to the Financial Statements
As of and for the Year Ended December 31, 1999**

INTRODUCTION

The Twenty-Second Judicial District Indigent Defender Board, established in compliance with Louisiana Revised Statutes 15:144-149, provides counsel to represent indigents (needy individuals) in criminal and quasi-criminal cases at the district level. The judicial district encompasses the parishes of Washington and St. Tammany, Louisiana. The board is composed of five 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 or fines imposed by the various courts within the district. As provided by the board, there were 4009 cases opened and 1779 cases concluded during the year ended December 31, 1999. The board has 23 employees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the Twenty-Second 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 acceptable standard-setting body for established 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 Twenty-Second Judicial District Indigent Defender Board.

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

Parishes of Washington and
St. Tammany, Louisiana

Notes to the Financial Statements (Continued)

C. FUND ACCOUNTING

The board uses a fund (General Fund) to report the Board's financial position and the results of its operations. A Grant Fund reports cash balances and receipts and expenditures for grant monies. 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 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 modified accrual basis of accounting is used by the General Fund. The General Fund uses the following practices in recording revenues and expenditures:

Revenues

Court costs or fines and forfeitures imposed by the district and city courts are recorded in the year they are collected by the tax collector. Fees from indigents are recorded when received. Interest income is accrued when earned. All other revenues and grants 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 PRACTICES

The indigent defender board is not required by law to adopt an annual budget. However, the board prepared a budget for the General Fund on a cash basis of accounting for revenues and modified accrual basis of accounting for expenditures. This budget was integrated into the accounting records and employed as a management control device. The budget was formally adopted on May 30, 1996 and revised on August 22, 1996. 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.

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

Parishes of Washington and
St. Tammany, Louisiana

Notes to the Financial Statements (Continued)

The amounts reflected as excess of revenues and expenditures on Statement B are reconciled to the amounts reflected on budget comparison, Statement C, as follows:

Excess of expenditures over revenues - Statement B	\$102,849
Add - prior-year receivables	89,218
Add - current-year payables	669
Less - current-year receivables	(99,045)
Less - prior-year payables	(189)
Adjustment	<u>— 1,422</u>
Excess of expenditures over revenues - Statement C	<u>\$123,729</u>

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. ACCOUNTS 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 entire amount is treated as a deferred revenue. These fees will be included in revenue when collected. Collection is assured for receivables for court costs on fines and forfeitures, and bail bond fees; these fees are recognized as revenue.

H. GRANTS

All grants are reported as Grant Funds, cash balances on the balance sheet, and on the statement of Revenues, Expenditures, and changes in Fund balance. Grant funds are reported on a cash basis.

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

Parishes of Washington and
St. Tammany, Louisiana

Notes to the Financial Statements (Continued)

**I. GENERAL FIXED ASSETS AND
LONG-TERM OBLIGATIONS**

The general fixed assets of the indigent defender board are recorded as expenditures at the time of purchase. The fixed assets are recorded at historical cost. No depreciation has been provided on general fixed assets.

This account group is not a fund. It is concerned only with measurement of financial position, not with measurement of results of operations.

There are no long-term obligations at December 31, 1996.

J. COMPENSATED ABSENCES

The indigent defender board has 16 employees who earn varying amounts of vacation and sick leave each year. The annual and sick leave do not vest. However, a maximum of 30 days may be accrued and used to supplement sick leave in the event of catastrophic illness. Therefore, there is no liability for accumulated absences relating to the General Fund.

K. TOTAL COLUMN ON BALANCE SHEET

The total column on the balance sheet is captioned Memorandum Only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

2. CASH

At December 31, 1996 the board has cash totaling \$716,457.74 in demand deposits. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank or custodial bank that is mutually acceptable to both parties. At December 31, 1996, the district has \$747,143.23 in deposits (collected bank balances). These deposits are fully secured from risk by federal deposit insurance of \$700,000.00 and pledged securities with fair market value of \$1,475,621.88 on December 31, 1996.

**TWENTY-SECOND JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD**
Parishes of Washington and
St. Tammany, Louisiana
Notes to the Financial Statements (Continued)

3. RECEIVABLES

The following is a summary of receivables at December 31, 1999:

Probation fees (condition of probation)	\$403,501
Less-allowance for uncollectible accounts	(218,332)
Net-probation fees	\$185,169
Court costs - fines and forfeitures	\$2,318
Interest	405
Bail bond fees	<u>13,203</u>
Total	<u>\$199,214</u>

4. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

Balance, January 1, 1999	\$ 50,104
Add: Lanier 8755 Copier	
Computer equipment, 6 Pentium 120 PC's	
1 CD-ROM Server, 4 CD-ROM drives	
And small office equipment	33,660
Less: Items scrapped in 1999	(1,387)
Balance, December 31, 1999	<u>\$ 82,277</u>

The board has established a policy to record only fixed assets costing \$200 and over. A Lanier copier lease-purchase agreement with payments of \$4,408.44 was recorded in general fund for 1999. The remaining 49 monthly payments total \$18,001.13. The lease financing charge is \$6,825.88. The fixed asset fund recorded the \$17,947.00 actual cost in 1999.

5. PENSION PLAN

Employees of the indigent defender board participate in the federal Social Security System. The indigent defender board is required to remit an amount to the Social Security Administration equal to the employer's contribution. The indigent defender board does not guarantee the benefits granted by the system.

6. LITIGATION AND CLAIMS

There is no litigation or claims pending against the Twenty-Second Judicial District Indigent Defender Board at December 31, 1999.