

1638

RECEIVED
LEGISLATIVE AUDITOR
04 JUN 22 AM 11:05

**THIRTY-FIRST JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD**
Jefferson Davis Parish, Louisiana

General Purpose Financial Statements
And Independent Auditor's Report
As of and 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 8/11/04

THIRTY-FIRST JUDICIAL DISTRICT INDIGENT DEFENER BOARD
Jefferson Davis Parish, Louisiana

General Purpose Financial Statements and Independent Auditor' Report
As of and for the Year Ended December 31, 2003

TABLE OF CONTENTS

	Page
Independent Auditor's Report	2
General Purpose Financial Statements- Governmental Fund Type-General Fund:	
Balance Sheet	3
Statement of Revenues, Expenditures, and Changes in Fund Balance	4
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual	5
Notes to the Financial Statements	6-10
Other Reports Required by Governmental Auditing Standards:	11
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	12-13
Schedule of Findings and Questioned Costs	14-15
Management's Corrective Action Plan for Current Year Audit Findings	16
Schedule of Prior Year Audit Findings	17

Mike B. Gillespie, CPA

(A Professional Accounting Corporation)

PO Box 1347

Jennings, LA 70546

INDEPENDENT AUDITOR'S REPORT

Thirty-First Judicial District Indigent Defender Board
Jefferson Davis Parish Police Jury
Jennings, Louisiana

I have audited the accompanying general purpose financial statements of the Thirty-First Judicial District Indigent Defender Board, a component unit of the Jefferson Davis Parish Police Jury, as of December 31, 2003, and for the year then ended. These general purpose financial statements are the responsibility of the Thirty-First Judicial District Indigent Defender Board's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Thirty-First Judicial District Indigent Defender Board, 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.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 17, 2004, on my consideration of Thirty-First Judicial District Indigent Defender 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.

Mike B. Gillespie, CPA, APAC

Jennings, Louisiana

June 17, 2004

THIRTY-FIRST JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

Jefferson Davis Parish, Louisiana

GOVERNMENTAL FUNDS-GENERAL FUND

Balance Sheet as of December 31, 2003

ASSETS

Cash and cash equivalents	\$ 220,244
Investments	151,037
Due from other governments-fines and forfeitures	<u>34,809</u>

TOTAL ASSETS \$ 406,090

LIABILITIES AND FUND EQUITY

Liabilities:

Accounts payable	380
Professional services payable	<u>22,700</u>
Total Liabilities	<u>23,080</u>

Fund Equity:

Fund balance-unreserved-undesignated	
Total Fund Equity	<u>\$ 383,010</u>

TOTAL LIABILITIES AND FUND EQUITY \$ 406,090

The accompanying notes are an integral part of this statement

THIRTY-FIRST JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

Jefferson Davis Parish, Louisiana

GOVERNMENTAL FUNDS-GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Fund Balance

For the Year Ended December 31, 2003

REVENUES

Fines and forfeitures	\$ 424,340
State Grant	11,510
Interest	2,420
TOTAL REVENUES	<u>438,270</u>

EXPENDITURES

General governmental-judicial:	
Professional legal services	279,000
Other contracted services	3,650
Advertising	17
Case Expense	6,001
Dues	1,500
Office Expense	1,244
Miscellaneous	1,108
TOTAL EXPENDITURES	<u>292,520</u>

EXCESS OF REVENUES OVER EXPENDITURES 145,750

FUND BALANCE AT BEGINNING OF PERIOD 237,260

FUND BALANCE AT END OF PERIOD \$ 383,010

The accompanying notes are an integral part of this statement

THIRTY-FIRST JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

Jefferson Davis Parish, Louisiana

GOVERNMENTAL FUNDS-GENERAL FUND

Statement of Revenues, Expenditures, and Changes in

Fund Balance - Budget (GAAP Basis) and Actual

For the Year Ended December 31, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Fines and forfeitures	\$ 350,000	\$ 424,340	\$ 74,340
State Grant	14,000	11,510	(2,490)
Interest	-	2,420	2,420
TOTAL REVENUES	<u>364,000</u>	<u>438,270</u>	<u>74,270</u>
EXPENDITURES			
General governmental-judicial:			
Professional legal services	330,000	279,000	51,000
Other contracted services	4,000	3,650	350
Advertising		17	(17)
Case Expense	7,000	6,001	999
Dues		1,500	(1,500)
Office Expense		1,244	(1,244)
Miscellaneous	2,700	1,108	1,592
TOTAL EXPENDITURES	<u>343,700</u>	<u>292,520</u>	<u>51,180</u>
EXCESS OF REVENUES OVER EXPENDITURES	20,300	145,750	125,450
FUND BALANCE AT BEGINNING OF PERIOD	<u>242,000</u>	<u>237,260</u>	<u>(4,740)</u>
FUND BALANCE AT END OF PERIOD	<u>\$ 262,300</u>	<u>\$ 383,010</u>	<u>\$ 120,710</u>

The accompanying notes are an integral part of this statement.

THIRTY-FIRST JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

Jefferson Davis Parish, Louisiana

Notes to the Financial Statements

As of and for the Year Ended December 31, 2003

INTRODUCTION

The Thirty-First 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 court level. The judicial district encompasses Jefferson Davis Parish. The board is composed of three members who are appointed by the district court. Board members serve without compensation. Revenues to finance the board's operations are provided from court costs on fines imposed by the district court.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the Thirty-First Judicial District Indigent Defender Board have been prepared in conformity with generally accepted accounting principals (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

Section 210 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Oversight responsibility by the police jury is determined on the basis of the following criteria:

1. Appointment of governing board
2. Designation of management
3. Ability to significantly influence operations
4. Accountability for fiscal matters
5. Scope of public service

The indigent defender board is part of the operations of the district court system. The district court system is fiscally dependent on the police jury for office space and courtrooms. The substance of the relationship between the district court system and the police jury is that the jury has approval authority over its capital budget. As a result, the indigent defender board was determined to be a component unit of the Jefferson Davis Parish Police Jury, the governing body of the parish with the oversight responsibility. The accompanying financial statements present information only on

THIRTY-FIRST JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

Jefferson Davis Parish, Louisiana

Notes to the Financial Statements

As of and for the Year Ended December 31, 2003

the funds maintained by the Indigent Defender Board of the 31st Judicial District and do not present information of the police jury, the general governmental services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

C. FUND ACCOUNTING

The board uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available resources.

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 liabilities are generally included on the balance sheet. The operating statement presents increases and decreases in net current assets. The board's records are maintained on a cash basis of accounting. However, the general fund, as reported in the accompanying financial statements, has been converted to a modified accrual basis of accounting using the following practices in recording revenues and expenditures:

Revenues

Court costs on fines and forfeitures are recorded in the month that the amounts are collected by the appropriate courts.

Expenditures

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

E. BUDGET PRACTICES

According to the Louisiana Local Budget Act (LA R.S. 39:1302), effective July 1, 1999, the Indigent Defender Board is a political subdivision and therefore is required to prepare an annual budget, have a public hearing, and make the budget available for public inspection no later than fifteen days prior to the beginning of each year. A notice stating that a public hearing on the

THIRTY-FIRST JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

Jefferson Davis Parish, Louisiana

Notes to the Financial Statements

As of and for the Year Ended December 31, 2003

proposed budget shall be held with the date, time, and place of hearing specified in the notice is required to be published at least ten days prior to the date of the first public hearing.

The budget was prepared prior to December, 2002. The notice making the proposed budget available for public inspection was published on October 18, 2002. The budget was adopted on October 28, 2002.

F. ENCUMBRANCES

The board does not utilize formal encumbrance accounting.

G. DEPOSITS AND INVESTMENTS

Deposits and investments include amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the board may deposit funds in demand deposits, interest-bearing deposits, money market accounts, or time deposits with state banks organized under Louisiana Law or any other state of the United States, or under the laws of the United States.

H. FIXED ASSETS

The board has no fixed assets.

I. PENSION PLAN

The board has no employees and therefore no participation in any of the public employee retirement systems.

J. LONG-TERM OBLIGATIONS

The board has no outstanding long-term obligations.

2. DEPOSITS AND INVESTMENTS

Deposits

At December 31, 2003, the board had cash and cash equivalents (book balances) totaling \$ 220,244 as follows:

Non-interest-bearing demand deposits	\$ <u>220,244</u>
--------------------------------------	-------------------

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

THIRTY-FIRST JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

Jefferson Davis Parish, Louisiana

Notes to the Financial Statements

As of and for the Year Ended December 31, 2003

securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2003, the Board had \$ 220,244 in deposits (collected bank balances). These deposits are secured from risk by \$ 100,000 of federal deposit insurance and \$120,244 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District Attorney that the fiscal agent has failed to pay deposited funds upon demand.

Investments

The Board invests only in certificates of deposits.

Investments are categorized into the following three categories of credit risk in accordance with GASB 3 to give an indication of the level of risk assumed by the Board.

Category 1 – includes investments that are insured or registered, or securities held by the government or its agent in the Board’s name.

Category 2 – includes investments that are uninsured and unregistered, with securities held by the counterparty’s trust department or agent in the Board’s name.

Category 3 – includes investments that are uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Board’s name.

At year end the Board’s investment balances were as follows:

<u>Investment Type</u>	<u>Category 1</u>	<u>Category 3</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Certificates of Deposit	\$ 100,000	\$ 51,037	\$ 151,037	\$ 151,037
Total	<u>100,000</u>	<u>51,037</u>	151,037	151,037
Total Investments			<u>151,037</u>	<u>\$ 151,037</u>

THIRTY-FIRST JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

Jefferson Davis Parish, Louisiana

Notes to the Financial Statements

As of and for the Year Ended December 31, 2003

3. LITIGATION

There is no litigation pending against the board at December 31, 2003.

4. SIGNIFICANT AGREEMENTS

The district has entered into contracts with six attorneys to provide criminal defense legal services to the Thirty-First Judicial District Court, Ward 2 Court and the Jennings City Court as appointed by the presiding judge of each court. Under the terms of each contract four attorney's are paid the lesser of the following sum: 1) \$60,000; or 2) a prorata portion (depending on the number of contract attorneys) of the monthly Thirty-First Judicial District Indigent Defender Board's net proceeds, after deducting actual and necessary expenses, including but not limited to transcription fees, investigatory expenses, seminar expenses, travel expenses, non-volunteer attorney fees, etc. which are approved by the board. The other two attorneys were paid \$2,500 and \$1,500 per month.

5. RISK MANAGEMENT

The Board's is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees/ independent contractors; and natural disasters. The Board does not presently carry commercial insurance for any of the above identified risk. Since the Board is a component unit of the Police Jury, it is possible that some risks of loss are covered by commercial insurance provided by the Police Jury. However, the Police Jury's insurance consultant could not provide any assurance concerning this potential coverage as of the issuance date of these financial statements. Therefore, it is probable that the Board has retained some risk of loss with respect to the various aforementioned risks. There is no provision in the financial statements for potential claims that may have been retained. The Board has not incurred any claims or settlements of claims for any risks in any of the past three years.

**OTHER REPORTS REQUIRED BY
GOVERNMENTAL AUDITING STANDARDS**

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

Thirty-First Judicial District Indigent Defender Board
Jefferson Davis Parish
Jennings, Louisiana

I have audited the general purpose financial statements of the Thirty-First Judicial District Indigent Defender Board, a component unit of the Jefferson Davis Parish Police Jury, as of and for the year ended December 31, 2003, and have issued my report thereon dated June 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 Thirty-First Judicial District Indigent Defender Board's general purpose 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Thirty-First Judicial District Indigent Defender Board's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose 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 reportable conditions. 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 judgement, could adversely affect the Thirty-First 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. Reportable conditions are described in the accompanying summary schedule of findings and questioned costs as item 96-1, since this condition also existed in the prior year.

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. My 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 I consider item, 96-1 to be a material weakness.

This report is intended for the information of the Board, management, others within this organization, and the Louisiana Legislative Audit Advisory Council and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Mike B. Gillespie, CPA, APAC

Certified Public Accountant

Jennings, Louisiana

June 17, 2004

THIRTY-FIRST JUDICIAL DISTRICT INDIGENT DEFENDER BOARD
Jefferson Davis Parish, Louisiana
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2003

I have audited the financial statements of Thirty-First Judicial District Indigent Defender Board as of and for the year ended December 31, 2003, and have issued my report thereon dated June 17, 2004, which was unqualified. 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.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Reportable Conditions Yes No

Compliance Material to Financial Statements Yes No

b. Federal Awards

Internal Control

Material Weaknesses Yes No Reportable Conditions Yes No

Type of Opinion On Compliance Unqualified Qualified

For Major Programs Disclaimer Adverse

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)?
 Yes No

c. *Identification of Major Programs:*

CFDA Number (s)

Name of Federal Program (or Cluster)

Not applicable

Dollar threshold used to distinguish between Type A and Type B Programs:

\$ _____

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133? Yes No

Section II Financial Statement Findings

CURRENT YEAR FINDINGS:

See prior year findings below for findings that have not been corrected.

PRIOR YEAR FINDINGS :

THIRTY-FIRST JUDICIAL DISTRICT INDIGENT DEFENDER BOARD
Jefferson Davis Parish, Louisiana
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2003

96-1. LACK OF ADEQUATE SEGREGATION OF DUTIES

Condition: Due to the size of operations, the Board does not have adequate segregation of functions within the accounting system. This condition also existed in prior years.

Recommendation: Based upon the size of the operations and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Current Status: Corrective action not considered feasible.

Section III Federal Award Findings and Questioned Costs

Not applicable.

THIRTY-FIRST JUDICIAL DISTRICT INDIGENT DEFENDER BOARD
Jefferson Davis Parish, Louisiana

**MANAGEMENT'S CORRECTIVE ACTION PLAN FOR
CURRENT YEAR AUDIT FINDINGS**
For the Year Ended December 31, 2003

**SECTION I –INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FINANCIAL
STATEMENTS**

No current year findings reported.

SECION II –FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No current year findings reported.

SECTION III –MANAGEMENT LETTER

No current year findings reported.

* * * * *

THIS CORRECTIVE ACTION PLAN HAS BEEN PREPARED BY MANAGEMENT

THIRTY-FIRST JUDICIAL DISTRICT INDIGENT DEFENDER BOARD
Jefferson Davis Parish, Louisiana

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended December 31, 2003

SECTION I –INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FINANCIAL STATEMENTS

No findings requiring further corrective action to report.

SECTION II –FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings reported.

SECTION III –MANAGEMENT LETTER

No findings reported.