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**15TH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD**

Financial Statements

December 31, 2003

J. L. SONNIER
Certified Public Accountant
Lafayette, Louisiana

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

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INDEPENDENT AUDITOR'S REPORT

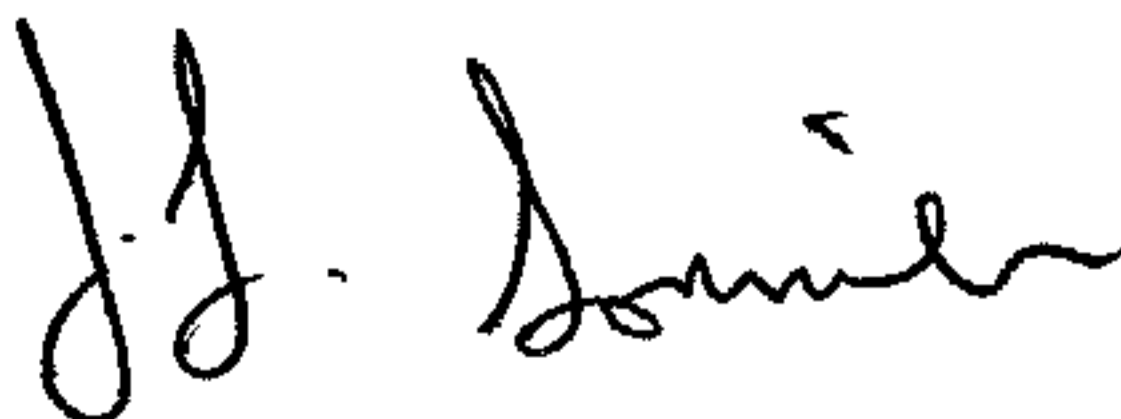
Board of Directors
Fifteenth Judicial District
Indigent Defender Board
Lafayette, Louisiana

I have audited the accompanying general purpose financial statements of the Fifteenth Judicial District Indigent Defender Board, a component unit of the Lafayette City/Parish Consolidated Government, 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 Fifteenth 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 *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 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 above present fairly, in all material respects, the financial position of the Fifteenth Judicial District Indigent Defender Board, a component unit of the Lafayette City/Parish Consolidated Government, 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 a report dated March 23, 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.



March 23, 2004

FIFTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

**COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS
December 31, 2003**

	<u>General Fund</u>	<u>General Fixed Assets Account Group</u>	<u>Totals (Memorandum Only)</u>	
			<u>2,003</u>	<u>2002</u>
ASSETS				
Cash	180,518	–	180,518	48,353
Due from other governments – Court costs and bond forfeits receivable	106,768	–	106,768	95,351
Equipment	–	81,481	81,481	77,789
Prepaid insurance	8,651	–	8,651	–
Total assets	<u>295,937</u>	<u>81,481</u>	<u>377,418</u>	<u>221,493</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	5,529	–	5,529	2,397
Payroll taxes payable	445	–	445	410
Total liabilities	<u>5,974</u>	<u>–</u>	<u>5,974</u>	<u>2,807</u>
Fund equity:				
Investment in general fixed assets	–	81,481	81,481	77,789
Fund balance – Unreserved, undesignated	289,963	–	289,963	140,897
Total fund equity	<u>289,963</u>	<u>81,481</u>	<u>371,444</u>	<u>218,686</u>
Total liabilities and fund equity	<u>295,937</u>	<u>81,481</u>	<u>377,418</u>	<u>221,493</u>

See Notes to Financial Statements.

FIFTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET (GAAP BASIS) AND ACTUAL – GENERAL FUND
Year Ended December 31, 2003
With Comparative Actual Amounts for Year Ended December 31, 2002**

	2003		Variance – Favorable (Unfavorable)	2002 Actual
	Budget	Actual		
Revenues:				
Intergovernmental revenues				
Court costs and bond forfeitures	1,051,000	1,021,623	(29,377)	1,030,544
District Assistance Fund –				
Louisiana IDB	218,001	218,001	–	252,334
Fees – partially indigent	110,050	178,094	68,044	146,745
Miscellaneous revenues				
Interest	2,400	2,755	355	1,385
Other	–	400	400	–
Total revenues	1,381,451	1,420,873	39,422	1,431,008
Expenditures:				
Current – general government				
Salaries, retainers and				
related benefits	1,195,899	1,159,530	36,369	1,239,413
Professional services	60,450	30,900	29,550	33,140
Office and administrative	58,700	54,587	4,113	54,362
Insurance	22,600	20,562	2,038	19,823
Capital outlays – equipment	12,000	6,228	5,772	292
Total expenditures	1,349,649	1,271,807	77,842	1,347,030
Excess (deficiency) of revenues over expenditures	31,802	149,066	117,264	83,978
Fund balance, beginning	140,897	140,897	–	56,919
Fund balance, ending	172,699	289,963	117,264	140,897

See Notes to Financial Statements.

**FIFTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER BOARD
NOTES TO FINANCIAL STATEMENTS
December 31, 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The following is a summary of certain significant accounting policies:

Reporting Entity

As the governing authority of the parish, for reporting purposes, the Lafayette City/Parish Consolidated Government (primary government) is the financial reporting entity for Lafayette Parish. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the primary government for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the primary government to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.
2. Organizations for which the primary government does not appoint a voting majority but are fiscally dependent on the primary government.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Indigent defender boards, criminal court funds, and judicial expense funds are part of the operations of the district court system. The district court system is fiscally dependent on the primary government for office space and courtrooms. The substance of the relationship between the district court system and the primary government is that the primary government has approval authority over its capital budget. In addition, the nature and

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

significance of the relationship between the district court and the primary government is such that exclusion from the primary government's financial statements would render the financial statements incomplete or misleading. For these reasons, indigent defender boards are considered component units of the primary government. The Fifteenth Judicial District Indigent Defender Board is comprised of the parishes of Acadia, Lafayette and Vermillion. It was determined to be a component unit of the Lafayette City/Parish Consolidated Government based on revenues received from and support provided by each parish's court systems. The accompanying financial statements present information only on the funds maintained by the Fifteenth Judicial District Indigent Defender Board.

Fund Accounting

The accounts of the Board are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of a fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. The General Fund is the operating fund of the board. It is used to account for all financial resources not accounted for in the General Fixed Assets Account Group.

Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

The General Fund operations are accounted for on a spending or "financial flow" measurement focus, and only current assets and current liabilities are generally included on its balance sheet.

Fixed assets are accounted for in the General Fixed Assets Account Group and are recorded as expenditures in the General Fund when purchased. No depreciation has been provided on general fixed assets.

All fixed assets are stated at historical cost.

Basis of Accounting

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 measurements made, regardless of the measurement focus applied.

The General Fund is accounted for using the modified accrual basis of accounting. Its revenues are recognized when they become measurable and available (within 60 days) as net current assets. Expenditures are generally recognized when the related fund liability is incurred.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Budgets and Budgetary Accounting

The Board follows these procedures in establishing the annual budget:

- The chief public defender prepares a proposed budget and submits it to the members of the board of directors for their approval prior to the beginning of each year.
- Budgetary amendments involving an increase in attorney retainers, salaries, capital expenditures, or an increase in total expenditures require the approval of the board of directors.
- All budgetary appropriations lapse at the end of each fiscal year.

The General Fund budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board. Such amendments were not material in relation to the original appropriations. The Board does not employ encumbrance accounting.

Total Column on Combined Statement

The total column on the combined 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 in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

Dollar Signs

All numeric data in the financial statements and accompanying notes are presented in U.S. dollars. Dollar signs have been omitted.

2. BANK DEPOSITS AND INVESTMENTS

Under state law, the Board may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Board may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2003, the Board had cash deposits (book balances) totaling 180,518.

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 bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2003, bank balances of deposits totaling 100,000 were insured by the FDIC and deposits totaling 94,037 were collateralized with securities held in the name of the pledging banks.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. COURT COSTS AND BOND FORFEITURES RECEIVABLE

This is the aggregate amount due from the various courts and district attorney offices of the Fifteenth Judicial District for court costs collected and bonds forfeited in 2003 and not remitted as of December 31.

4. CHANGES IN GENERAL FIXED ASSETS

General fixed assets is comprised of office furniture and equipment. The following is a summary of changes in the general fixed assets account group during 2003.

Balance, December 31, 2002	77,789
Additions	6,229
Retirements	<u>(2,537)</u>
Balance, December 31, 2003	<u>81,481</u>

5. RETIREMENT SYSTEM

The Board offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan, 15th Judicial District Public Defenders Deferred Compensation Program (457), is administered by Nationwide Retirement Solutions. The plan, available to all Board employees, permits deferral of a portion of compensation until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Board may contribute to each participating employee account. For the year ended December 31, 2003 the Board's total contributions were -0- and employee deferrals totaled 732.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) held in a trust, custodial account or annuity contract described in IRC 457 (g) for the exclusive benefit of the participants and their beneficiaries.

The fair market value of the deferred compensation plan assets at December 31, 2003 was 4,522.

All employees of the Board are also members of the Social Security System. The Board and its employees contribute a percentage of each employee's salary to the System (7.65% contributed by the Board, 7.65%, by the employee). The Board's contribution during the year ended December 31, 2003 was 7,484.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6. COMPENSATED ABSENCES

No accrual has been made for vacation or sick pay because unused vacation and sick days are not available to be carried forward and are not subject to extra pay if unused.

7. RECLASSIFICATION OF PRIOR YEAR AMOUNTS

Certain amounts reported in the prior year have been reclassified for comparative purposes with current year amounts.

8. RISK MANAGEMENT

The Board is exposed to risks of loss in the areas of general liability, malpractice, property hazards and workers' compensation. General liability, property hazards and workers' compensation risks are handled through the purchase of commercial insurance. There were no significant reductions in insurance coverage during 2003 and settlements have not exceeded insurance coverage in any of the past three years. Malpractice risks are uninsured. The Board is unaware of any outstanding claims or losses as of December 31, 2003. There were no outstanding claims as of December 31, 2002, and no claims were paid during 2003.

9. BOARD MEMBER COMPENSATION

The members of the board of directors of the Fifteenth Judicial District Indigent Defender Board serve on a voluntary basis and receive no form of compensation for those duties.

10. NEW REPORTING STANDARD

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement 34 *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This Statement establishes new financial reporting requirements for state and local governments throughout the United States. When implemented, it will require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in all prior years will be affected. The Fifteenth Judicial District Indigent Defender Board is required to implement this standard for the fiscal year ending December 31, 2004. The Board has not yet determined the full impact that adoption of GASB Statement 34 will have on the financial statements.

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

Board of Directors
Fifteenth Judicial District
Indigent Defender Board
Lafayette, Louisiana

I have audited the general purpose financial statements of the Fifteenth Judicial District Indigent Defender Board, a component unit of the Lafayette City/Parish Consolidated Government, as of and for the year ended December 31, 2003, and have issued my report thereon dated March 23, 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

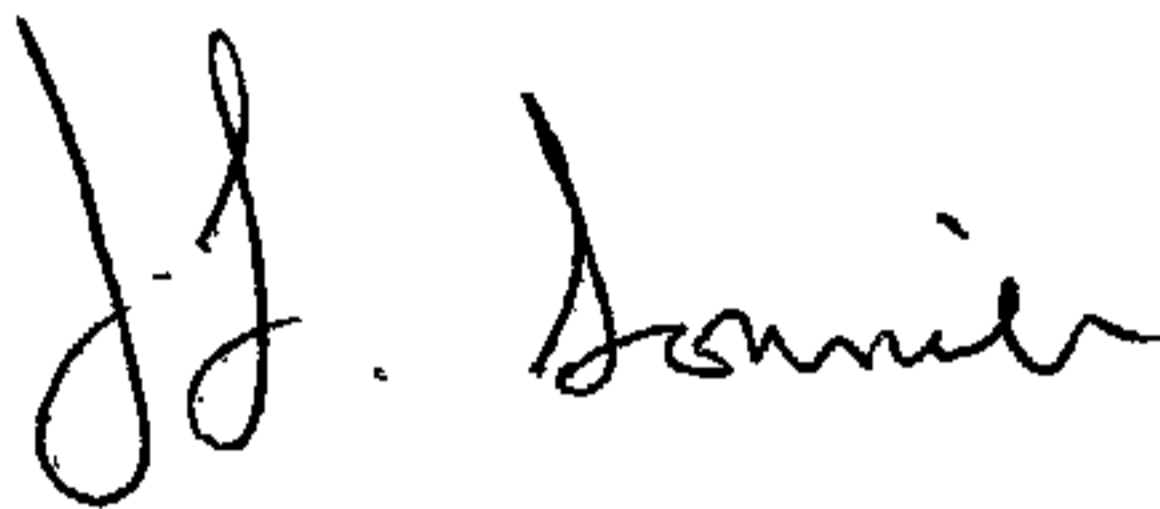
As part of obtaining reasonable assurance about whether the Fifteenth Judicial District Indigent Defender Board's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance 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 Fifteenth 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 Fifteenth 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 schedule of audit findings as item 03-1.

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, I believe none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of the board of directors, management, the Lafayette City/Parish Consolidated Government, grantor agencies and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, appearing to read "J. J. Dennis".

March 23, 2004

FIFTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

**Schedule of Prior and Current Audit Findings and
Management's Corrective Action Plan
Year Ended December 31, 2003**

I. Prior Year Findings:

Compliance

There are no findings that are required to be reported under the above.

Internal Control Over Financial Reporting

Inadequate Segregation of Accounting Functions

Finding:

Due to the small number of employees, the District did not have adequate segregation of functions within the accounting system.

Status:

Unresolved. See item 03-1.

II. Current Year Findings and Management's Corrective Action Plan:

Compliance

There are no findings that are required to be reported under the above.

Internal Control Over Financial Reporting

Item 03-1 - Inadequate Segregation of Accounting Functions

Finding:

Due to the small number of employees, the District did not have adequate segregation of functions within the accounting system.

Management's corrective action plan:

Management has determined that it is not cost effective to achieve complete segregation of duties within the accounting department. No plan is considered necessary.