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**FIFTH JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD**

*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 8/25/04

**DARLA S. TURNER, CPA**  
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**FIFTH JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD**

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**Independent Auditor's Report**

**To Members of the Fifth Judicial District  
Indigent Defender Board  
Rayville, Louisiana**

I have audited the accompanying general purpose financial statements of the Fifth Judicial District Indigent Defender Board, 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 Fifth 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 the 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 Fifth 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 15, 2004, on my consideration of the Fifth Judicial District Indigent Defender Board's internal control over financial reporting and on 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.



**DARLA S. TURNER**  
**CERTIFIED PUBLIC ACCOUNTANT**

Monroe, Louisiana  
June 15, 2004

**FIFTH JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD**

**Exhibit A**

**Combined Balance Sheet - All Fund Types and Account Groups  
December 31, 2003**

	<u>GOVERNMENTAL FUND TYPE</u>	<u>ACCOUNT GROUP</u>	<u>Totals (Memorandum Only)</u>
	<u>General Fund</u>	<u>General Fixed Assets</u>	
<b>Assets</b>			
<b>Current Assets</b>			
Cash	\$ 20,442	\$ -	\$ 20,442
Investment	114,814	-	114,814
Accounts receivable (Note 4)	7,428	-	7,428
Prepaid expenses	-	-	-
<b>Total Current Assets</b>	<u>142,684</u>	<u>-</u>	<u>142,684</u>
<b>Fixed Assets</b>			
Computer equipment	-	2,491	2,491
<b>Total Assets</b>	<u>\$ 142,684</u>	<u>\$ 2,491</u>	<u>\$ 145,175</u>
<b>Liabilities, Fund Equity and Other Credits</b>			
<b>Liabilities</b>			
Accounts payable (Note 5)	\$ 750	\$ -	\$ 750
<b>Fund Equity and Other Credits</b>			
Unreserved - undesignated	141,934	-	141,934
Investment in general fixed assets	-	2,491	2,491
<b>Total Fund Equity and Other Credits</b>	<u>141,934</u>	<u>2,491</u>	<u>144,425</u>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<u>\$ 142,684</u>	<u>\$ 2,491</u>	<u>\$ 145,175</u>

**FIFTH JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD**

**Exhibit B**

**Statement of Revenues, Expenditures and Changes in Fund Balance  
For the Year Ended December 31, 2003**

**Revenues**

Court costs and fines	\$ 139,153
Grant	11,520
Other - interest	<u>1,249</u>
<b>Total Revenues</b>	<b>151,922</b>

**Expenditures**

Professional services	147,263
Accounting fees	<u>3,900</u>
<b>Total Expenditures</b>	<b><u>151,163</u></b>

**NET INCOME** 759

**Fund Balance - Beginning of Year** 141,175

**Fund Balance - End of Year** \$ 141,934

**NOTES TO THE COMBINED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2003**

**INTRODUCTION**

**REPORTING ENTITY**

The Fifth 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 the parishes of Franklin, Richland, and West Carroll, Louisiana. The Board is composed of members who are appointed by the district court. Revenues to finance the Board's operations are primarily provided from court costs on fines imposed by the district court.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The accompanying general purpose financial statements of the Fifth 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.

**B. 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 each 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. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into one fund category and one fund type as follows:

**GOVERNMENTAL FUNDS - General Fund -** The General Fund is the operating fund of the Board. It is used to account for all financial resources.

**GENERAL FIXED ASSETS AND LONG-TERM OBLIGATIONS -** The Board had one fixed asset (computer) but no long-term obligations at December 31, 2003.

**C. 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. All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

**D. BUDGETS AND BUDGETARY ACCOUNTING**

Local indigent defender boards are political subdivisions within the meaning of the Louisiana Local Government Budget Act. Thus, they have an obligation to prepare a budget for the Board's funds. The Board did not prepare a budget for the period ended December 31, 2003.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2003**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**E. CASH AND CASH EQUIVALENTS**

Cash includes amounts in demand deposits and interest-bearing demand deposits. 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 demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Cash deposits are reported at carrying amount which reasonably approximates fair value. 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 bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank.

Under state law, the Board may invest in United States bonds, treasury notes or certificates. These are classified as investments if their original maturities exceed 90 days. However, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

**F. FIXED ASSETS**

Fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. All fixed assets are valued at cost.

**G. TOTAL COLUMNS ON COMBINED STATEMENTS**

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

**NOTE 2: CASH, CASH EQUIVALENTS AND INVESTMENTS**

The Board's deposits and investments are categorized to give an indication of the risk assumed by the Board at year-end. The categories are described as follows:

Category 1 - Deposits which are insured or collateralized with securities held by the Board or by its agent in the Board's name.

Category 2 - Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the Board's name.

Category 3 - Deposits which are not collateralized or insured.

At December 31, 2003 the Board has cash and cash equivalents totaling \$20,442 as follows:

<b>Non-Pooled Deposits:</b>	<u>Cost</u>	<u>Fair Value</u>
Checking Account	\$ 16,683	\$ 16,683
7-Day Certificate of Deposit	3,759	3,759
	<u>\$ 20,442</u>	<u>\$ 20,442</u>



**FIFTH JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD**

**Exhibit C**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2003**

**NOTE 2: CASH, CASH EQUIVALENTS AND INVESTMENTS (CONT'D)**

The Board's level of risk at December 31, 2003, was a Category 1.

At December 31, 2003, the Board had \$16,683 in checking account number 0011031 at Hibernia Bank. Hibernia also held \$56,259 in a six-month certificate of deposit and \$3,759 in a 7-day certificate of deposit. In addition to the \$100,000 FDIC coverage, Hibernia has pledged federal securities with a book value of \$63,392 to secure the Board's deposits. The Board invested \$57,846 in a U.S. Treasury Bill, Zero %, \$58,000 par value, matures June 3, 2004. The current market value of the account at December 31, 2003, was \$57,765.

Also, there was \$789 in a Ready Cash account with Merrill Lynch at December 31, 2003, for a total of \$58,554.

The Board's policy as to cash and cash equivalents is that any funds invested for ninety days or less and available to pay current liabilities are considered to be cash or cash equivalents. Funds invested for more than ninety days are considered investments.

<b>Non-Pooled Investments:</b>	<u><b>Cost</b></u>	<u><b>Fair Value</b></u>
Certificates of Deposit	\$ 56,259	\$ 56,259
U.S. Treasury Bill	57,846	57,765
<b>Total</b>	<u><u>\$ 114,105</u></u>	<u><u>\$ 114,024</u></u>

The certificates of deposit are six-month and one year maturities. The level of risk is a Category 1.

**NOTE 3: GENERAL OPERATIONS**

The General Fund receives court costs levied for criminal offenses and remitted to the Board by the respective Parish Sheriffs. This fund serves as the operating fund of the Board.

**NOTE 4: RECEIVABLES**

The Board's receivables consist of court costs due to the Board in 2003 and remitted in 2004. As of December 31, 2003, there was a balance of \$7,428 due to the Fifth Judicial District Indigent Defender Board.

**NOTE 5: ACCOUNTS PAYABLE**

The Board's accounts payable consist of monthly bills owed for the month of December and remitted in January 2004. Accounts payable had a balance of \$750 on December 31, 2003.

**NOTE 6: USE OF ESTIMATES**

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.



**NOTES TO THE COMBINED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2003**

**NOTE 7: FIXED ASSETS**

There were no changes in fixed assets during year.

**NOTE 8: COMMITMENTS AND CONTINGENCIES**

There were no commitments and contingencies at December 31, 2003.

**Supplementary Information Schedules**

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Schedule 1

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

**To Members of the Fifth Judicial District  
Indigent Defender Board  
Rayville, Louisiana**

I have audited the general purpose financial statements of the Fifth Judicial District Indigent Defender Board as of and for the year ended December 31, 2003, and have issued my report thereon dated June 15, 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 Fifth 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 Fifth 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.

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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization and the Fifth Judicial District Indigent Defender Board and is not intended to be and should not be used by anyone other than these specified parties.



**DARLA S. TURNER**  
**CERTIFIED PUBLIC ACCOUNTANT**

**Monroe, Louisiana**  
**June 15, 2004**

**SCHEDULE OF FINDINGS  
For the Year Ended December 31, 2003**

**SUMMARY OF AUDITOR'S RESULTS**

1. My auditor's report expresses an unqualified opinion on the general purpose financial statements of the Fifth Judicial District Indigent Defender Board.
2. There were no instances of noncompliance material to the financial statements of the Fifth Judicial District Indigent Defender Board for the period under audit.
3. There were no major federal awards

**FINDINGS - FINANCIAL STATEMENT AUDIT**

**NONE**

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

**FINDING - FINANCIAL STATEMENT AUDIT**

**F-1 - 2002 -ASSET MANAGEMENT**

Louisiana Revised Statute 30:1220(A) "Local depositing authorities shall, except as otherwise provided in this Chapter select as the depositories of their funds, financial institutions domiciled or having brance offices located in the parish municipality or congressional district of the depositing authority."

**2003 - RESOLVED**

**MANAGEMENT LETTER**

None issued.

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Schedule 1

To the Members of the Fifth Judicial Indigent  
Defenders Board  
Rayville, Louisiana

I have audited the basic financial statements of the Fifth Judicial Indigent Defender Board as of and for the year ended December 31, 2003, and have issued my report thereon dated June 15, 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 of America.

As part of my examination, I have issued my report on the financial statement, dated June 14 2004, and my report on internal control and compliance with laws, regulations, and contracts, dated June 15, 2004.

During the course of my examination, I became aware of the following matter which represents immaterial deviations of compliance.

Suggestion 2003-1. Under the provisions of La. R.S. 39:1302, indigent defender boards are considered to a be "political subdivisions." Therefore, they are subject to the Louisiana Local Government Budget Act ("Act").

As a result of being unaware that the Board is considered to be a "political subdivision" under the provisions of La. R.S. 39:1302, they failed to adopt a budget according to the Act for the year ended December 31, 2003. The Board based this assumption on an opinion of the Attorney General No. 82-531, *La. Atty. Gen. Op. No. 1982-531; 1982 La. AG LEXIS 357*, which states "Local indigent defender boards are not political subdivisions within the meaning the La. Local Government Budget Act." As a result, the Board was in violation of the Louisiana Revised Statutes. In order to comply to the Louisiana law, the Board needs to take the necessary steps to adopt a budget for the year ended December 31 2004, in accordance with the Act.

I recommend management address the foregoing issued as an improvement to operations and the administration of public programs. I am available to further explain the suggestions or help implement the recommendation.



DARLA S. TURNER  
CERTIFIED PUBLIC ACCOUNTANT

June 15, 2004

MANAGEMENT'S CORRECTIVE ACTION PLAN

Suggestion 2003-1. In response to the referenced suggestion, the Board will take immediate action to adopt a budget for the year ended December 31, 2004, in accordance with the Act.