

**ORLEANS INDIGENT DEFENDER PROGRAM
FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2005**

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 3-7-07

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Orleans Indigent Defender Program
New Orleans, Louisiana

We have audited the accompanying financial statements of the **Orleans Indigent Defender Program (OIDP)** as of and for the year ended December 31, 2005, as listed in the Table of Contents. These financial statements are the responsibility of **OIDP's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our 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 we 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **OIDP** as of December 31, 2005, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors of the
Orleans Indigent Defender Program
New Orleans, Louisiana
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In accordance with Government Auditing Standards, we have also issued our report dated February 15, 2007 on our consideration of OIDP's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters for the year ended December 31, 2005. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis on page 3 to 8 and budgetary comparison on page 26 are not required as part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

February 15, 2007

**ORLEANS INDIGENT DEFENDER PROGRAM
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

Orleans Indigent Defender Program (OIDP) management's discussion and analysis is intended to assist the reader in focusing on significant financial issues, provide an overview of **OIDP's** financial activity, and identify changes in **OIDP's** financial position and its ability to address the next and subsequent year challenges. It also identifies any material deviations from the financial plan and identifies individual fund issues or concerns. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) "Basic Financial Statements – and Management's Discussion and Analysis - for State and Local Governments" and is intended to provide the financial results for the fiscal year ended December 31, 2005.

MD&A

Management's Discussion and Analysis

Basic Financial Statements

Government-Wide Financial Statements

Fund Financial Statements

Notes to the Financial Statements

Other required Supplementary Information

Required Supplementary Information

**ORLEANS INDIGENT DEFENDER PROGRAM
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2005**

As indicated in the illustration, GASB 34 requires the presentation of two basic types of financial statements: Government-Wide Financial Statements and Fund Financial Statements.

Government-Wide Financial Statements

The government-wide financial statements are new and provide a perspective of ODP as a whole. These statements use the full accrual basis of accounting similar to private sector companies. There are two government-wide statements: the Statement of Net Assets and the Statement of Activities.

The Statement of Net Assets, for the first time, combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations, regardless if they are currently available or not.

Consistent with the full accrual basis method of accounting, the Statement of Activities accounts for current year revenues and expenses regardless of when cash is received or paid. The intent of this statement is to summarize and simplify the user's analysis of the costs of various services.

Fund Financial Statements

The fund statements are similar to financial presentations of years past, but the new focus is on ODP's major funds rather than fund types as in the past. The two account groups: General Fixed Assets and General Long-term Debt are no longer reported. Consistent with previous years, the fund statements are reported using the modified accrual method of accounting. Under this basis of accounting, revenues are recorded when received except where they are measurable and available and therefore represent resources that may be appropriated. Expenditures are accounted for in the period that goods and services are used. In addition, capital asset purchases are expensed and not recorded as assets. Debt payments are recorded as expenditures in the current year and future debt obligations are not recorded.

The General Fund is the only fund of ODP.

ORLEANS INDIGENT DEFENDER PROGRAM
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2005

Financial Analysis of ODP

Summary of Net Assets

	<u>2005</u>	<u>2004</u>
Assets		
Current assets	\$669,883	\$481,049
Capital assets, net book value	<u>6,454</u>	<u>4,825</u>
Total assets	<u>676,337</u>	<u>485,874</u>
Liabilities		
Current liabilities	<u>44,550</u>	<u>67,362</u>
Total liabilities	<u>44,550</u>	<u>67,363</u>
Net Assets		
Invested in capital assets	6,454	4,825
Unrestricted	<u>625,333</u>	<u>413,687</u>
Total net assets	<u>\$631,787</u>	<u>\$418,512</u>

As indicated by the statement above, total net assets are \$631,787. Net assets can be separated into two categories: invested in capital assets and unrestricted net assets.

Invested in capital assets is a combination of capital assets at original cost less accumulated depreciation. The original cost of capital assets is \$65,447, which is an accumulation of capital assets year after year less any capital disposals. The accumulated depreciation is the accumulation of depreciation expense since acquisition. In accordance with accounting principles generally accepted in the United States of America, depreciation expense is recorded on the original cost of the asset, less an estimated salvage value, expensed over the estimated useful life of the asset. Total accumulated depreciation is \$58,963.

The remaining \$625,333 in net assets is unrestricted. The unrestricted net assets are an accumulation of prior years' operating results. This balance is directly affected each year by ODP's operating results.

ORLEANS INDIGENT DEFENDER PROGRAM
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2005

Results of Operations

	<u>2005</u>	<u>2004</u>
General Revenues		
District assistance funds	\$ 549,844	\$ 431,595
Court costs on fines and forfeitures	1,132,421	1,531,770
Attorney fees	18,212	22,908
Bond funds	141,314	127,474
Probation assessments	126,687	156,900
Other income	<u>15,636</u>	<u>16,350</u>
Total general revenues	<u>1,984,114</u>	<u>2,286,997</u>
Expenses		
Salaries and related benefits	1,620,194	1,575,562
Operating services	<u>150,645</u>	<u>619,686</u>
Total expenses	<u>1,770,839</u>	<u>2,195,248</u>
Increase in net assets	<u>\$ 213,275</u>	<u>\$ 91,749</u>

As indicated above, net assets increased by \$213,275. The prior year net assets balance of \$418,512 was increased by this increase.

**ORLEANS INDIGENT DEFENDER PROGRAM
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2005**

Capital Assets and Debt Administration

Capital Assets

At December 31, 2005, **OIDP** has \$65,447 invested in furniture, fixtures and equipment.

<u>Assets</u>	<u>2005</u>	<u>2004</u>
Furniture, fixtures and equipment	\$ 65,447	\$ 61,620
Less accumulated depreciation	<u>(58,993)</u>	<u>(56,795)</u>
Net capital assets	<u>\$ 6,454</u>	<u>\$ 4,825</u>

Depreciation expense for the year is \$2,198.

Economic Factors and Next Year's Budget

The major factor affecting the budget is the revenue received from court costs on fines and forfeitures, which includes fees received from traffic, municipal, juvenile and criminal court. Additionally, **OIDP** receives a district allotment from the Louisiana Indigent Defender Board.

Budgetary Highlights

As required by state law, **OIDP** adopts the original budget for the office prior to the commencement of the fiscal year to which the budget applies. **OIDP** amended its original budget during the 2005 fiscal year. The difference between the original general fund expenditure budget and the final amended budget was \$411,300, or an increase of 18.4%. The decrease was related to Hurricane Katrina impacting all expense and revenue accounts.

**ORLEANS INDIGENT DEFENDER PROGRAM
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2005**

Contacting ODP Financial Management

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of ODP's finances and demonstrate ODP's accountability for money it receives. If you have questions about this report or need additional information, contact Ms. Christine Lehmann, Counsel for Special Litigation, at 2601 Tulane Avenue, Suite 700, New Orleans, Louisiana 70119.

ORLEANS INDIGENT DEFENDER PROGRAM
STATEMENT OF NET ASSETS
DECEMBER 31, 2005

ASSETS

Current Assets:

Cash and cash equivalents (NOTE 2)	\$295,316
Court costs on fines and forfeitures receivable	<u>374,567</u>

Total current assets	669,883
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Capital assets, net (NOTE 3)	<u>6,454</u>
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Total assets	<u>676,337</u>
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LIABILITIES

Current Liabilities:

Accrued payroll	10,689
Accounts payable	18,986
Other payables	<u>14,875</u>

Total current liabilities	<u>44,550</u>
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NET ASSETS

Investment in capital assets	6,454
Unrestricted	<u>625,333</u>

Total net assets	<u>\$631,787</u>
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The accompanying notes are an integral part of these financial statements.

**ORLEANS INDIGENT DEFENDER PROGRAM
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005**

Expenses:

Salaries and related benefits	\$1,620,194
Contractual services	25,769
Travel and education	2,929
Materials and supplies	8,884
Office expenditures	22,944
Audit and accounting	7,200
Insurance	50,414
Law books and pamphlets	22,593
Witness expense	6,998
Miscellaneous	716
Depreciation	<u>2,198</u>

Total expenses 1,770,839

Program Revenues

District assistance funds (NOTE 6)	549,844
Court costs on fines and forfeitures	1,132,421
Attorney fees	18,212
Bond funds	141,314
Probation assessments	126,687
Interest income	38
Other income	<u>15,598</u>

Total general revenues 1,984,114

Change in net assets 213,275

Net assets, beginning of year 418,512

Net assets, end of year \$ 631,787

The accompanying notes are an integral part of these financial statements.

ORLEANS INDIGENT DEFENDER PROGRAM
BALANCE SHEET-GOVERNMENTAL FUND-GENERAL FUND
DECEMBER 31, 2005

ASSETS

Cash and cash equivalents (NOTE 2)	\$295,316
Court costs on fines and forfeitures receivable	<u>374,567</u>
Total assets	<u>\$669,883</u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accrued payroll	\$ 10,689
Accounts payable	18,986
Other payables	<u>14,875</u>

Total liabilities 44,550

Fund Balance:

Undesignated 625,333

Total fund balance 625,333

Total liabilities and fund balance \$669,883

The accompanying notes are an integral part of these financial statements.

**ORLEANS INDIGENT DEFENDER PROGRAM
RECONCILIATION OF THE BALANCE SHEET-
GOVERNMENTAL FUND TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2005**

Total fund balance - Governmental Fund	\$625,333
Amounts reported for governmental activities in the Statement of Net Assets are different because: Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund (NOTE 3):	
The cost of capital assets	\$ 65,447
Accumulated depreciation is	<u>(58,993)</u>
	<u>6,454</u>
Net assets of governmental activities	<u>\$631,787</u>

The accompanying notes are an integral part of these financial statements.

ORLEANS INDIGENT DEFENDER PROGRAM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE--GOVERNMENTAL FUND-GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005

Revenues:

District assistance funds (NOTE 6)	\$ 549,844
Court costs on fines and forfeitures	1,132,421
Attorney fees	18,212
Bond funds	141,314
Probation assessments	126,687
Interest income	38
Other income	<u>15,598</u>
Total revenues	<u>1,984,114</u>

Expenditures:

Salaries and related benefits	1,620,194
Contractual services	25,769
Travel and education	2,929
Materials and supplies	8,884
Office expenditures	22,944
Audit and accounting	7,200
Insurance	50,414
Law books and pamphlets	22,593
Witness expense	6,998
Miscellaneous	716
Capital outlay	<u>3,827</u>
Total expenditures	<u>1,772,468</u>

Change in fund balance	211,646
Fund balance, beginning of year	<u>413,687</u>
Fund balance, end of year	<u>\$ 625,333</u>

The accompanying notes are an integral part of these financial statements.

ORLEANS INDIGENT DEFENDER PROGRAM
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE--GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

Total change in fund balance--Governmental Fund \$211,646

Amounts reported for governmental activities in
the Statement of Net Assets are different because:

The Governmental Fund reported capital outlays as
expenditures whereas in the Statement of Activities
these costs are depreciated over their estimated lives:

Capital assets purchased	3,827
Depreciation expense	<u>(2,198)</u>

Change in net assets of governmental activities	<u>\$213,275</u>
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The accompanying notes are an integral part of these financial statements.

ORLEANS INDIGENT DEFENDER PROGRAM
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - Background and Summary of Significant Accounting Policies:

Background

The **Orleans Indigent Defender Program (OIDP)**, 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 Parish of Orleans, Louisiana. The Board of Directors is composed of seven (7) members who are appointed by the District Court for life. Board members serve without compensation. Revenues to finance **OIDP's** operations are provided primarily from court costs on fines imposed by the various courts within the district.

Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying financial statements of **OIDP** have been prepared in conformity with accounting principles generally accepted in the United States of America 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. Implementation of GASB Statements

OIDP follows the provisions of GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis-For State and Local Governments, as amended by GASB Statements No. 37 and No. 38, and applied those standards on a retroactive basis. GASB Statement No. 34 established standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset categories.

ORLEANS INDIGENT DEFENDER PROGRAM
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and Summary of Significant Accounting Policies, Continued:

B. Implementation of GASB Statements, Continued

Invested in Capital Assets - consists of capital assets, net of accumulated depreciation.

Restricted Net Assets - result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation. At December 31, 2005, ODP had no restricted net assets.

Unrestricted Net Assets - consist of net assets which do not meet the definition of the two preceding categories. Unrestricted net assets often are designated to indicate that management does not consider them to be available for general operations. Unrestricted net assets often have constraints on resources which are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenue.

ORLEANS INDIGENT DEFENDER PROGRAM
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and Summary of Significant Accounting Policies, Continued:

C. Reporting Entity

For financial reporting purposes, in conformance with GASB Codification Section 2100, **OIDP** is a part of the District Court System of the State of Louisiana. However, **OIDP** operates autonomously from the State of Louisiana and independently from the District Court System. Therefore, **OIDP** reports as an independent reporting entity and the financial statements include only the transactions of **OIDP**.

D. Fund Accounting

OIDP uses a fund (General Fund) 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.

The fund of **OIDP** is classified as a governmental fund (General Fund), which accounts for **OIDP's** general activities, including the collection and disbursement of specific or legally restricted monies and the acquisition of general fixed assets.

ORLEANS INDIGENT DEFENDER PROGRAM
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and Summary of Significant Accounting Policies, Continued:

E. Basis of Accounting/Measurement Focus

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of ODP.

The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Fund Financial Statements (FFS)

Governmental funds are 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 statement of revenues, expenditures, and change in fund balance reports on the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the governmental-wide statements and the statements for governmental funds are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

ORLEANS INDIGENT DEFENDER PROGRAM
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and Summary of Significant Accounting Policies, Continued:

E. Basis of Accounting/Measurement Focus, Continued

Fund Financial Statements (FFS), Continued

FFS report detailed information about ODP. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. At December 31, 2005, the general fund is the only major fund of ODP.

The General Fund is maintained on the modified accrual basis of accounting wherein revenues are recognized in the accounting period in which they become available and measurable. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. ODP uses the following practices in recording revenues and expenditures.

Revenues

Court costs on fines and forfeitures are recorded in the month the amounts are collected by the appropriate courts. Interest income on time deposits is recorded when the time deposits have matured.

Expenditures

Expenditures are recognized in the accounting period in which the liability is incurred.

ORLEANS INDIGENT DEFENDER PROGRAM
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and Summary of Significant Accounting Policies, Continued:

F. Budgetary Data

The ODP utilizes the following budget practices:

- o In the last quarter of the year, a budget for the following year is prepared and submitted to the Board of Directors for approval. The budget may be amended during the year, if requested, with the approval of the Board of Directors.
- o The budget records are maintained in the accounting department with all other public records of this program and can be reviewed by making arrangements with the Director.
- o The budget is normally presented for approval at the last board meeting of the year and anyone can attend the budget hearing if they so desire.
- o The budget is based on prior year experience as to receipts and disbursements and takes into consideration increases in costs of services and supplies, taxes, insurance and equipment, as well as the increased costs of salaries and fringe benefits when raises and/or new positions are authorized. The budget as a whole is based on the amount of money that is available and the disbursements that are necessary to maintain the efficient operation of this program.

ORLEANS INDIGENT DEFENDER PROGRAM
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and Summary of Significant Accounting Policies, Continued:

Summary of Significant Accounting Policies, Continued

F. Budgetary Data, Continued

- o Quarterly financial reports are submitted to the Board of Directors, which in part list the amount of the budget that has been used for that period and indicates a favorable or unfavorable difference as to the budget amount attributed to the period of time being reported.
- o All budgetary appropriations lapse at the end of the fiscal year and OIDD does not use a system of encumbrance accounting.
- o The budget for general fund expenditures is prepared on a basis consistent with accounting principles generally accepted in the United States of America.

G. Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest-bearing time deposits. Cash equivalents include amounts in time deposits with original maturities of ninety (90) days or less. Under state law, OIDD 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.

H. Capital Assets

Capital assets are valued at historical cost (at the time purchased), or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value on the date received.

Depreciation has been provided over estimated useful lives of the assets using the straight-line method. The estimated useful lives of furniture, fixtures and equipment are 5 years.

ORLEANS INDIGENT DEFENDER PROGRAM
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and Summary of Significant Accounting Policies, Continued:

Summary of Significant Accounting Policies, Continued

I. Compensated Absences

All employees earn one and one-half (1 ½) days of vacation leave each month. Vacation leave can be accumulated up to a maximum of thirty (30) days. Sick leave is earned at the rate of two (2) days each month. Sick leave can be accumulated without limitation. Upon termination, all unused vacation and sick leave lapse. At December 31, 2005, there are no accumulated and vested benefits relating to vacation or sick leave that require disclosure or accrual to conform with accounting principles generally accepted in the United States of America.

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - Cash and Cash Equivalents:

OIDP had cash and cash equivalents totaling \$295,316 (book balances) at December 31, 2005, as follows:

Demand deposits	\$278,217
Time deposits	<u>17,099</u>
Total	<u>\$295,316</u>

ORLEANS INDIGENT DEFENDER PROGRAM
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Cash and Cash Equivalents, Continued:

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 in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2005, OIDP has \$344,861 in deposits (collected bank balances). These deposits are secured from risk by \$200,000 of federal deposit insurance and \$652,655 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 OIDP that the fiscal agent has failed to pay deposited funds upon demand.

ORLEANS INDIGENT DEFENDER PROGRAM
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Capital Assets:

Capital assets and depreciation activity as of and for the year ended December 31, 2005 are as follows:

<u>Assets</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Furniture, fixtures and equipment	\$61,620	\$3,827	\$-0-	\$65,447
<u>Accumulated Depreciation</u>				
Furniture, fixtures and equipment	(56,795)	(2,198)	-0-	(58,993)
Net capital assets	<u>\$ 4,825</u>	<u>\$(1,629)</u>	<u>\$-0-</u>	<u>\$ 6,454</u>

NOTE 4 - Pension Plan:

Substantially all of OIDD's employees participate in the federal social security program. OIDD is required to remit an amount to the Social Security Administration equal to the employee's contribution up to an established limit. OIDD does not guarantee any of the benefits granted by the Social Security Administration.

NOTE 5 - Operating Lease:

OIDD has an operating lease for office equipment. This lease ends December 31, 2006 and automatically renews annually.

Lease expense for the current year amounted to \$4,234.

ORLEANS INDIGENT DEFENDER PROGRAM
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 6 - District Assistance Fund Grant:

During the 2005 fiscal year, **OIDP** was awarded and received grant funds from the Louisiana Indigent Defender Board's (LIDB) District Assistance Fund.

The District Assistance Fund is a grant-in-aid program intended to provide supplemental financial assistance in felony cases to district indigent defender boards that have a need for such supplemental funding and that are willing to comply with the standards, guidelines, and policies of the Louisiana Indigent Defender Board.

Funding under the program is being provided to assist qualified district boards in improving the quality of indigent defense on a continuous basis especially with respect to the following major goals:

- 1) To lower attorney caseloads to levels consistent with LIDB and national caseload standards;
- 2) To increase the pool of qualified attorneys certified under the LIDB's capital and appellate programs;
- 3) To provide more effective attorney unit support in the form of investigators, secretaries, and other forms of office support;
- 4) To improve criminal defense knowledge and skill through training, specialized continuing legal education, and better supervision; and
- 5) To defray expert witness/testing costs.

NOTE 7 - Risk Management:

OIDP is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets for which **OIDP** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

SUPPLEMENTARY INFORMATION

ORLEANS INDIGENT DEFENDER PROGRAM
BUDGETARY COMPARISON SCHEDULE-GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Original Budget</u>	<u>Budgeted as Amended</u>	<u>Actual</u>	<u>Variance from Amended Budget Positive (Negative)</u>
Revenues:				
Court costs on fines and forfeitures	\$1,530,000	\$1,135,000	\$1,132,421	\$(2,579)
Probation assessments	160,000	113,000	126,687	13,687
Attorney fees	30,000	22,000	18,212	(3,788)
Interest			38	38
District assistance funds	445,110	550,000	549,844	(156)
Bond funds	146,000	142,000	141,314	(686)
Other revenue	<u>-0-</u>	<u>3,400</u>	<u>15,598</u>	<u>12,198</u>
Total revenues	<u>2,311,110</u>	<u>1,965,400</u>	<u>1,984,114</u>	<u>18,714</u>
Expenditures:				
Salaries and related benefits:				
Salaries	1,650,000	1,400,000	1,345,591	54,409
Payroll taxes	121,600	101,000	101,250	(250)
Employee insurance	250,000	170,000	173,353	(3,353)
Travel and education	5,000	3,000	2,929	71
Materials and supplies:				
Office supplies	12,000	9,000	8,884	116
Office expenditures:				
Computer expense				
Copy machine lease and maintenance	6,000	4,200	4,224	(24)
Telephone	18,000	12,000	11,937	63
Parking expense	<u>8,000</u>	<u>4,800</u>	<u>4,766</u>	<u>34</u>
Sub-total	<u>2,070,600</u>	<u>1,704,000</u>	<u>1,652,934</u>	<u>51,066</u>

(CONTINUED)

See Accompanying Independent Auditors' Report.

ORLEANS INDIGENT DEFENDER PROGRAM
BUDGETARY COMPARISON SCHEDULE-GENERAL FUND, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Original Budget</u>	<u>Budgeted as Amended</u>	<u>Actual</u>	<u>Variance from Amended Budget Positive (Negative)</u>
Expenditures, Continued:				
Office expenditures, Continued				
Storage space/rental	2,400	2,000	2,017	(17)
Contractual services	33,500	26,000	25,769	231
Audit and accounting	7,200	7,200	7,200	-0-
Insurance	63,000	54,000	50,414	3,586
Law books and pamphlets	15,000	23,000	22,593	407
Witness expense	40,000	7,000	6,998	2
Miscellaneous	2,500	700	716	(16)
Capital outlay	<u>5,000</u>	<u>4,000</u>	<u>3,827</u>	<u>173</u>
Total expenditures	<u>2,239,200</u>	<u>1,827,900</u>	<u>1,772,468</u>	<u>55,432</u>
Excess of revenues over expenditures	71,910	137,500	211,646	74,146
Fund balance at beginning of year	<u>409,375</u>	<u>413,628</u>	<u>413,687</u>	<u>59</u>
Fund balance at end of year	<u>\$ 481,285</u>	<u>\$ 551,128</u>	<u>\$ 625,333</u>	<u>\$74,205</u>

See Accompanying Independent Auditors' Report.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors of the
Orleans Indigent Defender Program
New Orleans, Louisiana

We have audited the financial statements of the **Orleans Indigent Defender Program (OIDP)** as of and for the year ended December 31, 2005, and have issued our report thereon dated February 15, 2007. We conducted our 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Assessor's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts that would be

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS
(CONTINUED)

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether OIDD's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted a matter that we reported to management of OIDD in a separate letter dated February 15, 2007.

This report is intended solely for the use of the Board of Directors, its management and the State of Louisiana, Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

February 15, 2007

ORLEANS INDIGENT DEFENDER PROGRAM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2005

We have audited the financial statements of **Orleans Indigent Defender Program** as of and for the year ended December 31, 2005, and have issued our report thereon dated February 15, 2007. We conducted our 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. Our audit of the financial statements as of December 31, 2005 resulted in an unqualified opinion.

I. SUMMARY OF AUDITORS' RESULTS

- A. Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements: **None Reported** Material weaknesses: **No**.
- B. Noncompliance which is material to the financial statements: **No**.
- C. Reportable conditions in internal control over major programs: **N/A** Material weaknesses: **N/A**.
- D. The type of report issued on compliance for major programs: **N/A**.
- E. Any audit findings which are required to be reported under section 510(a) of OMB Circular A-133: **N/A**.
- F. Major programs: **N/A**.
- G. Dollar threshold used to distinguish between Type A and Type B programs: **N/A**.
- H. Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133: **N/A**.
- I. A management letter was issued: **Yes**.

ORLEANS INDIGENT DEFENDER PROGRAM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2005

2. FINANCIAL STATEMENT FINDINGS

No matters reported.

3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Not applicable.

**ORLEANS INDIGENT DEFENDER PROGRAM
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2005**

Section I - Internal Control and Compliance Material to the Financial Statements

No findings reported.

Section II - Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III - Management Letter

See the status of the prior year management letter comment we have reported in a separate letter dated February 15, 2007.



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INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

To the Board of Directors of the
Orleans Indigent Defender Program
New Orleans, Louisiana

We have audited the financial statements of **Orleans Indigent Defender Program (OIDP)** for the year ended December 31, 2005 and have issued our report thereon dated February 15, 2007.

In planning and performing our audit of the financial statements of **OIDP** for the year ended December 31, 2005, we considered **OIDP's** internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. The comment that accompanies this letter summarize our finding and recommendation regarding this matter. This letter does not affect our report dated February 15, 2007 on the financial statements of **OIDP**.

We will review the status of this comment during our next audit engagement. We have already discussed this comment and recommendation with various **OIDP** personnel, and we will be pleased to discuss it in further detail at your convenience, to perform any additional study of this matter or to assist you in implementing the recommendation.

**ORLEANS INDIGENT DEFENDER PROGRAM
CURRENT YEAR MANAGEMENT LETTER COMMENTS**

05-01 Segregation of Duties

As reported in prior audit years, OIDD is a small governmental entity with only two (2) accounting staff employees. As such, multiple accounting and internal control functions overlap which causes a lack of segregation of duties.

We continue, as in the prior year, to recommend that the custody of assets and the maintenance of the accounting records not be handled by the same individual. We also recommend that management and the Board of Directors become more active in the financial operation of OIDD to mitigate weak internal controls due to the lack of adequate segregation of duties.

Management's Response

OIDD has undergone many changes post Hurricane Katrina. The new Board of Directors and management have taken a very active role in maintaining the financial integrity of the program. The Board has also implemented new procedures, which include meeting monthly with management and accounting personnel for the purpose of monitoring OIDD's financial records and transactions.

ORLEANS INDIGENT DEFENDER PROGRAM
PRIOR YEAR MANAGEMENT LETTER COMMENT

04-01 Segregation of Duties

We recommended that the custody of assets and the maintenance of the accounting records not be handled by the same individual. We also recommended that management and the Board of Directors become more active in the financial operation of ODP to mitigate weak internal controls due to the lack of adequate segregation of duties.

Current Status

Unresolved. See current year management letter comment 05-01.

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BRUNO & TERVALON LLP
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February 15, 2007