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TWENTY-SIXTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD
Bossier and Webster Parishes
State of Louisiana
Financial Report For The
Two Years Ended December 31, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 7-21-99

TWENTY-SIXTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD
Bossier and Webster Parishes
State of Louisiana
Financial Report For The
Two Years Ended December 31, 1998

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TWENTY-SIXTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD
Bossier and Webster Parishes
State of Louisiana
Financial Report For The
Two Years Ended December 31, 1998

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JAMIESON, WISE & MARTIN

A PROFESSIONAL ACCOUNTING CORPORATION

601 MAIN STREET P. O. BOX 897

MINDEN, LOUISIANA 71058-0897

(318) 377-3171

FAX (318) 377-3177

E-MAIL JWM@CWISE.NET

MICHAEL W. WISE, C.P.A.
CARLOS E. MARTIN, C.P.A.
DAVID W. TINSLEY, C.P.A.

KRISTINE J. HARPER, C.P.A.
M. KENT CRAFT, C.P.A.

WM. PEARCE JAMIESON, C.P.A. (1991)

MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Twenty-sixth Judicial District
Indigent Defender Board
Bossier and Webster Parishes, Louisiana

We have audited the accompanying general purpose financial statements of the Twenty-sixth Judicial District Indigent Defender Board as of and for the two years ended December 31, 1998 as listed in the table of contents. These general purpose financial statements are the responsibility of the management of the Twenty-sixth Judicial District Indigent Defender Board. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards 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 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. We believe that our audit provides a reasonable basis for our opinion.

Government Accounting Standards Board Technical Bulletin 98-1, Disclosures about Year 2000 Issues, requires disclosures of certain matters regarding the Year 2000 Issue. The Twenty-sixth Judicial District Indigent Defender Board, has included such disclosures in Note 9. Because of the unprecedented nature of the Year 2000 Issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support Twenty-sixth Judicial District Indigent Defender Board's disclosures with respect to the Year 2000 Issue made in Note 9. Further, we do not provide assurance that Twenty-sixth Judicial District Indigent Defender Board, is or will be Year 2000 ready, that Twenty-sixth Judicial District Indigent Defender Board's remediation efforts will be successful in whole or in part, or that parties with which Twenty-sixth Judicial District Indigent Defender Board, does business will be Year 2000 ready.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding Year 2000 disclosures, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Twenty-sixth Judicial District Indigent Defender Board as of December 31, 1998, and the results of its operations for the two years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated June 23, 1999 on our consideration of the Twenty-sixth Judicial District Indigent Defender Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Jamieson, Wise & Martin

Minden, Louisiana
June 23, 1999

JAMIESON, WISE & MARTIN

A PROFESSIONAL ACCOUNTING CORPORATION

601 MAIN STREET P. O. BOX 897

MINDEN, LOUISIANA 71058-0897

(318) 377-3171

FAX (318) 377-3177

E-MAIL JWM@COWIDE.NET

MICHAEL W. WISE, C.P.A.
CARLOS E. MARTIN, C.P.A.
DAVID W. TINSLEY, C.P.A.

KRISTINE J. HARPER, C.P.A.
M. KENT CRAFT, C.P.A.

WM. PEARCE JAMIESON, C.P.A. (1891)

MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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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

To the Board of Directors
Twenty-sixth Judicial District
Indigent Defender Board
Bossier and Webster Parishes, Louisiana

We have audited the general purpose financial statements of the Twenty-sixth Judicial District Indigent Defender Board, as of and for the two years ended December 31, 1998, and have issued our report thereon dated June 23, 1999, which was qualified because insufficient evidence exists to support the Twenty-sixth Judicial District Indigent Defender Board's disclosures with respect to the Year 2000 Issue. Except as discussed in the preceding sentence, we conducted our audit in accordance with generally accepted auditing standards 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 Twenty-sixth Judicial District Indigent Defender Board's general purpose financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our 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 our audit, we considered the Twenty-sixth Judicial District Indigent Defender Board's internal control over financial reporting in order to determine our

auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance 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 over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Jamieson, Wise & Martin

Minden, Louisiana
June 23, 1999

**GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)**

**TWENTY-SIXTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD
Bossier and Webster Parishes
State of Louisiana**

**Balance Sheet - All Fund Types and Accounts Groups
December 31, 1998**

	Governmental Fund Type	Account Groups	Total
	General	General Fixed Assets	(Memorandum Only)
ASSETS			
Cash and cash equivalents	\$ 855,037	-	855,037
Due from other governmental units	41,744	-	41,744
Land, building, law library & equipment	-	121,062	121,062
Total assets	\$ 896,781	121,062	1,017,843
 LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$ 6,658	-	6,658
Withholdings payable	-	-	-
Total liabilities	6,658	-	6,658
Fund equity:			
Investment in general fixed assets	-	121,062	121,062
Fund balances -			
Unreserved - undesignated	890,123	-	890,123
Total fund equity	890,123	121,062	1,011,185
Total liabilities and fund equity	\$ 896,781	121,062	1,017,843

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

TWENTY-SIXTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD
 Bossier and Webster Parishes
 State of Louisiana

Statement of Revenues, Expenditures and Changes in
Fund Balances - All Governmental Fund Types
 For the year ended December 31, 1998

	<u>General Fund</u>
REVENUES	
Court costs, fines and forfeitures	587,730
Fees from indigents	18,939
Grants - State of Louisiana	28,646
Interest income	35,378
Other income	<u>2,516</u>
Total revenues	<u>673,209</u>
EXPENDITURES	
Salaries and appointed counsel	424,175
Computer software and expense	3,750
Employer contributions to Simple IRA	3,050
Payroll taxes	28,951
Professional services	113,873
Office supplies and expense	7,604
Repairs and maintenance	2,168
Travel	632
Telephone	4,584
Postage	1,464
Office equipment rental and maintenance	4,119
Conventions and conferences	5,171
Court reports	13,382
Insurance	58,584
Capital outlay - equipment and law library	7,594
Capital outlay - office building	65,300
Other	<u>1,097</u>
Total expenditures	<u>745,498</u>
Excess (deficiency) of revenues over expenditures	(72,289)
Fund balances at beginning of year	<u>962,412</u>
Fund balances at end of year	<u>890,123</u>

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

**TWENTY-SIXTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD
Bossier and Webster Parishes
State of Louisiana**

**Statement of Revenues, Expenditures and Changes in
Fund Balances - All Governmental Fund Types
For the year ended December 31, 1997**

	<u>General Fund</u>
REVENUES	
Court costs, fines and forfeitures	\$ 549,326
Fees from indigents	5,610
Grants - State of Louisiana	93,746
Interest income	31,739
Refunds	<u>854</u>
Total revenues	<u>681,275</u>
EXPENDITURES	
Salaries and appointed counsel	296,701
Computer software and expense	5,495
Payroll taxes	21,696
Professional services	28,548
Office supplies and expense	6,884
Repairs and maintenance	1,097
Telephone	3,987
Postage	1,460
Office equipment rental and maintenance	2,810
Conventions and conferences	2,250
Court reports	2,890
Insurance	47,258
Capital outlay - equipment and law library	8,639
Other	<u>1,637</u>
Total expenditures	<u>431,352</u>
 Excess of revenues over expenditures	 249,923
 Fund balances at beginning of year	 <u>712,489</u>
 Fund balances at end of year	 <u>\$ 962,412</u>

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

**TWENTY-SIXTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD
Bossier and Webster Parishes
State of Louisiana**

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES			
Court costs, fines and forfeitures	\$ 512,669	587,730	75,061
Fees from indigents	6,500	18,939	12,439
Grants - State of Louisiana	-	28,646	28,646
Interest income	16,500	35,378	18,878
Other income	-	2,516	2,516
Total revenues	<u>535,669</u>	<u>673,209</u>	<u>137,540</u>
EXPENDITURES			
Salaries and appointed counsel	384,400	424,175	(39,775)
Uncategorized expenditures	5,000	-	5,000
Computer software and expense	-	3,750	(3,750)
Employer contributions to Simple IRA	7,408	3,050	4,358
Payroll taxes	28,336	28,951	(615)
Professional services	20,000	113,873	(93,873)
Office supplies and expense	5,800	7,604	(1,804)
Repairs and maintenance	1,400	2,168	(768)
Travel	500	632	(132)
Telephone	4,500	4,584	(84)
Postage	1,200	1,464	(264)
Office equipment rental and maintenance	4,000	4,119	(119)
Conventions and conferences	2,000	5,171	(3,171)
Court reports	3,000	13,382	(10,382)
Insurance	65,000	58,584	6,416
Capital outlay - equipment and law library	13,500	7,594	5,906
Capital outlay - office building	65,300	65,300	-
Other	925	1,097	(172)
Total expenditures	<u>612,269</u>	<u>745,498</u>	<u>(133,229)</u>
Excess (deficiency) of revenues over expenditures	(76,600)	(72,289)	4,311
Fund balances at beginning of year	<u>850,000</u>	<u>962,412</u>	<u>112,412</u>
Fund balances at end of year	<u>\$ 773,400</u>	<u>890,123</u>	<u>116,723</u>

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

**TWENTY-SIXTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD
Bossier and Webster Parishes
State of Louisiana**

**Statement of Revenues, Expenditures and Changes in
Fund Balances - Budget (GAAP Basis) and Actual - General Fund
For the Year Ended December 31, 1997**

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES			
Court costs, fines and forfeitures	\$ 388,400	549,326	160,926
Fees from indigents	6,300	5,610	(690)
Grants - State of Louisiana	-	93,746	93,746
Interest income	10,000	31,739	21,739
Refunds	-	854	854
Total revenues	<u>404,700</u>	<u>681,275</u>	<u>276,575</u>
EXPENDITURES			
Salaries and appointed counsel	282,600	296,701	(14,101)
Extraordinary expenditures	5,050	-	5,050
Computer software and expense	-	5,495	(5,495)
Payroll taxes	21,100	21,696	(596)
Professional services	10,000	28,548	(18,548)
Office supplies and expense	5,000	6,884	(1,884)
Repairs and maintenance	1,800	1,097	703
Travel	500	-	500
Telephone	4,500	3,987	513
Postage	1,000	1,460	(460)
Office equipment rental and maintenance	1,800	2,810	(1,010)
Conventions and conferences	2,000	2,250	(250)
Court reports	3,000	2,890	110
Insurance	53,625	47,258	6,367
Capital outlay - equipment and law library	12,000	8,639	3,361
Other	725	1,637	(912)
Total expenditures	<u>404,700</u>	<u>431,352</u>	<u>(26,652)</u>
Excess of revenues over expenditures	-	249,923	249,923
Fund balances at beginning of year	<u>712,489</u>	<u>712,489</u>	<u>-</u>
Fund balances at end of year	<u>\$ 712,489</u>	<u>962,412</u>	<u>249,923</u>

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

TWENTY-SIXTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD
Bossier and Webster Parishes
State of Louisiana

Notes to the Financial Statements
December 31, 1998

Introduction

The Twenty-Sixth Judicial District Indigent Defender Board is established in compliance with Louisiana Revised Statutes 15:144-149, to provide and compensate counsel appointed to represent indigents in criminal and quasi-criminal cases on the District Court level. The Judicial District encompasses the Parishes of Bossier and Webster, Louisiana.

The District Board of the Twenty-Sixth Judicial District was approved by the Judges of the District and is comprised of five members. The Board members are not compensated for their services. However, three Board Members are enrolled in the health insurance plan which provides coverage for all employees with the Board paying the premium on all. The members of the Board are, CHAIRMAN, Aylmer M. Wyche, III, Bossier City, Louisiana, VICE CHAIRMAN, John D. Johnson, Minden, Louisiana, TREASURER, A. R. Snell, Bossier City, Louisiana, and MEMBERS James D. Southerland, Benton, Louisiana, and James Johnson, Minden, Louisiana. The Twenty-Sixth Judicial District Board is domiciled in Bossier Parish, Benton, Louisiana. The Board adopts all of the rules for the transaction of business and all records of proceedings and official actions. Substantially all papers, documents and records of the board are kept in Benton, Louisiana. As of December 31, 1998, the Board had employed a Chief Defender and nine assistants, and five secretaries. All employees are salaried.

1. Summary of significant accounting policies

A. BASIS OF PRESENTATION

The accompanying general purpose financial statements of the Twenty-Sixth 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.

TWENTY-SIXTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD
Bossier and Webster Parishes
State of Louisiana

Notes to the Financial Statements
December 31, 1998

B. REPORTING ENTITY

For financial reporting purposes, in conformance with GASB Statement No.14, the Twenty-Sixth Judicial District Indigent Defender Board is a part of the District Court System of the State of Louisiana. However, the state statutes that create the district boards also give each of the boards control over all their operations. This includes the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. The Indigent Defender Board is financially independent and operates autonomously from the State of Louisiana and independently from the District Court System. Therefore, the board reports as an independent reporting entity and the financial statements include only the transactions of the Twenty-Sixth Judicial District Indigent Defender Board.

C. FUND ACCOUNTING

The Indigent Defender 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 financial 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 assets and current liabilities are generally included on the balance sheet. The operating statement presents increases and decreases in net current assets. The modified accrual basis of accounting is used by the General Fund.

TWENTY-SIXTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD
Bossier and Webster Parishes
State of Louisiana

Notes to the Financial Statements
December 31, 1998

The General Fund uses the following practices in recording revenues and expenditures:

Revenues

Court costs on fines and forfeitures imposed by the district and city courts are recorded in the year they are collected by the tax collectors and city courts within the judicial district.

Interest earned on investments is recorded when the investments have matured and the income is available.

Grants are recorded as revenue during the period during which the related expenditures are incurred.

Substantially all other revenues are recorded when received.

Expenditures

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

E. BUDGET PRACTICES

The Indigent Defender Board utilized the following budget practices:

Annually, the board prepares a budget for the General Fund on the modified accrual basis of accounting. The authority to amend the budget is reserved solely to the Indigent Defender Board. Formal budget integration (in the accounting records) is employed as a management control device during the year. Appropriations lapse at year end and a system of encumbrance accounting is not used by the Board.

F. ENCUMBRANCES

None. The Indigent Defender Board does not use encumbrance accounting.

TWENTY-SIXTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD
Bossier and Webster Parishes
State of Louisiana

Notes to the Financial Statements
December 31, 1998

G. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits and money market accounts. Certificates of deposit are considered cash equivalents due to the ready availability of these amounts for usage by the Indigent Defender Board. Under state law, the board may deposit funds in demand deposits, interest-bearing demand deposits, 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

Fixed assets are recorded as expenditures at the time purchased or constructed, and the related assets are accounted for in the general fixed assets account group. General fixed assets provided by the parish police juries are not recorded within the general fixed assets account group. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated cost if historical cost is not available.

I. LONG-TERM OBLIGATIONS

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group. No long-term liabilities existed at December 31, 1998.

J. TOTAL COLUMNS ON COMBINED STATEMENTS

Total columns on 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 or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**TWENTY-SIXTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD
Bossier and Webster Parishes
State of Louisiana**

**Notes to the Financial Statements
December 31, 1998**

K. COMPENSATED ABSENCES

The indigent defender board has the following policy relating to vacation and sick leave:

Employees are allowed 10 days of vacation leave each year. All vacation leave must be taken in the year earned. No payment is made in lieu of vacation.

Employees can accumulate 1 day a month sick leave but can not accumulate more than 12 days.

At December 31, 1998, there are no accumulated and vested benefits relating to vacation and sick leave that require disclosure or accrual to conform with generally accepted accounting principles.

2. CASH AND CASH EQUIVALENTS

At December 31, 1998, the indigent defender board's total cash and cash equivalents are summarized as follows:

	Book <u>Balance</u>	Bank <u>Balance</u>
Demand deposits	\$ (1,238)	15,260
Interest bearing checking	168	10,677
Interest bearing money market	524,027	524,027
Certificates of deposit	<u>332,080</u>	<u>332,080</u>
Total	<u>\$ 855,037</u>	<u>882,044</u>

These deposits are stated at cost, which approximates market. Under state law, these 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 bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 1998, the Indigent Defender Board had \$882,044 in deposits (collected bank balances). These deposits are secured from risk by \$424,695 of federal deposit

**TWENTY-SIXTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD
Bossier and Webster Parishes
State of Louisiana**

**Notes to the Financial Statements
December 31, 1998**

insurance and \$1,600,000 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 that the fiscal agent has failed to pay deposited funds upon demand.

3. Due from other governmental units

Amounts due from other governmental units as of December 31, 1998, are as follows:

Springhill City Court	\$ 1,225
Minden City Court	1,205
Bossier City City Court	12,744
Webster Parish Sheriff	7,790
Bossier Parish Sheriff	<u>18,780</u>
Total	<u>\$ 41,744</u>

4. Changes in general fixed assets

A summary of changes in general fixed assets follows:

	Balance	Additions		Deletions		Balance
	<u>January 1, 1997</u>	<u>1997</u>	<u>1998</u>	<u>1997</u>	<u>1998</u>	<u>December 31, 1998</u>
Building & real estate	\$ -	-	65,300	-	-	65,300
Equipment	34,495	5,320	4,237	-	-	44,052
Law library	<u>5,144</u>	<u>3,734</u>	<u>3,357</u>	<u>(525)</u>	<u>-</u>	<u>11,710</u>
Total	<u>\$39,639</u>	<u>9,054</u>	<u>72,894</u>	<u>(525)</u>	<u>-</u>	<u>121,062</u>

TWENTY-SIXTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD
Bossier and Webster Parishes
State of Louisiana

Notes to the Financial Statements
December 31, 1998

5. Pension plan

Substantially all of the indigent defend board's employees participate in the federal social security program. The indigent defender board is required to remit an amount to the Social Security Administration equal to the employee's contribution. The indigent defender board does not guarantee any of the benefits granted by the Social Security Administration.

The Twenty-sixth Judicial District Indigent Defender Board established a SIMPLE Individual Retirement Account Plan for its employees effective May 1, 1998. Under the plan, an employee must be eligible to participate in any calendar year if he or she received at least \$5,000 of compensation from the employer during each of the two preceding calendar years and is reasonably expected to receive at least \$5,000 in compensation during the current calendar year. Elective contributions are limited to \$6,000 for any calendar year, and may be matched by the employer. Under the arrangement, each eligible employee has the right to elect, during the 60-day period preceding the beginning of any calendar year to participate in the arrangement for that calendar year or to modify the amount of his or her elective contributions for that year. An employee may terminate participation in the arrangement at any time during a calendar year. For the calendar year 1998, the Indigent Defender Board satisfied its matching contribution requirement by electing to make nonelective contributions of 2% of compensation for each employee who was eligible to participate. The employee's right to both elective contributions and matching contributions is fully vested at all times. The plan does not contain any employer-imposed prohibition on withdrawals from the account. The amount of employer contributions for 1998 to the plan was \$3,050.

TWENTY-SIXTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD
Bossier and Webster Parishes
State of Louisiana

Notes to the Financial Statements
December 31, 1998

6. Leases

The indigent defender board leases two copying machines. Both leases are considered to be operating leases by the board. One lease is on a month to month basis with a minimum monthly lease payment of \$150. The other lease is for a noncancelable four year period which expires in July, 2001. The minimum annual commitments under this noncancelable operating lease is as follows:

1999	\$ 2,028
2000	2,028
2001	<u>1,183</u>
Total	\$ <u>5,239</u>

7. Board costs not included in the financial statements

The accompanying financial statements do not include certain operational expenditures that are paid directly by the Bossier and Webster Parish police juries. These expenditures include janitorial services, utilities, office space, and certain office furniture.

8. Compensation paid to board members

No board members received a per diem from the indigent defender board. Three board members, however, participate in the board's group health insurance plan. The premiums paid on behalf of these board members by the indigent defender board for years ended December 31, 1998 and 1997, are shown in the accompanying Schedule of Compensation Paid To Board Members.

9. Year 2000 Issue

Year 2000 is an issue arising from computers being programmed in prior years to use only two digits (under the assumption that the first two digits would always be 19) to identify the year when processing date-sensitive information. This method of identifying dates could cause problems when processing information with dates in the year 2000 or later. As a result, the systems that use only two digits to identify dates could process data

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Notes to the Financial Statements
December 31, 1998

incorrectly or stop functioning altogether. The effects of the Year 2000 issue is expected to extend beyond systems that produce financial information. It encompasses all computer systems and any equipment that is dependent on microchip technology.

The Indigent Defender Board has completed an inventory of computer systems and other electronic equipment that may be affected by the Year 2000 Issue and that are necessary to conducting operations. System upgrades to some computer hardware and software, as deemed necessary, have been installed. Other upgrades, as deemed necessary, are planned to be completed during the year 1999. Testing and validation of the upgraded systems are planned to be completed in 1999. However, the effect of the Year 2000 issue upon the Indigent Defender Board's vendors, revenue providers, grantors, and other entities with which it interacts has not been entirely determined. As a result, the effect of any of these entities' noncompliance with the Year 2000 issue upon the Board has also not been determined.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management of the Indigent Defender Board cannot assure that they are or will be Year 2000 ready, that the remediation efforts have been successful in whole or in part, or that parties with whom business is conducted will be Year 2000 ready.

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**Schedule of Compensation Paid
 to Board Members
 Years Ended December 31, 1998 and 1997**

<u>Board Member</u>	<u>1998</u>	<u>1997</u>
John W. Montgomery	\$ N/A	None
John D. Johnson	5,225	3,827
James Johnson	None	N/A
James D. Southerland	None	N/A
A. M. Wallace, Jr.	N/A	None
Aylmer M. Wyche III	2,288	2,961
A. R. Snell	<u>4,922</u>	<u>4,650</u>
 Total	 <u>\$12,435</u>	 <u>11,438</u>

*Amounts consist entirely of group insurance premiums paid on behalf of the board members. These insurance premiums are included in the General Fund insurance expenditures in the accompanying financial statements.

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Summary Schedule of Prior Audit Findings
For the year ended December 31, 1998

96-1 - Pledged securities

Finding - \$ 12,617 in deposits were not secured by either depository insurance or pledged securities.

Corrective Action Taken - Yes. All deposits with banks and savings and loans for the current years under audit were secured by either depository insurance or pledged securities.

96-2 - District Assistance Fund Grant

Finding - Fund balance for 1995 and 1996 was greater than annual revenues in possible violation of grant agreement to receive funds, and matching requirements of the grant were indeterminable.

Planned Corrective Action - Management intends to monitor closely any future grant requirements.

Corrective Action Taken - Following the expiration of the grants for which the prior findings were discovered, any new grants for the years under the current audit were on a reimbursement basis for actual expenditures incurred.

96-3 - Uncertainty due to outcome of civil rights action

Finding - Uncertainty due to outcome of civil rights action that had been filed in federal court.

Corrective Action Taken - Yes. Action was vigorously defended, and the case was dismissed.

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Summary Schedule of Prior Audit Findings
For the year ended December 31, 1998

96-4 - Material weakness in internal control due to limited number of employees

Finding - The limited number of employees involved in the accounting and financial reporting system precludes segregation of duties and other features of an adequate system of internal control.

Planned Corrective Action - Management is aware of the risks resulting from inadequate segregation of duties and intends to be diligent in the review and approval of operations and financial reporting. At this time, management believes it is not cost-effective to hire additional personnel to improve the segregation of duties.

96-5 - Revenue from third party sources

Finding - Management letter comment suggesting the review of statutes which third party sources use to calculate the amount remitted to the Indigent Defender Board.

Corrective Action Taken - Yes, but issue is not totally resolved. Management still believes that amounts calculated by the Minden City Court to be remitted to the Board are not being calculated according to statute. Minden City Court management and auditors have been informed of the Board's interpretation of the statutes, but management of the Minden City Court still take the position that they are calculating remittances correctly.

Planned Corrective Action - Management intends to make further inquiries through whatever authorities it deems proper and effective to resolve the matter.

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Current Years Findings
For the two years ended December 31, 1998

In connection with the audit of the general purpose financial statements as of and for the two years ended December 31, 1998, there were no items that are required to be reported in accordance with Government Auditing Standards.

No management letter was issued.