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**TWENTY-FIRST JUDICIAL DISTRICT INDIGENT DEFENDER BOARD**  
Financial Statements and Auditor's Report  
As Of and For The Year 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 7-28-99

*Received*  
*6/30/99*  
*J. Vigil*  
Receipt Acknowledged  
Legislative Auditor

By SL

Anthony B. Baglio, C.P.A., A.P.A.C.  
Certified Public Accountants

**TWENTY-FIRST JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
Amite, Louisiana**

General Purpose Financial Statements  
As of and for the Year Ended December 31, 1998

**TABLE OF CONTENTS**

	<u>Statement</u>	<u>Page No.</u>
Independent Auditor's Report		2
<b>General Purpose Financial Statements:</b>		
Balance Sheet - All Fund Types and Account Groups	A	3
<b>Governmental Fund - General Fund:</b>		
Statement of Revenues, Expenditures, and Changes in Fund Balance	B	4
Notes to the Financial Statements		5
<b>Compliance and Internal Control Report:</b>		
Independent Auditor's Report On Compliance and on Internal Control Over Financial Reporting Based On An Audit of General Purpose Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>		12
<b>Audit Findings</b>		
Summary schedule of prior audit findings		14
Corrective action plan for current year audit findings		15

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INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Twenty-First Judicial District  
Indigent Defender Board  
Amite, Louisiana 70422

I have audited the accompanying general-purpose financial statements of the Twenty-First Judicial District Indigent Defender Board as of and for the year ended December 31, 1998, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Twenty-First Judicial District Indigent Defender Board's management. My responsibility is to express an opinion on these general-purpose financial statements based on my audit.

I conducted my audit in accordance with 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 I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Twenty-First Judicial District Indigent Defender Board as of December 31, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 25, 1999, on my consideration of the Twenty-First Judicial District Indigent Defender Board's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants.



Hammond, Louisiana  
June 25, 1999

**TWENTY-FIRST JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
Amite, Louisiana  
ALL FUND TYPES AND ACCOUNT GROUP  
Balance Sheet  
December 31, 1998**

	<u>GOVERNMENTAL FUND</u>	<u>ACCOUNT GROUP</u>	Total
	General Fund	General Fixed Assets	(Memorandum Only)
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 255,414	\$ -	\$ 255,414
Investments	199,484	-	199,484
Receivables	146,604	-	146,604
Prepaid items	4,148	-	4,148
Other assets: security deposit	529	-	529
Equipment and furniture		70,495	70,495
<b>TOTAL ASSETS</b>	<b><u>\$ 606,179</u></b>	<b><u>\$ 70,495</u></b>	<b><u>\$ 676,674</u></b>
<b><u>LIABILITIES, EQUITY, AND OTHER CREDITS</u></b>			
Liabilities:			
Accounts payable	\$ 2,672	\$ -	\$ 2,672
Payroll taxes	39	-	39
<b>TOTAL LIABILITIES</b>	<b><u>\$ 2,711</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,711</u></b>
Equity and Other Credits:			
Investment in general fixed assets	\$ -	\$ 70,495	\$ 70,495
Fund balances:			
Unreserved - undesignated	603,468	-	603,468
<b>TOTAL FUND EQUITY</b>	<b><u>\$ 603,468</u></b>	<b><u>\$ 70,495</u></b>	<b><u>\$ 673,963</u></b>
<b>TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS</b>	<b><u>\$ 606,179</u></b>	<b><u>\$ 70,495</u></b>	<b><u>\$ 676,674</u></b>

The accompanying notes are an integral part of this statement.

**TWENTY-FIRST JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
Amite, Louisiana  
GOVERNMENTAL FUND - GENERAL FUND**

**Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the Year Ended December 31,1998**

**REVENUES**

Court cost on fines and forfeitures	\$ 490,910
Fees from indigents	128,625
State grants	150,876
Interest earnings	15,801
<b>Total Revenues</b>	<b>\$ 786,212</b>

**EXPENDITURES**

Salaries and related benefits	\$ 594,423
Other attorneys	3,643
Professional fees	11,740
Conference	954
Dues	1,083
Conflict cases	1,752
Insurance	10,747
Office supplies	8,834
Repairs and maintenance	290
Uniforms	2,474
Utilities	10,533
Capital outlay	10,407
Travel	10,800
Rent - office	6,000
Rent - post office box	94
Rent - storage	1,142
Publications	1,887
Postage	1,671
Bank charges	1
Photocopy expenses	189
Software manintenance	1,200
Outside Services	1,328
Supplies	569
Meals	19
<b>Total Expenditures</b>	<b>\$ 681,780</b>

**EXCESS OF REVENUES OVER EXPENDITURES**

**\$ 104,432**

**FUND BALANCE AT BEGINNING OF YEAR**

**499,036**

**FUND BALANCE AT END OF YEAR**

**\$ 603,468**

The accompanying notes are an integral part of this statement.

**TWENTY-FIRST JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
Amite, Louisiana  
Notes to Financial Statements  
As of and for the Year Ended December 31, 1998**

**INTRODUCTION**

The Twenty-First Judicial District Indigent Defender Board (Indigent Defender Board) was established in compliance with Louisiana Revised Statutes, 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 Livingston, St. Helena and Tangipahoa, Louisiana. The Indigent Defender Board is comprised of seven members who shall be appointed by the Judges of the Twenty-First Judicial District Court, for terms not to exceed five years. Members shall serve without compensation, but may be reimbursed for necessary out-of-pocket expenses. The Indigent Defender Board has both full and part-time employees.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The accompanying general-purpose financial statements of the Twenty-First 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. REPORTING ENTITY**

For financial reporting purposes, in conformance with GASB Codification Section 2100, the Indigent Defender Board is a part of the district court system of the State of Louisiana. However, the state statutes that created the district boards also gave each of the boards control over their own 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 Indigent Defender Board reports as an independent reporting entity, not as a component unit and the general-purpose financial statements include only the transactions of the Indigent Defender Board.



**TWENTY-FIRST JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
Amite, Louisiana  
Notes to Financial Statements (continued)**

**C. FUND ACCOUNTING**

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

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

**Revenues**

Bond forfeiture fees and fees from indigents are recognized when they become measurable and available as net current assets. The fees are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Grants are recognized as income when measurable and available as net current assets.

**Expenditures**

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

**E. BUDGETARY PRACTICES**

The Indigent Defender Board is not defined as a political subdivision as per R.S. 39:1302, and therefore not required to have a budget. The Indigent Defender Board did not prepare a budget for 1998.

**TWENTY-FIRST JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
Amite, Louisiana  
Notes to Financial Statements (continued)**

**F. CASH AND CASH EQUIVALENTS**

Cash includes amounts in demand deposits, and interest-bearing demand deposits, and time 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 or any other state of the United States, or under the laws of the United States. Cash and cash equivalents are insured through the Federal Deposit Insurance Corporation.

**G. INVESTMENTS**

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the board's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are recorded at cost plus accrued interest. Investments are insured through the Federal Deposit Insurance Corporation.

**H. PREPAID ITEMS**

The prepaid items represent unexpired insurance cost that was paid in 1998.

**I. FIXED ASSETS**

Fixed assets are recorded as expenditures at the time purchased, and the related assets are capitalized in the general fixed assets account group. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

**J. COMPENSATED ABSENCES**

Vacation and sick leave policies are set by the Indigent Defender Board. Employees receive four weeks vacation if continuously employed for ten years, three weeks if continuously employed for five years and two weeks if continuously employed for one year. Vacation leave does not accrue. Sick leave is accumulated at the rate of one day per month beginning with the first full month of employment. Sick leave may be accrued up to a maximum of ninety days. Accrued sick leave will not be paid to an employee upon termination; therefore, no accruals for sick leave are reflected in these general-purpose financial statements. The holidays designated as court holidays by the State Legislature are observed.



**TWENTY-FIRST JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
Amite, Louisiana  
Notes to Financial Statements (continued)**

**K. RETIREMENT SYSTEM**

Employees of the Indigent Defender Board participate in the Social Security System. The attorneys began participation in the Social Security System as of July 1991. The Indigent Defender Board remits matching portions of the social security contributions. The Indigent Defender Board has no liability for employee pension benefits.

**L. LONG-TERM OBLIGATIONS**

There were no long-term obligations at December 31, 1998.

**M. FUND EQUITY**

Reservations of equity show amounts that are not appropriate for expenditure or are legally restricted for specific uses. The purpose for each is indicated by the account title on the face of the balance sheet.

**N. TOTAL COLUMNS ON STATEMENTS**

The total columns on the 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.

**2. CASH AND CASH EQUIVALENTS**

At December 31, 1998, the Indigent Defender Board has cash and cash equivalents totaling \$255,414. as follows:

Total cash and cash equivalents	\$ 255,414.
Less: Petty cash	(63.)
	-----
Interest bearing demand deposits	\$ 255,351.
	=====

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, 1998, the Indigent Defender Board has \$274,963 in deposits (collected bank balances). These deposits are secured from risk by \$274,963 of federal deposit insurance.

**TWENTY-FIRST JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
Amite, Louisiana  
Notes to Financial Statements (continued)**

3. INVESTMENTS

At December 31, 1998, the Indigent Defender Board has investments totaling \$ 199,484 as follows:

	<u>Carrying Amount</u>	<u>Market Value</u>
Certificate of Deposit	\$ 33,821.	\$ 33,821.
Certificate of Deposit	15,208.	15,208.
Certificate of Deposit	39,816.	39,816.
Certificate of Deposit	58,481.	58,481.
Certificate of Deposit	25,652.	25,652.
Certificate of Deposit	26,506.	26,506.
	-----	-----
Total	\$199,484.	\$199,484.
	=====	=====

The Indigent Defender Board invests some of its available cash in Certificates of Deposit (CDs). Time deposits with original maturities of 90 days or more are considered to be investments. These certificates are insured by \$64,649 of federal deposit insurance and \$134,835 of pledged securities.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No.3, R.S. 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 board that the fiscal agent has failed to pay deposited funds upon demand.

4. RECEIVABLES

The following is a summary of receivables at December 31, 1998:

<u>Class of Receivable</u>	
Court costs	\$ 71,604.
State grant	75,000.
	-----
Total	\$146,604.
	=====

**TWENTY-FIRST JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
Amite, Louisiana  
Notes to Financial Statements (continued)**

5. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance January 1, <u>1998</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>1998</u>
Equipment and furniture	\$ 60,088.	\$ 10,407.	-0-	\$ 70,495.
	-----	-----	-----	-----
Total	\$ 60,088.	\$ 10,407.	-0-	\$ 70,495.
	=====	=====	=====	=====

6. LEASES

The Indigent Defender Board is renting some of its office space. There is no formal written agreement. The rental terms are as follows: 1) monthly payments of \$500; 2) minor repairs and maintenance on the building. The office rent expense for 1998 was \$6,000.

The Indigent Defender Board entered into a one year lease agreement beginning on April 08, 1998 and ending on April 07, 1999 to rent storage space. The rent is \$605 per year which was paid in May and fully expensed. Other storage space is leased by the month as needed. The storage rent expense for 1998 was \$1142.

7. RELATED PARTY TRANSACTIONS

There were no related party transactions for the year ended December 31, 1998.

8. LITIGATION

As of December 31, 1998, the Indigent Defender Board was not involved in any pending or aware of any threatened litigation.

9. COMPLIANCE WITH LAWS

Daily deposits-LSA-RS39:1212

All funds of local depositing authorities shall be deposited daily whenever practicable. In testing of deposits, it was found there were delays in making deposits. Deposits were not consistently being made daily throughout the year.

**TWENTY-FIRST JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
Amite, Louisiana  
Notes to Financial Statements (continued)**

10. YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the 21<sup>st</sup> Judicial District Indigent Defender Board's operating in the 1999 and beyond. The 21<sup>st</sup> Judicial District Indigent Defender Board uses an outside accounting firm to process its accounting. This outside firm is of the opinion they are year 2000 compliant. The 21<sup>st</sup> Judicial District Indigent Defender Board is dependent on funding from various sources. The effect, if any, the year 2000 compliance would have on the 21<sup>st</sup> Judicial District Indigent Defender Board's ability to obtain funding is not determinable.

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 cannot assure that the 21<sup>st</sup> Judicial District Indigent Defender Board's remediation efforts will be successful in whole or in part, or that the individuals and or agencies that fund the 21<sup>st</sup> Judicial District Indigent Defender Board will be year 2000 ready.

**Compliance and Internal Control Report**  
As Of and For The Year Ended December 31, 1998



**ANTHONY B. BAGLIO, CPA**  
**A PROFESSIONAL ACCOUNTING CORPORATION**  
2011 Rue Simone  
Hammond, Louisiana 70403  
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors  
Twenty-First Judicial District  
Indigent Defender Board  
Amite, Louisiana 70422

I have audited the financial statements of the Twenty-First Judicial District Indigent Defender Board (Indigent Defender Board) as of and for the year ended December 31, 1998, and have issued my report thereon dated June 25, 1999. I conducted my 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.

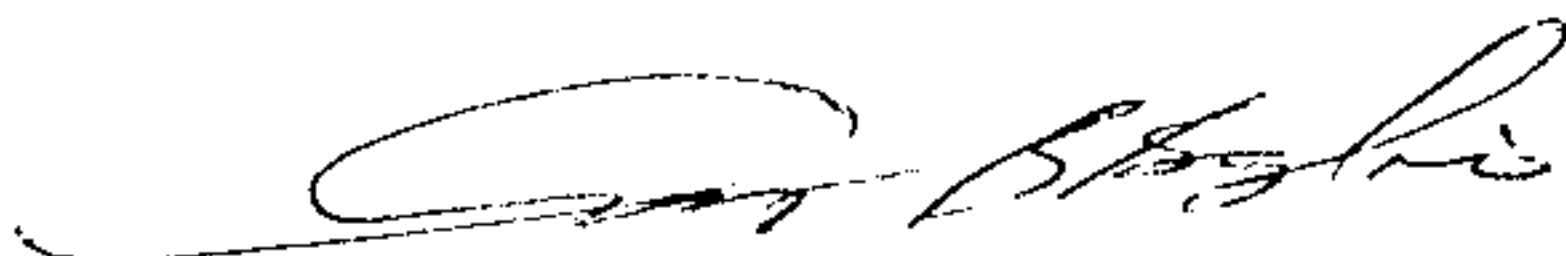
Compliance

As part of obtaining reasonable assurance about whether the Twenty-First Judicial District Indigent Defender Board's general-purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of current year audit findings as items 98-1.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Twenty-First Judicial District Indigent Defender Board's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My 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. I noted no matters involving the internal control structure and its operation that I consider to be material weaknesses.

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

A handwritten signature in black ink, appearing to read "C. B. ...", is written over a horizontal line.

Hammond, Louisiana  
June 25, 1999

**AUDIT FINDINGS**

**TWENTY-FIRST JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
Amite, Louisiana  
Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 1998**

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Corrective Action Planned</u>
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Section I-Compliance and Internal Control Material to the Financial Statements

97-1	Dec-97	Deposits are not being made in a timely fashion	Partially	Is working to get deposits in more frequently
------	--------	---	-----------	---

Section II-Management Letter

1	Dec-97	No signed bank agreement	Yes	Signed bank agreement effective December 15, 1997
2	Dec-97	Deposits in excess of FDIC insurance and securities	Yes	Corrected as of May 12, 1998

**TWENTY-FIRST JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
Amite, Louisiana  
Corrective Action Plan for Current Year Audit Findings  
For the Year Ended December 31, 1998**

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Contact Person</u>	<u>Anticipated Completion Date</u>
<b>Section I-Internal Control and Compliance Material to the Financial Statements</b>				
98-1	Some deposits are not being deposited daily or whenever practicable.	Partial	Sam J. Dileo, Jr.	Now