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NINETEENTH JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
GENERAL PURPOSE FINANCIAL STATEMENTS  
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 7-21-99

NINETEENTH JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
Baton Rouge, Louisiana

General Purpose Financial Statements  
With Supplemental Information Schedules  
As of and for the Year Ended December 31, 1998

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GENERAL PURPOSE FINANCIAL STATEMENTS

JOHN D. BUTLER & COMPANY  
A PROFESSIONAL ACCOUNTING CORPORATION  
P. O. BOX 30  
BAKER, LOUISIANA 70704-0030  
-----  
(504) 775-4982

INDEPENDENT AUDITOR'S REPORT

April 1, 1999

To The Board Of Directors  
Nineteenth Judicial District  
Indigent Defender Board  
P. O. Box 3356  
Baton Rouge, Louisiana 70821

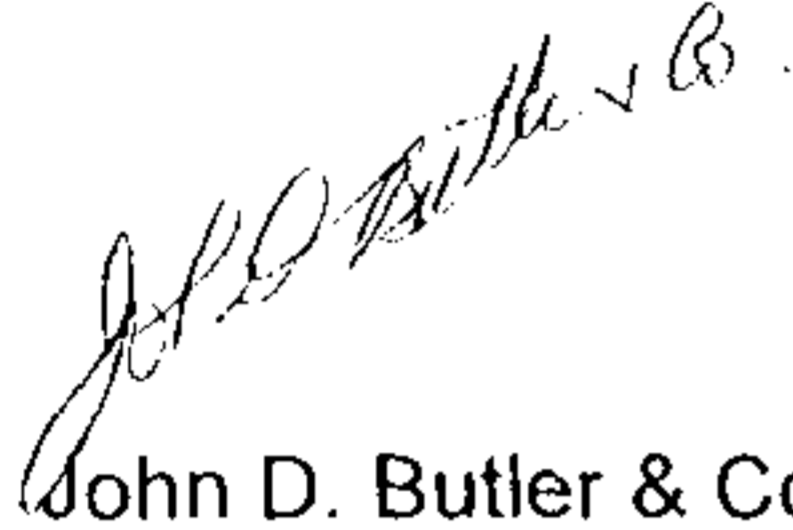
We have audited the accompanying general purpose financial statements of the Nineteenth Judicial District Indigent Defender Board, component unit of the City of Baton Rouge and Parish of East Baton Rouge, Louisiana, as of December 31, 1998, and for the year then ended. These general purpose financial statements are the responsibility of the Nineteenth Judicial District Indigent Defender Board's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and 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 component unit 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 our audit provides a reasonable basis for our opinion.

Board of Directors  
Nineteenth Judicial District  
Indigent Defender Board  
April 1, 1999  
Page Two

In our opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Nineteenth 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*, we have also issued a report dated April 1, 1999 on our consideration of the Board's internal control structure and a report dated April 1, 1999, on its compliance with laws and regulations.



John D. Butler & Company  
A Professional Accounting Corporation

NINETEENTH JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
Baton Rouge, Louisiana

ALL FUND TYPES AND ACCOUNT GROUPS  
BALANCE SHEET  
December 31, 1998

STATEMENT A

<u>ASSETS AND OTHER DEBITS</u>	<u>General Fund</u>	<u>General Fixed Assets</u>	<u>Totals (Memorandum Only)</u>
Assets:			
Cash & cash equivalents	\$ 81,708.73	\$ .00	\$ 81,708.73
Receivables, net	359,237.63	.00	359,237.63
Other assets	4,466.47	.00	4,466.47
Restricted Assets:			
Cash & cash equivalents	146,390.83	.00	146,390.83
Land, buildings and equipment	.00	190,086.09	190,086.09
TOTAL ASSETS AND OTHER DEBITS	<u>591,803.66</u>	<u>190,086.09</u>	<u>781,889.75</u>
 <u>LIABILITIES, EQUITY AND OTHER CREDITS</u>			
Liabilities:			
Accounts payable	363,125.36	.00	363,125.36
Payroll and other deductions	852.57	.00	852.57
Total Liabilities	363,977.93	.00	363,977.93
Equity and Other Credits:			
Investment in general fixed assets	.00	190,086.09	190,086.09
Fund balances:			
Reserved for prepaid expenses	4,466.47	.00	4,466.47
Reserved for capital defense	146,390.83	.00	146,390.83
Unreserved - undesignated	76,968.43	.00	76,968.43
Total Equity and Other Credits	<u>227,825.73</u>	<u>190,086.09</u>	<u>417,911.82</u>
TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS	<u>591,803.66</u>	<u>190,086.09</u>	<u>781,889.75</u>

The accompanying notes are an integral part of this statement.

NINETEENTH JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
Baton Rouge, Louisiana

GOVERNMENTAL FUND - GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
For The Year Ended December 31, 1998

STATEMENT B

REVENUES

Fines and forfeitures	\$ 1,711,330.29
Intergovernmental revenues:	
Grant proceeds	109,758.93
Interest earnings	<u>20,292.04</u>
Total Revenues	1,841,381.26

EXPENDITURES

Salaries and related benefits	1,641,456.63
Insurance	27,221.44
Office supplies and expenses	73,532.77
Capital outlay	8,065.94
Occupancy	150,439.08
Defense/expert witnesses	381,555.37
Travel	<u>63,477.04</u>
Total Expenditures	<u>2,345,748.27</u>

DEFICIENCY OF REVENUES OVER EXPENDITURES	(504,367.01)
FUND BALANCE AT BEGINNING OF YEAR	729,720.91
Prior Period Adjustments	<u>2,471.83</u>
FUND BALANCE AT END OF YEAR	<u><u>227,825.73</u></u>

The accompanying notes are an integral part of this statement.

NINETEENTH JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
Baton Rouge, Louisiana

GOVERNMENTAL FUND - GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET  
(GAAP/NON-GAAP BASIS) AND ACTUAL  
For The Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	STATEMENT C  Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Fines and forfeitures	\$ 1,873,000.00	\$1,711,330.29	\$ (161,669.71)
Intergovernmental revenues	372,000.00	109,758.93	(262,241.07)
Interest earnings	8,000.00	20,292.04	12,292.04
Total Revenues	2,253,000.00	1,841,381.26	(411,618.74)
<b>EXPENDITURES</b>			
Salaries and related benefits	1,710,000.00	1,641,456.63	68,543.37
Insurance	39,000.00	27,221.44	11,778.56
Office supplies and expenses	76,650.00	73,532.77	3,117.23
Capital outlay	20,000.00	8,065.94	11,934.06
Occupancy	143,500.00	150,439.08	(6,939.08)
Defense/Expert witnesses	205,000.00	381,555.37	(176,555.37)
Travel	64,000.00	63,477.04	522.96
Total Expenditures	2,258,150.00	2,345,748.27	(87,598.27)
DEFICIENCY OF REVENUES OVER EXPENDITURE	(5,150.00)	(504,367.01)	(499,217.01)
FUND BALANCE AT BEGINNING OF YEAR	729,721.00	729,720.91	(.09)
Prior Period Adjustments	.00	2,471.83	2,471.83
FUND BALANCE AT END OF YEAR	<u>724,571.00</u>	<u>227,825.73</u>	<u>(496,745.27)</u>

The accompanying notes are an integral part of this statement.



NOTES TO FINANCIAL STATEMENTS

NINETEENTH JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS  
As Of And For The Year Ended December 31, 1998

**INTRODUCTION**

The Judicial District Indigent Defender Board was established for the Nineteenth Judicial District by Louisiana Revised Statutes 15:144 - 15:148. The Board is composed of seven members which are selected by the District Court from nominees provided by the Bar Association within the judicial district.

The Board employs 63 persons, and in addition, maintains a current panel of volunteer attorneys who represent certain defendants although a fee is paid for those cases. The main purpose of the Board is to provide counsel for indigent defendants. The appointments approximate 5,000 per year out of a population of 500,000 in the district.

The Board meets every three months to discuss operations, budgets, problems, etc. The Board members are not compensated.

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

**A. BASIS OF PRESENTATION**

The accompanying financial statements of the Nineteenth 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 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 Nineteenth Judicial

NINETEENTH JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS  
As Of And For The Year Ended December 31, 1998

District Indigent Defender Board. However, these financial statements will be included in the financial statements of the City of Baton Rouge and Parish of East Baton Rouge, Louisiana as a component unit of that entity.

**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

The City Courts of Baker, Zachary, and Baton Rouge collect court costs from traffic fines and remit them to the Board on a monthly basis. The District Court's cost due to the Board are collected and remitted by the East Baton Rouge Sheriff's office. The District Court Judges also order probation and parole defendants to pay a fee to the Board. The Family Court orders non-support charges if the defendant is employed. These fees are recorded when they are earned.

Expenditures

Salaries and related benefits is the largest expenditure of the Board. The main purpose of the board is to represent defendants in criminal cases,

NINETEENTH JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS  
As Of And For The Year Ended December 31, 1998

therefore, the attorneys and secretaries, etc. make up the majority of the payroll. These liabilities are recorded when they are incurred.

**E. BUDGETS**

*The Board uses the following budget practices:*

The Board is not required under Louisiana Revised Statutes to have public meetings and adopt a budget. However, for good financial practice, the Executive Director does prepare an annual budget. The budget figures are compared to the actual amounts on a monthly basis. There were no amendments during the year.

**F. ENCUMBRANCES**

The Board does not use an encumbrance system of accounting. The financial statements are prepared on the modified accrual basis of accounting.

**G. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. The Board considers short-term, (maturity of 90 days or less), highly liquid investments as cash equivalents. Under State law, the Board may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under State law, the Board may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments, if on hand, are stated at cost.

**H. INVENTORIES**

Expenditures for expendable supplies are charged to expenses when the items are purchased. Year end inventory of supplies held for consumption is immaterial to the financial statements and is not listed on the accompanying statements.

NINETEENTH JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS  
As Of And For The Year Ended December 31, 1998

**I. PREPAID ITEMS**

Other assets on the financial statements are composed of \$3,557.19 in prepaid insurance and \$909.28 in prepaid leases. Insurance policies are pro-rated for the term of the various policies. The allocation method is used to account for the prepaid insurance and the Fund Balance shows a reserved portion for the amount of the prepayment.

**J. RESTRICTED ASSETS**

Proceeds from the Louisiana Indigent Defender Board are classified as restricted assets on the balance sheet because their use is limited to capital defense and expert witnesses.

**K. FIXED ASSETS**

Fixed assets are recorded as expenditures at the time of purchase, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures are not capitalized. 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. However, all assets in the financial statements are stated at cost.

**L. COMPENSATED ABSENCES**

The Board has the following policy relating to vacation and sick leave:

Vacation is earned in one year as follows:

Attorney	4 weeks
Investigator	3 weeks
Office manager	3 weeks
Secretary	2 weeks
Hourly employee	-0-

Sick pay is accrued as one day per month or four hours each pay period (semi-monthly).

All vacation and sick leave expire at the end of each year.

NINETEENTH JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS  
As Of And For The Year Ended December 31, 1998

**M. LONG-TERM OBLIGATIONS**

Long-term obligations expected to be financed from governmental funds are reported in the long-term obligations account group. There were no long-term obligations as of December 31, 1998.

**N. FUND EQUITY**

Reserves

Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use.

Designated Fund Balances

Designated fund balances represent tentative plans for future use of financial resources.

**O. 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.

**P. USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2. CASH AND CASH EQUIVALENTS**

At December 31, 1998, the Board had cash and cash equivalents (book balances) totaling \$196,978.15 as follows:

NINETEENTH JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS  
As Of And For The Year Ended December 31, 1998

Demand deposits	\$ (29,896.14)
Interest-bearing demand deposits	<u>226,874.29</u>
Total	<u>196,978.15</u>

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 Board had \$292,903.09 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance of \$300,000 on demand deposits and \$300,000 on interest-bearing demand deposits. There is also \$600,000 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Demand deposits	\$ 21,028.80
Interest-bearing demand deposits	<u>271,874.29</u>
Total	<u>292,903.09</u>
Bank One	100,000.00
Whitney National Bank	100,000.00
Hancock Bank of Louisiana	100,000.00
Union-Planters Bank of LA	800,000.00
Liberty Bank	<u>100,000.00</u>
Total	<u>1,200,000.00</u>

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 Board that the fiscal agent has failed to pay deposited funds upon demand.

NINETEENTH JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS  
As Of And For The Year Ended December 31, 1998

**NOTE 3. RESTRICTED ASSETS**

Restricted assets include \$1,073.33 in demand deposits and \$145,317.50 in interest-bearing demand deposits. This cash was received through a grant program from the Louisiana Indigent Defender Board. Such receipts are limited to the cost of expert witnesses and defense of certain capital cases. A separate grant also allows matching for hiring/retaining additional attorneys, raising attorney salaries, providing unit support and training.

**NOTE 4. FUND DEFICIT**

There was not a fund deficit at December 31, 1998.

**NOTE 5. INVESTMENTS**

There were no investments at December 31, 1998.

**NOTE 6. RECEIVABLES**

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

City of Baton Rouge	\$	105,327.26
Court Costs		144,332.57
Probation		121,631.15
Other		<u>38,894.63</u>
 Total		 410,185.61
 Less allowance for uncollectible accounts		 <u>50,947.98</u>
 Net receivables		 <u><u>359,237.63</u></u>

**NOTE 7. CHANGES IN GENERAL FIXED ASSETS**

A summary of changes in general fixed assets follows:

	Balance <u>01/01/97</u>	Additions	Deductions	Balance <u>12/31/98</u>
Equipment & furniture	<u>182,020.15</u>	<u>8,065.94</u>	<u>.00</u>	<u>190,086.09</u>



NINETEENTH JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS  
As Of And For The Year Ended December 31, 1998

**NOTE 8. PENSION PLAN**

*Plan Description.* The Board established a pension plan in 1992. Substantially all of the employees of the Nineteenth Judicial District Indigent Defender Board are members of this plan. This defined contribution plan is invested in American Funds, a mutual fund account held at A. G. Edwards. Each participant is fully-vested at the time of the contribution and will receive his/her individual fund at the time of retirement.

*Funding Policy.* The Board contributes 7.7% of each participant's salary. Contributions, which were 100% funded at December 31, 1998, during the year were \$101,448.47.

The participant is not required to make a contribution. However, employees of the Nineteenth Judicial District Indigent Defender Board are eligible to participate in the National Association of Counties (NACO) Deferred Compensation Program. The investment balance at December 31, 1998, for the Board's employees, including investment income and net of administrative fees, was \$78,589.53. This is not reported on the accompanying financial statements.

**NOTE 9. OTHER POSTEMPLOYMENT BENEFITS**

Separated employees are allowed to participate in the medical insurance for a period of one year after employment. However, separated employees must pay the premiums due. Accrued vacation and sick leave at termination are negotiated individually with the Director at the time the employee leaves in accordance with the rules stated in Section K under Note 1.

**NOTE 10. COMPENSATED ABSENCES**

As outlined in Section K of Note 1, the Board has no obligations other than the current year vacation and sick leave accrued.

**NOTE 11. LEASES**

The Board records items under capital leases as assets and obligations, if any, in the accompanying financial statements. There were no capital leases at December 31, 1998.

The minimum annual commitments under operating leases are as follows:

NINETEENTH JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS  
As Of And For The Year Ended December 31, 1998

<u>Fiscal Year</u>	<u>Building</u>	<u>Autos</u>	<u>Equipment</u>	<u>Total</u>
1999	129,912.64	7,838.52	6,248.40	143,999.56
2000	132,821.32	4,646.64	6,248.40	143,716.36
2001	133,791.00	.00	6,248.40	140,039.40
2002	133,791.00	.00	3,124.20	136,915.20
	<u>530,315.96</u>	<u>12,485.16</u>	<u>21,869.40</u>	<u>564,670.52</u>

The building lease expires April 30, 2002, with an option to renew for one year under the same terms. Payments made during the year were \$126,215.56, which was four payments at \$10,229.89 and eight payments at \$10,664.50. The lease increases every year on May 1<sup>st</sup>, with the exception of the last year. There are two auto leases that expire in June and August of 2000. Payments during the year were \$7,838.52.

The equipment lease is for a Xerox 5065 Copier. It began in July of 1997, at \$520.70 per month for sixty months. It will expire in June of 2002. Payments during the current year were \$6,248.40.

**NOTE 12. CHANGES IN GENERAL LONG-TERM OBLIGATIONS**

There were no long-term obligation transactions during the year.

**NOTE 13. RESERVED FUND BALANCES**

The following is a summary of reserved fund balances at December 31, 1998:

Prepaid expenses	\$ 4,466.47
Capital defense	<u>146,390.83</u>
Total	<u>150,857.30</u>

**NOTE 14. OTHER SUPPORT**

Grants received during the year from the Louisiana Indigent Defender Board are as follows:

District Assistance Fund	\$ 75,600.00
Expert Witness	10,879.26
Capital Defense	<u>23,279.67</u>
Total	<u>109,758.93</u>

NINETEENTH JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS  
As Of And For The Year Ended December 31, 1998

The District Assistance Fund grant is restricted to use for hiring/retaining additional attorneys, raising attorney salaries, providing unit support, defraying expert witness and testing cost and defraying the cost of LIDB-approved CLE and training programs. It also requires a 100% match from the Board. The expenditures for each category listed is based on a percentage of the total funds.

The Expert Witness and Capital Defense grant treats the board as a pass-through agency in that funds received are immediately remitted to the appropriate creditor as directed by the Louisiana Indigent Defender Board.

**NOTE 15. PRIOR PERIOD ADJUSTMENTS**

Prior period adjustments represent corrections to the financial statements of prior years. The following adjustments were made as of December 31, 1998:

Recognize prior year rent paid in the current year	\$ (6,731.99)
Recognize checks written in the prior year that were voided in the current year	<u>9,203.82</u>
Total	<u>2,471.83</u>

**NOTE 16. YEAR 2000 CONSIDERATION**

The Board could be adversely affected if its computer systems and other date-sensitive equipment do not properly process data from and after January 1, 2000. During the course of our examination, such equipment was discussed. Management has verified that its equipment and software applications will function beyond December 31, 1999. However, there are no assurances that these steps will be sufficient to avoid all adverse effects.

**NOTE 17. RELATED PARTY TRANSACTIONS**

There were no transactions with related parties during the year ended December 31, 1998.

**NOTE 18. LITIGATION AND CLAIMS**

The Board is not involved in any litigation and is not aware of any claims outstanding that are not recorded in the financial statements.

NINETEENTH JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS  
As Of And For The Year Ended December 31, 1998

**NOTE 19. SUBSEQUENT EVENTS**

There were no subsequent events that would affect the financial statements between the close of the year and the issuance of the financial statements.

SUPPLEMENTAL INFORMATION SCHEDULES

NINETEENTH JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
BATON ROUGE, LOUISIANA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 1998

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Probation	\$ 45,000.00	\$ 33,243.67	\$ (11,756.33)
Zachary City Court	20,000.00	18,212.00	(1,788.00)
Baker City Court	45,000.00	42,932.50	(2,067.50)
Non-Support	35,000.00	10,850.00	(24,150.00)
Sheriff settlement	350,000.00	365,837.25	15,837.25
City Court	1,300,000.00	1,043,759.84	(256,240.16)
Juvenile Court	18,000.00	11,940.00	(6,060.00)
Bond licenses fee	15,000.00	147,399.83	132,399.83
Bond forfeiture	15,000.00	14,453.20	(546.80)
Court-Ordered payments	15,000.00	7,682.00	(7,318.00)
Miscellaneous	15,000.00	15,020.00	20.00
<hr/>			
Total Fines and Forfeitures	1,873,000.00	1,711,330.29	(161,669.71)
LIDB grants	372,000.00	109,758.93	(262,241.07)
Interest earned	8,000.00	20,292.04	12,292.04
<hr/>			
TOTAL REVENUES	2,253,000.00	1,841,381.26	(411,618.74)
Salaries	1,605,000.00	1,523,249.35	81,750.65
Retirement	100,000.00	116,327.28	(16,327.28)
Education	5,000.00	1,880.00	3,120.00
<hr/>			
Total Salaries and Related Benefits	1,710,000.00	1,641,456.63	68,543.37
Workers' Compensation	7,000.00	1,308.96	5,691.04
Auto	7,000.00	6,389.88	610.12
Professional liability	17,000.00	9,396.90	7,603.10
Other	2,000.00	3,869.33	(1,869.33)
Disability	6,000.00	6,256.37	(256.37)
<hr/>			
Total Insurance	39,000.00	27,221.44	11,778.56

Continued

NINETEENTH JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
BATON ROUGE, LOUISIANA

SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (Continued)  
YEAR ENDED DECEMBER 31, 1998

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Office expense	\$ 15,000.00	\$ 12,409.71	\$ 2,590.29
Postage & shipping	2,000.00	1,353.66	646.34
Equipment maintenance	5,500.00	3,834.75	1,665.25
Library maintenance	15,000.00	19,784.09	(4,784.09)
Dues & subscriptions	1,000.00	7,420.00	(6,420.00)
Penalties & interest	500.00	155.72	344.28
Office supplies	30,000.00	23,099.09	6,900.91
Bank charges	150.00	268.75	(118.75)
Director's expense	500.00	.00	500.00
Leases	7,000.00	5,207.00	1,793.00
<hr/>			
Total Office Supplies and Expense	76,650.00	73,532.77	3,117.23
Capital outlay	20,000.00	8,065.94	11,934.06
Rent	115,000.00	126,215.56	(11,215.56)
Parking	8,500.00	6,407.50	2,092.50
Telephone	20,000.00	17,816.02	2,183.98
<hr/>			
Total Occupancy	143,500.00	150,439.08	(6,939.08)
Investigative - professional	15,000.00	12,396.88	2,603.12
Investigative - other	5,000.00	5,482.37	(482.37)
Court-ordered counsel	90,000.00	177,183.21	(87,183.21)
Contractual services	45,000.00	30,139.83	14,860.17
Capital defense/expert witness	50,000.00	156,353.08	(106,353.08)
<hr/>			
Total Defense/Expert Witnesses	205,000.00	381,555.37	(176,555.37)
Travel	10,000.00	12,390.65	(2,390.65)
Auto lease & allowance	50,000.00	48,831.14	1,168.86
Auto maintenance	4,000.00	2,255.25	1,744.75
<hr/>			
Total Travel	64,000.00	63,477.04	522.96

(Continued)

NINETEENTH JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
BATON ROUGE, LOUISIANA

SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (Continued)  
YEAR ENDED DECEMBER 31, 1998

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
TOTAL EXPENDITURES	\$2,258,150.00	\$2,345,748.27	\$ (87,598.27)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(5,150.00)	(504,367.01)	(499,217.01)
FUND BALANCE AT BEGINNING OF YEAR	729,721.00	729,720.91	(.09)
Prior Period Adjustments	<u>.00</u>	<u>2,471.83</u>	<u>2,471.83</u>
FUND BALANCE AT END OF YEAR	<u>724,571.00</u>	<u>227,825.73</u>	<u>(496,745.27)</u>



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

April 1, 1999

To The Board Of Directors  
Nineteenth Judicial District  
Indigent Defender Board  
P. O. Box 3356  
Baton Rouge, Louisiana 70821

We have audited the general purpose financial statements of the Nineteenth Judicial District Indigent Defender Board, for the year ended December 31, 1998, and have issued our report thereon dated April 1, 1999.

We conducted our audit in accordance with generally accepted auditing standards, and *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.

The management of the Nineteenth Judicial District Indigent Defender Board is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to

future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the Nineteenth Judicial District Indigent Defender Board for the year ended December 31, 1998, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgement, could adversely affect the entity's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements.

There are material deficiencies in the design and operation of the internal control structure. An example of one of the design deficiencies is inadequate procedures for maintaining the books and records on the accrual basis of accounting consistent with generally accepted accounting principles. Failure to timely and accurately reconcile cash is an example of the breakdown in internal control operations. A complete listing of deficiencies noted are included in the Schedule of Findings and Questioned Costs.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the following matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above. These conditions were considered in determining the nature, timing and extent of the procedures to be performed in our audit of the financial statements of the Nineteenth Judicial District Indigent Defender Board for the year ended December 31, 1998.

Board of Directors  
Nineteenth Judicial District  
Indigent Defender Board  
April 1, 1999  
Page Three

We consider the maintenance of books and records on an accounting basis inconsistent with generally accepted accounting principles, as noted above, to be a material weakness. Also, failure to perform tasks in a timely manner is considered a material weakness.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of the Nineteenth Judicial District Indigent Defender Board dated April 1, 1999.

This report is intended for the information of the audit committee, 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.



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

April 1, 1999

To The Board Of Directors  
Nineteenth Judicial District  
Indigent Defender Board  
P. O. Box 3356  
Baton Rouge, Louisiana 70821

We have audited the general purpose financial statements of the Nineteenth Judicial District Indigent Defender Board as of and for the year ended December 31, 1998, and have issued our report thereon dated April 1, 1999.

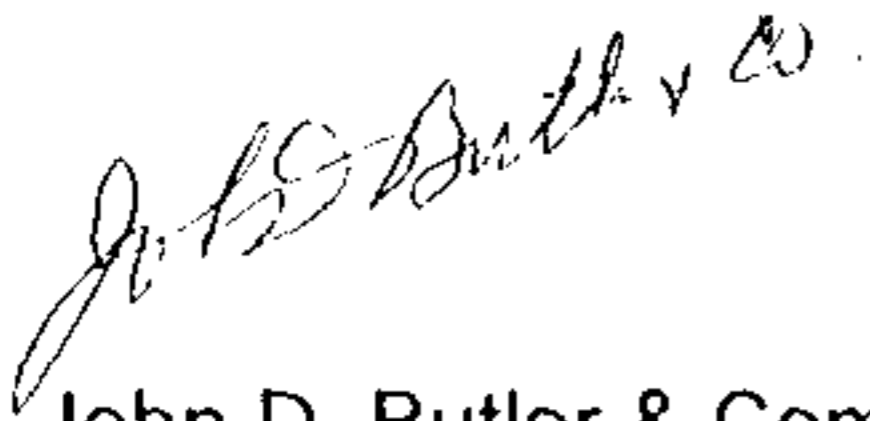
We have conducted our audit in accordance with generally accepted auditing standards, and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts and grants applicable to the Nineteenth Judicial District Indigent Defender Board is the responsibility of the Nineteenth Judicial District Indigent Defender Board's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the Board's compliance with certain provisions of laws, regulations, contracts and grants. However, our objective was not to provide an opinion on overall compliance with such provisions. 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*.

Board of Directors  
Nineteenth Judicial District  
Indigent Defender Board  
April 1, 1999  
Page Two

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



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A Professional Accounting Corporation

NINETEENTH JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 1998

We have audited the financial statements of the Nineteenth Judicial District Indigent Defender Board as of and for the year ended December 31, 1998, and have issued our report thereon dated April 1, 1999. 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. Our audit of the financial statements as of December 31, 1998, resulted in an unqualified opinion.

**Section I Summary of Auditor's Reports**

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control	Material Weakness	<input checked="" type="checkbox"/> Yes
	Reportable Condition	<input checked="" type="checkbox"/> Yes
Compliance	Compliance Material to F/S	<input checked="" type="checkbox"/> No

B. Federal Awards

N/A

**Section II Financial Statement Findings**

98 - 1 BASIS OF ACCOUNTING

The books and records of the Nineteenth Judicial District Indigent Defender Board are not maintained on the modified accrual basis of accounting.

In order to meet the objectives of financial reporting, generally accepted accounting principles should be followed. One of these principles states that the modified accrual basis of accounting should be utilized in measuring financial position and operating results. The cash basis currently being used does not allow recognition of invoices for expert witnesses and other expenses associated with indigent defense that are received but not paid. This results in insufficient information for decision-making and evaluating performance. Adjustments to the financial statements required during the audit decreased cash by \$40,940, increased receivables by \$12,256 and increased liabilities by \$201,601. The net affect to fund balance, based on these adjustments above, was a decrease of \$230,285.

It is our recommendation that the Board's books be maintained on the modified accrual basis of accounting.

"Continued"

NINETEENTH JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
Year Ended December 31, 1998

98 - 2 TIMELINESS OF ACCOUNTING DUTIES

There are no specific policies in the internal control structure to require timely statements, reconciliations or deposits. In addition, reconciliations are not made to the general ledger. This was mentioned in the management letter issued with the audit report for the year ended December 31, 1997. It was also discussed in a separate engagement to determine a solution for preparing timely reports to the Board of Directors.

Receipts that are not deposited timely decrease the Board's ability to safeguard such assets as well as properly report assets and income on a timely basis. Monthly reconciliations not completed timely or at all diminishes the Board's ability to ensure that financial statements are complete and accurate. Timely and accurate reports allow management to plan effectively. An example of these is the reconciliation of the operating cash account. The reconciliation indicates an ending book balance at December 31, 1998, of \$(31,321.20) while the general ledger indicates a balance of \$8,000.43. The reconciliation done during our audit produced a deficit of \$31,121.41 requiring an adjustment to decrease cash by \$39,121.84. Failure to reconcile a separately-maintained list of funds due to attorneys, expert witnesses, etc. to the general ledger understated liabilities by more than \$176,000 during the year. A review of receipts compared to deposits produced several instances of receipts deposited as late as four weeks after actual receipt of funds.

It is our recommendation that policies be adopted by the Board of Directors to require timely deposits, reconciliations and reports. Procedures to accomplish this will include hiring an additional employee to handle accounting functions or contracting with an outside accountant to perform these tasks.

**Section III Federal Award Findings and Questioned Costs**

N/A

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**MANAGEMENT LETTER**

April 1, 1999

Nineteenth Judicial District Indigent Defender Board  
P. O. Box 3356  
Baton Rouge, Louisiana 70821

We have audited the financial statements of the Nineteenth Judicial District Indigent Defender Board as of and for the year ended December 31, 1998, and have issued our report thereon dated April 1, 1999. 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.

During the course of our examination, we became aware of the following matters which represent immaterial deviations of compliance or suggestions for improved internal controls.

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**MANAGEMENT POINTS**

---

M98.1 POSTINGS BETWEEN MONTHS

**Criteria:** An audit trail should exist for entries to the general ledger.

**Condition:** A journal entry was made between January and February of 1998, for which no support was available. The detail is not included in the general ledger so the only way to determine that there was other activity is to compare the ending balance as of 1/31/98 and the beginning balance as of 2/01/98.

**Cause & Effect:** There are no policies in place to disallow these types of entries, thereby hindering the internal control over the general ledger.

**Recommendation:** We recommend that entries not be allowed to be made between months. All entries to the general ledger should be evidenced by supporting documentation.

**Benefit:** An audit trail will exist to support the entries made to the general ledger.

**Reply:** Understanding the importance of supporting the amounts recorded in the general ledger, entries will no longer be made between months.



#### M98.2 CONSISTENT REPORTING

**Criteria:** Reporting should be maintained on a consistent basis for accuracy and ease of comparisons.

**Condition:** Revenues were not posted in the same manner throughout the year. For example, rent paid by the City Parish on behalf of the Board was coded to revenue in January, March and June but to rent expense for the remaining months.

**Cause & Effect:** The Office Manager responsible for posting is rushed, and therefore, is not giving sufficient consideration to consistency in reporting. Also, the general ledger is not properly reviewed at the end of each month to detect errors in posting. This causes some revenues/expenditures to be under or overstated. It also does not allow for account comparisons between months or years thus hindering planning and the budget process for the following year.

**Recommendation:** Procedures should be adopted that would detail the correct postings by category and by type of receipt/expenditure.

**Benefit:** Reporting will be more accurate and complete.

**Reply:** This will be complied with immediately.

#### M98.3 PERSONNEL FILES

**Criteria:** Personnel files should contain, among other things, an up to date memorandum from the Executive Director stating the individual's current approved salary as well as Form W-4 and I-9.

**Condition:** Not all files contained those items listed under "Criteria".

**Cause & Effect:** Some of the files were overlooked. Since the annual budget does not itemize the salaries by employee, the only source for determining an individual's salary is documentation signed by the Executive Director contained in the personnel files. Also, legal amounts required to be withheld for federal and state income taxes are supported by Form W-4. Without this information, there is nothing to support the authorization for payment of wages and withholdings.

**Recommendation:** All personnel files should be reviewed for completeness and brought up-to-date as soon as possible. Each file should contain ① a memorandum indicating the current approved salary approved by the Executive Director, ② a current W-4 to evidence authorization for withholding federal and state income taxes and ③ a Form I-9 to determine that all employees are legal residents of the United States.

**Benefit:** Salaries and withholdings will be supported.

**Reply:** This will be complied with immediately.

#### M98.4 SEGREGATION OF DUTIES

**Criteria:** Good internal control calls for appropriate segregation between accounting duties. If segregation of duties is not possible or is not sufficient, monthly reporting to the governing body should be thoroughly reviewed.

Nineteenth Judicial District Indigent  
Defender Board  
April 1, 1999  
page three

**Condition:** Deposits, postings and reconciliations are performed by the same person. The Board of Directors does not meet regularly to review financial statements.

**Cause & Effect:** There is no one else assigned to perform any of these tasks nor are there policies requiring monthly reconciliations. If effect, the internal control structure is weakened.

**Recommendation:** A policy should be adopted requiring monthly reconciliations of receivables, payables and cash. Someone other than the Office Manager should maintain a subsidiary ledger.

**Benefit:** The internal control structure will be enhanced.

**Reply:** Several subsidiary ledgers are already being maintained and will be reviewed for completeness. A policy will be adopted to provide for monthly reconciliations.

We would be happy to discuss these items with you further, if necessary, or assist in implementing these recommendations. Management should respond to these suggestions within Management's Corrective Action Plan.

John D. Butler & Company  
A Professional Accounting Corporation

NINETEENTH JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
Baton Rouge, Louisiana

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
Year Ended December 31, 1998

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

None reported.

**Section II Internal Control and Compliance Material to Federal Awards**

N/A

**Section III Management Letter**

M97.1 Bank Reconciliation FY 12/97	To require reconciliations to the general ledger	Unresolved
M97.2 Contractual Services FY 12/97	To adopt a procedure for flagging contracts as they expire	Resolved
M97.3 Deposits FY 12/97	To detail procedure so that deposits can be made in office manger's absence	Unresolved
M97.4 Employee Leave Time FY 12/97	To adopt a policy regarding payment for accumulated vacation/sick pay not used.	Unresolved
M97.5 Retroactive Pay Raises FY 12/97	To budget anticipated increase in salary	Resolved

NINETEENTH JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
Baton Rouge, Louisiana

MANAGEMENT'S CORRECTIVE ACTION PLAN  
Year Ended December 31, 1998

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

<p>98.1 Basis of Accounting <i>Recommendation:</i> To maintain the books on the modified accrual basis of accounting</p>	<p><i>Contact:</i> Beverly Rice, Office Manager <i>Plan:</i> Communication will be initiated with those individuals responsible for subsidiary ledgers. Appropriate accruals will be made at the end of each month. <i>Completion Date:</i> 7/99</p>
<p>98.2 Timeliness of Accounting Duties <i>Recommendation:</i> To adopt policies and procedures requiring timely deposits, reconciliations and reporting.</p>	<p><i>Contact:</i> Beverly Rice, Office Manager and Michael Mitchell, Executive Director <i>Plan:</i> An investigation will be initiated to study the cost effectiveness of hiring an additional employee or contracting with an outside accounting firm to perform the monthly accounting tasks. <i>Completion Date:</i> 9/99</p>

**Section II Internal Control and Compliance Material to Federal Awards**

N/A

**Section III Management Letter**

<p>M98.1 Postings Between Months</p>	<p><i>Contact:</i> Beverly Rice, Office Manager <i>Plan:</i> Postings between months will no longer be allowed. <i>Completion Date:</i> 4/99</p>
<p>M98.2 Consistent Reporting</p>	<p><i>Contact:</i> Beverly Rice, Office Manager <i>Plan:</i> The general ledger as of 4/30/99 will be reviewed and corrections made, if necessary, to make reporting in current year consistent with prior year and from month to month. A guide will be developed to use each month when posting. <i>Completion Date:</i> 9/99</p>

"Continued"

NINETEENTH JUDICIAL DISTRICT  
INDIGENT DEFENDER BOARD  
Baton Rouge, Louisiana

MANAGEMENT'S CORRECTIVE ACTION PLAN (Continued)  
Year Ended December 31, 1998

M98.3 Personnel Files	<i>Contact:</i> Beverly Rice, Office Manger <i>Plan:</i> A review of all personnel files will be conducted. Missing items will be secured. <i>Completion Date:</i> 12/99
M98.4 Segregation of Duties	<i>Contact:</i> Beverly Rice, Office Manger <i>Plan:</i> Subsidiary ledgers will be developed and maintained by someone other than the one posting to the general ledger each month. Monthly reconciliation will be required. The plan described above in Section I under 98.2 Timeliness of Accounting Duties, will also alleviate some of these problems. <i>Completion Date:</i> 9/99