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OFFICE OF THE STATE COMPTROLLER
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Highlights to Reporting Instructions For the Indigent Legal Services Fund (ILSF) 2011 Annual Report

These highlights address specific reporting issues that have come to our attention and are intended to supplement and clarify instructions provided in the ILSF 2011 Annual Report form. For assistance with the financial reporting process, please contact Anthony Dolan of our office at (518) 474-4377, or via e-mail: tdolan@osc.state.ny.us

Supporting Documentation

Officials should maintain timely and accurate financial records to account for all expenditures and revenues related to legal defense services for indigent persons. Entries in the 2011 Annual Report should be drawn from your own accounting records and you should not rely on expenditures reported by Legal Aid Societies, Bar Associations or other organizations. If the amounts presented in the 2011 Annual Report are not directly traceable to your accounting records you should prepare (and retain) worksheets that document the compilation of the annual report figures.

Basis of Accounting

As noted in the instructions to the ILSF 2011 Annual Report, officials are required to report their revenues and expenditures related to indigent legal defense services in the ILSF Annual Report using the same basis of accounting applied to the preparation of their financial statements.

Expenditures: Generally Accepted Accounting Principles (GAAP) state that the primary criteria for expenditure recognition in governmental funds is when the liability is incurred (i.e. when goods are received or services are provided). Such expenditures should be accrued if they normally are paid in a timely manner and in full from current financial resources.

Legal Aid Societies - Where Article 18-B services are provided through Legal Aid Societies, expenditures reported on the ILSF Annual Report should be supported by written contracts that reflect services provided in calendar year 2011.

Bar Association (18-B Panel of Attorneys) - Where Article 18-B services are provided through Bar Association Rotational Plans (18-B Panel of Attorneys), expenditures

reported on the ILSF Annual Report should be supported by related payment vouchers or other documentation reflecting services provided in calendar year 2011.

Revenues: GAAP directs that governmental funds recognize revenues in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available to finance expenditures of the fiscal period.

Indigent Legal Services Fund – The March 2011 ILSF payment constituted a distribution from a dedicated fund during a time period that is prescribed by statute, and consequently ILSF revenues are measurable and available on the distribution date in March. Therefore, the March 2011 ILSF distribution you received should be reported on your municipality's ILSF 2011 Annual Report.

Also, beginning in 2011, ILSF payments for indigent defense began to transition from an allocation based on net local expenditures to a performance-based grant program ("expenditure-driven grant program"). In this case, ILSF revenues are recognized once your local government has incurred eligible costs that are reimbursable under the grant program.

Other Sources - Other revenues that should be reported in the ILSF 2011 Annual Report include State aid programs, such as *Correction Law §606 reimbursements*. Recognition of revenues from these and similar programs should be based on the program payment criteria.