

***Financial Report***  
***Thirty-Second Judicial District***  
***Indigent Defender Board***  
***Houma, Louisiana***  
***December 31, 2004***

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-13-05

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**Thirty-Second Judicial District  
Indigent Defender Board**

December 31, 2004

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**FINANCIAL SECTION**



Bourgeois Bennett

**INDEPENDENT AUDITOR'S REPORT**

To the Thirty-Second Judicial District  
Indigent Defender Board,  
Houma, Louisiana.

We have audited the accompanying basic financial statements of the governmental activities of the Thirty-Second Judicial District Indigent Defender Board (the Board), State of Louisiana, a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2004, as listed in the table of contents. These basic financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Thirty-Second Judicial District Indigent Defender Board as of December 31, 2004, and the changes in financial position and the budgetary comparison for the Board for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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Management's Discussion and Analysis on pages 3 through 7 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued our report dated March 18, 2005 on our consideration of the Thirty-Second 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

*Bourgeois Bennett, LLC.*

Certified Public Accountants.

Houma, Louisiana,  
March 18, 2005.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Thirty-Second Judicial District Indigent Defender Board**

The Management's Discussion and Analysis of the Thirty-Second Judicial District Indigent Defender Board's (the Board) financial performance presents a narrative overview and analysis of the Board's financial activities for the year ended December 31, 2004. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with basic financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

The Board's assets exceeded its liabilities at the close of fiscal year 2004 by \$169,613 (net assets), which represents a 31.22% decrease from last fiscal year.

The Board's revenue increased \$77,604 (or 12%) primarily due to increased grants from the Louisiana Indigent Defender Board, service fees from the City Court of Houma, and the forty dollar application fee implemented.

The Board's expenses increased \$63,396 (or 8.60%) primarily due to increases in personal services expenses.

The Board did not have any funds with deficit fund balances.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Board's basic financial statements. The Board's annual report consists of three parts: (1) management's discussion and analysis (this section) (2) basic financial statements and (3) various governmental compliance reports and schedules by certified public accountants and management.

The basic financial statements include two kinds of statements that present different views of the Board:

#### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Board's finances, in a manner similar to a private sector business. The statement of net assets presents information on all of the Board's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful

indicator of whether the financial position of the Board is improving or deteriorating. The statement of activities presents information showing how the Board's net assets change during each fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs regardless of the timing related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The governmental activity of the Board is to provide legal defense to indigents.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the Board are governmental funds.

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Board maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in the fund balance for the General Fund. The Board adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 8 – 12 of this report.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provide in the government-wide and fund financial statements. The notes to the financial statements can be found in Exhibit F of this report.



## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the Board's financial position. As of December 31, 2004, assets exceeded liabilities by \$169,613. A major portion of the Board's current and other assets (53.08%) reflects its investment in the Louisiana Asset Management Pool (LAMP). Also, capital assets reported at \$ 12,171, net of accumulated depreciation, are not available for future spending.

### Condensed Statements of Net Assets

	December 31,		Dollar Change
	2004	2003	
Current and other assets	\$ 224,801	\$ 291,939	\$ (67,138)
Capital assets	12,171	15,509	(3,338)
Total assets	236,972	307,448	(70,476)
Current liabilities	67,359	60,814	6,545
Total liabilities	67,359	60,814	6,545
Net Assets:			
Invested in capital assets, net of related debt	12,171	15,509	(3,338)
Unrestricted	157,442	231,125	(73,683)
Total net assets	\$ 169,613	\$ 246,634	\$ (77,021)

### Governmental Activities

Governmental activities decreased the Board's net assets by \$77,021. Key elements of this increase are as follows:

### Condensed Changes in Net Assets

	December 31,		Dollar Change	Total Percent Change
	2004	2003		
<b>Revenues:</b>				
Service Fees	\$ 623,313	\$ 583,470	\$ 39,843	6.83%
Grant Fees	83,545	59,268	24,277	40.96%
Miscellaneous	16,970	3,486	13,484	386.80%
Total revenues	723,828	646,224	77,604	12.01%
<b>Expenses:</b>				
General Government	800,849	737,453	63,396	8.60%
Total expenses	800,849	737,453	63,396	8.60%
Decrease in net assets	(77,021)	(91,229)	14,208	-15.57%
Net assets beginning of year	246,634	337,863	(91,229)	-27.00%
Net assets end of year	\$ 169,613	\$ 246,634	\$ (77,021)	-31.23%

Revenue from the Terrebonne Parish Consolidated Government, City Court of Houma, and indigents' fees increased \$50,131, while revenues from the Terrebonne Parish Sheriff's Office and Terrebonne Parish District Attorney decreased \$10,288. The increase in revenue resulted from the number of criminal cases and traffic violations increasing. The decreases are the result of fewer court ordered fines and bonds. Grant fees, which increased \$24,277, vary depending on the number of cases the attorneys are appointed to.

### **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As noted earlier, the Board uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### **Governmental Funds**

The focus of the Board's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Board's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Board's governmental fund reported an ending fund balance of \$157,442, a decrease of \$73,683 in comparison with the prior year. The fund balance is unreserved and is available for spending at the Board's discretion.

#### **General Fund Budgetary Highlights**

The budget was amended one time during the year. The primary reasons for amending the budget were to prevent compliance violations under state law. The major differences between the original General Fund budget and the final amended budget were as follows:

##### **Revenues**

- Miscellaneous Revenue increased by approximately \$13,000 due to the Board charging a \$40 application fee to clients. All other revenue had various increases and decreases with the resulting effect being an approximate \$1,000 decrease in total revenues.

##### **Expenditures**

- Personal Services increased approximately \$57,025 due to the anticipation of an increase in attorney's salaries. Total expenditures increased approximately \$58,645.

During the year, expenditures exceeded budgetary estimates, while revenues were slightly less than budgetary estimates.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

The Board's investment in capital assets for its governmental activities as of December 31, 2004, amounts to \$12,171 (net of accumulated depreciation). This investment in capital assets includes equipment, furniture and fixtures, and law books (see table below).

	<u>2004</u>	<u>2003</u>
Equipment	\$ 92,410	\$ 91,278
Furniture and Fixtures	7,195	7,195
Law Books	<u>4,000</u>	<u>4,000</u>
Totals	<u>\$ 103,605</u>	<u>\$ 102,473</u>

The major capital asset event during the current fiscal year was the purchase of a computer.

Additional information on the Board's capital assets can be found in the Note 4, Exhibit F of this report.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Board of Directors considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- Personal services are based on the number of employees and contract attorneys needed to *perform necessary services and the related benefits*
- Estimates of operating supplies needed to perform necessary services
- Detail plan of equipment, books and other legal materials needed to be purchased.
- Revenue is budgeted based on prior year activities.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Board's finances for all those with an interest in the Board's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Directors of the Thirty-Second Judicial District Indigent Defender Board, 318 Church Street, Houma, Louisiana 70360.

**STATEMENT OF NET ASSETS AND  
GOVERNMENTAL FUND BALANCE SHEET**

**Thirty-Second Judicial District  
Indigent Defender Board**

December 31, 2004

	<u>General Fund</u>	<u>Adjustments (Exhibit B)</u>	<u>Statement of Net Assets</u>
<b>Assets</b>			
Cash	\$ 56,992	\$ -	\$ 56,992
Investments	119,330	-	119,330
Due from other governmental units	46,979	-	46,979
Other assets	1,500	-	1,500
Other capital assets:			
Depreciable, net of accumulated depreciation	<u>-</u>	<u>12,171</u>	<u>12,171</u>
Total assets	<u>\$ 224,801</u>	<u>12,171</u>	<u>236,972</u>
<b>Liabilities</b>			
Accounts payable and accrued expenditures	\$ 67,359		<u>67,359</u>
<b>Fund Balance/Net Assets</b>			
Fund balance - unreserved	<u>157,442</u>	<u>(157,442)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 224,801</u>		
<b>Net assets:</b>			
Invested in capital assets		12,171	12,171
Unrestricted		<u>157,442</u>	<u>157,442</u>
Total net assets		<u>\$ 169,613</u>	<u>\$ 169,613</u>

See notes to financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUND  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS**

**Thirty-Second Judicial District  
Indigent Defender Board**

December 31, 2004

<b>Fund Balance - Governmental Fund</b>		<b>\$ 157,442</b>
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.		
Governmental capital assets	\$ 103,605	
Less accumulated depreciation	<u>(91,434)</u>	<u>12,171</u>
<b>Net Assets of Governmental Activities</b>		<b><u>\$ 169,613</u></b>

See notes to financial statements.

**STATEMENT OF ACTIVITIES AND STATEMENT OF  
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE**

**Thirty-Second Judicial District  
Indigent Defender Board**

For the year ended December 31, 2004

	<u>General Fund</u>	<u>Adjustments (Exhibit D)</u>	<u>Statement of Activities</u>
<b>Revenues</b>			
Service fees:			
Terrebonne Parish Consolidated Government	\$ 320,384	\$ -	\$ 320,384
Terrebonne Parish Sheriff	155,505	-	155,505
City Court of Houma	113,065	-	113,065
Terrebonne Parish District Attorney	15,917	-	15,917
Reimbursed fees from indigents	18,442	-	18,442
Grant fees:			
Louisiana Indigent Defender Board	83,545	-	83,545
Miscellaneous:			
Interest	2,087	-	2,087
Other	14,883	-	14,883
Total revenues	<u>723,828</u>	<u>-</u>	<u>723,828</u>
<b>Expenditures/Expenses</b>			
Current:			
General Government:			
Personal services	722,322	-	722,322
Supplies and materials	18,030	-	18,030
Other services and charges	51,457	-	51,457
Repairs and maintenance	4,570	-	4,570
Depreciation	-	4,470	4,470
Total general government	<u>796,379</u>	<u>4,470</u>	<u>800,849</u>
Capital outlay	<u>1,132</u>	<u>(1,132)</u>	<u>-</u>
Total expenditures/expenses	<u>797,511</u>	<u>3,338</u>	<u>800,849</u>
<b>Deficiency of Revenues Over Expenditures</b>	(73,683)	73,683	-
<b>Change in Net Assets</b>	-	(77,021)	(77,021)
<b>Fund Balance/Net Assets</b>			
Beginning of year	<u>231,125</u>	<u>15,509</u>	<u>246,634</u>
End of year	<u>\$ 157,442</u>	<u>\$ 12,171</u>	<u>\$ 169,613</u>

See notes to financial statements.

**RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL  
FUND REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE TO THE STATEMENT OF ACTIVITIES**

**Thirty-Second Judicial District  
Indigent Defender Board**

For the year ended December 31, 2004

<b>Net Change in Fund Balance - Governmental Fund</b>		<b>\$ (73,683)</b>
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense		
Capital outlay	\$ 1,132	
Depreciation expense	<u>(4,470)</u>	
Excess of capital outlay over depreciation expense		<u>(3,338)</u>
<b>Change in Net Assets of Governmental Activities</b>		<b><u>\$ (77,021)</u></b>

See notes to financial statements.

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
GENERAL FUND**

**Thirty-Second Judicial District  
Indigent Defender Board**

For the year ended December 31, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Service fees:				
Terrebonne Parish Consolidated Government	\$ 362,466	\$ 325,074	\$ 320,384	\$ (4,690)
Terrebonne Parish Sheriff	152,052	163,176	155,505	(7,671)
City Court of Houma	94,497	107,564	113,065	5,501
Terrebonne Parish District Attorney	13,200	12,548	15,917	3,369
Reimbursed fees from indigents	16,912	17,695	18,442	747
Grant fees:				
Louisiana Indigent Defender Board	83,433	83,545	83,545	-
Miscellaneous:				
Interest	3,061	1,942	2,087	145
Other	175	13,181	14,883	1,702
Total revenues	<u>725,796</u>	<u>724,725</u>	<u>723,828</u>	<u>(897)</u>
<b>Expenditures</b>				
Current:				
General Government:				
Personal services	657,902	714,927	722,322	(7,395)
Supplies and materials	14,730	18,826	18,030	796
Other services and charges	58,166	54,028	51,457	2,571
Repairs and maintenance	2,888	4,550	4,570	(20)
Total general government	<u>733,686</u>	<u>792,331</u>	<u>796,379</u>	<u>(4,048)</u>
Capital outlay	<u>10,000</u>	<u>1,590</u>	<u>1,132</u>	<u>458</u>
Total expenditures/expenses	<u>743,686</u>	<u>793,921</u>	<u>797,511</u>	<u>(3,590)</u>
<b>Deficiency of Revenues Over Expenditures</b>	(17,890)	(69,196)	(73,683)	(4,487)
<b>Fund Balance</b>				
Beginning of year	<u>231,125</u>	<u>231,125</u>	<u>231,125</u>	<u>-</u>
End of year	<u>\$ 213,235</u>	<u>\$ 161,929</u>	<u>\$ 157,442</u>	<u>\$ (4,487)</u>

See notes to financial statements.



**NOTES TO FINANCIAL STATEMENTS**

**Thirty-Second Judicial District  
Indigent Defender Board**

December 31, 2004

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Thirty-Second Judicial District Indigent Defender Board (the Board) conform to accounting principles generally accepted in the United States of America (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. The following is a summary of significant accounting policies:

**a) Reporting Entity**

The Board is a component unit of the Terrebonne Parish Consolidated Government (the Parish) and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 2004.

The Board has reviewed all of its activities and determined that there are no potential component units which should be included in its financial statements.

**b) Basis of Presentation**

The Board's basic financial statements consist of the government-wide statements on all activities of the Board and the governmental fund financial statements.

**Government-wide Financial Statements:**

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of the Board. The government-wide presentation focuses primarily on the sustainability of the Board as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b) Basis of Presentation (Continued)**

**Fund Financial Statements:**

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of Statement No. 34. The daily accounts and operations of the Board continue to be organized on the basis of a fund and accounts groups, each of which is considered a separate accounting entity. The operations of the fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following is the Governmental Fund of the Board:

**General Fund** - The General Fund is the general operating fund of the Board. It is used to account for all financial resources except those that are required to be accounted for in another fund.

**c) Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

**Government-wide Financial Statements:**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**Fund Financial Statements:**

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c) Measurement Focus and Basis of Accounting (Continued)**

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For this purpose, the Board considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Court costs on fines and forfeitures imposed by the Board and city courts are recorded in the year they are collected by the tax collectors. Fees from indigents are recorded when available. Interest income on investments is recorded as revenue when the investments have matured and the income is available. Grant fees and miscellaneous revenues are recorded as revenues when received in cash by the Board because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Allocations of cost such as depreciation are not recognized in the governmental funds.

**d) Use of Estimates**

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

**e) Operating Budgetary Data**

As required by the Louisiana Revised Statutes 39:1303, the Board adopted a budget for the General Fund. The budgetary practices include public notice of the proposed budget, public inspection and a public hearing on the budget prior to adoption. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. The Board amended its budget once during the year. All budgeted amounts which are not expended, or obligated through contracts, lapse at year-end.

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**e) Operating Budgetary Data (Continued)**

The General Fund budget presentation is included in the basic financial statements.

**f) Accounts Receivable**

The financial statements for the Board contain no allowance for uncollectible accounts. Uncollectible amounts due for receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the fund.

**g) Investments**

Investments consist of deposits in the Louisiana Asset Management Pool (LAMP). LAMP is an external pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than market value to report net assets to complete share prices if certain conditions are met.

**h) Capital Assets**

The accounting treatment over equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

**Government-wide Financial Statements:**

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$500 or more are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**h) Capital Assets (Continued)**

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Equipment	5 – 10 years
Furniture and fixtures	5 years
Law books	5 years

**Fund Financial Statements:**

*In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.*

**i) Vacation and Sick Leave**

The employees of the Board are paid by the Thirty-Second Judicial District. After one year of service, employees receive 10 days of vacation. Unused vacation at year-end may be carried forward one year. Also, employees have forty hours of sick leave per year. Upon termination, unused vacation for the year will be paid on a pro-rated basis, but sick leave will not be paid. There is no material accumulated vacation or sick leave liability to the Board at December 31, 2004.

**j) Fund Equity**

**Government-wide Statements:**

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. At December 31, 2004, there were no outstanding balances of debt.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**j) Fund Equity (Continued)**

- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets.”

When both restricted and unrestricted resources are available for use, it is the Board’s policy to use restricted resources first, then unrestricted resources as they are needed. As of December 31, 2004, the Board did not have restricted net assets.

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved.

**Note 2 - DEPOSITS AND INVESTMENTS**

*Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of state banks organized under laws of Louisiana and national banks having their principal office in Louisiana or any other federally insured investment.*

**Deposits:**

State law requires deposits (cash) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes the FDIC insurance and market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

**Note 2 - DEPOSITS AND INVESTMENTS (Continued)**

Deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by the Board or its agent in the Board's name.

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department or its agent in the Board's name.

Category 3 includes deposits covered by collateral held by the pledging financial institution or its trust department or agents but not in the Board's name and deposits which are uninsured or uncollateralized.

The year-end balances of deposits and the carrying amounts as shown on the Statement of Net Assets and Governmental Fund Balance Sheet are as follows:

	Bank Balances			Book Balance
	1	2	3	
Cash	<u>\$59,493</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$56,992</u>

At December 31, 2004, cash was not in excess of the FDIC insurance.

Investments held at December 31, 2004 consist of \$119,330 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126, the investment in LAMP at December 31, 2004 is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issues, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities.

**Note 2 - DEPOSITS AND INVESTMENTS (Continued)**

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. *The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.*

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

**Note 3 - DUE FROM OTHER GOVERNMENTAL UNITS**

Amounts due from other governmental units at December 31, 2004 consisted of the following:

Terrebonne Parish Consolidated Government	\$23,231
Terrebonne Parish Sheriff	12,992
City Court of Houma	9,392
Terrebonne Parish District Attorney	<u>1,364</u>
 Total	 <u>\$46,979</u>

The amounts due from the Terrebonne Parish Consolidated Government and Terrebonne Parish Sheriff's Office are for court costs on fines and forfeitures imposed by the Board, bond fees, and court-ordered reimbursements. Amounts due from the City Court of Houma are from the forfeiture of surety bonds in criminal proceedings and for court costs on fines and forfeitures imposed by the Board.



**Exhibit F  
(Continued)**

**Note 4 - CHANGES IN CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2004 was as follows:

	<u>Balance January 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2004</u>
Capital assets being depreciated:				
Equipment	\$ 91,278	\$ 1,132	\$ -	\$ 92,410
Furniture and fixtures	7,195	-	-	7,195
Law books	4,000	-	-	4,000
	<u>102,473</u>	<u>1,132</u>	<u>-</u>	<u>103,605</u>
Less accumulated depreciation for:				
Equipment	(76,170)	(4,069)	-	(80,239)
Furniture and fixtures	(7,194)	(1)	-	(7,195)
Law books	(3,600)	(400)	-	(4,000)
	<u>(86,965)</u>	<u>(4,470)</u>	<u>-</u>	<u>(91,435)</u>
Total capital assets, net	<u>\$ 15,509</u>	<u>\$ (3,338)</u>	<u>\$ -</u>	<u>\$ 12,171</u>

**Note 5 - ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES**

Accounts payable and accrued expenditures at December 31, 2004 consisted of the following:

Vendors	\$ 3,611
Contract Attorneys	44,660
Salaries and benefits	<u>19,088</u>
Total	<u>\$67,359</u>

**Note 6 - COMMITMENTS**

Effective May 1, 2001, the Board renewed a sixty (60) month operating lease for office space in Houma, Louisiana for \$1,200 per month. Effective June 1, 2002 the Board entered into a forty-seven (47) month lease at a rate of \$700 per month for the use of a storage building. Rental expenditures incurred on the leases in 2004 amounted to \$22,800. Commitments under the lease are as follows:

<u>Year</u>	<u>Amount</u>
2005	\$22,800
2006	<u>7,600</u>
Total	<u>\$30,400</u>

**Note 7 - DEFINED BENEFIT PENSION PLAN**

**Plan Description** - The Board contributes to Plan A of the Parochial Employees' Retirement System of Louisiana (the System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS), which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost-of-living adjustments to plan members and beneficiaries. Act 205 of the 1952 Louisiana Legislative Session established the plan. The System is governed by Louisiana Revised Statutes 11:1901 through 11:2015, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Parochial Employees' Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, Louisiana 70898.

**Funding Policy** - Plan members are required to contribute 9.5% of their annual covered salary and the Board is required to contribute at an actuarially determined rate. The current rate is 7.75% of annual payroll. The contribution requirements of plan members and the Board are established and may be amended by state statute. The Board's contributions to the System for the years ending December 31, 2004, 2003 and 2002 were \$18,964, \$12,287, and \$12,286, respectively, equal to the required contributions for the year.

**Note 8 - RISK MANAGEMENT**

The Board is exposed to various risks of loss related to workers compensation; torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Board carries commercial insurance. No settlements were made during the year that exceeded the Board's insurance coverage.

**Note 9 - BOARD MEMBERS COMPENSATION**

Members of the Board served without compensation for the year ended December 31, 2004.

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**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS**



Bourgeois Bennett

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

To the Thirty-Second Judicial District  
Indigent Defender Board,  
Houma, Louisiana.

We have audited the basic financial statements of the Thirty-Second Judicial District Indigent Defender Board (the Board), State of Louisiana, a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2004, and have issued our report thereon dated March 18, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic 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 reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's basic 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 or other matters that are required to be reported under Government Auditing Standards.

This report is intended for the information of the Indigent Defender Board, management, the State of Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by any one other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bougeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
March 18, 2005.

**SCHEDULE OF FINDINGS AND RESPONSES**

**Thirty-Second Judicial District Indigent Defender Board**

For the year ended December 31, 2004

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

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified?                       yes     no
- Reportable condition(s) identified that are not  
considered to be material weaknesses?                       yes     none reported

Noncompliance material to financial statements noted?                       yes     no

b) Federal Awards

Thirty-Second Judicial District Indigent Defender Board did not receive federal awards during the year ended December 31, 2004.

**Section II Financial Statement Findings**

No financial statements findings were noted during the audit for the year ended December 31, 2004.

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

Not applicable.

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**REPORTS BY MANAGEMENT**



## **SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES**

### **Thirty-Second Judicial District Indigent Defender Board**

For the year ended December 31, 2004

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

##### **Internal Control**

No material weaknesses were reported during the audit for the year ended December 31, 2003.  
No reportable conditions were reported during the audit for the year ended December 31, 2003.

##### **Compliance**

03-1 **Recommendation** – We recommend that the Board comply with the state budget laws by adopting both the proposed and amended budget prior to the year end.

**Management's Response** – The Board will comply with the State budget laws in the future.

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

The Thirty-Second Judicial District Indigent Defender Board did not receive federal awards during the year ended December 31, 2003.

#### **Section III Management Letter**

A management letter was not issued in connection with the audit for the year ended December 31, 2003.

**MANAGEMENT'S CORRECTIVE ACTION PLAN**

**Thirty-Second Judicial District Indigent Defender Board**

For the year ended December 31, 2004

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

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2004.  
No reportable conditions were reported during the audit for the year ended December 31, 2004.

Compliance

No compliance findings material to the basic financial statements were noted during the audit for the year ended December 31, 2004.

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

The Thirty-Second Judicial District Indigent Defender Board did not receive federal awards during the year ended December 31, 2004.

**Section III Management Letter**

A management letter was not issued in connection with the audit for the year ended December 31, 2004.