

Financial Report

***Office of the District Public Defender
32nd JDC Parish of Terrebonne***

Houma, Louisiana

For the year ended June 30, 2012

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Office of the District Public Defender 32nd JDC Parish of Terrebonne

For the year ended June 30, 2012

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To The Chief Defender of the Office
of the District Public Defender 32nd
JDC Parish of Terrebonne, Houma, Louisiana.

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Office of the District Public Defender 32nd JDC Parish of Terrebonne (the Office), State of Louisiana, as of and for the year ended June 30, 2012 which collectively comprise the Office's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Office's management. Our responsibility is to express opinions on these 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 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the General Fund of the Office of the District Public Defender 32nd JDC Parish of Terrebonne as of June 30, 2012, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated August 14, 2012 on our consideration of the Office'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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Bourgeois Bennett, L.L.C.
Certified Public Accountants.

Houma, Louisiana,
August 14, 2012.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Office of the District Public Defender 32nd JDC Parish of Terrebonne

The Management's Discussion and Analysis of the Thirty-Second Judicial District Court Office of Indigent Defender (the Office) financial performance presents a narrative overview and analysis of the Office's financial activities for the year ended June 30, 2012. This document focuses on the current period'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 Office's assets exceeded its liabilities at the close of the year ended June 30, 2012 by \$281,820 (net assets), which represents a \$22,413 increase from last fiscal period.

The Office's revenue increased \$234,571 (or 20.65%) primarily due to an increase in grants received.

The Office's expenditures decreased by \$197,231 (or 12.76%) due to decreases in personal services, supplies and materials, other services and charges, and repairs and maintenance.

The Office 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 Office's basic financial statements. The Office'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 Office:

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Office's finances, in a manner similar to a private sector business. The statement of net assets presents information on all of the Office'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 Office is improving or deteriorating. The statement of activities presents information showing how the Office's net assets change during each fiscal period. 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 Office 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 Office 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 period. 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 Office 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 Office 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 Office's financial position. As of June 30, 2012, assets exceeded liabilities by \$281,820. Net assets invested in capital assets are reported at \$24,489 (net of accumulated depreciation), and are not available for future spending.

Condensed Statements of Net Assets

	June 30,		Dollar Change
	2012	2011	
Current and other assets	\$ 385,649	\$ 374,804	\$ 10,845
Capital assets	24,489	36,822	(12,333)
Total assets	<u>410,138</u>	<u>411,626</u>	<u>(1,488)</u>
Current liabilities	115,100	146,903	(31,803)
Long-term obligations	13,218	5,316	7,902
Total liabilities	<u>128,318</u>	<u>152,219</u>	<u>(23,901)</u>
Net Assets:			
Invested in capital assets	24,489	36,822	(12,333)
Unrestricted	257,331	222,585	34,746
Total net assets	<u>\$ 281,820</u>	<u>\$ 259,407</u>	<u>\$ 22,413</u>

Governmental Activities

Governmental activities increased the Office's net assets by \$22,413. Key elements of this increase are as follows:

Condensed Statements of Changes in Net Assets

	For the twelve months ended	For the twelve months ended	Dollar Change	% Change
	June 30, 2012	June 30, 2011		
Revenues:				
Service fees	\$ 856,245	\$ 930,469	\$ (74,224)	-7.98%
Grants	487,518	183,515	304,003	165.66%
Charges for services	14,940	12,110	2,830	23.37%
Miscellaneous	11,683	9,721	1,962	20.18%
Total revenues	<u>1,370,386</u>	<u>1,135,815</u>	<u>234,571</u>	<u>20.65%</u>
Expenses:				
General government	<u>1,347,973</u>	<u>1,545,204</u>	<u>(197,231)</u>	<u>-12.76%</u>
Increase (decrease) in net assets	22,413	(409,389)	431,802	-105.47%
Net assets beginning of year	<u>259,407</u>	<u>668,796</u>	<u>(409,389)</u>	<u>-61.21%</u>
Net assets end of year	<u>\$ 281,820</u>	<u>\$ 259,407</u>	<u>22,413</u>	<u>8.64%</u>

Grant revenue from the Louisiana Public Defender Board increased by \$304,003 or 165.66%. The revenues from service fees decreased by 7.98%. General government expenses decreased 12.76% due to decreases in salaries expense, expert fees, continuing legal education and legal, repairs and maintenance, and office expenses.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

The focus of the Office's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Office's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal period. As of June 30, 2012, the Office's governmental fund reported an ending fund balance of \$270,549, an increase of \$42,648. The fund balance that is unassigned and is available for spending at the Office's discretion amount to \$253,936.

General Fund Budgetary Highlights

The budget was amended once during the year ended June 30, 2012. The primary reason for amending the budget was to attempt 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

- Revenues from Terrebonne Parish Consolidated Government and the City Court of Houma were decreased to approximate anticipated receipts.
- Revenues from the Louisiana Public Defender Board were increased \$148,200 to approximate anticipated receipts.

Expenditures

- Personal services decreased \$3,257 for lower anticipated personnel costs.
- Supplies and materials decreased \$4,402 as supplies expense was less than anticipated.
- Other services and changes decreased \$17,754 as expert fees and continuing legal education expenses were less than anticipated.

During the year ended June 30, 2012, revenues exceeded budgetary estimates and expenses were less than budgetary estimates.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Office's investment in capital assets for its governmental activities as of June 30, 2012, amounts to \$24,489 (net of accumulated depreciation). This investment in capital assets includes equipment, furniture and fixtures, and law books.

	<u>2012</u>	<u>2011</u>
Equipment	\$ 141,849	\$ 141,849
Furniture and fixtures	10,477	10,477
Vehicle	16,582	16,582
Law books	<u>4,000</u>	<u>4,000</u>
Totals	<u>\$ 172,908</u>	<u>\$ 172,908</u>

There were no capital asset purchases during the year ended June 30, 2012.

Additional information on the Office'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 Chief Defender considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- Revenue is budgeted based on prior year's level of activities.
- Personal services are based on the continuation of present services with the reduction of a clerical position. The Office will consider replacing the vacant clerical position, and hiring attorneys to handle drug offense cases if the funding is available in the first half of fiscal year end 2013.
- Capital outlay was budgeted for the purpose of purchasing new computers.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Office's finances for all those with an interest in the Office's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Chief Defender of the Thirty-Second Judicial District Office of Indigent Defenders, 504 Belanger Street, Houma, Louisiana 70360.

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

**Office of the District Public Defender
32nd JDC Parish of Terrebonne**

June 30, 2012

	<u>General Fund</u>	<u>Adjustments (Exhibit B)</u>	<u>Statement of Net Assets</u>
Assets			
Cash	\$ 161,922		\$ 161,922
Investments	140,058		140,058
Due from other governmental units	67,056		67,056
Prepays	16,613		16,613
Capital assets:			
Depreciable, net of accumulated depreciation	<u>-</u>	<u>\$ 24,489</u>	<u>24,489</u>
Total assets	<u>\$ 385,649</u>	<u>24,489</u>	<u>410,138</u>
Liabilities			
Accounts payable and accrued expenditures	\$ 115,100	-	115,100
Non-current liabilities	<u>-</u>	<u>13,218</u>	<u>13,218</u>
Total liabilities	<u>115,100</u>	<u>13,218</u>	<u>128,318</u>
Fund Balance/Net Assets			
Fund balance:			
Nonspendable-prepays	16,613	(16,613)	-
Unassigned	<u>253,936</u>	<u>(253,936)</u>	<u>-</u>
Total fund balance	<u>270,549</u>	<u>(270,549)</u>	
Total liabilities and fund balance	<u>\$ 385,649</u>	<u>(257,331)</u>	<u>128,318</u>
Net assets:			
Invested in capital assets		24,489	24,489
Unrestricted		<u>257,331</u>	<u>257,331</u>
Total net assets		<u>\$ 281,820</u>	<u>\$ 281,820</u>

See notes to financial statements.

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

**Office of the District Public Defender
32nd JDC Parish of Terrebonne**

June 30, 2012

Fund Balance - Governmental Fund		\$ 270,549
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	\$ 172,908	
Less accumulated depreciation	<u>(148,419)</u>	24,489
Long term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund		
Compensated absences payable		<u>(13,218)</u>
Net Assets of Governmental Activities		<u>\$ 281,820</u>

See notes to financial statements.

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

**Office of the District Public Defender
32nd JDC Parish of Terrebonne**

For the year ended June 30, 2012

	General Fund	Adjustments (Exhibit D)	Statement of Activities
Revenues			
Service fees:			
Terrebonne Parish Consolidated Government	\$ 511,451		\$ 511,451
Terrebonne Parish Sheriff	192,461		192,461
City Court of Houma	140,723		140,723
Terrebonne Parish District Attorney	11,510		11,510
Reimbursed fees from indigents	100		100
Grants:			
Louisiana Public Defender Board	487,518		487,518
Charges for Services	14,940		14,940
Miscellaneous			
Interest	294		294
Other	11,389		11,389
	1,370,386		1,370,386
Total revenues			
Expenditures/Expenses			
General government:			
Personal services	1,196,385	\$ 7,902	1,204,287
Supplies and materials	21,364	-	21,364
Other services and charges	97,037	-	97,037
Repairs and maintenance	12,952	-	12,952
Depreciation	-	12,333	12,333
	1,327,738	20,235	1,347,973
Total expenditures/expenses			
Excess of Revenues Over Expenditures	42,648	(42,648)	-
Change in Net Assets	-	22,413	22,413
Fund Balance/Net Assets	227,901	31,506	259,407
Beginning of year	\$ 270,549	\$ 11,271	\$ 281,820
End of year	227,901	31,506	259,407

See notes to financial statements.

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

**Office of the District Public Defender
32nd JDC Parish of Terrebonne**

For the year ended June 30, 2012

Net Change in Fund Balance - Governmental Fund	\$ 42,648
Amounts reported for governmental activities in the statement of activities are different because:	
<p style="margin-left: 40px;">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.</p>	
Depreciation expense	(12,333)
<p style="margin-left: 40px;">Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund</p>	
Compensated absences payable	<u>(7,902)</u>
Change in Net Assets of Governmental Activities	<u>\$ 22,413</u>

See notes to financial statements.

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

**Office of the District Public Defender
32nd JDC Parish of Terrebonne**

For the year ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Service fees:				
Terrebonne Parish Consolidated Government	\$ 539,122	\$ 516,309	\$ 511,451	\$ (4,858)
Terrebonne Parish Sheriff	77,097	93,341	192,461	99,120
City Court of Houma	243,141	224,902	140,723	(84,179)
Terrebonne Parish District Attorney	-	-	11,510	11,510
Reimbursed fees from indigents	34,084	26,101	100	(26,001)
Grants:				
Louisiana Public Defender Board	338,495	486,695	487,518	823
Charges for services	12,036	14,149	14,940	791
Miscellaneous:				
Interest	698	287	294	7
Other	-	-	11,389	11,389
Total revenues	<u>1,244,673</u>	<u>1,361,784</u>	<u>1,370,386</u>	<u>8,602</u>
Expenditures				
Current:				
General Government:				
Personal services	1,220,885	1,217,628	1,196,385	21,243
Supplies and materials	26,373	21,971	21,364	607
Other services and charges	120,739	102,985	97,037	5,948
Repairs and maintenance	13,224	12,271	12,952	(681)
Total general government	<u>1,381,221</u>	<u>1,354,855</u>	<u>1,327,738</u>	<u>27,117</u>
Capital outlay	-	705	-	705
Total expenditures/expenses	<u>1,381,221</u>	<u>1,355,560</u>	<u>1,327,738</u>	<u>27,822</u>
Excess (Deficit) of Revenues Over Expenditures	(136,548)	6,224	42,648	36,424
Fund Balance				
Beginning of year	<u>227,901</u>	<u>227,901</u>	<u>227,901</u>	<u>-</u>
End of year	<u>\$ 91,353</u>	<u>\$ 234,125</u>	<u>\$ 270,549</u>	<u>\$ 36,424</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Office of the District Public Defender
32nd JDC Parish of Terrebonne**

June 30, 2012

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Office of the District Public Defender 32nd JDC Parish of Terrebonne (the Office) 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 and Period

In accordance with GASB Statement No. 14, "the Financial Reporting Entity", as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, the Office's basic financial statements include the accounts of all functions and activities. The criteria used to determine whether the Office has component units (separate governmental units, agencies, or nonprofit corporations associated with the Office) includes appointment of a voting majority, imposition of will, imposition of financial benefit to or burden on the Office, and fiscal dependency.

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

The Office is operated by the Chief Defender. The Chief Defender's authority is contingent upon the approval of the Louisiana Public Defender Board (the Board) and the Board may relieve the chief defender of his duties.

b) Basis of Presentation

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (continued)

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 Office. The government-wide presentation focuses primarily on the sustainability of the Office 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.

Fund Financial Statements:

The daily accounts and operations of the Office are 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 office:

General Fund - The General Fund is the general operating fund of the Office. 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting (continued)

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.

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 period or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal period. For this purpose, the Office considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Court costs on fines and forfeitures imposed by the Office and courts are recorded in the period they are collected by intermediate 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. Grants and miscellaneous revenues are recorded as revenues when received in cash by the Office 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 Chief Defender 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 Chief Defender. The

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Operating Budgetary Data (continued)

Office 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.

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

f) Accounts Receivable

The financial statements for the Office 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 years
Furniture and fixtures	5 - 7 years
Vehicle	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

After one year of service, employees receive 10 days of vacation. After 10 years of employment an additional day will be earned each year maxing out at 20 days. 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.

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 June 30, 2012, there were no outstanding balances of debt.
- 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Fund Equity (continued)

- 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 Office’s policy to use restricted resources first, then unrestricted resources as they are needed. As of June 30, 2012, the Office did not have restricted net assets.

Fund Financial Statements:

Governmental funds fund balances classified as fund balance. Fund balance is further classified as follows:

- a. Non-spendable- amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to maintain intact.
- b. Restricted- amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed- amounts that can be used only for specific purposes determined by formal action of the Chief Defender. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Chief Defender.
- d. Assigned – amounts that do not meet the criteria to be classified as either restricted or committed but that are intended to be used for specific purposes.
- e. Unassigned – all other spendable amounts.

For the classification of governmental fund balances, the Office considers an expenditure to be made from the most restrictive first when more than one classification is available. The Office’s fund balance was classified as nonspendable, and unassigned as of June 30, 2012.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) New GASB Statements

The GASB has issued the following statements which will become effective in future years as shown below:

Statement No. 63, "*Financial Reporting of Deferred Outflow of Resources, Deferred Inflows of Resources and Net Position.*" The statement mandates the statement of financial position distinguished assets and liabilities from deferred outflows of resources and deferred inflows of resources starting with financial statements for the fiscal year beginning after December 15, 2011. Management has not yet determined the effect of this statement on the financial statements.

Statement No. 65, "*Items Previously Reported as Assets and Liabilities.*" This statement reclassifies certain items that were previously reported as assets and liabilities as deferred outflow resources, deferred inflows of resources, or current period outflows and inflows. The Office will implement this statement in fiscal year end 2013. Management has not yet determined the effect of this statement on the financial statements.

Note 2 - DEPOSITS AND INVESTMENTS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or other federally insured investments, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, guaranteed investments contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

Bank Deposits:

State law requires deposits (cash) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes the FDIC insurance and 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 with a trust company for the account of the political subdivision.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

The year-end balances of deposits are as follows:

	Bank Balance	Reported Amount
Cash	\$ 172,523	\$ 161,922

Custodial credit risk is the risk that in the event of a bank failure, the Office's deposits may not be returned to it. The Office has a written policy for custodial credit risk. As of June 30, 2012, the Office's bank balance of \$172,523 was not exposed to custodial credit risk because it was fully covered by FDIC insurance. At June 30, 2012, cash was adequately collateralized in accordance with state law.

Investments:

State statutes authorize the Office to invest in obligations of the U.S. Treasury, agencies and instrumentalities; guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations; repurchase agreements; and the Louisiana Asset Management Pool (LAMP).

As a means of limiting its exposure to fair value losses arising from interest rates, the Office's investment policy emphasized maintaining liquidity to match specific cash flows.

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Office's investment policy requires the application of the prudent-person rule. This policy states, *investments shall be made with the judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. Primary emphasis shall be placed upon the safety of principal secondly to maintain liquidity to meet operating requirements and finally to obtain the most favorable rate of return...* The Office's investment policy limits investments to those discussed earlier in this note. LAMP has a Standard & Poor's Rating of AAAm.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Office will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in external investment pools are not exposed to custodial credit risk because of their natural diversification and the diversification required by the Securities and Exchange Commission.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, highly quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. 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. 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.

The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost. The fair value of participants' position is the same as the value of the pool shares. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. Investments in LAMP at June 30, 2012 amounted to \$140,058.

Note 3 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at June 30, 2012 consisted of the following:

Terrebonne Parish Sheriff	\$10,023
Terrebonne Parish Consolidated Government	44,286
City Court of Houma	<u>12,747</u>
Total	<u>\$67,056</u>

The amounts due from the Terrebonne Parish Sheriff's Office are for court costs on fines and forfeitures imposed by the Office, bond fees, and court-ordered reimbursements. Amounts due from Terrebonne Parish Consolidated Government are for money collected for various items such as traffic citations. 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 Office.

Note 4 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Balance June 30, 2012</u>
Capital assets being			
Equipment	\$ 141,849		\$ 141,849
Furniture and fixtures	10,477		10,477
Vehicle	16,582		16,582
Law books	<u>4,000</u>		<u>4,000</u>
 Total capital assets being depreciated	 <u>172,908</u>		 <u>172,908</u>
 Less accumulated depreciation for:			
Equipment	(114,846)	\$ (8,737)	(123,583)
Furniture and fixtures	(10,055)	(280)	(10,335)
Vehicle	(7,185)	(3,316)	(10,501)
Law books	<u>(4,000)</u>	<u>-</u>	<u>(4,000)</u>
 Total accumulated depreciation	 <u>(136,086)</u>	 <u>(12,333)</u>	 <u>(148,419)</u>
 Total capital assets, net	 <u>\$ 36,822</u>	 <u>\$ (12,333)</u>	 <u>\$ 24,489</u>

Note 5 - ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES

Accounts payable and accrued expenditures at June 30, 2012 consisted of the following:

Contract Attorneys	\$ 23,683
Salaries and benefits	<u>91,417</u>
 Total	 <u>\$ 115,100</u>

Note 6 - NON-CURRENT LIABILITIES

Non-current liabilities consist of accumulated unpaid vacation. The Office had an increase of \$7,902 and an ending balance of \$13,218 in accumulated unpaid vacation at June 30, 2012.

Note 7 - GOVERNMENTAL FUND REVENUES AND EXPENDITURES

For the year ended June 30, 2012, the major sources of governmental fund revenues and expenditures were as follows:

Revenues:

State government:		
Grants	\$	487,518
Local Government		
Appropriations - general		511,451
Statutory fines, fees, court costs and other		344,694
Total		856,145
Charges for services		15,040
Investment earnings		294
Other		11,389
Total Revenues	\$	1,370,386

Expenditures:

Personnel services and benefits		
Salaries	\$	712,803
Retirement contributions		75,925
Insurance		49,981
Payroll taxes		23,539
Total		862,248
Professional development		
Dues, licenses and registrations		990
Travel		3,908
Total		4,898
Operating costs		
Library and research		10,682
Contract services - attorney/legal		334,137
Contract services - other		8,625
Lease - Office		56,436
Insurance		19,359
Supplies		10,682
Repairs and maintenance		12,952
Utilities and telephone		5,708
Other		2,011
Total		460,592
Capital outlay		-
Total expenditures	\$	1,327,738

Note 8 - COMMITMENTS

On January 13, 2011 the Office entered into a twenty-four (24) month lease for a storage unit for \$149 per month. On September 21, 2010 the Office entered into a sixty (60) month operating lease of office space for \$4,400 per month beginning December 1, 2010. On March 1, 2012 the Office entered into a twenty-four (24) month lease for an additional storage unit for \$164 per month. Rental expenditures incurred on the leases and the storage units for the twelve months ended June 30, 2012 amounted to \$56,436. Commitments under the office leases and storage units are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2013	\$ 55,737
2014	54,112
2015	52,800
2016	<u>22,000</u>
Total	<u>\$ 184,649</u>

Note 9 - DEFINED BENEFIT PENSION PLAN

Plan Description - The Office 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.

Note 9 - DEFINED BENEFIT PENSION PLAN (Continued)

Funding Policy - Plan members are required to contribute 9.5% of their annual covered salary and the Office is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual payroll. The contribution requirements of plan members and the Office are established and may be amended by state statute. The Office's contributions to the System for the twelve months ended June 30, 2012, the twelve months ended June 30, 2011, and the eighteen months ended December 31, 2010 were \$75,925, \$70,980, and \$68,176, respectively, equal to each period's required contributions.

Note 10 - RISK MANAGEMENT

The Office 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 Office carries commercial insurance. No settlements were made during the year that exceeded the Office insurance coverage.

Note 11 - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through August 14, 2012, which is the date the financial statements were available to be issued.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

**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
Office of Indigent Defenders,
Houma, Louisiana.

We have audited the financial statements of the governmental activities and the general fund of the Office of the District Public Defender 32nd JDC Parish of Terrebonne (the Office), State of Louisiana, a component unit of the Louisiana Public Defender Board as of and for the year ended June 30, 2012, and have issued our report thereon dated August 14, 2012. 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

Management of the office is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Office's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Office's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or, detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Offices's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Office's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 Office of Indigent Defenders, 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 anyone 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,
August 14, 2012.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Office of the District Public Defender 32nd JDC Parish of Terrebonne

For the year ended June 30, 2012

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

Internal Control

No material weaknesses were noted during the audit for the year ended June, 30, 2011.

No significant deficiencies were reported during the audit for the year ended June 30, 2011.

Compliance

11-01 Recommendation- We recommend that the Office comply with the State budget laws by amending its budget to ensure that actual revenues do not create an unfavorable variance of five percent or greater.

Management's Response- The Office did amend its budget close to year end. Amended budget amounts did not approximate revenues and excess revenue was reclassified to other revenue. The Office's administration will ensure that the approved amended budget approximates expected actual revenues within five percent so that the Office will be in compliance with the State budget laws. Resolved.

Section II Internal Control and Compliance Material to Federal Awards

The Office of the District Public Defender 32nd JDC Parish of Terrebonne did not expend federal awards during the eighteen months ended June 30, 2011.

Section III Management Letter

A management letter was not issued in connection with the audit for the twelve months ended June 30, 2011.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Office of the District Public Defender 32nd JDC Parish of Terrebonne

For the year ended June 30, 2012

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

Internal Control

No material weaknesses were noted during the audit for the year ended June, 30, 2012.

No significant deficiencies were reported during the audit for the year ended June 30, 2012.

Compliance

No compliance findings material to the basic financial statements were noted during the audit for the year ended June 30, 2012.

Section II Internal Control and Compliance Material to Federal Awards

The Office of the District Public Defender 32nd JDC Parish of Terrebonne did not expend federal awards during the year ended June 30, 2012.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2012.