

***Financial Report***

***Office of the District Public Defender  
32<sup>nd</sup> JDC Parish of Terrebonne***

***Houma, Louisiana***

***For the eighteen months ended June 30, 2010***

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 2/10/11

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For the eighteen months ended June 30, 2010

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**FINANCIAL SECTION**



Bourgeois Bennett

**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 eighteen months ended June 30, 2010 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 32<sup>nd</sup> JDC Parish of Terrebonne as of June 30 2010, and the respective changes in financial position and the budgetary comparison for the General Fund for the eighteen months then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with Government Auditing Standards, we have also issued our report dated December 15, 2010 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.

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. However, we did not audit the information and express no opinion on it.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
December 15, 2010.

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

### **Office of the District Public Defender 32<sup>nd</sup> JDC Parish of Terrebonne**

The Management's Discussion and Analysis of the Thirty-Second Judicial District Court Office of Indigent Defenders' (the Office) financial performance presents a narrative overview and analysis of the Office's financial activities for the eighteen months ended June 30, 2010. 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 eighteen months ended June 30, 2010 by \$668,796 (net assets), which represents a \$77,268 increase from last fiscal year.

The Office's average monthly revenue decreased approximately \$11,000 per month for the eighteen month period ending June 30, 2010 as compared to the twelve month period ending December 31, 2008. The average monthly decrease in revenues was due to decreases in service fees from Terrebonne Parish Consolidated Government, the Terrebonne Parish Sheriff's Office and grants from the Louisiana Indigent Defender Board.

The Office's average monthly expenses for the eighteen months ending June 30, 2010 increased by approximately \$3,000 per month from the twelve months ending December 31, 2008. This increase is due to an increase in personal services.

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, 2010, assets exceeded liabilities by \$668,796. Net assets invested in capital assets are reported at \$29,743 (net of accumulated depreciation), and are not available for future spending.

**Condensed Statements of Net Assets**

	June 30 2010	December 31 2008	Dollar Change
Current and other assets	\$ 760,690	\$ 678,717	\$ 81,973
Capital assets	29,743	18,115	11,628
<b>Total assets</b>	<b>790,433</b>	<b>696,832</b>	<b>93,601</b>
Current liabilities	114,343	104,615	9,728
Long-term obligations	7,294	689	6,605
<b>Total liabilities</b>	<b>121,637</b>	<b>105,304</b>	<b>16,333</b>
<b>Net Assets:</b>			
Invested in capital assets	29,743	18,115	11,628
Unrestricted	639,053	573,413	65,640
<b>Total net assets</b>	<b>\$ 668,796</b>	<b>\$ 591,528</b>	<b>\$ 77,268</b>

**Governmental Activities**

Governmental activities increased the Office's net assets by \$77,268. Key elements of this increase are as follows:

**Condensed Changes in Net Assets**

	For the eighteen months ended June 30, 2010	% of total revenue	For the twelve months ended December 31, 2008	% of total revenue
<b>Revenues:</b>				
Service fees	\$ 1,338,497	68%	\$ 932,796	64%
Grants	600,015	30%	484,923	33%
Charges for services	35,990	2%	30,390	2%
Miscellaneous	1,487	0%	3,782	1%
<b>Total revenues</b>	<b>1,975,989</b>	<b>100%</b>	<b>1,451,891</b>	<b>100%</b>
<b>Expenses:</b>				
General government	1,898,721	96%	1,228,767	85%
 Increase in net assets	 77,268	 4%	 223,124	 15%
Net assets beginning of year	591,528		368,404	
Net assets end of year	\$ 668,796		\$ 591,528	

Revenue from the Terrebonne Parish Consolidated Government, the Terrebonne Parish District Attorney, Terrebonne Parish Sheriff's Office, City Court of Houma and indigents' fees increased 4% of total revenues. While service fees increased as a percentage of total revenues, the average monthly revenues from service fees decreased by approximately \$3,000 per month. Grants decreased 3% of total revenues or an average of approximately \$7,000 per month due to a decrease in the revenue received from the Louisiana Indigent Defender Board. General government expenses increased 11% of total revenues due to increases in salaries expense.

The current period of the basic financial statements is eighteen months due to a change in year end. Subsequent financial statements shall be for periods not exceeding one year and comparisons shall be on annual periods.

## **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, unreserved 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, 2010, the Office's governmental fund reported an ending fund balance of \$646,347, an increase of \$72,245 for the eighteen months then ended in comparison to the prior twelve month fiscal year. The fund balance is unreserved and is available for spending at the Office's discretion.

### **General Fund Budgetary Highlights**

The budget was amended once during the eighteen months ended June 30, 2010. The primary reason for amending the budget was 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 increased to match anticipated receipts.
- Revenues from the Louisiana Indigent Defender Board were decreased to approximate anticipated receipts.

#### Expenditures

- Personal services increased approximately \$69,000 for additional personnel.
- Other services and charges decreased as insurance expense was less than anticipated.

During the eighteen months ended June 30, 2010, revenues and expenditures 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, 2010, amounts to \$29,743 (net of accumulated depreciation). This investment in capital assets includes equipment, furniture and fixtures, and law books.

	<u>June 30, 2010</u>	<u>December 31, 2008</u>
Equipment	\$ 123,774	\$ 115,120
Furniture and Fixtures	10,477	10,477
Vehicles	16,582	-
Law Books	<u>4,000</u>	<u>4,000</u>
Totals	<u>\$ 154,833</u>	<u>\$ 129,597</u>

Major capital asset events during the eighteen months ended June 30, 2010 included the following:

- The purchase of a computer server and two laptop computers.
- The purchase of a vehicle.

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 (July 2009 through June 2010) level of activities.
- Personal services are based on the a continuation of present services
- Capital outlay includes \$5,000 for equipment purchases

## **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, 2010

	<u>General Fund</u>	<u>Adjustments (Exhibit B)</u>	<u>Statement of Net Assets</u>
<b>Assets</b>			
Cash	\$ 593,376		\$ 593,376
Investments	139,631		139,631
Due from other governmental units	27,683		27,683
Capital assets:			
Depreciable, net of accumulated depreciation	<u>-</u>	<u>\$ 29,743</u>	<u>29,743</u>
Total assets	<u>\$ 760,690</u>	<u>29,743</u>	<u>790,433</u>
<b>Liabilities</b>			
Accounts payable and accrued expenditures	\$ 114,343	-	114,343
Non-current liabilities	<u>-</u>	<u>7,294</u>	<u>7,294</u>
Total liabilities	<u>114,343</u>	<u>7,294</u>	<u>121,637</u>
<b>Fund Balance/Net Assets</b>			
Fund balance - unreserved	<u>646,347</u>	<u>(646,347)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 760,690</u>	<u>(639,053)</u>	<u>121,637</u>
<b>Net assets:</b>			
Invested in capital assets		29,743	29,743
Unrestricted		<u>639,053</u>	<u>639,053</u>
Total net assets		<u>\$ 668,796</u>	<u>\$ 668,796</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, 2010

<b>Fund Balance - Governmental Fund</b>		<b>\$ 646,347</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	\$ 154,833	
Less accumulated depreciation	<u>(125,090)</u>	29,743
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>(7,294)</u>
<b>Net Assets of Governmental Activities</b>		<b><u>\$ 668,796</u></b>

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 eighteen months ended June 30, 2010

	<u>General Fund</u>	<u>Adjustments (Exhibit D)</u>	<u>Statement of Activities</u>
<b>Revenues</b>			
Service fees:			
Terrebonne Parish Consolidated Government	\$ 820,964		\$ 820,964
Terrebonne Parish Sheriff	311,620		311,620
City Court of Houma	201,029		201,029
Terrebonne Parish District Attorney	4,784		4,784
Reimbursed fees from indigents	100		100
Grants:			
Louisiana Indigent Defender Board	600,015		600,015
Charges for Services	35,990		35,990
Miscellaneous			
Interest	1,487		1,487
Total revenues	<u>1,975,989</u>		<u>1,975,989</u>
<b>Expenditures/Expenses</b>			
General government:			
Personal services	1,725,960	\$ 6,605	1,732,565
Supplies and materials	33,925	-	33,925
Other services and charges	110,165	-	110,165
Repairs and maintenance	8,458	-	8,458
Depreciation	-	13,608	13,608
Total general government	<u>1,878,508</u>	<u>20,213</u>	<u>1,898,721</u>
Capital outlay	25,236	(25,236)	-
Total expenditures/expenses	<u>1,903,744</u>	<u>(5,023)</u>	<u>1,898,721</u>
<b>Excess of Revenues Over Expenditures</b>	72,245	(72,245)	-
<b>Change in Net Assets</b>	-	77,268	77,268
<b>Fund Balance/Net Assets</b>	574,102	17,426	591,528
Beginning of year	<u>\$ 646,347</u>	<u>\$ 22,449</u>	<u>\$ 668,796</u>
End of year	<u>574,102</u>	<u>17,426</u>	<u>591,528</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**

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

For the eighteen months ended June 30, 2010

**Net Change in Fund Balance - Governmental Fund** **\$ 72,245**

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	\$ 25,236	
Depreciation expense	<u>(13,608)</u>	
Excess of capital outlay over depreciation expense		11,628

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

Compensated absences payable	<u>(6,605)</u>	
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**Change in Net Assets of Governmental Activities** **\$ 77,268**

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 eighteen months ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Service fees:				
Terrebonne Parish Consolidated				
Government	\$ 714,021	\$ 915,122	\$ 820,964	\$ (94,158)
Terrebonne Parish Sheriff	322,268	239,420	311,620	72,200
City Court of Houma	210,393	281,736	201,029	(80,707)
Terrebonne Parish District Attorney	4,775	5,199	4,784	(415)
Reimbursed fees from indigents	140,954	70,370	100	(70,270)
Grants:				
Louisiana Indigent Defender Board	590,180	509,836	600,015	90,179
Charges for services	45,345	39,732	35,990	(3,742)
Miscellaneous:				
Interest	3,205	2,375	1,487	(888)
Total revenues	<u>2,031,141</u>	<u>2,063,790</u>	<u>1,975,989</u>	<u>(87,801)</u>
<b>Expenditures</b>				
Current:				
General Government:				
Personal services	1,742,037	1,811,532	1,725,960	85,572
Supplies and materials	43,824	48,433	33,925	14,508
Other services and charges	167,301	121,938	110,165	11,773
Repairs and maintenance	11,899	15,595	8,458	7,137
Total general government	<u>1,965,061</u>	<u>1,997,498</u>	<u>1,878,508</u>	<u>118,990</u>
Capital outlay	<u>8,750</u>	<u>4,842</u>	<u>25,236</u>	<u>(20,394)</u>
Total expenditures/expenses	<u>1,973,811</u>	<u>2,002,340</u>	<u>1,903,744</u>	<u>98,596</u>
<b>Excess of Revenues Over Expenditures</b>	57,330	61,450	72,245	10,795
<b>Fund Balance</b>				
Beginning of year	<u>574,102</u>	<u>574,102</u>	<u>574,102</u>	<u>-</u>
End of year	<u>\$ 631,432</u>	<u>\$ 635,552</u>	<u>\$ 646,347</u>	<u>\$ 10,795</u>

See notes to financial statements.

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

June 30, 2010

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

The accounting policies of the Office of the District Public Defender 32<sup>nd</sup> 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.

Based on instruction from the Board and in accordance with the Louisiana Governmental Accounting and Audit Guide, as adopted into state law, the District has elected to change its year-end from December 31 to June 30. Accordingly, the basic financial statements of the District are as of June 30, 2010 and for the eighteen month period then ended.

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

**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.

**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 eighteen months ended June 30, 2010. All budgeted amounts which are not expended, or obligated through contracts, lapse at the end of the fiscal period.

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 included in the basic financial statements are composed of the budgets for the six month for period ended June 30, 2009 and the year ended June 30, 2010.

**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 – 10 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. 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, 2010, 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, 2010, the Office 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 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.

The year-end balances of deposits are as follows:

	Bank Balance	Reported Amount
Cash	\$ 595,904	\$ 593,376

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

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, 2010, \$345,904 of the Office's bank balance of \$595,904 was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Office's name.

At June 30, 2010, cash was adequately collateralized in accordance with state law by securities held by unaffiliated banks for the account of the office. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the deposits are considered subject to custodial credit risk under the provisions of GASB Statement No. 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

**Investments:**

State statutes authorizes 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.

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

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.

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, 2010 amounted to \$139,631.

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

Amounts due from other governmental units at June 30, 2010 consisted of the following:

Terrebonne Parish Sheriff	17,272
City Court of Houma	<u>10,411</u>
Total	<u>\$27,683</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 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 eighteen months June 30, 2010 was as follows:

	<u>Balance January 1, 2009</u>	<u>Additions</u>	<u>Balance June 30, 2010</u>
Capital assets being			
Equipment	\$ 115,120	\$ 8,654	\$ 123,774
Furniture and fixtures	10,477	-	10,477
Vehicle	-	16,582	16,582
Law books	4,000	-	4,000
	<u>129,597</u>	<u>25,236</u>	<u>154,833</u>
 Total capital assets being depreciated			
Less accumulated depreciation for:			
Equipment	(98,646)	(8,834)	(107,480)
Furniture and fixtures	(8,836)	(905)	(9,741)
Vehicle	-	(3,869)	(3,869)
Law books	(4,000)	-	(4,000)
	<u>(111,482)</u>	<u>(13,608)</u>	<u>(125,090)</u>
 Total accumulated depreciation			
 Total capital assets, net	<u>\$ 18,115</u>	<u>\$ 11,628</u>	<u>\$ 29,743</u>

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

Accounts payable and accrued expenditures at June 30, 2010 consisted of the following:

Contract Attorneys	\$ 60,389
Salaries and benefits	<u>53,954</u>
 Total	 <u>\$ 114,343</u>

**Note 6 - NON-CURRENT LIABILITIES**

Non-current liabilities consist of accumulated unpaid vacation. The Office had a increase of \$6,605 and an ending balance of \$7,294 in accumulated unpaid vacation at June 30, 2010.

**Note 7 - GOVERNMENTAL FUND REVENUES AND EXPENDITURES**

For the year ended June 30, 2010, the major sources of governmental fund revenues and expenditures were as follows:

**Revenues:**

State government:	
Grants	<u>\$ 600,015</u>
Local Government	
Appropriations - general	820,964
Statutory fines, fees, court costs and other	<u>517,433</u>
<b>Total</b>	<u><b>1,338,397</b></u>
Charges for services	36,090
Investment earnings	<u>1,487</u>
<b>Total Revenues</b>	<u><b>\$ 1,975,989</b></u>

**Expenditures:**

Personnel services and benefits	
Salaries	\$ 528,295
Retirement contributions	68,176
Insurance	55,967
Payroll taxes	<u>8,864</u>
<b>Total</b>	<u><b>661,302</b></u>
Professional development	
Dues, licenses and registrations	7,720
Travel	<u>12,118</u>
<b>Total</b>	<u><b>19,838</b></u>
Operating costs	
Library and research	11,743
Contract services - attorney/legal	1,069,533
Contract services - other	10,416
Lease - Office	46,033
Insurance	13,001
Supplies	22,182
Repairs and maintenance	8,458
Utilities and telephone	10,810
Other	<u>5,192</u>
<b>Total</b>	<u><b>1,197,368</b></u>
Capital outlay	<u>25,236</u>
<b>Total expenditures</b>	<u><b>\$ 1,903,744</b></u>

**Note 8 - COMMITMENTS**

The Office entered into a sixty (60) month operating lease of office space for \$2,500 per month beginning April 1, 2006. On December 1, 2009 the office entered into twenty-four (24) month lease for a storage unit for \$149 per month. Rental expenditures incurred on the lease and the storage unit for the eighteen months ended June 30, 2010 amounted to \$46,033. Commitments under the office lease and storage unit are as follows:

<u>Fiscal</u> <u>Year</u>	<u>Amount</u>
2011	\$ 15,894
2012	<u>9,139</u>
Total	<u>\$ 25,033</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.

**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 eighteen months ending June 30, 2010, and for the twelve months ending December 31, 2008 and 2007 were \$68,176, \$46,979, and \$41,822, respectively, equal to the required contributions for the respective eighteen or twelve month period.

**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**

On September 21, 2010, management entered into a sixty (60) month operating lease effective December 1, 2010 for office space at a cost of \$4,400 per month. Commitments under the lease for future years are as follows:

<u>Year</u>	<u>Amount</u>
2011	\$ 30,800
2012	52,800
2013	52,800
2014	52,800
2015	52,800
2016	<u>22,000</u>
Total	<u>\$ 264,000</u>

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 December 15, 2010, which is the date the financial statements were available to be issued.

**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  
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 32<sup>nd</sup> JDC Parish of Terrebonne (the Office), State of Louisiana, a component unit of the Louisiana Public Defender Board as of and for the eighteen months ended June 30, 2010, and have issued our report thereon dated December 15, 2010. 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 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 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.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
December 15, 2010.



**REPORTS BY MANAGEMENT**

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

### **Office of the District Public Defender 32<sup>nd</sup> JDC Parish of Terrebonne**

For the eighteen months ended June 30, 2010

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

##### Internal Control

08-01 **Recommendation** – We recommend the Office consider the need for having personnel with the technical expertise and knowledge to prepare financial statements and all disclosures in accordance with generally accepted accounting procedures.

**Management's Response** – Management does not consider the benefit of this recommended improvement to outweigh the cost of implementation. Resolved.

##### Compliance

No compliance findings material to the basic financial statements were noted during the audit for the year ended December 31, 2008.

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

The Office of the District Public Defender 32<sup>nd</sup> JDC Parish of Terrebonne did not expend federal awards during the year ended December 31, 2008.

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

A management letter was not issued in connection with the audit for the year ended December 31, 2008.

## **MANAGEMENT'S CORRECTIVE ACTION PLAN**

### **Office of the District Public Defender 32<sup>nd</sup> JDC Parish of Terrebonne**

For the eighteen months ended June 30, 2010

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

##### Internal Control

No material weaknesses were noted during the audit for the eighteen months ended June, 30, 2010.

No significant deficiencies were reported during the audit for the eighteen months ended June 30, 2010.

##### Compliance

No compliance findings material to the basic financial statements were noted during the audit for the eighteen months ended June 30, 2010.

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

The Office of the District Public Defender 32<sup>nd</sup> JDC Parish of Terrebonne did not expend federal awards during the eighteen months ended June 30, 2010.

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

A management letter was not issued in connection with the audit for the eighteen months ended June 30, 2010.