

Financial Report

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

Houma, Louisiana

For the year ended June 30, 2014

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

For the year ended June 30, 2014

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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.

Report on the Financial Statements

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, 2014, and the related notes to the financial statements, which collectively comprise the Office's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Office's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2014, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 23, 2014 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 in considering the Office's internal control over financial reporting and compliance.

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

Houma, Louisiana,
September 23, 2014.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The Management's Discussion and Analysis of the Office of the District Public Defender 32nd JDC Parish of Terrebonne (the Office) financial performance presents a narrative overview and analysis of the Office's financial activities for the year ended June 30, 2014. 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, 2014 by \$156,854 (net position), which represents an \$189,487 decrease from last fiscal period.

The Office's revenue decreased \$114,899 (or 8.12%) primarily due to a decrease in state grant money received.

The Office's expenditures increased by \$139,109 (or 10.30%) due to increases in staff salaries and benefits and operating costs.

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 Position presents information on all of the Office's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during each fiscal period. All changes in net position 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 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 position may serve over time as a useful indicator of the Office's financial position. As of June 30, 2014, assets exceeded liabilities by \$156,854. Net position invested in capital assets is reported at \$14,366 (net of accumulated depreciation), and is not available for future spending.

Condensed Statement of Net Position

	June 30,		Dollar Change
	2014	2013	
Current and other assets	\$ 310,919	\$ 466,207	\$ (155,288)
Capital assets	14,366	15,628	(1,262)
Total assets	<u>325,285</u>	<u>481,835</u>	<u>(156,550)</u>
Current liabilities	134,434	117,717	16,717
Long-term obligations	33,997	17,777	16,220
Total liabilities	<u>168,431</u>	<u>135,494</u>	<u>32,937</u>
Net position:			
Net investment in capital assets	14,366	15,628	(1,262)
Unrestricted	142,488	330,713	(188,225)
Total net position	<u>\$ 156,854</u>	<u>\$ 346,341</u>	<u>\$ (189,487)</u>

Governmental Activities

Governmental activities decreased the Office's net position by \$189,487. Key elements of this decrease are as follows:

Condensed Statement of Activities

	For the twelve months ended June 30, 2014	For the twelve months ended June 30, 2013	Dollar Change	% Change
	Revenues:			
Service fees	\$ 921,319	\$ 897,298	\$ 24,021	2.68%
Grants	357,358	497,151	(139,793)	-28.12%
Charges for services	21,866	20,835	1,031	4.95%
Miscellaneous	154	312	(158)	-50.64%
Total revenues	<u>1,300,697</u>	<u>1,415,596</u>	<u>(114,899)</u>	<u>-8.12%</u>
Expenses:				
General government	<u>1,490,184</u>	<u>1,351,075</u>	<u>139,109</u>	<u>10.30%</u>
Decrease in net position	(189,487)	64,521	(254,008)	-393.68%
Net position beginning of year	<u>346,341</u>	<u>281,820</u>	<u>64,521</u>	<u>22.89%</u>
Net position end of year	<u>\$ 156,854</u>	<u>\$ 346,341</u>	<u>(189,487)</u>	<u>-54.71%</u>

Service fees from local governments increased by \$24,021. Grant revenue from the Louisiana Public Defender Board decreased by \$139,793. In total, general government expenses increased by \$139,109. This increase in expenses is primarily due to an increase of \$56,955 in personnel services and benefits and an increase of \$78,721 in operating costs, which includes increases of \$60,224, in attorney and other case related costs.

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, 2014, the Office's governmental fund reported an ending fund balance of \$176,485, a decrease of \$172,005. Ending fund balance of \$10,397 is not available for spending because it is in a nonspendable form, and \$99,840 is assigned to next year's budget deficit. The fund balance that is unassigned and is available for spending at the Office's discretion amount to \$66,248.

General Fund Budgetary Highlights

The budget was amended once during the year ended June 30, 2014. 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, the City Court of Houma, and Sheriff's Office were increased to approximate anticipated receipts.
- Revenues from the Louisiana Public Defender Board were decreased \$10,504 to approximate anticipated receipts.

Expenditures

- Personnel services and benefits increased \$49,359 for greater than anticipated salaries and health care costs.
- Operating costs increased \$17,439 as the budgeted salaries for overflow conflict attorneys increased \$62,646 and the expected costs for expert fees and investigators decreased \$25,000 and 25,455, respectively.
- Capital outlay decreased \$2,483 due to the purchasing less equipment than anticipated.

During the year ended June 30, 2014, revenues were less than budgetary estimates and expenditures were more 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, 2014, amounts to \$14,366 (net of accumulated depreciation). This investment in capital assets includes equipment, furniture and fixtures, vehicle and law books.

	<u>2014</u>	<u>2013</u>
Equipment	\$ 151,794	\$ 143,640
Furniture and fixtures	11,043	10,477
Vehicle	16,582	16,582
Law books	<u>4,000</u>	<u>4,000</u>
Totals	<u>\$ 183,419</u>	<u>\$ 174,699</u>

The Office purchased a new scanner, one computer, and a conference table during the year ended June 30, 2014.

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.
- Expenses for conflict attorney salaries have increased due to a large number of cases in the past year with multiple co-defendants and other actual conflicts involving victims of current offenses, which said victims have been clients in the past.
- Operations are expected to continue at the same basic level with no expected changes.

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 Office of the District Public Defender 32nd JDC Parish of Terrebonne, 504 Belanger Street, Houma, Louisiana 70360.

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

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

June 30, 2014

	<u>General Fund</u>	<u>Adjustments (Exhibit B)</u>	<u>Statement of Net Assets</u>
Assets			
Cash	\$ 230,526		\$ 230,526
Due from other governmental units	69,996		69,996
Other assets	10,397		10,397
Capital assets:			
Depreciable, net of accumulated depreciation	<u>-</u>	<u>\$ 14,366</u>	<u>14,366</u>
Total assets	<u><u>\$ 310,919</u></u>	<u>14,366</u>	<u>325,285</u>
Liabilities			
Accounts payable and accrued expenditures	\$ 134,434	-	134,434
Non-current liabilities	<u>-</u>	<u>33,997</u>	<u>33,997</u>
Total liabilities	<u>134,434</u>	<u>33,997</u>	<u>168,431</u>
Fund Balance/Net Position			
Fund balance:			
Nonspendable-other assets	10,397	(10,397)	-
Assigned			
Subsequent year's expenditures:			
Next year's budget deficit	99,840	(99,840)	
Unassigned	<u>66,248</u>	<u>(66,248)</u>	<u>-</u>
Total fund balance	<u>176,485</u>	<u>(176,485)</u>	<u>-</u>
Total liabilities and fund balance	<u><u>\$ 310,919</u></u>	<u>(142,488)</u>	<u>168,431</u>
Net position:			
Net investment in capital assets		14,366	14,366
Unrestricted		<u>142,488</u>	<u>142,488</u>
Total net position		<u><u>\$ 156,854</u></u>	<u><u>\$ 156,854</u></u>

See notes to financial statements.

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

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

June 30, 2014

Fund Balance - Governmental Fund	\$	176,485
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Amounts reported for governmental activities in the Statement of Net Position 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	\$ 183,419	
Less accumulated depreciation	<u>(169,053)</u>	14,366

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>(33,997)</u>
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Net Position of Governmental Activities	\$	<u><u>156,854</u></u>
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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, 2014

	<u>General Fund</u>	<u>Adjustments (Exhibit D)</u>	<u>Statement of Activities</u>
Revenues			
Service fees:			
Terrebonne Parish Consolidated Government	\$ 539,716		\$ 539,716
Terrebonne Parish Sheriff	179,517		179,517
City Court of Houma	201,516		201,516
Terrebonne Parish District Attorney	570		570
Grants:			
Louisiana Public Defender Board	357,358		357,358
Charges for Services	21,866		21,866
Miscellaneous			
Interest	154		154
Total revenues	<u>1,300,697</u>		<u>1,300,697</u>
Expenditures/Expenses			
General government:			
Personnel services	931,899	\$ 16,220	948,119
Professional development	11,156	-	11,156
Operating costs	520,927	-	520,927
Capital Outlay	8,720	(8,720)	-
Depreciation	-	9,982	9,982
Total expenditures/expenses	<u>1,472,702</u>	<u>17,482</u>	<u>1,490,184</u>
Excess of Revenues Over Expenditures	(172,005)	172,005	-
Change in Net Position	-	(189,487)	(189,487)
Fund Balance/Net Position			
Beginning of year	348,490	(2,149)	346,341
End of year	<u>\$ 176,485</u>	<u>\$ (19,631)</u>	<u>\$ 156,854</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 year ended June 30, 2014

Net Change in Fund Balance - Governmental Fund	\$ (172,005)
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	\$ 8,720
Depreciation expense	<u>(9,982)</u> (1,262)
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>(16,220)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (189,487)</u></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, 2014

	<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	\$ 552,770	\$ 556,453	\$ 539,716	\$ (16,737)
Terrebonne Parish Sheriff	77,079	81,119	179,517	98,398
City Court of Houma	264,901	278,289	201,516	(76,773)
Terrebonne Parish District Attorney	-	-	570	570
Reimbursed fees from indigents	18,989	20,772	-	(20,772)
Grants:				
Louisiana Public Defender Board	367,862	357,358	357,358	-
Charges for services	20,506	22,096	21,866	(230)
Miscellaneous:				
Interest	320	152	154	2
Total revenues	<u>1,302,427</u>	<u>1,316,239</u>	<u>1,300,697</u>	<u>(15,542)</u>
Expenditures				
Current:				
General Government:				
Personnel services and benefits	859,015	908,374	931,899	(23,525)
Professional development	5,543	6,228	11,156	(4,928)
Operating costs	497,259	514,698	520,927	(6,229)
Capital outlay	13,443	10,960	8,720	2,240
Total expenditures	<u>1,375,260</u>	<u>1,440,260</u>	<u>1,472,702</u>	<u>(32,442)</u>
Excess (Deficit) of Revenues				
Over Expenditures	(72,833)	(124,021)	(172,005)	(47,984)
Fund Balance				
Beginning of year	<u>348,490</u>	<u>348,490</u>	<u>348,490</u>	<u>-</u>
End of year	<u>\$ 275,657</u>	<u>\$ 224,469</u>	<u>\$ 176,485</u>	<u>\$ (47,984)</u>

See notes to financial statements.

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

June 30, 2014

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

GASB No. 14, The Financial Reporting Entity, GASB No. 39, Determining Whether Certain Organizations Are Component Units-an amendment of GASB Statement No. 14, and GASB No. 61, The Financial Reporting Entity: Omnibus and amendment of GASB Statements No. 14 and No. 34 established the criterion for determining which component units should be considered part of the Office for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the governing authority appoints a majority of the board members of the potential component unit.
3. Fiscal interdependency between the Office and the potential component unit.
4. Imposition of will by the Office on the potential component unit.
5. Financial benefit/burden relationship between the Office and the potential component unit.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Reporting Entity and Period (continued)

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.

Revenue and expenditure/expense classification and presentation used in the Office's basic financial statements is in accordance with Board policies.

Government-wide Financial Statements:

The government-wide financial statements include the Statement of Net Position 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting

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

Government-wide Financial Statements:

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

Fund Financial Statements:

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

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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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) 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)

g) 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 Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The estimated useful life for all types of capital assets is five 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.

h) 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 to following years. 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.

i) Fund Equity

Government-wide Statements:

Equity is classified as net position 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, 2014, there were no outstanding balances of debt.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “invested in capital assets.”

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Fund Equity (continued)

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, 2014, the Office did not have restricted net position.

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 approval of 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. Assignments may be established, modified or rescinded only through approval of the Chief Defender.
- 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, assigned, and unassigned as of June 30, 2014.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) New GASB Statements

During the year ending June 30, 2014, the Office implemented the following GASB Statements:

Statement No. 66, *“Technical Corrections – 2012.”* The statement enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. This statement did not affect the Office’s financial statements.

Statement No. 67, *“Financial Reporting for Pension Plans.”* The statement improves the usefulness of pension information included in the general purpose external financial reports of state and local governmental pension plans for making decisions and assessing accountability. This statement did not affect the Office’s financial statements.

Statement No. 70, *“Accounting and Financial Reporting for Nonexchange Financial Guarantees.”* The objective of this Statement is to improve the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are nonexchange transactions. This statement did not affect the Office’s financial statements.

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

Statement No. 68, *“Accounting and Financial Reporting for Pensions.”* The statement improves financial reporting by state and local governmental pension plans and also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The statement will be effective for periods beginning after June 15, 2014. Management has not yet determined the effect of this statement on the financial statements.

Statement No. 69, *“Government Combinations and Disposals of Government Operations.”* The objective of this statement is to improve financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. This statement does not affect the Office’s financial statements.

Statement No. 71, *“Pension Transition for Contributions made Subsequent to the Measurement Date.”* The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68. The statement will be applied simultaneously with Statement No. 68. Management has not yet determined the effect of this statement on the financial statements.

Note 2 - DEPOSITS

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:

	<u>Bank Balance</u>	<u>Reported Amount</u>
Cash	<u>\$ 239,201</u>	<u>\$ 230,526</u>

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, 2014, the Office's bank balance of \$239,201 was not exposed to custodial credit risk because it was fully covered by FDIC insurance. At June 30, 2014, cash was adequately collateralized in accordance with state law.

Note 3 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at June 30, 2013 consisted of the following:

Terrebonne Parish Sheriff	\$14,949
Terrebonne Parish Consolidated Government	36,686
City Court of Houma	<u>18,361</u>
Total	<u>\$69,996</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, 2014 was as follows:

	Balance July 1, 2013	Additions	Balance June 30, 2014
Capital assets being			
Equipment	\$ 143,640	\$ 8,154	\$ 151,794
Furniture and fixtures	10,477	566	11,043
Vehicle	16,582	-	16,582
Law books	4,000	-	4,000
 Total capital assets being depreciated	 174,699	 8,720	 183,419
 Less accumulated depreciation for:			
Equipment	(130,775)	(7,190)	(137,965)
Furniture and fixtures	(10,478)	(28)	(10,506)
Vehicle	(13,818)	(2,764)	(16,582)
Law books	(4,000)	-	(4,000)
 Total accumulated depreciation	 (159,071)	 (9,982)	 (169,053)
 Total capital assets, net	 \$ 15,628	 \$ (1,262)	 \$ 14,366

Note 5 - ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES

Accounts payable and accrued expenditures at June 30, 2014 consisted of the following:

Contract Attorneys	\$ 26,965
Salaries and benefits	107,469
 Total	 \$ 134,434

Note 6 - NON-CURRENT LIABILITIES

Non-current liabilities consist of accumulated unpaid vacation. The Office had an increase of \$16,220 and an ending balance of \$33,997 in accumulated unpaid vacation at June 30, 2014.

Note 7 - GOVERNMENTAL FUND REVENUES AND EXPENDITURES

For the year ended June 30, 2014, the major sources of governmental fund revenues and expenditures were as follows:

Revenues:

State government:	
Grants	<u>\$ 357,358</u>
Local Government	
Appropriations - general	539,716
Statutory fines, fees, court costs and other	<u>381,603</u>
Total local government	<u>921,319</u>
Charges for services	21,866
Investment earnings	<u>154</u>
Total revenues	<u>\$ 1,300,697</u>

Expenditures:

Personnel services and benefits	
Salaries	\$ 754,848
Retirement contributions	94,913
Insurance	59,235
Payroll taxes	<u>22,903</u>
Total personnel services and benefits	<u>931,899</u>
Professional development	
Dues, licenses and registrations	4,239
Travel	<u>6,917</u>
Total professional development	<u>11,156</u>
Operating costs	
Library and research	14,532
Contract services - attorney/legal	366,938
Contract services - other	8,521
Lease - Office	56,706
Expert Fees	1,000
Insurance	31,922
Supplies	18,571
Repairs and maintenance	14,667
Utilities and telephone	5,912
Other	<u>2,158</u>
Total operating costs	<u>520,927</u>
Capital outlay	<u>8,720</u>
Total expenditures	<u>\$ 1,472,702</u>

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, this lease was extended to September 1, 2014 for \$164 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, this lease was extended to March 1, 2015. Rental expenditures incurred on the leases and the storage units for the twelve months ended June 30, 2014 amounted to \$56,706. Commitments under the office leases and storage units are as follows:

<u>Fiscal</u> <u>Year</u>	<u>Amount</u>
2015	\$ 54,440
2016	<u>22,000</u>
Total	<u>\$ 76,440</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 16.00% 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 fiscal years ended June 30, 2014, 2013, and 2012 were \$94,913, \$91,410, and \$75,925, respectively, and were 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 September 23, 2014, which is the date the financial statements were available to be issued.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S 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, in accordance with the auditing standards generally accepted in the United States of America the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, 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, 2014, and the related notes to the financial statements, which collectively comprise the Office's basic financial statements and have issued our report thereon dated September 23, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Office's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Office's internal control.

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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been defined.

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.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Office's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Office's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
September 23, 2014.

SCHEDULE OF FINDINGS AND RESPONSES

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

For the year ended June 30, 2014

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency (ies) identified that are not considered to be material weaknesses? ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

b) Federal Awards

The Office of District Public Defender 32nd JDC Parish of Terrebonne did not expend federal awards during the year ended June 30, 2014.

Section II Financial Statement Findings

No financial statement findings were noted during the audit for the year ended June 30, 2014.

Section III Federal Award Findings and Questioned Costs

Not applicable.

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, 2014

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, 2013.

No significant deficiencies were reported during the audit for the year ended June 30, 2013.

Compliance

No compliance findings material to the basic financial statements were noted during the audit for the year ended June 30, 2013.

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, 2013.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2013.

MANAGEMENT'S CORRECTIVE ACTION PLAN

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

For the year ended June 30, 2014

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, 2014.

No significant deficiencies were reported during the audit for the year ended June 30, 2014.

Compliance

No compliance findings material to the basic financial statements were noted during the audit for the year ended June 30, 2014.

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, 2014.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2014.