

RECEIVED
LEGISLATIVE AUDITOR
99 MAY -4 AM 9:01

OFFICIAL
FILE COPY

DO NOT SEND OUT

(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

Financial Report
Thirty-Second Judicial District
Indigent Defender Board

Houma, Louisiana

December 31, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 ~~MAY 12 1999~~

TABLE OF CONTENTS

Thirty-Second Judicial District Indigent Defender Board

December 31, 1998

	<u>Exhibits</u>	<u>Page Number</u>
Introductory Section		
Title Page		i
Table of Contents		ii
Financial Section		
Independent Auditor's Report		1
Combined Balance Sheet - Governmental Fund Type and Account Group	A	2
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Governmental Fund Type - General Fund	B	3
Notes to Financial Statements	C	4 - 11
Special Reports Of Certified Public Accountants		
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of General-Purpose Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		12 - 13
Schedule of Findings		14
Reports By Management		
Schedule of Prior Year Findings		15
Management's Corrective Action Plan		16



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying general-purpose financial statements of the Thirty-Second Judicial District Indigent Defender Board (the Board), State of Louisiana, a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 1998, as listed in the table of contents. These general-purpose financial statements are the responsibility of the management of the Board. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Thirty-Second Judicial District Indigent Defender Board as of December 31, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 8, 1999 on our consideration of the Thirty-Second Judicial District Indigent Defender Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
March 8, 1999.

1

COMBINED BALANCE SHEET -
GOVERNMENTAL FUND TYPE AND ACCOUNT GROUP

Thirty-Second Judicial District
Indigent Defender Board

December 31, 1998

	<u>Governmental Fund Type General</u>	<u>Account Group General Fixed Assets</u>	<u>Total (Memorandum Only)</u>
Assets			
Cash	\$ 115,876	\$ -	\$ 115,876
Investments	209,465	-	209,465
Due from other governmental units	40,668	-	40,668
Fixed assets	-	82,893	82,893
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 366,009</u>	<u>\$ 82,893</u>	<u>\$ 448,902</u>
 Liabilities			
Accounts payable and accrued expenditures	<u>\$ 43,957</u>		<u>\$ 43,957</u>
 Commitments			
 Equity and Other Credits			
Investment in general fixed assets	-	\$ 82,893	82,893
Fund balance - unreserved	<u>322,052</u>	<u>-</u>	<u>322,052</u>
	<u> </u>	<u> </u>	<u> </u>
Total equity and other credits	<u>322,052</u>	<u>82,893</u>	<u>404,945</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, equity and other credits	<u>\$ 366,009</u>	<u>\$ 82,893</u>	<u>\$ 448,902</u>

See notes to financial statements.

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

Thirty-Second Judicial District
Indigent Defender Board

For the year ended December 31, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Grant fees:			
Louisiana Indigent Defender Board	\$ 104,195	\$ 120,647	\$ 16,452
Service fees:			
Terrebonne Parish Consolidated Government	248,973	248,253	(720)
City Court of Houma	46,824	57,911	11,087
Terrebonne Parish Sheriff	76,119	74,570	(1,549)
Terrebonne Parish District Attorney	83,325	89,160	5,835
Reimbursed fees from indigents	12,919	24,937	12,018
Miscellaneous - interest earned	11,115	12,690	1,575
	583,470	628,168	44,698
Total revenues			
Expenditures			
Current:			
General Government:			
Personal services:			
Salaries and related benefits	520,592	529,923	(9,331)
Supplies and materials:			
Office expenses and supplies	31,028	4,479	26,549
Books and subscriptions	2,000	6,955	(4,955)
Other services and charges:			
Professional services	2,500	21,470	(18,970)
Travel	2,000	2,907	(907)
Insurance	9,747	7,192	2,555
Advertising	-	620	(620)
Postage	-	942	(942)
Continuing legal education and dues	-	2,604	(2,604)
Occupancy	11,100	11,100	-
Utilities	1,300	3,914	(2,614)
Janitorial	-	2,425	(2,425)
Pest control	-	374	(374)
Miscellaneous	-	44	(44)
Repairs and maintenance	2,705	5,956	(3,251)
Capital expenditures	498	6,625	(6,127)
	583,470	607,530	(24,060)
Total expenditures			
Excess of Revenues Over Expenditures	\$ -	20,638	\$ 20,638
Fund Balance			
Beginning of year		301,414	
End of year		\$ 322,052	

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Thirty-Second Judicial District
Indigent Defender Board**

December 31, 1998

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Thirty-Second Judicial District Indigent Defender Board (the Board) conform to generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Reporting Entity

The Board is a component unit of the Terrebonne Parish Consolidated Government (the Parish) and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 1998.

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

b) Fund Accounting

The Board uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Fund Accounting (Continued)

Governmental Funds

Governmental Funds are those through which most governmental functions of the Board are financed. The acquisition, use and balances of the Board's expendable financial resources and the related liabilities are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following is the Governmental Fund of the Board:

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

Account Group

An account group is used to establish accounting control and accountability. The District's Account Group is as follows:

General Fixed Assets Account Group - This account group is used to account for fixed assets not accounted for in proprietary or trust funds.

c) Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Governmental Fund is accounted for using the modified accrual basis of accounting. Its revenues are recognized when they become measurable and available as net current assets. Court costs on fines and forfeitures imposed by the Board and city courts are recorded in the year they are collected by the tax collectors. Fees from indigents are recorded when available. Interest income on investments is recorded as revenue when the investments have matured and the income is available. Miscellaneous revenues are recorded as revenues when received in cash by the Board because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Use of Estimates

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

e) Operating Budgetary Data

As required by the Louisiana Revised Statutes 39:1303, the Board adopted a budget for the General Fund. The budgetary practices include public notice of the proposed budget, public inspection and a public hearing on the budget prior to adoption. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. The Board did not amend its budget 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 generally accepted accounting principles.

f) Accounts Receivable

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

g) Investments

Investments consists 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Fixed Assets

Fixed assets used in governmental fund type operations (fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. The Account Group is not a fund. It is concerned only with the measurement of financial position.

It is not involved with the measurement of results of operations. Public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are not capitalized along with other fixed assets. No depreciation has been provided on fixed assets.

All fixed assets are valued at historical costs.

i) Vacation and Sick Leave

The employees of the Board are paid by the Thirty-Second Judicial District. After one year of service, employees receive 10 days of vacation. Unused vacation at year-end may be carried forward one year. Also, employees have forty hours of sick leave per year. Upon termination, unused vacation for the year will be paid on a pro-rated basis, but sick leave will not be paid. There is no material accumulated vacation or sick leave liability to the Board at December 31, 1998.

j) Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in the fund general ledger, is not utilized by the Board.

k) Memorandum Only - Total Column

The total column on the general-purpose financial statements is captioned "Memorandum Only" because they do not represent consolidated financial information and is presented only to facilitate financial analysis. The column does not present information that reflects financial position or results of operations in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

Note 2 - DEPOSITS AND INVESTMENTS

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

Deposits:

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

Deposits are categorized into three categories of credit risk.

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

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

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

The year end bank balances of deposits and the carrying amounts as shown on the combined balance sheet are as are as follows:

	Bank Balances			Book Balance
	Category			
	1	2	3	
Cash	<u>\$100,000</u>	<u>\$ -</u>	<u>\$23,162</u>	<u>\$115,876</u>

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

At December 31, 1998, cash in excess of the FDIC insurance was collateralized by securities held by unaffiliated banks for the account of the Board. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities uncollateralized. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, 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:

The Board's investments are categorized to give an indication of the level of risk assumed by the entity at year end.

Category 1 includes investments that are insured or registered or for which the securities are held by the Board or its agent in the Board's name.

Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Board's name.

Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent, but not in the Board's name.

Investments in the Louisiana Asset Management Pool, \$209,465, are not categorized as to credit risk because they are not evidenced by securities that exist in physical or book entry form.

Note 3 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at December 31, 1998 consisted of the following:

Terrebonne Parish Consolidated Government	\$14,885
Terrebonne Parish Sheriff	6,525
City Court of Houma	5,612
Terrebonne Parish District Attorney	<u>13,646</u>
Total	<u>\$40,668</u>

Note 3 - DUE FROM OTHER GOVERNMENTAL UNITS (Continued)

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

Note 4 - CHANGES IN FIXED ASSETS

A summary of changes in fixed assets follows:

	Balance January 1, 1998	<u>Additions</u>	Balance December 31, 1998
Equipment	\$65,311	\$6,335	\$71,646
Furniture and fixtures	6,957	290	7,247
Law books	<u>4,000</u>	<u>-</u>	<u>4,000</u>
Totals	<u>\$76,268</u>	<u>\$6,625</u>	<u>\$82,893</u>

Note 5 - COMMITMENTS

Effective May 1, 1996, the Board entered into a sixty (60) month operating lease for office space in Houma, Louisiana. Commitments under the lease amount to \$11,100 per year through the year 2000 and \$3,700 in 2001. Rental expenditures incurred on the office lease in 1998 amounted to \$11,100.

Note 6 - BOARD MEMBERS COMPENSATION

Members of the Board served without compensation for the year ended December 31, 1998.

Note 7 - DEFINED BENEFIT PENSION PLAN

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

Funding Policy - Plan members are required to contribute 9.5% of their annual covered salary and the Board is required to contribute at an actuarially determined rate. The current rate is 7.75% of annual payroll. The contribution requirements of plan members and the Board are established and may be amended by state statute. The Board's contributions to the System for the year ending December 31, 1998 was \$4,993, equal to the required contributions for the year.

Note 8 - RISK MANAGEMENT

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

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

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

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

We have audited the general-purpose financial statements of the Thirty-Second Judicial District Indigent Defender Board (the Board), a component unit of the Parish of Terrebonne, State of Louisiana, as of and for the year ended December 31, 1998, and have issued our report thereon dated March 8, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Board's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one

or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended for the information of the Board of Commissioners, management, the State of Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by any one other than these specified parties.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
March 8, 1999.

SCHEDULE OF FINDINGS

Thirty-Second Judicial District Indigent Defenders Board

For the year ended December 31, 1998

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes no

b) Federal Awards

Thirty Second Judicial District Indigent Defenders Board did not receive federal awards during the year ended December 31, 1998.

Section II Financial Statement Findings

No financial statement findings were reported during the audit for the year ended December 31, 1998.

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

Thirty-Second Judicial District Indigent Defenders Board

For the year ended December 31, 1998

Section I Internal Control and Compliance Material to the General-Purpose Financial Statements

Internal Control

No material weaknesses were noted during the audit for the year ended December 31, 1997.
No reportable conditions were reported during the audit for the year ended December 31, 1997.

Compliance

No compliance findings material to the general-purpose financial statements were noted during the audit for the year ended December 31, 1997.

Section II Internal Control and Compliance Material to Federal Awards

Thirty Second Judicial District Indigent Defenders Board did not receive federal awards during the year ended December 31, 1997.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 1997.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Thirty-Second Judicial District Indigent Defenders Board

For the year ended December 31, 1998

Section I Internal Control and Compliance Material to the General-Purpose Financial Statements

Internal Control

No material weaknesses were noted during the audit for the year ended December 31, 1998.
No reportable conditions were reported during the audit for the year ended December 31, 1998.

Compliance

No compliance findings material to the general-purpose financial statements were noted during the audit for the year ended December 31, 1998.

Section II Internal Control and Compliance Material to Federal Awards

Thirty Second Judicial District Indigent Defenders Board did not receive federal awards during the year ended December 31, 1998.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 1998.