

DISTRICT ATTORNEY FOR THE
EIGHTH JUDICIAL DISTRICT



FINANCIAL STATEMENT AUDIT
ISSUED OCTOBER 25, 2006

**LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
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BATON ROUGE, LOUISIANA 70804-9397**

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LEGISLATIVE AUDITOR

STEVE J. THERIOT, CPA

DIRECTOR OF ADVISORY SERVICES

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STEVE J. THERIOT, CPA
LEGISLATIVE AUDITOR

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September 1, 2006

Independent Auditor's Report

**DISTRICT ATTORNEY FOR THE
EIGHTH JUDICIAL DISTRICT**

Winnfield, Louisiana

We attempted to audit the accompanying financial statements of each fund of the District Attorney for the Eighth Judicial District (District Attorney), as of and for the year ended December 31, 2005, which collectively comprise a portion of the District Attorney's basic financial statements required by accounting principles generally accepted in the United States of America. These financial statements are the responsibility of management of the District Attorney.

Management has not presented (1) government-wide financial statements to display the financial position and changes in financial position of its governmental activities; (2) management's discussion and analysis; (3) notes to the basic financial statements; and (4) budgetary comparison information, all of which are the responsibility of management and required by accounting principles generally accepted in the United States of America.

As explained in Exhibits A and B of this report, the District Attorney did not have adequate documentation to support financial transactions reflected in the accompanying financial statements. Therefore, we could not apply sufficient audit procedures to enable us to express an opinion on the fair presentation of the accompanying financial statements.

Because of the significance of the matters discussed in the preceding paragraphs, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the fair presentation of the accompanying financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2006, on our consideration of the District Attorney's internal control over financial reporting and compliance with certain provisions of laws and regulations. That report is an integral part of attempting an audit in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our engagement.

Respectfully submitted,

Steve J. Theriot, CPA
Legislative Auditor

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UNAUDITED

Statement A

**DISTRICT ATTORNEY FOR THE
EIGHTH JUDICIAL DISTRICT
Winnfield, Louisiana**

**Balance Sheet - Governmental Funds
December 31, 2005**

	GENERAL FUND	PRETRIAL INTERVENTION FUND	WORTHLESS CHECKS FUND	TITLE IV-D FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash	\$10,379				\$10,379
Due from General Fund		\$51,238			51,238
Due from Worthless Checks Fund	2,549				2,549
TOTAL ASSETS	\$12,928	\$51,238	NONE	NONE	\$64,166
LIABILITIES AND FUND BALANCES					
Liabilities:					
Cash overdraft	\$26,594	\$500	\$675		\$27,769
Accounts payable	178,673				178,673
Due to vendor	778		18,664		19,442
Court costs due	(244)				(244)
Asset due	(8,970)				(8,970)
Payroll taxes	28,834				28,834
Federal and FICA withholdings	91,499				91,499
State withholdings	10,511				10,511
Health insurance withholdings	(282)				(282)
CanLife Insurance withholdings	1,860				1,860
Life2 Insurance withholdings	222				222
District Attorney retirement	30,457				30,457
Retirement payable	116,043				116,043
Deferred compensation payable	27,000				27,000
Due to General Fund			2,549		2,549
Due to Asset Forfeiture Fund	18,655	2,500			21,155
Due to Pretrial Intervention Fund	51,238				51,238
Restitution due to others	(393)		21,135		20,742
Total liabilities	572,475	3,000	43,023	NONE	618,498
Fund Balances (deficit)	(559,547)	48,238	(43,023)	NONE	(554,332)
TOTAL LIABILITIES AND FUND BALANCES	\$12,928	\$51,238	NONE	NONE	\$64,166

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**DISTRICT ATTORNEY FOR THE
EIGHTH JUDICIAL DISTRICT
Winnfield, Louisiana**

**Statement of Revenues, Expenditures,
and Changes in Fund Balances
Year Ended December 31, 2005**

	GENERAL FUND	PRETRIAL INTERVENTION FUND	WORTHLESS CHECKS FUND	TITLE IV-D FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Winn Parish Police Jury	\$220,369				\$220,369
Collections		\$127,770	\$29,512		157,282
Federal grant				\$173,325	173,325
Clerk	19,726				19,726
Criminal Court Fund	50,300				50,300
Domestic grant	15,462				15,462
Drug Free grant	20,454				20,454
Families in Need of Services Grant	18,750				18,750
Grants	5,926				5,926
Prosecution grant	9,839				9,839
Retainer fees	6,000				6,000
Truancy grant	8,925				8,925
Victims assistance grant	25,000				25,000
Winn Parish Sheriff's Office	1,215				1,215
Youth alcohol grant	13,315				13,315
Bail bond	917				917
Check fees	11,273				11,273
Pretrial intervention fees	49,009				49,009
Elderly	22,468				22,468
Fines and forfeitures	19,452				19,452
Motor vehicle fees	1,237				1,237
Suspension fees	1,200				1,200
Interest	275				275
Other	2,030				2,030
Total Revenues	523,142	127,770	29,512	173,325	853,749

(Continued)

**DISTRICT ATTORNEY FOR THE
EIGHTH JUDICIAL DISTRICT
Winnfield, Louisiana
Statement of Revenues, Expenditures,
and Changes in Fund Balances, 2005**

	GENERAL FUND	PRETRIAL INTERVENTION FUND	WORTHLESS CHECKS FUND	TITLE IV-D FUND	TOTAL GOVERNMENTAL FUNDS
EXPENDITURES					
Salaries and wages	\$633,031				\$633,031
Salaries - elderly	17,065				17,065
Contract labor	259	\$8,400			8,659
Employee benefits	4,239	147			4,386
Parochial retirement	56,376				56,376
Payroll taxes	18,801				18,801
Travel	(553)	2,340	\$1,602		3,389
Meals and entertainment	28	1,349	273		1,650
Lodging		324	102		426
Auto repairs	225	2,570			2,795
Mileage	4,229	5,935			10,164
Fuel and oil	529	490	173		1,192
Auto lease	1,756		3,626		5,382
Office supplies	(10,897)	3,151	299		(7,447)
Law library	11,230	(1,786)			9,444
Public education	8,494	(978)	755		8,271
Accounting	77,206				77,206
Legal fees	32,338				32,338
Employee health insurance	43,839				43,839
Insurance	9,865				9,865
Auto insurance			1,127		1,127
Dues and subscriptions	4,100	(14)	357		4,443
Equipment purchase	22,305	9,086			31,391
Equipment lease	(1,273)	417			(856)
Bank fees	11,418	356	512		12,286
Office expense	9,906	5,037	328		15,271
Publications	621				621
Postage	1,380	2,383			3,763
Repairs and maintenance	(10,233)	258			(9,975)
Telephone	9,178	8,725	20		17,923
Miscellaneous	882				882

(Continued)

**DISTRICT ATTORNEY FOR THE
EIGHTH JUDICIAL DISTRICT
Winnfield, Louisiana
Statement of Revenues, Expenditures,
and Changes in Fund Balances, 2005**

	GENERAL FUND	PRETRIAL INTERVENTION FUND	WORTHLESS CHECKS FUND	TITLE IV-D FUND	TOTAL GOVERNMENTAL FUNDS
EXPENDITURES (CONT.)					
Interest expense	(\$181)				(\$181)
Prosecution expense	225				225
Service charges			\$110		110
Other		\$200			200
Conventions and seminars	(6,282)	828			(5,454)
Local Agency Compensated Enforcement	16,332	8,758			25,090
Penalties	(1,305)				(1,305)
Total Expenditures	<u>965,133</u>	<u>57,976</u>	<u>9,284</u>	<u>NONE</u>	<u>1,032,393</u>
Excess (deficiency) of revenues over expenditures	<u>(441,991)</u>	<u>69,794</u>	<u>20,228</u>	<u>\$173,325</u>	<u>(178,644)</u>
OTHER FINANCING SOURCES (Uses)					
Transfers in:					
Asset Forfeiture Fund	19,411				19,411
Title IV-D Fund	173,325				173,325
Pretrial Intervention Fund	3,331				3,331
Worthless Checks Fund	18,820				18,820
Total transfers in	<u>214,887</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>214,887</u>
Transfers out - General Fund	<u>NONE</u>	<u>(3,331)</u>	<u>(18,820)</u>	<u>(173,325)</u>	<u>(195,476)</u>

(Continued)

**DISTRICT ATTORNEY FOR THE
EIGHTH JUDICIAL DISTRICT
Winnfield, Louisiana
Statement of Revenues, Expenditures,
and Changes in Fund Balances, 2005**

	<u>GENERAL FUND</u>	<u>PRETRIAL INTERVENTION FUND</u>	<u>WORTHLESS CHECKS FUND</u>	<u>TITLE IV-D FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
TOTAL OTHER FINANCING SOURCES (Uses)	<u>\$214,887</u>	<u>(\$3,331)</u>	<u>(\$18,820)</u>	<u>(\$173,325)</u>	<u>\$19,411</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(227,104)	66,463	1,408	NONE	(159,233)
Fund Balances (Deficit) - Beginning of Year	<u>(332,443)</u>	<u>(18,225)</u>	<u>(44,431)</u>	<u>NONE</u>	<u>(395,099)</u>
Fund Balances (Deficit) - End of Year	<u><u>(\$559,547)</u></u>	<u><u>\$48,238</u></u>	<u><u>(\$43,023)</u></u>	<u><u>NONE</u></u>	<u><u>(\$554,332)</u></u>

(Concluded)

**DISTRICT ATTORNEY FOR THE
EIGHTH JUDICIAL DISTRICT
Winnfield, Louisiana**

**Statement of Fiduciary Assets and Liabilities -
Agency Funds
December 31, 2005**

	<u>ASSET FORFEITURE AGENCY FUNDS</u>
ASSETS	
Cash	\$45,300
Due from other funds	<u>21,155</u>
TOTAL ASSETS	<u><u>\$66,455</u></u>
LIABILITIES	
Due to other agencies	\$1,405
To be adjudicated	84,461
Other	<u>(19,411)</u>
TOTAL LIABILITIES	<u><u>\$66,455</u></u>

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OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

The following pages contain a report on compliance with laws and regulations and on internal control over financial reporting as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based on the attempted audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses in internal control or compliance matters that would be material to the presented financial statements.



STEVE J. THERIOT, CPA
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September 1, 2006

Report on Compliance and on Internal Control Over Financial Reporting

**DISTRICT ATTORNEY FOR THE
EIGHTH JUDICIAL DISTRICT**

Winnfield, Louisiana

We were authorized to audit the financial statements of the governmental activities of the District Attorney for the Eighth Judicial District (District Attorney), as of and for the year ended December 31, 2005, which collectively comprise the District Attorney's basic financial statements and have issued our report thereon dated September 1, 2006. Our audit was to have been conducted 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. However, because of inadequacies in the District Attorney's accounting records, we were not able to apply the foregoing standards.

Compliance

As part of attempting to obtain reasonable assurance about whether the District Attorney's financial statements are free of material misstatement, we performed limited tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Our tests were limited because of inadequacies in the District Attorney's accounting records. 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 limited tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of findings in Exhibit B.

Internal Control Over Financial Reporting

In planning and attempting to perform our audit, we considered the District Attorney's internal control over financial reporting in order to determine our auditing procedures for the purpose of attempting to express an opinion on the financial statements and not to provide assurance on internal control over financial reporting. However, because of the significance of the inadequacies in the accounting records and considering that management from 2005 is either deceased or no longer employed in the District Attorney's office, we were unable to form an opinion on the District Attorney's financial statements. In addition to the matters relating to noncompliance with certain provisions of laws and regulations, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to

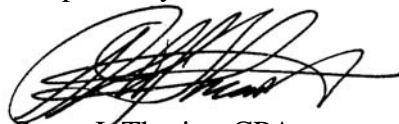
DISTRICT ATTORNEY FOR THE EIGHTH JUDICIAL DISTRICT _____

significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District Attorney's ability to record, process, summarize, and report financial data consistent with the assertions in the financial statements. Reportable conditions are described in the accompanying schedule of findings in Exhibit B.

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. 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 and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described in Appendix B, we considered all items to be material weaknesses.

This report is intended for the information and use of the District Attorney 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.

Respectfully submitted,



Steve J. Theriot, CPA
Legislative Auditor

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Schedule of Findings
For the Year Ended December 31, 2005

COMPLIANCE WITH LAWS AND REGULATIONS

The District Attorney's office has not maintained adequate financial records as required by Louisiana law. Louisiana Revised Statute (R.S.) 44:36 requires the District Attorney to exercise diligence and care in preserving public records and further provides that public records be preserved and maintained for a period of at least three years from the date on which the public record was made.

Specifically, the available 2005 financial records were deficient in that the District Attorney's office did not:

- (1) maintain supporting documentation (e.g., vendor invoices) for all disbursements;
- (2) maintain supporting documentation for all receipts/revenue received, including detailed records of all monies (e.g., cash, checks, money orders) collected;
- (3) maintain supporting documentation for all payables/liabilities incurred;
- (4) maintain budgets and related documents for the General Fund and all special revenue funds in accordance with R.S. 39:1301 *et seq.*;
- (5) maintain adequate payroll records, including employee annual and sick leave records;
- (6) maintain a detailed list of all capital assets that includes the date acquired, amount, and location of the asset in accordance with state law [R.S. 24:515(B)(1)]; and
- (7) have a written purchasing policy or procedures that would ensure purchases are (1) properly authorized; (2) made in accordance with applicable laws and regulations; (3) made with available funds; and (4) properly budgeted.

The District Attorney should maintain (1) supporting documentation for all disbursements and receipts, including detailed records of all monies disbursed and collected; (2) supporting documentation for all payables/liabilities incurred; (3) original and amended budget documents; (4) all payroll records, including employee leave records; and (5) a detailed list of all capital assets. In addition, we suggest that a purchasing policy and detailed procedures be developed and implemented by the District Attorney to ensure compliance with applicable laws and regulations (e.g., Louisiana Public Bid Law).

INTERNAL CONTROL OVER FINANCIAL REPORTING

Internal control over receipts and disbursements is inadequate in that appropriate supporting documentation is not maintained. Good internal control requires that documentation exists to support transactions entered in the financial records of the District Attorney.

Deficiencies in internal control over 2005 receipts and disbursements include the following:

- Documentation is not maintained to support all receipts/revenues (\$853,749) recorded on the *Statement of Revenues, Expenditures, and Changes in Fund Balances*. Supporting documentation was missing for \$286,091 or 34% of total revenues. The missing records relate primarily to monies received for administering (1) the worthless check program; (2) the pre-trial intervention program; and (3) various grants.
- Documentation is not maintained to support all expenditures (\$1,032,393) recorded on the *Statement of Revenues, Expenditures, and Changes in Fund Balances*. Of 50 expenditures selected totaling \$102,126 (approximately 10% of total expenditures), supporting documentation (vendor invoices, employee time/attendance reports, employee leave records, et cetera) was missing for 30 expenditures (60%) totaling \$74,586 (73%).
- Documentation is not maintained to support the payables/liabilities (\$618,498) recorded on the *Balance Sheets - Governmental Funds*.
- Documentation is not maintained to support the total assets (\$66,455) and total liabilities (\$66,455) recorded on the *Statement of Fiduciary Assets and Liabilities-Agency Funds*.
- The accompanying financial statements of the Worthless Check Fund and Pre-trial Intervention Fund are incomplete because at least five months of financial activity (receipts and disbursements from August 2005 through December 2005) related to both funds were recorded in the financial statements of the General Fund. As a result, the financial statements of the accompanying General Fund include transactions of these other governmental funds.
- The District Attorney did not maintain written policies and/or detailed procedures for the following:
 1. Retaining public records, including e-mail communications
 2. Preparing, adopting, monitoring, and amending its budgets
 3. Processing, recording, and depositing receipts/collections

4. Purchasing process, including (1) how purchases are initiated; (2) the preparation and approval process of purchase requisitions and purchase orders; and (3) checks and balances to ensure compliance with the bid law
5. Processing, reviewing, and approving disbursements/expenditures
6. Traveling, including rates for mileage, meals, and lodging, and filing expense reimbursement reports
7. Using credit cards and filing expense reports supporting credit card charges
8. Processing, reviewing, and approving attendance records and payroll, including leave
9. Recording, tagging, and safeguarding capital assets
10. Implementing an Information System (computer) contingency and recovery plan in the event of a disaster, including procedures to test the plan periodically

The District Attorney should implement controls to ensure that adequate documentation supports the receipt and disbursement of all public funds and transactions are properly segregated and recorded in the appropriate funds. Developing and implementing the aforementioned policies and procedures provides staff a clear understanding of what should be done, how, who, and when it should be done. Also, written policies and procedures aid in the continuity of operation and cross-training of staff.

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Schedule of Prior Year Findings
For the Year Ended December 31, 2004

SCHEDULE OF PRIOR YEAR FINDINGS

PRIOR YEAR FINDINGS		DISPOSITION
2004-C-1	The District Attorney made one time payments to his employees that appear to be bonuses.	Not determined - see Exhibit B
2004-C-2	The District Attorney did not maintain adequate documentation to support expenditures.	Not resolved - see Exhibit B
2004-C-3	The District Attorney incurred excessive travel and conference expenditures.	Not determined - see Exhibit B
2004-C-4	The District Attorney has an excessive number of employees compared to Grant and LaSalle Parish District Attorney's offices.	Not determined - see Exhibit B
2004-C-5	The District Attorney's office transferred monies from the Asset Forfeiture Fund to the General Fund without court approval.	Not determined - see Exhibit B
2004-C-6	The District Attorney did not amend his General Fund budget in accordance with the Local Government Budget Act.	Not determined - see Exhibit B
2004-I-1	Errors were found in the August 2004 request for reimbursement under the Title IV-D grant and the retirement reports for August and September 2004.	Not determined - see Exhibit B

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District Attorney's Corrective Action
Plans and Responses to the
Findings and Recommendations

OFFICE OF THE DISTRICT ATTORNEY



R. CHRISTOPHER NEVILS
DISTRICT ATTORNEY
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October 17, 2006

Mr. Steve J. Theriot, CPA
Legislative Auditor, State of Louisiana
1600 North Street
Baton Rouge, LA 70802

RE: 2005 Audit
District Attorney, Eighth Judicial District
Winn Parish, Louisiana
Corrective Action Plans and Responses to Findings
and Recommendations

Dear Mr. Theriot:

I have received and reviewed the preliminary draft of the 2005 audit of this office. Please let the following serve as my response to the findings and recommendations contained therein.

Audits of Former Administrations Reveal Lack of Financial Control:

On two prior occasions, in 1999 and 2004, the Louisiana Legislative Auditor conducted compliance audits of the District Attorney for the Eighth Judicial District Court ("District Attorney"). The 1999 audit concluded, among other things, that (1) the district attorney had no formal travel policy, leading to gross overspending for meals and lodging compared with the state's travel policies; (2) the district attorney expended public funds for advertising messages that included his name; (3) the district attorney paid one-time lump sum salary bonuses to certain employees; and (4) the district attorney had no effective control over payroll.

Five years later, the 2004 audit (issued April 20, 2005) revealed that the problems found in the prior audit continued to persist in the District Attorney's office. Specifically, the audit concluded that the district attorney spent 12.3

times more for travel and conferences than in similarly situated judicial districts. Moreover, the district attorney expended more public funds than were available to the office for at least three years prior to the 2004 audit. In short, the latter audit suggested that little or no effort had been made to control the District Attorney's spending practices.

In the Spring of 2005, Terry Reeves, then the District Attorney, sued the Winn Parish Police Jury, demanding that the jurors fund the District Attorney's office \$553,499.00. During the course of this litigation, it was discovered that there were unpaid obligations of the District Attorney's office in excess of \$460,000.00 including, but not limited to unpaid retirement contributions, unpaid parochial retirement, unpaid Internal Revenue Service 941 payroll taxes, and unpaid Louisiana Department of Revenue taxes.

On or about July 21, 2005, Terry Reeves died. His longtime First Assistant District Attorney, Martin Sanders, became the acting district attorney thereafter. It was then discovered that the bank accounts were in a net overdraft state. Additionally, along with the unpaid taxes and retirement contributions, the acting District Attorney discovered that many vendors and suppliers had also not been paid. These obligations totaled in excess of \$500,000.00.

On April 1, 2006, the undersigned was elected District Attorney for the Eighth Judicial District Court. Having had no relationship with the prior administration, and having never set foot inside the District Attorney's office, the undersigned took office ten days later on April 11, 2006. Thus, as rightly reflected in the 2005 audit, as management from 2005 is either deceased or no longer employed in the District Attorney's office, present management could provide no input on the financial records or operation of the prior administration.

Current Administration Requests the 2005 Audit:

Present management's first action as District Attorney was to contact the Legislative Audit Advisory Council and request that the Louisiana Legislative Auditor conduct the 2005 audit. The Legislative Audit Advisory Council approved the request in April, 2006. Thereafter, the undersigned met with representatives of the Louisiana Legislative Auditor and provided them with what little financial records remained from the prior administrations. Thus, present management notes that all of the findings and problems noted in the 2005 audit predated the undersigned's election to office. Just as the Louisiana Legislative Auditor attempted, but could not complete, the 2005 audit for lack of adequate documentation, present management cannot attest to the accuracy of any documents discovered when the undersigned took office in April of 2006.

Given the lack of financial statements, notes to basic financial statements, and budgetary comparison information from the prior administrations, present management has taken actions appropriately addressing the financial-record inadequacies. These actions are outlined below. Additionally, present management is working with a private auditor to ensure that an audit for 2006 can be prepared. Finally, present management has implemented sweeping changes, suggested by the Louisiana Legislative Auditor, to improve the financial operation of the District Attorney's office.

Present Management Resolves All Findings From 2004 Audit:

Exhibit "C" of the 2005 audit report contains a list of findings from the 2004 compliance audit, discussed above. Present management has addressed these findings as follows:

Finding 2004 C-1: The District Attorney made one time payments to his employees that appear to be bonuses.

Disposition: No bonuses or one-time payments have been made, or will be made to employees.

Finding 2004 C-2: The District Attorney did not maintain adequate documentation to support expenditures.

Disposition: Present management requires that written receipts be maintained for all expenditures. No expenditures are made except by check. The checks require two signatures.

Finding 2004 C-3: The District Attorney incurred excessive travel and conference expenditures.

Disposition: No employee of the District Attorney may currently incur travel or conference expenditures without the express written approval of the District Attorney. Upon approval, the District Attorney's office pays only the negotiated rate, or government rate, for lodging, the Internal Revenue Service mileage rate, and the prevailing state per diem rate for meals. Any conference or travel requiring air transportation is presently prohibited. Travel outside the continental United States is prohibited. Finally, present management requires that, where possible, employees attend conferences that are provided free of charge or at a reduced rate.

Finding 2004 C-4: The District Attorney has an excessive number of employees compared to Grant and LaSalle Parish District Attorney's offices.

Disposition: Shortly after taking office, present management met at length with the District Attorneys for Grant and LaSalle parishes. At these meetings, present management discussed the budgetary and personnel requirements of these similarly-situated parishes.

Where the prior administration employed twenty-nine (29) employees, the Winn Parish District Attorney's office presently employs eight (8). Four are employed in the Title IV-D (child support) funded by the State of Louisiana. Of the remaining four, two are full time (Office Administrator and Criminal Records Administrator) and two are part-time (Receptionist and File Clerk).

By statute, the District Attorney is assisted by three paid assistants. Presently, two of the three Assistant District Attorneys are paid solely by the State of Louisiana. The third assistant is paid by the State of Louisiana and through a narcotics prosecution grant.

The Winn Parish District Attorney's office presently has fewer employees than its counterparts in Grant and LaSalle Parish District. Nevertheless, the caseload of the District Attorney's office should exceed those cases prosecuted in 2005.

Finding 2004 C-5: The District Attorney's office transferred monies from the Asset Forfeiture Fund to the General Fund without court approval.

Disposition: The Asset Forfeiture Fund has been closed. Should funds derived from asset forfeitures need to be deposited with the District Attorney's office in the future, they will be deposited in a separate trust account.

Finding 2004 C-6: The District Attorney did not amend his General Fund Budget in accordance with the Local Government Budget Act.

Disposition: The anticipated budget of the District Attorney's office for fiscal year 2007 is less than half of what it was during the prior administration. Present management is not required to present a budget until November of 2006, but will fully comply with the Local Government Budget Act in making the presentation and amending same, if necessary.

Finding 2004 I-1: Errors were found in the (1) August 2004 request for reimbursement under the Title IV-D grant; and (2) the retirement reports for August and September 2004.

Disposition: These reports have been rectified.

Present Management Resolves All Financial Record Deficiencies From 2005 Audit:

Exhibit "B" of the 2005 audit contains a list of seven deficiencies found in the 2005 financial records of the District Attorney's office. As set forth above, present management requires supporting documentation for all disbursements, all receipts/revenue collected, and all payables/liabilities incurred. Additionally, present management now requires that all employees complete leave request forms for submission to the District Attorney, to provide an adequate record of employee annual and sick leave. Present management has implemented procedures to ensure that any purchases are (1) properly authorized; (2) made in accordance with applicable laws and regulations; (3) made with available funds; and (4) properly budgeted. Finally, present management has compiled, and is currently revising, a detailed list of all capital assets.

Present Management Resolving 2005 Budget Deficit:

The 2005 audit report contains an unaudited balance sheet for governmental funds from the period January 1, 2005 through December 31, 2005. The total fund balance for this period shows a deficit of \$554,332.00. As set forth above, the unpaid state and federal taxes, retirement contributions, and bills from numerous vendors form the bulk of the deficit. And while they entirety of these obligations preceded the undersigned's administration, present management must confront and resolve them.

As a political subdivision of the State of Louisiana, the Winn Parish District Attorney's office is constitutionally immune from seizure of its public funds to satisfy any judgments rendered against the office. However, the District Attorney's office is not immune from having a lien placed on office accounts by the Internal Revenue Service or the Louisiana Department of Revenue. Accordingly, the unpaid federal and state taxes were the first obligations to be resolved by the undersigned.

Working with private tax attorneys, who volunteered to assist the District Attorney's office, present management reached an agreement with the Internal Revenue Service whereby the unpaid payroll taxes would be deemed currently not collectible. No liens remain on any District Attorney accounts. Assuming that present management continues to make timely payments of current amounts due, and timely submits tax returns, the Internal Revenue Service will continue to view the account as not collectible. No further collection activities are anticipated.

Similarly, present management reached an agreement with the Louisiana Department of Revenue whereby the latter removed thousands of dollars in penalties. In exchange, the District Attorney's office submitted a reduced payment to discharge the obligation. At this time the District Attorney's office is current in its payment of state withholding taxes for all employees.

In addition to the constitutional protection from seizure of assets, the District Attorney's office should not be considered liable for debts incurred by prior administrations, especially those incurred for non-public purposes. Upon explaining these concepts to many different vendors, present management has succeeded in obtaining write-offs and discharges of much of the prior debts.

As of the date of this report, the undersigned has negotiated, compromised or otherwise discharged the following accounts:

<u>ACCOUNT</u>	<u>AMOUNT OF CLAIM</u>
IRS 941 Taxes	\$100,513.00
La. Dept. of Revenue	\$27,493.90
La. State Police – LACES	\$16,322.76
Smith Pugh & Company	\$57,014.35
Modern Office Concepts	\$2,210.81
La. Dist. Attorneys Assoc.	\$1,333.32
GE Capital (office equip.)	\$2,116.60
Lexis-Nexis	\$3,205.50
LTD Financial (Office Depot)	\$7,894.41
Choice Point	\$165.00
OfficeMax	\$2,735.40
Staples	\$2,514.58
Alltell	\$1,811.98
Cypress Publishing	\$275.40
Music Mtn. Water Co.	\$115.82
Red Ball Oxygen	\$67.48
Sav-on Office Supplies	\$750.00
TOTAL:	\$226,540.31

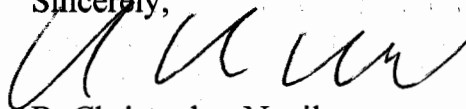
The remaining accounts are currently being resolved on a case-by-case basis. However, many of the outstanding obligations have proven difficult to resolve as a result of the inadequate record keeping by prior management. It is anticipated that the remaining accounts will be resolved by the end of fiscal year 2007.

Present Management Looking Forward to Improved Financial Conditions in 2007:

The District Attorney's office has experienced much adversity since present management took office in April of 2006. As can be seen from this report, however, much has been accomplished in six months. Office personnel, and the corresponding expense, have shrunk. Excessive travel and unbudgeted expenses have all but been eliminated. By working with vendors and government agencies on a daily basis, the deficit has been dramatically reduced. In short, the District Attorney's office has become efficient, productive and accountable.

Thank you for the opportunity to respond to the findings contained in the 2005 audit report. Please incorporate this response into the report.

Sincerely,



R. Christopher Nevils
District Attorney

RCN/bt