

**DISTRICT ATTORNEY
OF THE THIRD JUDICIAL DISTRICT
PARISHES OF
LINCOLN AND UNION, LOUISIANA**

**FINANCIAL STATEMENTS
DECEMBER 31, 2008**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

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**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA**

FINANCIAL STATEMENTS
DECEMBER 31, 2008

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DON M. MCGEHEE
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INDEPENDENT AUDITOR'S REPORT

Honorable Robert W. Levy
District Attorney of the Third Judicial District
P.O. Box 777
Ruston, Louisiana 71273

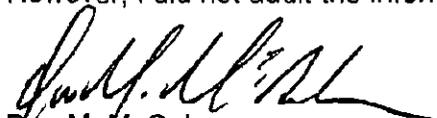
I have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of the District Attorney of the Third Judicial District, a component unit of the Lincoln Parish Police Jury, as of and for the year ended December 31, 2008, which collectively comprise the District Attorney's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the District Attorney's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the aggregate remaining fund information of the District Attorney of the Third Judicial District, as of December 31, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated June 30, 2009, on my consideration of the District Attorney's internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 5 and pages 21 - 22, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.


Don M. McGehee
Certified Public Accountant
June 30, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

ROBERT W. LEVY, DISTRICT ATTORNEY
THIRD JUDICIAL DISTRICT OF LOUISIANA
PARISHES OF LINCOLN & UNION

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RUSTON, LA 71273-0777
(318) 251-5100



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**MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2008**

Our discussion and analysis of the District Attorney's financial performance provides an overview of the financial activities for the year ended December 31, 2008. It is based upon currently known facts, decisions, and conditions. Please read it in conjunction with the financial statements which begin on page 8.

Basic Financial Statements

The basic financial statements include government-wide and fund financial statements. The government-wide statements consist of a Statement of Net Assets and a Statement of Activities and provide information about the financial activities of our Office as a whole. The government-wide statements present a long-term view of our finances. Fund financial statements consist of the respective fund's balance sheet and the fund's statement of revenues, expenditures and changes in fund balance, if applicable. The fund statements tell how our services were financed in the short-term and what remains for future spending. The primary difference between the fund and government-wide statement presentation methods is that expenditures for capital assets are expensed in the fund financial statements but capitalized and depreciated in the government-wide statements.

Our office reports information about monies we hold as an agent for others in the fiduciary fund. We are responsible for ensuring that all assets held for others are distributed as ordered by the court. We cannot use the assets held for others to finance our operations.

Statement of Net Assets and Statement of Activities

One of the most important questions asked about our finances is, "Is the District Attorney's Office as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about our Office as a whole and about our activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is a method similar to accounting used by most private-sector companies. All revenues and expenses of the current year are reported under this method regardless of when cash is received or disbursed.

These two statements report our Office's net assets and the changes in the net assets. You can think of net assets - the difference between assets and liabilities - as one way to measure the financial health, or financial position, of our Office. Increases/(decreases) in our net assets are one indicator of whether our financial health is improving/(deteriorating).

We report the financial activity of all services provided by us in the Statement of Net Assets and Statement of Activities. Expenses primarily include salaries and related benefits, and office expenses. Fees received from the defendants, grants and other assistance, and the on-behalf payments received from the State of Louisiana finance most of our activities.

Government-Wide Financial Analysis

As noted above, net assets may serve as a useful indicator of an entity's financial position. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the governmental activities of our Office.

Table 1
Total Net Assets

	<u>2008</u>	<u>2007</u>
Current Assets	\$ 405,237	\$ 419,556
Capital Assets	<u>74,007</u>	<u>57,327</u>
Total	<u>479,244</u>	<u>476,883</u>
Current Liabilities	<u>67,246</u>	<u>54,215</u>
Net Assets:		
Investment in Capital Assets	74,007	57,327
Unrestricted Net Assets	<u>337,991</u>	<u>365,341</u>
Total Net Assets	<u>\$ 411,998</u>	<u>\$ 422,668</u>

Net assets decreased \$10,670 from the prior year. Unrestricted net assets, which is the part of net assets that can be used to finance the day-to-day operations of our office without constraints, decreased \$27,350.

Table 2
Change in Net Assets

	<u>2008</u>	<u>2007</u>
Revenues		
Program Revenues:		
Fees	\$ 214,741	\$ 209,001
Intergovernmental	638,669	615,118
On-Behalf Revenue	422,938	344,389
Grants and Other Assistance	314,111	291,538
General Revenues:		
Intergovernmental	289,660	289,660
Interest Income	2,347	2,060
Miscellaneous Income	<u>3,285</u>	<u>2,493</u>
Total Revenues	<u>1,885,751</u>	<u>1,754,259</u>
Program Expenses:		
General Government-Judiciary	1,473,483	1,387,841
On-Behalf Expenses	<u>422,938</u>	<u>344,389</u>
Total Expenses	<u>1,896,421</u>	<u>1,732,230</u>
Increase in Net Assets	<u>\$ (10,670)</u>	<u>\$ 22,029</u>

Total revenues increased by 7% (\$131,492) from the prior year. Fees increased by 3% (\$5,740), intergovernmental program revenue increased 4% (\$23,551), and grants increased by 8% (\$22,573). On-behalf revenue increased 23% (\$78,549) primarily due to a raise given to assistant district attorney's by the state and because a previously vacant position was filled.

Expenses increased 9% (\$164,191), mainly due to an increase in salaries, health insurance, office expense, and professional fees.

The net effect was a \$32,729 decrease in the total change in net assets for the year ended December 31, 2008, compared to the prior year total change in net assets.

Fund Financial Statements

As of our year end on December 31, 2008, our governmental funds reported a fund balance of \$333,661, which is \$26,595 less than last year's fund balance. During 2008, revenues increased by 8% (\$137,332) as described above. Expenditures increased 10% (\$176,530) over the prior year as described above and capital outlay expenditures increased \$13,810.

General Fund Budgetary Highlights

We amend our budget when we determine there are unexpected differences between actual and anticipated revenues and/or expenditures. Our final amended budget was adopted just prior to year end. The differences between the original and final amended budget were a 5% (\$66,543) increase in revenues and a 3% (\$41,262) increase in expenditures. The change in budgeted revenues included a \$37,870 increase in intergovernmental revenue, a \$20,541 increase in grants and other assistance, a \$20,000 increase in on-behalf revenue, and a \$11,770 decrease in fees. Budgeted salaries were adjusted upward \$19,400, insurance was increased \$10,568, and other expenses were increased \$10,796. There were no other significant budget amendments.

Actual general fund revenues were 8% (\$106,938) greater than budgeted revenues, and actual general fund expenditures and transfers were 6% (\$87,695) more than budgeted expenditures and transfers. Grant revenues exceeded budgeted amounts by \$34,043 (47%), primarily because some grants were not included in the budgeting process. Intergovernmental revenues exceeded budgeted amounts by \$23,950 (3%) due primarily to an unexpected increase in forfeiture monies received. Insurance expenses and office expenses were \$29,791 (25%) and \$14,943 (35%) more than budgeted amounts, respectively. Additionally, \$50,701 was transferred out to special revenue funds for which no budget provision was made.

Capital Assets

In 2008 we purchased computer equipment, office furniture, and a vehicle. For the upcoming year, we plan to purchase additional computer equipment, upgrade our computer software, and purchase office furniture, but there are no plans to issue debt to finance these purchases or any other future project.

Currently Known Facts, Decisions, or Conditions

We are not aware of any facts, decisions, or conditions that are expected to have a significant impact on the financial position or results of operations after the reporting date.

Contacting the District Attorney's Office

This financial report is designed to provide citizens and taxpayers with a general overview of the finances of the District Attorney's Office and to show accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Attorney's Office at 100 W. Texas Avenue, Ruston, LA 71270.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA**

**STATEMENT OF NET ASSETS
DECEMBER 31, 2008**

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 232,298
Certificates of Deposit	27,639
Due from Other Governmental Units	112,707
Due from Grants	20,927
Due from Others	3,969
Prepaid Insurance	7,432
Interest Receivable	265
Capital assets, net of depreciation	<u>74,007</u>
Total Assets	<u>479,244</u>
LIABILITIES	
Accounts Payable	34,179
Accrued Liabilities	<u>33,067</u>
Total Liabilities	<u>67,246</u>
NET ASSETS	
Invested in Capital Assets	74,007
Unrestricted	<u>337,991</u>
Total Net Assets	<u>\$ 411,998</u>

See accompanying notes to financial statements.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008**

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue
GOVERNMENTAL ACTIVITIES:				
General Government-Judicial	\$ 1,896,421	\$ 1,276,348	\$ 314,111	\$ (305,962)
Total Governmental Activities	<u>\$ 1,896,421</u>	<u>\$ 1,276,348</u>	<u>\$ 314,111</u>	<u>(305,962)</u>
General Revenues:				
Intergovernmental not restricted to specific programs				289,660
Interest earnings				2,347
Miscellaneous				<u>3,285</u>
Total General Revenues				<u>295,292</u>
Change in Net Assets				(10,670)
Net Assets - Beginning				<u>422,668</u>
Net Assets - Ending				<u>\$ 411,998</u>

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA**

**BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2008**

	<u>General Fund</u>	<u>Special Revenue Funds</u>			<u>Total Governmental Funds</u>
		<u>Title IV-D</u>	<u>Worthless Checks</u>	<u>TASC</u>	
ASSETS					
Cash	\$ 109,981	\$ 67,206	\$ 30,661	\$ 24,450	\$ 232,298
Certificate of Deposit	0	0	27,639	0	27,639
Due from Other Governmental Units	71,018	15,917	0	25,772	112,707
Due from Grants	9,930	0	0	6,667	16,597
Due from Others	3,969	0	0	0	3,969
Interest Receivable	0	0	265	0	265
Due from Other Funds	151,289	0	0	0	151,289
Prepaid Expenses	<u>7,432</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,432</u>
Total Assets	<u>\$ 353,619</u>	<u>\$ 83,123</u>	<u>\$ 58,565</u>	<u>\$ 56,889</u>	<u>\$ 552,196</u>
LIABILITIES AND FUND EQUITY					
EQUITY					
LIABILITIES					
Accounts Payable	\$ 33,413	\$ 166	\$ 0	\$ 600	\$ 34,179
Accrued Liabilities	33,067	0	0	0	33,067
Due to Other Funds	<u>0</u>	<u>49,182</u>	<u>28,718</u>	<u>73,389</u>	<u>151,289</u>
Total Liabilities	<u>66,480</u>	<u>49,348</u>	<u>28,718</u>	<u>73,989</u>	<u>218,535</u>
FUND EQUITY					
Fund Balance (Deficit) - Unreserved and Undesignated	<u>287,139</u>	<u>33,775</u>	<u>29,847</u>	<u>(17,100)</u>	333,661
Total Liabilities and Fund Equity	<u>\$ 353,619</u>	<u>\$ 83,123</u>	<u>\$ 58,565</u>	<u>\$ 56,889</u>	

Amounts reported in the Statement of Net Assets in the government-wide financial statements are different from those reported in the balance sheet above because:

Capital assets are not recognized as financial resources and are not reported as assets in the balance sheet above yet are recognized in the Statement of Net Assets. 74,007

Receivables that are not expected to be collected and available to timely pay current period expenditures are not recognized as financial resources and are not recorded as assets in the balance sheet above yet are recognized in the Statement of Net Assets. 4,330

Net assets of government activities in the government-wide financial statements \$ 411,998

See accompanying notes to financial statements.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUNDS
DECEMBER 31, 2008**

	General	Title IV-D	Worthless Checks	TASC	Total Governmental Funds
REVENUES					
Fees	\$ 175,831	\$ 0	\$ 38,910	\$ 0	\$ 214,741
Grants and Other Assistance	105,761	198,438	0	10,667	314,866
Interest Income	1,056	343	763	185	2,347
Intergovernmental	779,176	0	0	149,153	928,329
On-Behalf Revenue	422,938	0	0	0	422,938
Other Income	3,285	0	0	0	3,285
Total Revenues	1,488,047	198,781	39,673	160,005	1,886,506
EXPENDITURES					
Capital Outlay	26,771	7,793	0	0	34,564
Auto Expense	2,995	0	0	0	2,995
Contract Services	22,902	13,134	0	0	36,036
Dues	6,501	0	0	0	6,501
Employee Benefits	45,612	12,096	2,474	7,784	67,966
Insurance	147,717	14,694	1,273	9,915	173,599
LDAA Assessment	10,531	0	0	0	10,531
Library	35,336	0	0	0	35,336
Lincoln Police Jury	11,667	0	0	0	11,667
Office Expense	57,939	5,511	291	6,424	70,165
Other	926	0	0	67	993
Payroll Taxes	18,536	2,530	281	1,577	22,924
Penalties and Interest	309	0	0	0	309
Professional Fees	19,260	0	0	21,740	41,000
Rent	18,622	0	0	4,619	23,241
Salaries	1,013,188	182,415	19,399	108,785	1,323,787
Telephone	14,911	1,137	0	2,880	18,928
Training and Seminars	1,157	690	0	0	1,847
Travel	19,660	2,326	0	2,228	24,214
Trial Expenses	6,498	0	0	0	6,498
Total Expenditures	1,481,038	242,326	23,718	166,019	1,913,101
Excess(Deficiency) of Revenues Over (Under) Expenditures	7,009	(43,545)	15,955	(6,014)	(26,595)
OTHER FINANCING SOURCES					
Operating Transfers	(50,701)	43,126	0	7,575	0
NET CHANGE IN FUND BALANCE	(43,692)	(419)	15,955	1,561	(26,595)
Fund Balance(Deficit)-Beginning	330,831	34,194	13,892	(18,661)	360,256
Fund Balance(Deficit)-Ending	\$ 287,139	\$ 33,775	\$ 29,847	\$ (17,100)	\$ 333,661

See accompanying notes to financial statements.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008**

Net Change in Fund Balances-Total Governmental Funds **\$ (26,595)**

Amounts reported in the Statement of Activities in the government-wide financial statements are different from those reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance in the fund financial statements because:

Capital outlays are not recognized as expenditures in the Statement of Activities, but an economic cost of the outlay over an estimated useful life of the asset is recognized as depreciation expense. Capital outlay expenditures of \$34,564 recognized in the fund financial statements exceeded the \$17,884 in depreciation expense reported in the government-wide Statement of Activities by \$16,680. 16,680

Net revenues of \$4,330 recognized in the Statement of Activities were not available to fund current period expenditures and are not recognized as revenue in the fund financial statements. Revenues of \$5,085 that were recognized in the Statement of Activities in the prior year but not in the fund financial statements were recognized in the current period fund financial statements. (755)

Change in Net Assets of Government Activities **\$ (10,670)**

See accompanying notes to financial statements.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA**

**STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2008**

	<u>Agency Fund</u>
ASSETS	
Cash	\$ 104,691
Non-Cash Assets Seized	<u>10,025</u>
Total Assets	<u>114,716</u>
LIABILITIES	
Seizures not yet Forfeited	100,225
Judgements not yet Disbursed	<u>14,491</u>
Total Liabilities	<u>114,716</u>
NET ASSETS	<u>\$ 0</u>

See accompanying notes to financial statements.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

As provided by Article V, Section 26 of the Louisiana Constitution of 1974, the district attorney has charge of every criminal prosecution by the state in his district, is the representative of the state before the grand jury in his district, and is the legal advisor to the grand jury. He performs other duties as provided by law. The district attorney is elected by the qualified electors of the judicial district for a term of six years.

The accompanying basic financial statements of the District Attorney's Office are prepared in accordance with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies used by the District Attorney's Office are discussed below:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

For financial reporting purposes, in conformity with GASB Statement No. 14, the District Attorney of the Third Judicial District is a component unit of the Lincoln Parish Police Jury. For the purposes of this financial report, this component unit serves as the nucleus for its own financial reporting entity and issues separate financial statements.

The Third Judicial District Truancy Assessment and Services Center (TASC) is a jointly governed organization. TASC's purpose is to identify potential juvenile delinquent behavior, using truancy as the primary indicator, and to correct it through early intervention. It operates through an interagency cooperation agreement with various agencies in Lincoln and Union parishes and with the District Attorney's Office. TASC is a component unit, but is not a legally separate organization from the District Attorney's Office. TASC is blended and reported within the Special Revenue Fund.

FUND ACCOUNTING

The accounts of the District Attorney are organized and operated on the basis of funds. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Furthermore, each category is divided into separate "fund types." The fund categories used by the District Attorney's Office are governmental funds and fiduciary funds. Governmental funds account for the District Attorney's general activities, including the collection and disbursement of specific or legally restricted monies, and the acquisition of general fixed assets. Fiduciary funds account for the activity of the District Attorney as an agent for third parties.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds

General Fund

The General Fund is the general operating fund of the district attorney. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specific purposes. The District Attorney's Office uses the following special revenue funds:

Title IV-D Fund - To account for the receipt and expenditures of reimbursement grants from the Louisiana Department of Health and Human Resources, authorized by Act 117 of 1975, to establish family and child support programs compatible with Title IV-D of the social security act. The purpose of the fund is to enforce the support obligation owed by absent parents to their families and children, to locate absent parents, to establish paternity, and to obtain family and child support.

Worthless Checks Fund - To account for the receipt and use of the proceeds from fees collected in accordance with Louisiana Revised Statute 16:15, which provides that the District Attorney receives, from the principle to the offense, a prescribed amount upon collection of a worthless check. The fund may be used to defray the salaries and expenses of the office of the District Attorney, but may not be used to supplement the salary of the District Attorney.

Third Judicial District Truancy Assessment and Service Center (TASC) - To account for the receipt and use of monies from the State of Louisiana-Judicial Branch, authorized by the Children's Code Chapter 15, and a grant to operate a Truancy Assessment and Services Center. The TASC addresses the underlying causes of truancy to coordinate the pooling of existing resources targeted at the child and family and the providing of appropriate action by services and treatment agencies in Lincoln and Union parishes. The TASC operates through an interagency cooperation with the Third Judicial District Judges, Lincoln and Union Parish School Boards, Lincoln and Union Parish Police Jury, Lincoln and Union Parish Sheriff's Office, Louisiana Tech University, various other organizations, and the District Attorney's Office. The TASC is not legally separate from the District Attorney's Office.

Fiduciary Funds

Agency Funds

Agency Funds are used to account for assets held by the District Attorney's Office as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations:

Forfeiture and Fine Fund - To account for assets received under the asset forfeiture law, under the bond forfeiture law, and for bail bond license fees. The asset forfeiture funds and the bond forfeiture funds are held until a judgment is rendered on each case instructing the District Attorney's Office on the disbursements of the funds. The bail bond license fees are distributed to various agencies, including the District Attorney's general fund, as provided by law.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities displays information about the reporting government as a whole. The Statement of Net Assets and Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

Program revenues included in the Statement of Activities derive directly from the program itself and reduce the cost of the function to be financed from the general revenues.

Fund Financial Statements

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All government funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means that the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. An availability period of 60 days was used. Revenues accrued include commissions (collected by another governmental unit and remitted to the District Attorney), other intergovernmental revenue, and reimbursements for expenditures from the state. Revenues that are not considered susceptible to accrual include certain charges for fees and forfeitures. Expenditures are recorded when the related fund liability is incurred.

With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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.

BUDGETS AND BUDGETARY ACCOUNTING

The District Attorney's Office prepared an operating budget on its General Fund and Special Revenue Funds for the year ended December 31, 2008. Budgetary data is prepared based on prior year actual operating revenues and expenditures. It is monitored by management and amended throughout the year as necessary. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. The District Attorney's Office performs only a custodial function in the case of the agency fund and therefore a budget for this fund is not appropriate.

The 2008 general fund budget was authorized by the District Attorney, made available for public inspection at the District Attorney's Office, and adopted by the District Attorney. The budget was amended prior to year end by the District Attorney.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits with original maturities of three months or less from the date of acquisition. It also includes cash on hand and undeposited currency being held in trust for evidence. Under state law, the District Attorney may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under the laws of any state of the United States, or under the laws of the United States.

SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet.

CAPITAL ASSETS

Capital assets are capitalized at cost and depreciated over their estimated useful lives. Donated assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Furniture and Equipment	5 - 7 years
Vehicles	5 - 7 years

DEFERRED REVENUE

Amounts which have been received, but for which the revenue recognition criteria has not yet been met because such amounts have not yet been earned are classified as deferred revenue.

VACATION AND SICK LEAVE

Employees earn 12 days of vacation and sick leave each year. Vacation and sick leave must be used in the year earned. There are no accumulated and vested benefits relating to vacation and sick leave that require accrual or disclosure at year end.

NOTE 2 - CASH AND CERTIFICATES OF DEPOSIT

Cash consists of demand deposits and cash on hand. Deposits are carried at cost which approximates market value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. Pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2008, the District Attorney's Office has \$396,050 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance.

There was also a balance of \$500 recorded as cash on hand and \$7,679 recorded as undeposited currency being held in trust for evidence at December 31, 2008, which was uncollateralized.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2008

NOTE 3 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consisted of the following:

Commissions and Fees from -	
City of Ruston	\$ 363
Lincoln Parish Sheriff's Office	17,186
Union Parish Sheriff's Office	3,857
Lincoln Parish Criminal Court Fund	32,213
Union Parish Criminal Court Fund	17,399
Union Parish School Board	1,250
State of Louisiana-Judicial Branch	24,522
Title IV-D Reimbursement Grant Monies from the State of LA, DHHR	<u>15,917</u>
TOTAL	\$ <u>112,707</u>

NOTE 4 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2008, are as follows:

	<u>Balance</u> <u>01/01/08</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/08</u>
<u>Capital Assets at Cost</u>				
Furniture and Equipment	\$ 281,499	\$ 15,522	\$ 0	\$ 297,021
Vehicles	<u>55,566</u>	<u>19,042</u>	<u>14,084</u>	<u>60,524</u>
TOTALS	<u>337,065</u>	<u>34,564</u>	<u>14,084</u>	<u>357,545</u>
<u>Less Accumulated</u> <u>Depreciation</u>				
Furniture and Equipment	224,172	15,980	0	240,152
Vehicles	<u>55,566</u>	<u>1,904</u>	<u>14,084</u>	<u>43,386</u>
TOTALS	<u>279,738</u>	<u>17,884</u>	<u>14,084</u>	<u>283,538</u>
Net Capital Assets	\$ <u>57,327</u>	\$ <u>16,680</u>	\$ <u>0</u>	\$ <u>74,007</u>

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2008, consisted of the following individual fund receivables and payables:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 151,289	\$ 0
Special Revenue Fund - Title IV-D	0	49,182
Special Revenue Fund - Worthless Check	0	28,718
Special Revenue Fund - TASC	0	<u>73,389</u>
TOTAL	\$ <u>151,289</u>	\$ <u>151,289</u>

NOTE 6 - PENSION PLANS

The District Attorney's Office contributes to the District Attorneys' Retirement System and the Parochial Employees Retirement System of Louisiana. The District Attorney and Assistant District Attorneys are members of the Louisiana District Attorneys' Retirement System. All other employees are members of the Parochial Employees Retirement System of Louisiana, if they are permanent employees working at least 28 hours a week.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 7 - PENSION PLANS (CONTINUED)

The Parochial Employees Retirement System (PERS) is a cost-sharing, multiple-employer, defined benefit pension plan which is administered and controlled by a board of trustees. The PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Louisiana Legislature establishes and amends benefit provisions. The PERS issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to Parochial Employees Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (504) 928-1361.

The PERS has a Plan A and a Plan B; the District Attorney's Office participates in Plan A. Plan A members are required to contribute 9.5% of their annual covered salary, and the District Attorney's Office is required to contribute an actuarially determined rate. The rate for 2006 through 2008 was 12.75%, 13.25%, and 12.75%, respectively, of annual covered payroll. The contribution requirements of plan members and the District Attorney's Office are established and may be amended by the Louisiana Legislature. The District Attorney's contributions to PERS for the years ended December 31, 2006, 2007, and 2008 were \$67,079, \$71,590, and \$66,984, respectively, equal to the required contributions for each year.

The District Attorneys' Retirement System (DARS) is a defined benefit pension plan which provides retirement allowances and other benefits. It is a statewide retirement system which is administered and controlled by a board of trustees. The DARS provides retirement and disability benefits, and death benefits to plan members and beneficiaries. The Louisiana Legislature establishes and amends benefit provisions. The DARS issues a publicly available financial report that includes financial statements and required supplementary information for DARS. That report may be obtained by writing to District Attorneys' Retirement System of Louisiana, 2109 Decatur Street, New Orleans, Louisiana 70116, or by calling (504) 947-5551.

Plan members are required to contribute 7% of their annual covered salary, and the District Attorney's Office is required to contribute an actuarially determined rate. The rate for the plan years ended June 30, 2007 through June 30, 2009 was 3.5%, 0%, and 0%, respectively, of covered payroll. The contribution requirements of plan members and the District Attorney's Office are established and may be amended by the Louisiana Legislature. The District Attorney's contributions to DARS for the years ended December 31, 2006, 2007, and 2008 were \$13,380, \$5,153, and \$0, respectively, equal to the required contributions for each year.

NOTE 7 - ON-BEHALF PAYMENTS

Employees of the District Attorney's Office received salaries and fringe benefits from the State of Louisiana. The following is a summary of these on-behalf payments:

General Fund

Salaries	\$ 417,500
Fringe Benefits	<u>5,438</u>
Total On-Behalf Payments	<u>\$ 422,938</u>

REQUIRED SUPPLEMENTARY INFORMATION

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
DECEMBER 31, 2008**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Fees	\$ 173,731	\$ 161,961	\$ 175,831	\$ 13,870
Grants and Other Assistance	51,191	71,718	105,761	34,043
Interest Income	188	186	1,056	870
Intergovernmental	717,356	755,226	779,176	23,950
On-Behalf Revenue	370,000	390,000	422,938	32,938
Other Income	<u>2,100</u>	<u>2,018</u>	<u>3,285</u>	<u>1,267</u>
TOTAL REVENUES	<u>1,314,566</u>	<u>1,381,109</u>	<u>1,488,047</u>	<u>106,938</u>
EXPENDITURES				
Capital Outlay	13,727	25,958	26,771	(813)
Audit Fees	14,600	14,600	14,900	(300)
Auto Expense	5,601	3,232	2,995	237
Dues and Subscriptions	8,297	5,918	6,501	(583)
Employee Benefits	50,033	46,229	45,612	617
Insurance	107,358	117,926	147,717	(29,791)
LDAAs Assessment	10,531	10,531	10,531	0
Library	30,778	28,745	35,336	(6,591)
Lincoln Parish Police Jury	14,000	14,000	11,667	2,333
Office Expenses	39,857	42,996	57,939	(14,943)
Other	820	11,616	926	10,690
Payroll Taxes	12,898	14,453	18,536	(4,083)
Penalties and Interest	0	0	309	(309)
Professional Fees	23,094	23,258	27,262	(4,004)
Rent	14,581	17,543	18,622	(1,079)
Repairs and Maintenance	1,816	0	0	0
Salaries	1,011,968	1,031,368	1,013,188	18,180
Telephone	10,973	10,780	14,911	(4,131)
Training and Seminars	3,288	1,071	1,157	(86)
Travel and Meals	20,935	17,280	19,660	(2,380)
Trial Expenses	<u>7,627</u>	<u>6,540</u>	<u>6,498</u>	<u>42</u>
TOTAL EXPENDITURES	<u>1,402,782</u>	<u>1,444,044</u>	<u>1,481,038</u>	<u>(36,994)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(88,216)</u>	<u>(62,935)</u>	<u>7,009</u>	<u>69,944</u>
OTHER FINANCING USES				
Operating Transfers Out	<u>0</u>	<u>0</u>	<u>(50,701)</u>	<u>(50,701)</u>
TOTAL OTHER FINANCING USES	<u>0</u>	<u>0</u>	<u>(50,701)</u>	<u>(50,701)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES	(88,216)	(62,935)	(43,692)	19,243
FUND BALANCE - BEGINNING	<u>321,828</u>	<u>321,828</u>	<u>330,831</u>	<u>9,003</u>
FUND BALANCE - ENDING	<u>\$ 233,612</u>	<u>\$ 258,893</u>	<u>\$ 287,139</u>	<u>\$ 28,246</u>

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA**

**BUDGETARY COMPARISON SCHEDULE-SPECIAL REVENUE FUNDS
DECEMBER 31, 2008**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Fees	\$ 33,345	\$ 36,648	\$ 38,910	\$ 2,262
Grant	228,374	234,032	209,105	(24,927)
Intergovernmental	138,968	142,968	149,153	6,185
Interest Income	<u>591</u>	<u>522</u>	<u>1,291</u>	<u>769</u>
TOTAL REVENUES	<u>401,278</u>	<u>414,170</u>	<u>398,459</u>	<u>(15,711)</u>
EXPENDITURES				
Capital Outlay	7,286	8,066	7,793	273
Contract Services	0	0	13,134	(13,134)
Dues	0	495	0	495
Employee Benefits	27,527	66,324	22,354	43,970
Insurance	20,992	0	25,882	(25,882)
Office Expense	3,924	8,310	12,226	(3,916)
Other	2,206	67	67	0
Payroll Taxes	2,145	0	4,388	(4,388)
Professional Fees	33,611	39,707	21,740	17,967
Rent	4,276	4,676	4,619	57
Salaries	249,695	290,561	310,599	(20,038)
Telephone	5,690	5,430	4,017	1,413
Training and Seminars	175	690	690	0
Travel	<u>1,135</u>	<u>3,632</u>	<u>4,554</u>	<u>(922)</u>
TOTAL EXPENDITURES	<u>358,662</u>	<u>427,958</u>	<u>432,063</u>	<u>(4,105)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	42,616	(13,788)	(33,604)	(19,816)
OTHER FINANCING SOURCES				
Operating Transfers In	<u>0</u>	<u>0</u>	<u>50,701</u>	<u>50,701</u>
TOTAL OTHER FINANCING SOURCES	<u>0</u>	<u>0</u>	<u>50,701</u>	<u>50,701</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	42,616	(13,788)	17,097	30,885
FUND BALANCE-BEGINNING	<u>31,146</u>	<u>31,146</u>	<u>29,425</u>	<u>(1,721)</u>
FUND BALANCE-ENDING	<u>\$ 73,762</u>	<u>\$ 17,358</u>	<u>\$ 46,522</u>	<u>\$ 29,164</u>

OTHER REPORTS AND SCHEDULES

DON M. MCGEHEE
(A Professional Accounting Corporation)

P.O. Box 1344
205 E. Reynolds Drive, Suite A
Ruston, Louisiana 71273-1344

**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**

Honorable Robert W. Levy
District Attorney of the Third Judicial District
P.O. Box 777
Ruston, Louisiana 71273

I have audited the financial statements of the governmental activities and the aggregate remaining fund information of the District Attorney of the Third Judicial District, a component unit of the Lincoln Parish Police Jury, as of and for the year ended December 31, 2008, which collectively comprise the District Attorney's basic financial statements and have issued my report thereon dated June 30, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the District Attorney's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District Attorney's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the District Attorney's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District Attorney's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District Attorney's financial statements that is more than inconsequential will not be prevented or detected by the District Attorney's internal control. I consider the deficiencies described in the accompanying schedule of findings and questioned costs as #20081 to be a significant deficiency in internal control over reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statement will not be prevented or detected by the District Attorney's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be a material weakness. However, of the significant deficiencies described above, I consider item #2008-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District Attorney's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance or other matters that is required to be reported under Government Auditing Standards which is described in the accompanying schedule of findings and questioned costs as item #2008-2.

The District Attorney's responses to the findings identified in my audit are described in the accompanying schedule of management's corrective action plan. I did not audit the District Attorney's responses and, accordingly, I express no opinion on them.

This report is intended solely for the information of the management of the District Attorney's Office, federal awarding agencies and pass-through entities, and the Legislative Auditor of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Don M. McGehee
Certified Public Accountant
June 30, 2009

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

I have audited the financial statements of the District Attorney as of and for the year ended December 31, 2008, and have issued my report thereon dated June 30, 2009. I conducted my 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. My audit of the financial statements as of December 31, 2008 resulted in an unqualified opinion. The following is a summary of my audit observations on internal control, tests of compliance, and findings related to the financial statements that are required to be reported in accordance with Government Auditing Standards:

Section 1 Summary of Auditor's Reports

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

Section 2 Financial Statement Findings

Finding 2008-1. Separation of Duties. The District Attorney's Office has too few personnel involved in the accounting system to have adequate separation of duties for internal control.

Finding 2008-2. Unfavorable Budget Variance. The actual general fund expenditures and transfers were 6% more than the amount budgeted. State law requires the budget to be amended when an unfavorable budget variance greater than 5% is anticipated. I recommend the budget be monitored more closely and amended when anticipated expenditures are expected to exceed budgeted amounts by more than 5%.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2008**

SECTION 1 INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

<u>FINDINGS</u>	<u>STATUS</u>
2007-1. Separation of Duties. The District Attorney's Office has too few personnel involved in the accounting system to have adequate separation of duties for internal control.	Unresolved. See Finding 2008-1.
2007-2. Amended Budget Not Published. Recommended that budget be published since expenditures exceed \$500,000.	Resolved.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2008**

SECTION 1 INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENT

FINDINGS

2008-1. Separation of Duties. Too few personnel involved in the accounting system to have adequate separation of duties for internal control.

2008-2. Unfavorable Budget Variance. The general fund had an unfavorable budget variance of 6% for expenditures and transfers. According to state law, the budget should be amended when anticipated expenditures and transfers exceed budget estimates by more than 5%. I recommend that budget variances be monitored closely so that the budget can be amended when anticipated expenditures exceed budget estimates by more than 5%.

RESPONSE

The District Attorney's Office has an accounting workload that can be easily managed by two employees. The hiring of additional employees to provide enhanced internal control does not appear to be the best use of resources.

The financial administrator will closely monitor the 2009 budget and alert officials when budget amendments are needed.