

**DISTRICT ATTORNEY
OF THE SECOND JUDICIAL DISTRICT
PARISHES OF BIENVILLE, CLAIBORNE
AND JACKSON, LOUISIANA**

**ANNUAL FINANCIAL REPORT
DECEMBER 31, 2011**

District Attorney of the Second Judicial District
 Parishes of Bienville, Claiborne and Jackson, Louisiana
 Financial Report
 December 31, 2011

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District Attorney of the Second Judicial District
Parishes of Bienville, Claiborne and Jackson, Louisiana
Financial Report
December 31, 2011

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District Attorney of the Second Judicial District
P. O. Box 459
Jonesboro, Louisiana 71251-0459

Management's Discussion and Analysis (MD&A)

This section of the District Attorney of the Second Judicial District's (hereafter referred to as the District Attorney) annual financial report presents an overview and analysis of the District Attorney's financial activities for the year ended December 31, 2011. The intent of the MD&A is to look at the District Attorney's financial performance as a whole. It should, therefore be read in conjunction with this report. Certain comparative information is presented to provide an overview of the District Attorney's operations.

Financial Highlights

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the District Attorney as a whole and presents a longer-term view of the District Attorney's finances. These statements tell how these services were financed in the short-term as well as what remains for future spending.

Government-Wide Financial Statements

- The Statement of Net Assets presents all of the District Attorney's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the District Attorney's net assets may serve as a useful indicator of whether the financial position of the District Attorney is improving or deteriorating.
- The Statement of Activities presents information showing how the District Attorney's net assets changed during the current year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, some revenues and some expenses that are reported in this statement will not result in cash flows until future years.

Fund Financial Statements

The services provided by the District Attorney are financed through governmental funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District Attorney, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District Attorney conducts its day-to-day operations through a governmental fund, the General Fund. There are also two special revenue funds, the Title IV-D and Worthless Check Funds. The District Attorney also maintains two fiduciary funds, the Asset Forfeiture and Bond Forfeiture Funds. As the Fiduciary Funds are simply funds held for other parties and cannot be used for any of the District Attorney's activities, they are not included in the government-wide statements, but are separately reported in the statement of the Fiduciary Funds. These statements provide a short-term view of the District Attorney's finances and assists in determining whether there will be adequate financial resources available to meet the current needs of the District Attorney.

A summary of the basic government-wide financial statements is as follows:

Summary of Statement of Net Assets

	<u>2011</u>	<u>2010</u>
ASSETS:		
Current Assets	\$250,340	\$315,453
Capital Assets, Net of Accumulated Depreciation	<u>27,846</u>	<u>35,620</u>
Total Assets	<u>\$278,186</u>	<u>\$351,073</u>
LIABILITIES:		
Current- Payables	\$ <u>21,453</u>	\$ <u>50,600</u>
NET ASSETS:		
Invested in Capital Assets	\$ 27,846	\$ 35,620
Unrestricted	<u>228,887</u>	<u>264,853</u>
Total Net Assets	<u>\$256,733</u>	<u>\$300,473</u>

Summary of Statement of Activities

	<u>2011</u>	<u>2010</u>
REVENUES:		
Operating Grants	\$ 840,542	\$ 804,981
Fees, Fines & Charges for Services	664,266	739,928
General Revenues-		
Interest & Miscellaneous	<u>5,456</u>	<u>6,091</u>
Total Revenues	<u>\$1,510,264</u>	<u>\$1,551,000</u>
EXPENSES:		
Governmental Activities-		
Judicial-		
Personnel Services	\$ 827,727	\$ 806,862
LACE	96,013	81,401
Operating Expenses	<u>630,264</u>	<u>638,404</u>
Total Expenses	<u>\$1,554,004</u>	<u>\$1,526,667</u>
Change in Net Assets	<u>\$ (43,740)</u>	<u>\$ 24,333</u>

- The District Attorney's assets exceeded its liabilities by \$256,733 (net assets) for the year. For the prior year this was \$300,473.
- Unrestricted net assets of \$228,887 represent the portion available to maintain the District Attorney's obligation to both citizens and creditors. For the prior year, this was \$264,853, a decrease of \$35,966 for the year.

General Fund Budgetary Highlights

There were no amendments made to the budget for the General Fund or Title IV-D. In the General Fund, actual revenues were less than budgeted revenues by more than the 5% variance allowed.

Economic Factors and Next Year's Budget

Revenues received by the District Attorney continue to be sufficient to maintain the normal day-to-day operational needs of the office. The District Attorney considers many factors when setting the budget for fiscal year 2012, including increasing personnel costs associated with insurance and retirement.

Contacting the District Attorney

This financial report is designed to provide our citizens and creditors with a general overview of the District Attorney's finances and to show the District Attorney's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to the District Attorney of the Second Judicial District at 100 Courthouse Drive, Room 103, Arcadia, LA 71001-3600.

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation
Roger M. Cunningham, CPA – A Professional Corporation
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Jonathan Stewart, District Attorney
Second Judicial District
100 Courthouse Drive, Room 103
Arcadia, LA 71001-3600

We have audited the accompanying financial statements of the governmental activities, each major fund, the fiduciary funds, and the aggregate remaining fund information of the District Attorney of the Second Judicial District of Louisiana (District Attorney) as of and for the year ended December 31, 2011, 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. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the fiduciary funds, and the aggregate remaining fund information of the District Attorney, as of December 31, 2011, 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*, we have also issued our report dated May 10, 2012, on our consideration of the District Attorney's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over

financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. However, the introductory section has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District Attorney's financial statements as a whole. The budgetary comparison listed as other required supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The budgetary comparison statement is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Johnson, Thomas & Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's

May 10, 2012
Natchitoches, Louisiana

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

District Attorney of the Second Judicial District
Parishes of Bienville, Claiborne and Jackson, Louisiana
Statement of Net Assets
December 31, 2011

ASSETS:

Current Assets-

Cash & Cash Equivalents	\$126,432
Revenue Receivable	122,438
Other Assets	<u>1,470</u>

Total Current Assets \$250,340

Non-current Assets-

Capital Assets (Net)	<u>27,846</u>
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Total Assets \$278,186

LIABILITIES:

Current Liabilities-

Accounts Payable	\$ 19,949
Payroll Liabilities	<u>1,504</u>

Total Current Liabilities \$ 21,453

NET ASSETS:

Invested in Capital Assets	\$ 27,846
Unrestricted	<u>228,887</u>

Total Net Assets \$256,733

The accompanying notes are an integral part of this statement.

District Attorney of the Second Judicial District
Parishes of Bienville, Claiborne and Jackson, Louisiana
Statement of Activities
December 31, 2011

Activities	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets Government Activities
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Judicial-					
Personnel Services	\$ 827,727	\$664,266	\$ 0	\$0	\$(163,461)
LACE	96,013	0	94,532	0	(1,481)
Operating Expenses	537,874	0	746,010	0	208,136
Materials & Supplies	48,158	0	0	0	(48,158)
Travel & Other Charges	<u>44,232</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(44,232)</u>
Total Governmental Activities	<u>\$1,554,004</u>	<u>\$664,266</u>	<u>\$840,542</u>	<u>\$0</u>	<u>\$ (49,196)</u>
General Revenues:					
					\$ 5,456
					\$ (43,740)
					<u>300,473</u>
					<u>\$ 256,733</u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

District Attorney of the Second Judicial District
Parishes of Bienville, Claiborne and Jackson, Louisiana
Balance Sheet-Governmental Funds
December 31, 2011

	<u>Major Funds</u>		<u>Nonmajor Fund</u>	<u>Total</u>
	<u>General Fund</u>	<u>Title IV-D Fund</u>	<u>Worthless Check Fund</u>	
Assets:				
Cash & Cash Equivalents	\$ 70,244	\$ 9,427	\$46,761	\$126,432
Revenue Receivable	84,133	38,305	0	122,438
Due from Other Funds	5,000	0	0	5,000
Other Assets	<u>1,070</u>	<u>400</u>	<u>0</u>	<u>1,470</u>
Total Assets	<u>\$160,447</u>	<u>\$48,132</u>	<u>\$46,761</u>	<u>\$255,340</u>
Liabilities:				
Accounts Payable	\$ 19,339	\$ 611	\$ 0	\$ 19,950
Payroll Liabilities	910	593	0	1,503
Due to Other Funds	<u>0</u>	<u>5,000</u>	<u>0</u>	<u>5,000</u>
Total Liabilities	<u>\$ 20,249</u>	<u>\$ 6,204</u>	<u>\$ 0</u>	<u>\$ 26,453</u>
Fund Balance:				
Restricted for:				
Support Obligation	\$ 0	\$41,928	\$ 0	\$ 41,928
Special Purposes	0	0	46,761	46,761
Unassigned	<u>140,198</u>	<u>0</u>	<u>0</u>	<u>140,198</u>
Total Fund Balances	<u>\$140,198</u>	<u>\$41,928</u>	<u>\$46,761</u>	<u>\$228,887</u>
Total Liabilities and Fund Balance	<u>\$160,447</u>	<u>\$48,132</u>	<u>\$46,761</u>	<u>\$255,340</u>

The accompanying notes are an integral part of this statement.

District Attorney of the Second Judicial District
Parishes of Bienville, Claiborne and Jackson, Louisiana
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
December 31, 2011

Total Fund Balance for the Governmental Funds at December 31, 2011	\$228,887
Total Net Assets reported for Governmental Activities in the Statement of Net Assets is different because:	
Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the fund. Those assets consist of:	
Equipment and Vehicles, Net of Accumulated Depreciation	<u>27,846</u>
Total Net Assets of Governmental Activities at December 31, 2011	<u>\$256,733</u>

The accompanying notes are an integral part of this statement.

District Attorney of the Second Judicial District
Parishes of Bienville, Claiborne and Jackson, Louisiana
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2011

	<u>Major Funds</u>		<u>Nonmajor Fund</u>	<u>Total</u>
	<u>General Fund</u>	<u>Title IV-D Fund</u>	<u>Worthless Check Fund</u>	
REVENUES:				
Charges for Services	\$ 627,308	\$ 0	\$ 36,958	\$ 664,266
Intergovernmental-				
Federal Grants	0	411,010	0	411,010
State Grants	35,000	0	0	35,000
Other Grants	394,532	0	0	394,532
Miscellaneous-				
Interest & Miscellaneous	5,299	150	7	5,456
Total Revenues	<u>\$1,062,139</u>	<u>\$ 411,160</u>	<u>\$ 36,965</u>	<u>\$1,510,264</u>
EXPENDITURES:				
Current-				
General Government-				
Personnel Services & Related Benefits	\$ 539,223	\$ 288,504	\$ 0	\$ 827,727
LACE	96,013	0	0	96,013
Operating Expenses	427,643	97,965	2,992	528,600
Materials & Supplies	40,648	7,510	0	48,158
Travel & Other Charges	41,842	2,390	0	44,232
Capital Outlay	1,500	0	0	1,500
Total Expenditures	<u>\$1,146,869</u>	<u>\$ 396,369</u>	<u>\$ 2,992</u>	<u>\$1,546,230</u>
Excess (Deficiency) of Revenues over Expenditures	\$ (84,730)	\$ 14,791	\$ 33,973	\$ (35,966)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ 389,894	\$ 366,475	\$ 0	\$ 756,369
Operating Transfers Out	(366,475)	(374,894)	(15,000)	(756,369)
Total Other Financing Sources (Uses)	<u>\$ 23,419</u>	<u>\$ (8,419)</u>	<u>\$(15,000)</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	\$ (61,311)	\$ 6,372	\$ 18,973	\$ (35,966)
Fund Balances-Beginning of Year	<u>201,509</u>	<u>35,556</u>	<u>27,788</u>	<u>264,853</u>
Fund Balances-End of Year	<u>\$ 140,198</u>	<u>\$ 41,928</u>	<u>\$ 46,761</u>	<u>\$ 228,887</u>

The accompanying notes are an integral part of this statement.

District Attorney of the Second Judicial District
Parishes of Bienville, Claiborne and Jackson, Louisiana
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of the Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2011

Net Change in Fund Balances-Governmental Funds	\$(35,966)
The Change in Net Assets reported for Governmental Activities in the Statement of Activities is different because:	
Governmental Funds report Capital Outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. The cost of capital assets recorded in the current period is	
	1,500
Depreciation Expense on Capital Assets is reported in the Government-wide Financial Statements, but does not require the use of current financial resources and is not reported in the Fund Financial Statements. Current year depreciation expense is	
	<u>(9,274)</u>
Total changes in Net Assets at December 31, 2011, per Statement of Activities	<u>\$(43,740)</u>

The accompanying notes are an integral part of this statement.

District Attorney of the Second Judicial District
Parishes of Bienville, Claiborne and Jackson, Louisiana
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
December 31, 2011

	Bond Forfeiture <u>Fund</u>	Asset Forfeiture <u>Fund</u>	<u>Total</u>
ASSETS:			
Cash	<u>\$0</u>	<u>\$439</u>	<u>\$439</u>
LIABILITIES:			
Due to Other Governments	<u>\$0</u>	<u>\$439</u>	<u>\$439</u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

District Attorney of the Second Judicial District
Parishes of Bienville, Claiborne and Jackson, Louisiana
Notes to Financial Statements
December 31, 2011

Introduction:

The Second Judicial District is comprised of the parishes of Bienville, Claiborne and Jackson located in northeast Louisiana. As provided by Article V, Section 26 of the Louisiana Constitution of 1974, the District Attorney has charge of criminal prosecution by the State in his district, is the representative of the State before the grand jury in his district, and is 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.

1. Summary of Significant Accounting Policies:

A. Reporting Entity-

Governmental Accounting Standards Board Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The basic criterion for including a potential component unit within the reporting entity is financial accountability. For financial reporting purposes, in conformance with GASB Statement No. 14, the District Attorney of the Second Judicial District includes all funds that are within the oversight responsibility of the District Attorney. Oversight responsibility is determined on the basis of appointment of governing organization's relationship with the primary government. Based on consideration of the foregoing criteria, the District Attorney is deemed to be a separate reporting entity. Certain units of local government over which the District Attorney exercises no oversight responsibility, such as the parish police jury, parish school board, other independently-elected officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the District Attorney.

B. Basis of Presentation-

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity except for the fiduciary funds. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities generally are financed through fees and charges, intergovernmental revenues, and other non-exchange revenues.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District Attorney's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

District Attorney of the Second Judicial District
Parishes of Bienville, Claiborne and Jackson, Louisiana
Notes to Financial Statements
December 31, 2011

C. Fund Accounting-

The accounts of the District Attorney are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The District Attorney maintains five funds. They are categorized as governmental funds and fiduciary funds. The emphasis on fund financial statements is on major governmental and enterprise funds; each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or if its total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type.

The funds of the District Attorney are described below:

Governmental 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. Governmental funds of the District Attorney include:

General Fund

The General Fund was established in compliance with Louisiana Revised Statute 15:571.11, which provides that a percentage of the fines collected and bonds forfeited be transmitted to the District Attorney to defray the necessary expenditures of his office.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Major Special Revenue Fund

Title IV-D

The Title IV-D Fund accounts for receipt and expenditure of federal reimbursement grants passed through the Louisiana Department of Social Services, 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 program 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.

District Attorney of the Second Judicial District
Parishes of Bienville, Claiborne and Jackson, Louisiana
Notes to Financial Statements
December 31, 2011

Nonmajor Special Revenue Fund

Worthless Check

The Worthless Check Collection Fee Fund accounts for revenues derived from the fees collected in accordance with Louisiana Revised Statute 16:15, which provides for a specific fee whenever the District Attorney's office collects and processes a worthless check. Expenditures from this fund are at the sole discretion of the District Attorney and may be used to defray the salaries and the expenses of the Office of the District Attorney but may not be used to supplement the salary of the District Attorney.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the District Attorney in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Fiduciary Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities of the District Attorney, these funds are not incorporated into the government-wide statements.

D. Measurement Focus/Basis of Accounting-

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

Accrual Basis - Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the District Attorney's office as a whole. Both of these statements have been prepared using the economic 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.

Modified Accrual Basis - Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District Attorney considers

District Attorney of the Second Judicial District
Parishes of Bienville, Claiborne and Jackson, Louisiana
Notes to Financial Statements
December 31, 2011

all revenues “available” if they are collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

E. Cash and Interest-Bearing Deposits-

For purposes of the Statement of Net Assets, cash and cash equivalents include all interest-bearing and demand accounts of the District Attorney.

F. Capital Assets-

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District Attorney maintains a threshold level of \$1,000 or more for capitalizing assets.

The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation.

The range of useful lives by type of asset is as follows:

Furniture, Fixtures & Equipment	5 years
Vehicles	5 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

G. Equity Classifications-

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

District Attorney of the Second Judicial District
Parishes of Bienville, Claiborne and Jackson, Louisiana
Notes to Financial Statements
December 31, 2011

- b. Restricted net assets - consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net assets - all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

In the fund statements, governmental fund equity is classified as fund balance. Beginning with fiscal year 2011, the District Court implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance---amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. Restricted fund balance---amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- c. Committed fund balance---amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- d. Assigned fund balance---amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- e. Unassigned fund balance---amounts that are available for any purpose. Only the General Fund would report positive amounts in unassigned fund balance.

In the General Fund, the District Court strives to maintain an unassigned fund balance.

H. Estimates-

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenue, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

District Attorney of the Second Judicial District
Parishes of Bienville, Claiborne and Jackson, Louisiana
Notes to Financial Statements
December 31, 2011

I. Budget-

Prior to the beginning of each fiscal year, the District Attorney adopts a budget for the next fiscal year. The budget is open for public inspection. All budgetary appropriations lapse at the end of the fiscal year. The budget is prepared on the modified accrual basis of accounting.

2. Cash and Cash Equivalents:

For reporting purposes, cash and cash equivalents include demand deposits, time deposits, and certificates of deposit. At December 31, 2011, the District Attorney had cash and cash equivalents (collected bank balances) totaling \$190,044. Cash and cash equivalents are stated at cost, which approximates market. Under Louisiana law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. The amount on deposit at December 31, 2011, was fully secured by FDIC insurance.

3. Compensated Absences:

Employees earn from two weeks to five weeks of vacation leave annually, depending upon length of service; vacation leave does not accumulate. Employees earn twelve days of sick leave annually; sick leave may not be accumulated. Therefore, no entry is made for compensated absences.

4. Interfund Transactions:

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of the governmental funds.

The following is a summary of interfund operating transfers:

	<u>Operating Transfers In</u>	<u>Operating Transfer Out</u>
General Fund	\$389,894	\$366,475
Special Revenue Funds-		
Worthless Checks	0	15,000
Title IV-D	<u>366,475</u>	<u>374,894</u>
Total	<u>\$756,369</u>	<u>\$756,369</u>

Transfers are primarily used to move operation monies to and from various funds.

District Attorney of the Second Judicial District
Parishes of Bienville, Claiborne and Jackson, Louisiana
Notes to Financial Statements
December 31, 2011

5. Capital Assets:

Capital asset balances and activity for the year ended December 31, 2011, is as follows:

<u>Governmental Activities</u>	<u>Balance</u> <u>1-1-11</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12-31-11</u>
Capital Assets:				
Governmental Activities				
Capital Assets Depreciated				
Office Furniture, Equipment	\$265,602	\$ 1,500	\$0	\$267,102
Vehicles	<u>52,186</u>	<u>0</u>	<u>0</u>	<u>52,186</u>
Total Assets	<u>\$317,788</u>	<u>\$ 1,500</u>	<u>\$0</u>	<u>\$319,288</u>
Less: Accumulated Depreciation:				
Office Furniture, Equipment	\$250,949	\$ 4,936	\$0	\$255,885
Vehicles	<u>31,219</u>	<u>4,338</u>	<u>0</u>	<u>35,557</u>
Total Depreciation	<u>\$282,168</u>	<u>\$ 9,274</u>	<u>\$0</u>	<u>\$291,442</u>
Net Capital Assets	<u>\$ 35,620</u>	<u>\$(7,774)</u>	<u>\$0</u>	<u>\$ 27,846</u>

Depreciation expense of \$9,274 was charged to the general government function.

6. Pension Plan:

District Attorney's Retirement System (DARS)

Plan Description-The District Attorney and assistant District Attorneys are members of the Louisiana District Attorneys Retirement System (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Assistant District Attorneys who earn, as a minimum, the amount paid by the state for assistant district attorneys and are under the age of 60 at the time of original employment and all district attorneys are required to participate in the System. For members who joined the System before July 1, 1990, and who elected not to be covered by the new provision, the following applies: Any member with 23 or more years of creditable service regardless of age may retire with a 3 percent benefit reduction for each year below age 55, provided that no reduction is applied if the member has 30 or more years of service. Any member with at least 18 years of service may retire at age 55 with a 3 percent benefit reduction for each year below age 60. In addition, any member with at least 10 years of service may retire at age 60 with a 3 percent benefit reduction for each year retiring below the age of 62. The retirement benefit is equal to 3 percent of the member's average final compensation multiplied by the number of years of their membership service, not to exceed 100 percent of their average final compensation.

District Attorney of the Second Judicial District
Parishes of Bienville, Claiborne and Jackson, Louisiana
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December 31, 2011

Retirement Benefits-For members who joined the System after July 1, 1990, or who elected to be covered by the new provisions, the following applies: Members are eligible to receive normal retirement benefits if they are age 60 and have 10 years of service credit, are age 55 and have 24 years of service credit, or have 30 years of service credit regardless of age. The normal retirement benefit is equal to 3.5 percent of the member's final-average compensation multiplied by years of membership service. A member is eligible for early retirement if he is age 55 and has 18 years of service credit. The early retirement benefit is equal to the normal retirement benefit reduced 3 percent for each year the member retires in advance of normal retirement age. Benefits may not exceed 100 percent of average final compensation. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana District Attorneys Retirement System, 2109 Decatur Street, New Orleans, Louisiana 70116-2091, or by calling (225) 947-5551.

Funding Policy-Plan members are required by state statute to contribute 7 percent of their annual covered salary and the District Attorney is required to contribute at an actuarially determined rate. Starting in July 2011 the employer rate increased from 5 to 9 percent. Contributions to the System also include .2 percent of the ad valorem taxes collected throughout the state and revenue sharing funds as appropriated by the legislature. The contribution requirements of plan members and the District Attorney are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District Attorney's contributions to the System for the years ending December 31, 2011, 2010, and 2009, were \$20,938, \$14,825, and \$5,295, respectively, equal to the required contributions for each year.

Parochial Employees Retirement System (PERS)

Plan Description-Substantially all employees of the District Attorney, Second Judicial District are members of the Parochial Retirement System of Louisiana (System), a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. All permanent employees working at least 28 hours per week who are paid wholly or in part by the District Attorney of the Second Judicial District are required to participate in the System. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the District Attorney are members of Plan A. The following plan description information pertains to Plan A.

Retirement Benefits-Members with seven years of creditable service may retire at age sixty-five; ten years of creditable service may retire at age sixty; members with twenty-five years of service may retire at age fifty-five; members with thirty years of service may retire regardless of age. The retirement allowance is equal to three percent of the member's final compensation multiplied by his years of creditable service; however, any employee who was a member of the supplemental plan only

District Attorney of the Second Judicial District
Parishes of Bienville, Claiborne and Jackson, Louisiana
Notes to Financial Statements
December 31, 2011

prior to the revision date has the benefit earned for service credited prior to the revision date on the basis of one percent of final compensation plus two dollars per month for each year of service credited after the revision date, and three percent of final compensation for each year of service credited after the revision date. All accumulated annual leave for which payment cannot be made in accordance with law and all unused sick leave accumulated at the time of retirement is included in the member's creditable service for retirement computation purposes. The retirement allowance may not exceed the greater of one hundred percent of member's final salary or final compensation.

Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, P. O. Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

Funding Policy-Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary and the District Attorney of the Second Judicial District is required to contribute at an actuarially determined rate. The current rate is 15.75 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the District Attorney of the Second Judicial District are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation for the prior fiscal year. The District Attorney of the Second Judicial District's contributions to the System under Plan A for the years ending December 31, 2011, 2010, and 2009, were \$73,985, \$71,653, and \$61,583, respectively, equal to the required contributions for each year.

7. Changes in Fiduciary Fund – Agency Funds:

The following is a summary of changes in agency fund unsettled balances for the year ended December 31, 2011:

<u>Fund</u>	<u>Balance</u> <u>01-01-11</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12-31-11</u>
Asset of Forfeiture	\$4,438	\$ 1	\$4,000	\$439
Bond Forfeiture	<u>0</u>	<u>1,000</u>	<u>1,000</u>	<u>0</u>
Total	<u>\$4,438</u>	<u>\$1,001</u>	<u>\$5,000</u>	<u>\$439</u>

District Attorney of the Second Judicial District
Parishes of Bienville, Claiborne and Jackson, Louisiana
Notes to Financial Statements
December 31, 2011

8. Expenditures of the District Attorney Not Included in the Accompanying Financial Statements:

The accompanying financial statements do not include certain expenditures of the District Attorney paid out of the Bienville, Claiborne or Jackson Parish Police Juries or paid directly by the state. A portion of the salaries of the District Attorney and Assistant District Attorneys are paid directly by the state. The parish police juries pay certain other expenditures of the District Attorney.

9. Federal Financial Assistance Programs:

The District Attorney participates in the United States Department of Health and Human Services Support Enforcement, Title IV-D Program, Catalog of Federal Domestic Assistance No. 93.563. This program is funded by indirect assistance payments, in the form of reimbursements of certain expenditures, received from the Louisiana Department of Social Services. For the year ended December 31, 2011, the District Attorney of the Second Judicial District expended \$411,010 in reimbursement payments.

The reimbursement payments are restricted by a formal agreement between the District Attorney and Department of Social Services and include a budget of expected expenditures for each fiscal year ending June 30. The District Attorney submits reimbursement requests to the Department of Social Services on a monthly basis.

The reimbursement payments may be subjected to further review and audit by the federal grantor agency. No provision has been made in the financial statements for the reimbursement of any expenditures that may be disallowed as a result of such a review or audit.

10. Litigation:

The District Attorney of the Second Judicial District is a defendant in various lawsuits filed by inmates. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District Attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Second Judicial District Attorney.

11. Post-Employment Benefits

The District Attorney does not provide any post-employment benefits, therefore no disclosure for GASB 45 is required.

12. Subsequent Events:

Management has evaluated events through May 10, 2012, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

OTHER REQUIRED
SUPPLEMENTARY INFORMATION

District Attorney of the Second Judicial District
Parishes of Bienville, Claiborne and Jackson, Louisiana
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2011

	<u>Budget</u> <u>Original/Final</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES:			
Charges for Services	\$ 672,000	\$ 627,308	\$ (44,692)
Intergovernmental-			
Federal Grants	10,000	0	(10,000)
State Grants	30,000	35,000	5,000
Other Grants	425,000	394,532	(30,468)
Miscellaneous-			
Interest & Miscellaneous	<u>2,800</u>	<u>5,299</u>	<u>2,499</u>
Total Revenues	<u>\$1,139,800</u>	<u>\$1,062,139</u>	<u>\$ (77,661)</u>
EXPENDITURES:			
Current-			
General Government-			
Personnel Services & Benefits	\$ 591,500	\$ 539,223	\$ 52,277
LACE	100,000	96,013	3,987
Operating Expenses	425,700	427,643	(1,943)
Materials & Supplies	46,000	40,648	5,352
Travel & Other Charges	50,500	41,842	8,658
Capital Outlay	<u>70,000</u>	<u>1,500</u>	<u>68,500</u>
Total Expenditures	<u>\$1,283,700</u>	<u>\$1,146,869</u>	<u>\$ 136,831</u>
(Deficiency) of Revenues over Expenditures	<u>\$ (143,900)</u>	<u>\$ (84,730)</u>	<u>\$ 59,170</u>
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	\$ 50,000	\$ 389,894	\$ 339,894
Operating Transfers Out	<u>0</u>	<u>(366,475)</u>	<u>(366,475)</u>
Total Other Financing Sources (Uses)	<u>\$ 50,000</u>	<u>\$ 23,419</u>	<u>\$ (26,581)</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	<u>\$ (93,900)</u>	<u>\$ (61,311)</u>	<u>\$ 32,589</u>
Fund Balance-Beginning of Year	<u>201,509</u>	<u>201,509</u>	<u>0</u>
Fund Balance-End of Year	<u>\$ 107,609</u>	<u>\$ 140,198</u>	<u>\$ 32,589</u>

See accountant's report.

District Attorney of the Second Judicial District
Parishes of Bienville, Claiborne and Jackson, Louisiana
Title IV-D Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2011

	<u>Budget</u> <u>Original/Final</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES:			
Intergovernmental-			
Federal Grants	\$375,000	\$ 411,010	\$ 36,010
Interest & Miscellaneous	15	150	135
Total Revenues	<u>\$375,015</u>	<u>\$ 411,160</u>	<u>\$ 36,145</u>
EXPENDITURES:			
Current-			
General Government-			
Personnel Services & Benefits	\$278,000	\$ 288,504	\$ (10,504)
Operating Expenses	100,700	97,965	2,735
Materials & Supplies	8,000	7,510	490
Travel & Other Charges	5,000	2,390	2,610
Capital Outlay	1,500	0	1,500
Total Expenditures	<u>\$393,200</u>	<u>\$ 396,369</u>	<u>\$ (3,169)</u>
Excess (Deficiency) of Revenues over Expenditures	\$ <u>(18,185)</u>	\$ <u>14,791</u>	\$ <u>32,976</u>
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	\$ 0	\$ 366,475	\$ 366,475
Operating Transfers Out	0	(374,894)	(374,894)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ (8,419)</u>	<u>\$ (8,419)</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	\$ (18,185)	\$ 6,372	\$ 24,557
Fund Balance-Beginning of Year	<u>35,556</u>	<u>35,556</u>	<u>0</u>
Fund Balance-End of Year	<u>\$ 17,371</u>	<u>\$ 41,928</u>	<u>\$ 24,557</u>

See accountant's report.

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation
Roger M. Cunningham, CPA – A Professional Corporation
Jessica H. Broadway, CPA – A Professional Corporation
Ryan E. Todtenbier, CPA – A Professional Corporation

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

To the Honorable Jonathan Stewart, District Attorney
Second Judicial District
100 Courthouse Drive, Room 103
Arcadia, LA 71001-3600

We have audited the financial statements of the governmental activities, each major fund, the fiduciary funds, and the aggregate remaining fund information of the District Attorney of the Second Judicial District of Louisiana (District Attorney) as of and for the year ended December 31, 2011, which collectively comprise the District Attorney's basic financial statements and have issued our report thereon dated May 10, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of the District Attorney is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District Attorney's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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, we do not express an opinion on the effectiveness of the District Attorney's internal control over financing reporting.

A deficiency in internal control exists when the design or operations of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies, in internal controls such that there is a reasonable possibility that a material misstatement of the District Attorney's financial statements will not be prevented, or detected and corrected on timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District Attorney's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying Schedule of Findings and Questioned Costs as item 11-01.

District Attorney's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the District Attorney's response, and, accordingly, we express no opinion on it.

The report is intended solely for the information and use of the District Attorney's management, the Louisiana Legislative Auditor, and interested state and federal agencies, and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Johnson, Thomas & Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's

May 10, 2012
Natchitoches, Louisiana

District Attorney of the Second Judicial District
Parishes of Bienville, Claiborne and Jackson, Louisiana
Schedule of Findings & Questioned Costs
Year Ended December 31, 2011

I. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of the District Attorney of the Second Judicial District.
2. There were no significant deficiencies noted during the audit of the financial statements.
3. One instance of noncompliance material to the financial statements of the District Attorney of the Second Judicial District was disclosed during the audit.

II. Findings in Accordance with Governmental Auditing Standards

11-01 Local Government Budget Act

Criteria - Louisiana State Law requires that when actual revenues are less than budgeted revenues by more than 5% and/or actual expenditures are more than budgeted expenditures by 5% or more, the budget should be amended.

Condition - For the year ended December 31, 2011, in the General Fund, actual revenues were less than budgeted revenues by more than the 5% variance allowed.

Effect - The budget cannot be used as an effective management tool to control expenditures.

Cause - Oversight of management to ensure the budget was amended prior to the year end.

Recommendation - The District Attorney's office should institute procedures to ensure the budget is amended whenever actual revenues are less than budgeted revenues by more than the 5% allowed.

Management's Response - The District Attorney's office will institute procedures to ensure the budget is amended when required.

III. Prior Year Findings

No findings.