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

**FINANCIAL STATEMENTS
DECEMBER 31, 2003**

Under provisions of statute, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The reports are available to public inspection and the Clerk of the office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-28-04

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

FINANCIAL STATEMENTS
DECEMBER 31, 2020

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McGEHEE AND KEEN, LLC
CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 1344
889 North Thibodeaux
Baton Rouge, Louisiana 71273-1344

INDEPENDENT AUDITORS' REPORT

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

We 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, 2003, 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 an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 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, 2003, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the District Attorney's Office has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as of December 31, 2003.

The management's discussion and analysis and budgetary comparison information on pages 3 through 6 and pages 22 - 23, 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. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued a report dated June 30, 2004, on our consideration of the District Attorney's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.


McGehee and Keen, LLC
Certified Public Accountants
June 30, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

ROBERT M. LEVY, DISTRICT ATTORNEY
THIRD JUDICIAL DISTRICT OF LOUISIANA
PARISHES OF LACASSA & TERREBOISE

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2003**

The District Attorney's Office has adopted the reporting principles and methods of the Governmental Accounting Standards Board's (GASB) Statement No. 34. This statement requires a "management's discussion and analysis" (MD&A) to be presented in financial reports which include the basic financial statements. The MD&A provides an overview of the financial activities of the District Attorney's Office based upon currently known facts, decisions, and conditions. Our MD&A follows; 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 reported 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. The GASB Statement 34 reporting model was utilized for the first time for the year ended December 31, 2003. We were not required under this statement to relate prior period operating results to provide comparative data to the current year's operations, but in future years when prior year information is available, a comparative analysis will be presented. 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

Current Assets	\$ 176,742
Capital Assets	<u>41,158</u>
Total	<u>220,900</u>
Current Liabilities	<u>177,482</u>
Net Assets:	
Investment in Capital Assets	41,158
Unrestricted Net Assets	<u>2,345</u>
Total Net Assets	<u>\$ 43,503</u>

About 5% (\$2,345) of total net assets is unrestricted. Virtually all unrestricted net assets are composed of receivables as of December 31, 2003. Unrestricted net assets can be used to finance the day-to-day operations of our office without constraints.

Table 2
Change in Net Assets

Revenues	
Program Revenues:	
Fees	\$ 118,767
Intergovernmental	458,801
On-Behalf Revenue	324,503
Grants and Other Assistance	367,876
General Revenues:	
Intergovernmental	276,683
Interest Income	94
Miscellaneous Income	1,697
Total Revenues	<u>1,687,921</u>
Program Expenses	
General Government-Judiciary	1,191,334
On-Behalf Expenses	<u>324,503</u>
Total Expenses	<u>1,495,837</u>
Increase in Net Assets	<u>\$ 21,684</u>

PAGE THREE

Our Office experienced a 38% (\$121,000) increase from the prior year in Intergovernmental revenue derived from court fees. This increase was due to a different arrangement with the Criminal Court Funds of Lincoln and Union Parish, where they remit a set % of Criminal Court Fund Fees to the District Attorney on a monthly basis rather than trying to cover certain costs of the District Attorney's Office. Other intergovernmental revenue also increased 188% (\$185,820), but it was primarily due to remittances from the Lincoln and Union Parish Police Jury being increased instead of providing salaries and benefits for employees (i.e., decreasing on-behalf revenue). Our grant revenues also increased 24% (\$38,700) due to new grant programs added and additional funding secured with grants already in place. This increase in revenue helped us to experience a \$21,878 increase in net assets for the year ending December 31, 2003.

Fund Financial Statements

As of our year end on December 31, 2003, our governmental funds reported a fund balance of \$2,248, which is about 141% (\$8,183) higher than last year's fund balance. During 2003, there was an increase in intergovernmental revenue, as described above, and our grant revenues increased as described above. Expenditures increased about 11% (\$145,000) over the prior year. This increase was mainly due to an increase in salaries of 13% (\$117,000) to fund the cost of personnel hired for the new grant programs. There was also a 253% (\$28,900) increase in capital outlay in 2003. Although this capital outlay expenditure reduced unrestricted fund balance, it created new assets for our Office, as reported in the Statement of Net Assets.

Governmental Funds Budgetary Highlights

We amended 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% (\$82,900) increase in revenues and a 6% (\$80,000) increase in expenditures. The change in budgeted revenues was primarily a \$18,500 increase in intergovernmental revenue, representing a 8% change, and a \$25,000 increase in fees, representing a 52% change. Budgeted salaries were adjusted upward 21% (\$183,400) to more closely match anticipated expenditures. Other adjustments made were a 53% (\$22,500) decrease to travel, a 12% (\$16,000) decrease to employee benefits, a 92% (\$20,000) decrease in law library expense, a 23% (\$12,000) decrease in professional fees, and a 94% (\$15,000) decrease in capital outlay for additional amounts not needed. There were no other significant budget adjustments.

Capital Assets

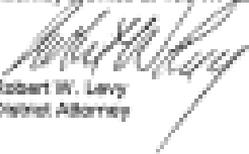
In 2003, we purchased new computer equipment. For the upcoming year, we have no plans to purchase additional equipment and there are no plans to issue debt to finance the purchase of any other future project.

Next Year's Budget

We considered many factors when setting the budget for the year ending December 31, 2004. Anticipated governmental fund revenues are \$1,585,000, which is a 1% (\$17,790) increase over the actual 2003 amounts. Governmental fund expenditures are expected to be \$1,513,000, a 2% (\$33,600) increase from the 2003 actual amounts. This budgetary increase is primarily due to an increase of \$19,900 in the anticipated cost of employee benefits. Total governmental fund balance is expected to decrease by approximately \$4,500.

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.



Robert W. Levy
District Attorney

GOVERNMENT WIDE FINANCIAL STATEMENTS

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

**STATEMENT OF NET ASSETS
DECEMBER 31, 2003**

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 7,082
Due from Other Governmental Units	63,888
Due from Grants	49,367
Due from Others	3,064
Prepaid Insurance	3,293
Internal Balances	59,251
Capital assets, net of depreciation	<u>41,158</u>
Total Assets	<u>230,003</u>
LIABILITIES	
Accounts Payable	64,307
Accrued Liabilities	23,029
Internal Balances	<u>59,251</u>
Total Liabilities	<u>147,487</u>
NET ASSETS	
Invested in Capital Assets	41,158
Unrestricted	<u>2,345</u>
Total Net Assets	<u>\$ 43,503</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, 2003**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)/ Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
GOVERNMENTAL ACTIVITIES:				
General Government-Judicial	\$ <u>465,837</u>	\$ <u>307,271</u>	\$ <u>307,576</u>	\$ <u>159,010</u>
Total Governmental Activities	\$<u>465,837</u>	\$<u>307,271</u>	\$<u>307,576</u>	\$<u>159,010</u>
General Revenues:				
Intergovernmental not restricted to specific programs				279,660
Interest earnings				94
Miscellaneous				<u>1,897</u>
Total General Revenues				\$<u>281,651</u>
Change in Net Assets				21,664
Net Assets - Beginning				<u>21,619</u>
Net Assets - Ending				\$<u>43,283</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, 2003**

	General Fund	Special Revenue Funds			Total Governmental Funds
		Tire N-D	Worthless Checks	TASS	
ASSETS					
Cash	\$ 2,366	\$ 637	\$ 1,650	\$ 3,230	\$ 7,962
Due from Other Governmental Units	42,463	12,901	0	8,791	63,805
Due from Grants	31,968	0	0	10,368	42,937
Due from Others	3,054	0	0	0	3,054
Due from Other Funds	45,481	13,700	0	0	59,251
Prepaid Insurance	2,767	498	0	0	3,263
Total Assets	\$ 120,149	\$ 27,434	\$ 1,650	\$ 22,409	\$ 179,632
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts Payable	\$ 75,800	\$ 2,030	\$ 0	\$ 16,477	\$ 94,307
Accrued Liabilities	23,929	0	0	0	23,929
Due to Other Funds	0	0	38,813	22,438	59,251
Total Liabilities	99,729	2,030	38,813	38,915	177,487
FUND EQUITY					
Fund Balance (Deficit) - Unreserved and Undesignated	20,420	25,394	(34,963)	(16,506)	2,345
Total Liabilities and Fund Equity	\$ 120,149	\$ 27,434	\$ 1,650	\$ 22,409	

Amounts reported for government activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Net assets of government activities \$ 43,500

**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, 2003**

					Total
	General	Title	Worthless	TASC	Governmental
		N-D	Checks		Funds
REVENUES					
Fees	\$ 87,433	\$ 0	\$ 48,794	\$ 0	\$ 136,227
Grants and Other Assistance	73,782	158,711	0	77,073	309,566
Intergovernmental	594,178	0	0	123,106	717,284
On-Behalf Revenue	329,522	5,481	0	0	335,003
Other Income	1,822	20	0	20	1,862
Total Revenues	1,026,837	164,212	48,794	200,206	1,439,949
EXPENDITURES					
Capital Outlay	3,966	0	0	23,494	27,460
Auto Expense	3,121	0	0	0	3,121
Contract Services	7,475	7,509	2,294	18,825	35,903
Dues	3,189	949	0	0	4,138
Employee Benefits	17,611	5,513	1,491	6,812	31,427
Insurance	101,985	20,366	3,835	9,170	135,356
LDNA Assessment	10,388	0	0	0	10,388
Library	18,271	0	0	0	18,271
Lincoln Police Jury	9,600	0	0	0	9,600
Office Expense	24,705	2,800	115	9,595	37,215
Other	1,240	0	0	1,549	2,789
Payroll Taxes	13,202	1,708	362	2,712	17,984
Penalties and Interest	7,700	0	0	0	7,700
Professional Fees	10,400	1,950	0	7,649	19,999
Rent	19,995	750	0	3,854	24,599
Salaries	777,509	117,704	22,138	129,562	1,046,913
Telephone	13,235	2,219	0	7,291	22,745
Training and Seminars	2,270	940	0	1,178	4,388
Travel	23,433	3,894	0	9,094	36,421
Total Expenses	3,899	0	0	0	3,899
Total Expenditures	1,087,683	164,921	26,655	216,714	1,475,973
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,343	(2,903)	19,999	(16,508)	8,933
OTHER FINANCING SOURCES (USES)					
Operating Transfers	3,658	(3,658)	0	0	0
Net Changes in Fund Balances	11,399	(5,899)	19,999	(16,508)	8,933
Fund Balance(Deficit) - Beginning	17,022	31,053	153,832	0	197,907
Fund Balance (Deficit) - Ending	\$ 28,421	\$ 25,154	\$ 173,831	\$ 133,502	\$ 561,008

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, 2000**

Net Change in Fund Balances-Total Governmental Funds **\$ 8,103**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds reported capital outlays as expenditures. However, the statement of activities reflects expenditures for capital outlays as an increase in capital assets, and recognizes an economic cost of the asset as depreciation expense over the estimated useful life of the asset. Expenditures for capital outlays in the governmental funds of \$27,479 exceeded the \$13,898 depreciation expense in the statement of activities by \$13,581.

13,581

Change in Net Assets of Government Activities **\$ 21,684**

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, 2003

	<u>Agency Fund</u>
ASSETS	
Cash	\$ 189,573
Non-Cash Assets Seized	<u>75,238</u>
Total Assets	<u>264,811</u>
LIABILITIES	
Seizures not yet Forfeited	200,149
Judgments not yet Disbursed	<u>34,543</u>
Total Liabilities	<u>234,731</u>
NET ASSETS	<u>\$ 30,080</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, 2000**

As provided by Article V, Section 36 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. In June, 1999, GASB unanimously approved Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*. Certain of the significant changes in the Statement include the following changes in the financial statements:

- (1) A Management's Discussion and Analysis (MD&A) section providing an analysis of the overall financial position and results of operations for the District Attorney's Office.
- (2) Financial statements prepared using full accrual accounting for all of the activities of the District Attorney's Office.

These and other changes are reflected in the accompanying financial statements (including notes to the financial statements). 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 Juvenile 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, 2003**

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 18:15, which provides that the District Attorney receives, from the principal 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 Trustee 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 Trustee 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.

Educator 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, 2003

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, 2003. 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. 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. Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

The 2003 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 legally 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, 2003**

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

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, 2003, the District Attorney's Office has \$178,746 in deposits (collected bank balances). These deposits are secured from risk by \$148,431 of federal deposit insurance and \$22,315 of pledged securities held by the custodial bank in the name of the fiscal agent.

Even though the securities are considered uncollateralized under the provisions of GASB Statement 3, LSA-R.S. 38:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 12 days of being notified by the District Attorney's Office that the fiscal agent has failed to pay deposited funds upon demand.

There was also a balance of \$250 recorded as cash on hand and \$7,679 recorded as undeposited currency being held in trust for evidence at December 31, 2003, which was uncollateralized.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 3 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consisted of the following:

Commissions and Fees from -

City of Ruston	\$	1,042
Lincoln Parish Sheriff's Office		7,634
Union Parish Sheriff's Office		3,150
Lincoln Parish Criminal Court Fund		16,745
Union Parish Criminal Court Fund		7,938
Lincoln Parish Police Jury		5,941
State of Louisiana-Judicial Branch		8,791
Title IV-D Reimbursement Grant Monies from the State of LA, DHR		<u>12,601</u>
TOTAL	\$	<u>63,862</u>

NOTE 4 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2003, are as follows:

	Balance \$133,153	Additions	Deletions	Balance 133,153
Capital Assets at Cost				
Furniture and Equipment	\$ 172,954	\$ 27,479	\$ 0	\$ 200,433
Vehicles	<u>55,299</u>	<u>0</u>	<u>0</u>	<u>55,299</u>
TOTALS	<u>228,253</u>	<u>27,479</u>	<u>0</u>	<u>255,732</u>
Less Accumulated Depreciation				
Furniture and Equipment	147,023	13,240	0	160,263
Vehicles	<u>53,230</u>	<u>658</u>	<u>0</u>	<u>53,888</u>
TOTALS	<u>200,253</u>	<u>13,898</u>	<u>0</u>	<u>214,151</u>
Net Capital Assets	\$ <u>27,972</u>	\$ <u>13,581</u>	\$ <u>0</u>	\$ <u>41,150</u>

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2003, consisted of the following individual fund receivables and payables:

	Receivable	Payable
General Fund	\$ 45,491	\$ 0
Special Revenue Fund - Title IV-D	13,790	0
Special Revenue Fund - Worthless Check	0	35,812
Special Revenue Fund - TASC	<u>0</u>	<u>32,438</u>
TOTAL	\$ <u>59,281</u>	\$ <u>68,250</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, 2003**

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 14919, Baton Rouge, Louisiana 70800-4919, or by calling (504) 326-1261.

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 5.5% of their annual covered salary, and the District Attorney's Office is required to contribute an actuarially determined rate. The rate for 1999 through 2003 was 7.75% 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, 2003, 2002, 2001, 2000, and 1999 were \$33,908, \$19,168, \$18,936, \$20,681, and \$20,670, 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) 647-6661.

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 years ended June 30, 1999 through 2003 was 0% 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 DARS for the years ended December 31, 2003, 2002, 2001, 2000, and 1999 were \$0, \$0, \$0, \$0, 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, Lincoln Parish Police Jury, and Union Parish Police Jury. The following is a summary of these on-behalf payments:

General Fund	
Salaries	\$ 317,721
Fringe Benefits	11,301
Total On-Behalf Payments	<u>\$ 329,022</u>
Special Revenue Funds	
Salaries	\$ 4,308
Fringe Benefits	1,172
Total On-Behalf Payments	<u>\$ 5,480</u>

Fringe benefits paid by the State of Louisiana, the Lincoln Parish Police Jury, and the Union Parish Police Jury include pension plan contributions to the Parochial Employees Retirement System and the District Attorneys' Retirement System.

REQUIRED SUPPLEMENTARY INFORMATION

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

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
DECEMBER 31, 2003**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Fees	\$ 37,372	\$ 63,178	\$ 67,403	\$ 4,225
Grants and Other Assistance	224,493	222,563	73,782	(148,771)
Interest Income	3,552	0	39	39
Intergovernmental	222,520	241,058	654,179	369,113
Co-Support Revenue	589,701	693,468	329,022	(264,479)
Other Income	0	577	1,897	1,320
TOTAL REVENUES	<u>1,087,738</u>	<u>1,320,881</u>	<u>1,027,322</u>	<u>(44,560)</u>
EXPENDITURES				
Capital Outlay	15,000	0	3,985	(3,085)
Auto Expenses	8,000	2,624	2,121	753
Contract Services	0	0	7,475	(7,475)
Dues and Subscriptions	2,066	3,468	3,183	1,288
Employee Benefits	35,908	21,700	17,511	4,089
Insurance	162,275	86,725	161,899	(18,281)
LDAAs Assessment	0	0	10,355	(10,355)
Library	20,600	308	18,271	(17,993)
Lincoln Parish Police Jury	0	0	8,603	(8,603)
Office Expenses	24,927	24,927	24,705	222
Other	7,899	7,899	679	6,921
Payroll Taxes	11,344	9,014	13,202	(3,368)
Penalties and Interest	0	0	7,700	(7,700)
Professional Fees	40,920	22,520	19,499	13,120
Rent	2,426	20,196	19,993	201
Repairs and Maintenance	2,500	1,052	262	1,399
Salaries	617,264	831,566	777,509	54,058
Telephone	12,560	17,747	13,235	4,512
Training and Seminars	5,000	1,020	2,279	(780)
Travel and Meals	38,851	17,568	20,459	(2,871)
Trial Expenses	0	0	3,689	(3,689)
TOTAL EXPENDITURES	<u>953,526</u>	<u>1,269,453</u>	<u>1,067,988</u>	<u>1,486</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>134,212</u>	<u>51,428</u>	<u>8,334</u>	<u>(43,060)</u>
OTHER FINANCING SOURCES				
Operating Transfers In	0	0	3,056	3,056
TOTAL OTHER FINANCING SOURCES	<u>0</u>	<u>0</u>	<u>3,056</u>	<u>3,056</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	<u>134,212</u>	<u>51,428</u>	<u>11,390</u>	<u>(40,004)</u>
FUND BALANCE - BEGINNING	<u>17,022</u>	<u>17,022</u>	<u>17,022</u>	<u>0</u>
FUND BALANCE - ENDING	<u>\$ 127,553</u>	<u>\$ 68,450</u>	<u>\$ 28,412</u>	<u>\$ (40,029)</u>

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

**BUDGETARY COMPARISON SCHEDULE-SPECIAL REVENUE FUNDS
DECEMBER 31, 2003**

	Budgeted Amounts		Actual Amounts	Variance Final Budget Positive /Negative
	Original	Final		
REVENUES				
Fees	\$ 48,741	\$ 40,800	\$ 48,784	\$ (1,060)
Grant	142,500	142,500	233,784	91,284
Intergovernmental	0	0	123,100	123,100
Interest Income	1,370	66	66	1,304
On-Behalf Revenue	0	0	2,481	2,481
TOTAL REVENUES	<u>192,611</u>	<u>183,366</u>	<u>411,195</u>	<u>218,854</u>
EXPENDITURES				
Capital Outlay	1,000	1,000	23,484	(22,484)
Contract Services	0	0	25,728	(25,728)
Dues	0	0	648	(648)
Employee Benefits	12,434	9,980	12,573	(3,205)
Insurance	30,128	30,128	33,070	(2,942)
Office Expense	2,972	2,972	12,912	(10,940)
Other	494	694	1,548	(554)
Payroll Taxes	3,527	3,527	4,782	(855)
Professional Fees	1,440	7,009	9,388	(2,389)
Rent	3,852	2,855	3,404	(449)
Salaries	288,829	237,833	290,484	(22,651)
Telephone	5,740	2,110	9,501	(7,391)
Training and Seminars	505	737	1,818	(1,081)
Travel	3,871	2,893	12,128	(9,235)
TOTAL EXPENDITURES	<u>338,292</u>	<u>307,188</u>	<u>411,438</u>	<u>110,246</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(142,481)	(108,800)	(242)	108,568
OTHER FINANCING USES				
Operating Transfers Out	(8,355)	0	(3,052)	(5,303)
DEFICIENCY OF REVENUES UNDER EXPENDITURES AND OTHER USES	(148,837)	(108,800)	(3,294)	108,603
FUND BALANCE-BEGINNING	<u>(22,728)</u>	<u>(22,728)</u>	<u>(22,728)</u>	<u>0</u>
FUND BALANCE-ENDING	<u>\$ (171,612)</u>	<u>\$ (131,527)</u>	<u>\$ (26,022)</u>	<u>\$ 108,503</u>

OTHER REPORTS AND SCHEDULES

McGEHEE AND KEEN, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 1384
800 North Tonchar
Ruston, Louisiana 71273-1344

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING 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 177
Ruston, Louisiana 71273

We have audited the financial statements of the District Attorney, a component unit of the City of Ruston, as of and for the year ended December 31, 2003, and have issued our report thereon dated June 30, 2004. 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.

Compliance

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 grants, of which noncompliance with could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance that we have reported to management in a separate letter dated June 30, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District Attorney's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the District Attorney's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. This reportable condition is described in the accompanying schedule of findings and questioned costs on Item #2003-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness.

This report is intended solely for the information of the District Attorney's Office, the Office of Family Security for the Provisions of Child Support Services, the Louisiana Commission on Law Enforcement and Administration of Criminal Justice, and the Legislative Auditor of Louisiana and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Michael and Keen, LLC
Certified Public Accountants
June 30, 2004

**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, 2003**

We have audited the financial statements of the District Attorney as of and for the year ended December 31, 2003, and have issued our report thereon dated June 30, 2004. 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. Our audit of the financial statements as of December 31, 2003 resulted in an unqualified opinion. The following is a summary of our 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 Reportable Conditions Yes No

Compliance

Compliance Material to Financial Statements: Yes No

Section 2 Financial Statement Findings

Finding 2003-1. 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.

McGEHEE AND KEEN, LLC
CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 1044
808 North Thibodeaux
Ruston, Louisiana 71271-0444

MANAGEMENT LETTER

June 30, 2004

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

We have audited the basic financial statements of the District Attorney of the Third Judicial District as of and for the year ended December 31, 2003. 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.

As a part of our audit, we have issued our report on the financial statements dated June 30, 2004, and our report on internal control and compliance with laws, regulations, and contracts, dated June 30, 2004.

During the course of our audit, we became aware of the following matters which represent immaterial deviations of compliance or suggestions for improved internal controls.

Suggestion 2003-1. Budget Variances. In 2003, the District Attorney's actual expenditures for its special revenue fund were 37% more than the amount budgeted. State law requires that the budget be amended if the actual expenditures, within a fund, exceed the estimated expenditures by 5% or more. The actual expenditures were not properly compared to budgeted amounts to determine if any budget amendments were needed. We recommend the financial administrator make changes to the method used for comparison to be sure it is consistent with the presentation of the financial statements, compare actual expenditures to amounts budgeted to determine if budget amendments are needed on a regular basis, and notify the District Attorney of any needed amendments.

Suggestion 2003-2. Budgeted Expenditures Exceed Funds Available. The amended budget for the special revenue funds had expenditures of \$301,180 with only \$166,607 in budgeted funds available. State law prohibits the adoption of a budget where budgeted expenditures exceed the total estimated funds available. The 2003 budget was prepared by a new financial administrator who was not yet familiar with all aspects of the state budget law and consequently, made an error in the preparation of the budget. The District Attorney did not notice the error when he approved the 2003 budget. We recommend that expenditures not exceed funds available in future budgets.

We recommend management address the foregoing issues as an improvement to operations and the administration of public programs. We are available to further explain the suggestions or help implement the recommendations.

Sincerely,



McGehee and Keen, LLC
Certified Public Accountants

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2009**

SECTION 1 INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

FINDINGS

RESPONSE

2009-1. 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 2009-1.

SECTION 2 MANAGEMENT LETTER

SUGGESTIONS

RESPONSE

2009-1. Budget Variances. Recommended the financial administrator monitor variances between the budget and actual amounts to notify the District Attorney when budget amendments appear to be needed.

Unresolved. See Suggestion 2009-1.

2009-2. Budget Publication. Recommended the financial administrator publish a notice for a public hearing on the proposed budget to allow public participation in the budget process.

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, 2003**

SECTION 1 INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENT

FINDINGS

2003-1. Separation of Duties. Too few personnel involved in the accounting system to have adequate separation of duties for internal control.

RESPONSE

It would not be cost-effective to hire additional personnel to provide adequate separation of duties for internal control for this size workload.

SECTION 2 MANAGEMENT LETTER

SUGGESTIONS

2003-1. Budget Variances. The special revenue fund had expenditures with an unfavorable variances between actual amounts and budgeted amounts that was in excess of 5%. According to state law, budget amendments should be adopted if an unfavorable variance of 5% or more is indicated. This unfavorable budget variance was not identified prior to year end and the needed budget amendments were not adopted. We recommend the financial administrator prepare a comparison of actual amounts to budgeted amounts on a regular basis during the year and notify the District Attorney if budget amendments are needed.

RESPONSE

The financial administrator will begin comparing actual amounts to budgeted amounts quarterly beginning July, 2004. He will notify the District Attorney, Robert Levy, if he believes an unfavorable variance of 5% or more is indicated. The District Attorney will adopt budget amendments as needed.

2003-1. Budgeted Expenditures Exceed Funds Available. The special revenue funds budget had expenditures of \$301,183, but the budgeted funds available were only \$188,637. According to state law, the adopted budget is to be balanced with expenditures not exceeding total estimated funds available. The 2003 budget was prepared by the new financial administrator who was not familiar with all aspects of the state budget law and the District Attorney did not notice the error when he approved the budget. We recommend that expenditures not exceed funds available in future budgets.

The financial administrator resolved this problem when preparing the 2004 budget.

DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2003

FEDERAL ORIGINATOR PASS-THROUGH GRANTOR PROGRAM TITLE	GRANT EFFECTIVE DATE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	FEDERAL AWARDS EXPENDED
U.S. Department of Health & Human Services					
Passed Through Louisiana Department of Social Services- Office of Family Support for the Provision of Child Support Enforcement Services	Before 7-1-03 After 8-30-03	19.760	355-301245 355-401460	\$ 142,500 142,500	\$ 62,689 74,062
Passed Through Louisiana Foundation Against Sexual Assault, Inc.					
Rape Prevention Education Grant	8-1-03/99 3-31-04	89.136	N/A	97,892	<u>13,009</u> <u>198,771</u>
Total Department of Health & Human Services					
U.S. Department of Justice					
Passed Through Louisiana Commission on Law Enforcement and Administration of Criminal Justice Continuation Presentation	3-01-02/99 12-31-03	18.846	M071-0-004	36,111	18,135
Develop Accountability Based Sanctions	Before 9-1-03 After 9-30-03	18.523	A018-0-039 A038-0-036	72,997 76,636	69,665 8,972
Victim Assistance Program Total Department of Justice	4-1-03/99 3-31-04	18.875	A99-0-039	26,401	<u>18,632</u> <u>117,015</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS					\$ 236,728