

**DISTRICT ATTORNEY
OF THE FOURTH JUDICIAL DISTRICT
STATE OF LOUISIANA**

A Component Unit of the Morehouse and Ouachita Parish Police Juries

**FINANCIAL REPORT
DECEMBER 31, 2006**

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

Release Date 8-1-07

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**DISTRICT ATTORNEY OF THE FOURTH JUDICIAL DISTRICT
STATE OF LOUISIANA
A Component Unit of the Morehouse and Ouachita Parish Police Juries**

DECEMBER 31, 2006

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Independent Auditor's Reports

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INDEPENDENT AUDITOR'S REPORT

Honorable Jerry Jones
District Attorney of the Fourth Judicial District
State of Louisiana
A Component Unit of the Morehouse and Ouachita Parish Police Juries

We have audited the accompanying basic financial statements of the District Attorney of the Fourth Judicial District, a Component Unit of the Morehouse and Ouachita Parish Police Juries, State of Louisiana, as of and for the year ended December 31, 2006, as listed in the Table of Contents. These basic financial statements are the responsibility of the District Attorney of the Fourth Judicial District. Our responsibility is to express an opinion on these basic 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the District Attorney of the Fourth Judicial District, a Component Unit of the Morehouse and Ouachita Parish Police Juries, State of Louisiana as of December 31, 2006, and the results of its operations 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 June 13, 2007, on our consideration of District Attorney of the Fourth Judicial District, a Component Unit of the Morehouse and Ouachita Parish Police Juries, State of Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

District Attorney of the Fourth Judicial District
State of Louisiana
A Component Unit of the Morehouse and Ouachita Parish Police Juries

The Management's Discussion and Analysis and budgetary comparison information on pages 7 through 12 and page 34 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 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.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the District Attorney of the Fourth Judicial District, a Component Unit of the Morehouse and Ouachita Parish Police Juries, State of Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Donald, Tucker, Betts & Knight

DONALD, TUCKER, BETTS & KNIGHT
A PROFESSIONAL ACCOUNTING CORPORATION

Monroe, Louisiana
June 13, 2007

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**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 Jerry Jones
District Attorney of the Fourth Judicial District
State of Louisiana
A Component Unit of the Morehouse and Ouachita Parish Police Juries

We have audited the basic financial statements of the District Attorney of the Fourth Judicial District, a Component Unit of the Morehouse and Ouachita Parish Police Juries, State of Louisiana, as of and for the year ended December 31, 2006, and have issued our report thereon dated June 13, 2007. 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

In planning and performing our audit, we considered the District Attorney of the Fourth Judicial District's, a Component Unit of the Morehouse and Ouachita Parish Police Juries, State of Louisiana, internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District Attorney of the Fourth Judicial District's, a Component Unit of the Morehouse and Ouachita Parish Police Juries, State of Louisiana, internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District Attorney of the Fourth Judicial District's, a Component Unit of the Morehouse and Ouachita Parish Police Juries, State of Louisiana, internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District Attorney of the Fourth Judicial District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District Attorney of the Fourth Judicial District's, a Component Unit of the Morehouse and Ouachita Parish Police Juries, State of Louisiana, financial statements that is more than inconsequential will not be prevented or detected by the District Attorney of the Fourth Judicial District's, a Component Unit of the Morehouse and Ouachita Parish Police Juries, State of Louisiana, internal control.

District Attorney of the Fourth Judicial District
State of Louisiana
A Component Unit of the Morehouse and Ouachita Parish Police Juries

Internal Control Over Financial Reporting (Continued)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District Attorney of the Fourth Judicial District's, a Component Unit of the Morehouse and Ouachita Parish Police Juries, State of Louisiana, internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 of the Fourth Judicial District's, a Component Unit of the Morehouse and Ouachita Parish Police Juries, State of Louisiana, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Donald, Tucker, Betts & Knight

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Monroe, Louisiana
June 13, 2007

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Jerry Jones
District Attorney of the Fourth Judicial District
State of Louisiana
A Component Unit of the Morehouse and Ouachita Parish Police Juries

Compliance

We have audited the compliance of the District Attorney of the Fourth Judicial District, a Component Unit of the Morehouse and Ouachita Parish Police Juries, State of Louisiana, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2006. The District Attorney of the Fourth Judicial District's major federal programs is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District Attorney of the Fourth Judicial District's management. Our responsibility is to express an opinion on the District Attorney of the Fourth Judicial District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District Attorney of the Fourth Judicial District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District Attorney of the Fourth Judicial District's compliance with those requirements.

In our opinion, the District Attorney of the Fourth Judicial District, a Component Unit of the Morehouse and Ouachita Parish Police Juries, State of Louisiana, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

Internal Control Over Compliance

The management of the District Attorney of the Fourth Judicial District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District Attorney of the Fourth Judicial District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District Attorney of the Fourth Judicial District's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

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Monroe, Louisiana
June 13, 2007

Required Supplemental Information – Part I

**DISTRICT ATTORNEY OF THE FOURTH JUDICIAL DISTRICT
STATE OF LOUISIANA
A Component Unit of the Morehouse and Ouachita Parish Police Juries**

**MANAGEMENT'S DISCUSSION and ANALYSIS
DECEMBER 31, 2006**

This section of the District Attorney's annual financial report presents management's discussions and analysis of the District Attorney's financial performance during the fiscal year that ended on December 31, 2006. Please read this in conjunction with the District Attorney's financial statements, which follow this section.

Financial Highlights

The following table exhibits some of the more important highlights of the financial results from the year ended December 31, 2006:

- The District Attorney's total net assets from governmental activities increased \$453,497 from the beginning of the fiscal year as a result of operations during the year.
- During the year ended December 31, 2006, the District Attorney's revenue was \$293,087 greater than the \$2,378,906 incurred as expenses.
- The cost of operating the programs of the District Attorney was \$2,378,906, which represents a decrease in the costs of operations over the prior year of \$69,697 or a 2.85 percent decrease.
- The general fund reported unrestricted net assets of \$4,749,250.

Overview of the Financial Statements

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District Attorney's financial records:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the District Attorney's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District Attorney's governmental operations, reporting the District Attorney's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how general government services, like public safety, were financed in the short term as well as what remains for future spending.
 - Fiduciary fund statements provide information about the financial relationships in which the District Attorney acts solely as agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Exhibit 1 shows how the required parts of this annual report are arranged and relate to one another.

Exhibit 1 summarizes the major features of the District Attorney's financial statements, including the portion of the District Attorney's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure of contents of each of the statements.

**DISTRICT ATTORNEY OF THE FOURTH JUDICIAL DISTRICT
STATE OF LOUISIANA
A Component Unit of the Morehouse and Ouachita Parish Police Juries**

**MANAGEMENT'S DISCUSSION and ANALYSIS
DECEMBER 31, 2006**

Exhibit 1

Major Features of District Attorney's Government and Fund Financial Statements

	FUND STATEMENTS		
	Government-wide Statements	Governmental Funds	Fiduciary Funds
Scope	The entire District Attorney governmental unit (excluding fiduciary funds)	The activities of the District Attorney that are not proprietary or fiduciary, such as public safety and the IV D program	Instances in which the District Attorney is the trustee or agent for someone else's resources, such as seized drug assets awaiting forfeiture
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statements of fiduciary net assets • Statements of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset and liability	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets are included	All assets and liabilities, both short-term and long-term; the District's Attorney's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is paid or received	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payments are due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

**DISTRICT ATTORNEY OF THE FOURTH JUDICIAL DISTRICT
STATE OF LOUISIANA
A Component Unit of the Morehouse and Ouachita Parish Police Juries**

**MANAGEMENT'S DISCUSSION and ANALYSIS
DECEMBER 31, 2006**

Government-wide Statements

The government-wide statements report information about the District Attorney as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expense are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District Attorney's net assets and how they have changed. Net assets (the difference between the District Attorney's total assets and total liabilities) is one way to measure the District Attorney's financial health, or position.

For instance:

- Over time, increases or decreases in the District Attorney's net assets are an indicator of whether its financial health is improving or deteriorating.
- To assess the overall health of the District Attorney, one needs to consider additional financial factors such as changes in the finances of the State of Louisiana and the Morehouse and Ouachita Parish Police Juries.

The government-wide financial statements of the District Attorney consist of:

- Governmental activities – all of the District Attorney's basic services are included here, such as public safety, the IVD program and general administration.

Fund Financial Statements

The fund financial statements provide more detailed information about the District Attorney's most significant funds not the District Attorney as a whole. Funds are accounting devices that the District Attorney used to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law or by bond covenants.

The District Attorney has two kinds of funds:

- Governmental funds – Most of the District Attorney's basic services are included in governmental funds which focus on (1) how cash and other financial assets that can be readily converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District Attorney's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements, or on the subsequent page that explains the relationships between them.
- Fiduciary funds – The activity in these funds are excluded from the District Attorney's government-wide financial statements because the District Attorney cannot use these assets to finance its operations.

**DISTRICT ATTORNEY OF THE FOURTH JUDICIAL DISTRICT
STATE OF LOUISIANA
A Component Unit of the Morehouse and Ouachita Parish Police Juries**

**MANAGEMENT'S DISCUSSION and ANALYSIS
DECEMBER 31, 2006**

Financial Analysis of the District Attorney as a Whole

Net Assets – The District Attorney’s combined net assets increased during 2006 by \$453,497 or 10.197 percent, from the \$4,450,397 at December 31, 2005, as shown in the following table.

	<u>2006</u>	<u>2005</u>	<u>Change</u>
Current and other assets	\$ 5,050,113	\$ 4,682,063	
Capital assets	<u>154,644</u>	<u>131,264</u>	
Total assets	5,204,757	4,813,327	
Current liabilities	300,863	362,930	
Non-current liabilities	<u>0</u>	<u>0</u>	
Total liabilities	<u>300,863</u>	<u>362,930</u>	
Net assets			
Invested in capital assets	154,644	131,264	
Unrestricted	<u>4,749,250</u>	<u>4,319,133</u>	
Total net assets	<u>\$ 4,903,894</u>	<u>\$ 4,450,397</u>	<u>\$ 453,497</u>

Changes in Net Assets – The following condensed government-wide governmental activity statement illustrates the major changes in operations for the District Attorney as compared to 2005.

Increase	<u>2006</u>	<u>2005</u>	<u>Change</u>	<u>(Decrease)</u>
Revenue	\$ 2,832,403	\$ 3,934,724	\$(1,102,321)	(28.02)%
Expenses	<u>(2,378,906)</u>	<u>(2,448,603)</u>	<u>69,697</u>	<u>(2.85)%</u>
Increase (Decrease)	<u>\$ 453,497</u>	<u>\$ 1,486,121</u>	<u>\$(1,032,624)</u>	

**DISTRICT ATTORNEY OF THE FOURTH JUDICIAL DISTRICT
STATE OF LOUISIANA
A Component Unit of the Morehouse and Ouachita Parish Police Juries**

**MANAGEMENT'S DISCUSSION and ANALYSIS
DECEMBER 31, 2006**

Governmental Activities

The District Attorney's total governmental revenue decreased from 2005 by \$1,104,146 or 28.05 percent, and expenses increased by \$18,173 or 0.76 percent, as compared to 2005.

	<u>2006</u>	<u>2005</u>	<u>Increase (Decrease)</u>
Revenue			
Charges for services	\$ 1,979,346	\$ 3,034,538	\$(1,055,192)
Grants and contributions	692,647	804,141	(111,494)
Other	<u>160,410</u>	<u>97,870</u>	<u>62,540</u>
Total revenues	2,832,403	3,936,549	(1,104,146)
Expenses			
Personnel services	1,183,092	1,208,224	(25,132)
Other costs to deliver governmental programs	1,134,235	1,142,418	(8,183)
Capital outlay	<u>84,959</u>	<u>33,471</u>	<u>51,488</u>
Total expenses	<u>2,402,286</u>	<u>2,384,113</u>	<u>18,173</u>
Excess (deficiency) of revenue over (under) expenditures	<u>\$ 430,117</u>	<u>\$ 1,552,436</u>	<u>\$(1,122,319)</u>

Revenues from charges for services were lower from 2005 by \$1,055,192 primarily due to the LACE Program being terminated in the City of Monroe, City of West Monroe and the Morehouse Parish Sheriff's Office.

Financial Analysis of the District Attorney's Funds

At the end of 2006, the District Attorney's governmental funds reported a combined fund balance or net assets of \$4,749,250 which was \$453,497 more than 2005. The increase is primarily attributable to the above stated changes in revenue.

General Fund Budgetary Highlights

During 2006, the District Attorney revised its budget. The District Attorney has prepared and published budgets that cover its governmental activities in the Special Revenue Funds included in this financial report for comparison schedules that illustrate the actual results of these funds compared to the original budget. The original budget was published in The News-Star on December 23, 2005. The amended budget was published in The News-Star on December 22, 2006.

**DISTRICT ATTORNEY OF THE FOURTH JUDICIAL DISTRICT
STATE OF LOUISIANA
A Component Unit of the Morehouse and Ouachita Parish Police Juries**

**MANAGEMENT'S DISCUSSION and ANALYSIS
DECEMBER 31, 2006**

Capital Assets

At the end of 2006, the District Attorney had invested \$893,745 in capital assets as follows:

	<u>2006</u>	<u>2005</u>
Furniture, fixtures and equipment	\$ 510,247	\$ 498,100
Add additions	84,959	12,147
Vehicles	298,539	291,229
Add additions	0	21,324
Less deletions	<u>0</u>	<u>14,014</u>
Total capital assets at cost	893,745	808,786
Less accumulated depreciation	739,101	688,500
Add accumulated depreciation - deletions	<u>0</u>	<u>10,978</u>
Capital assets, net	<u>\$ 154,644</u>	<u>\$ 131,264</u>

Economic Factors and Next Year's Budget

The District Attorney is dependent on the State of Louisiana and the Morehouse and Ouachita Parish Police Juries for partial payment of the attorney's salaries, a portion of its overhead as well as some administrative costs. These entities receive a substantial part of their revenues from taxes. The economy is not expected to generate any significant growth or reversals. The budget for 2007 is approximately the same as the 2006 operating budget.

Contacting the District Attorney's Financial Management

This financial report is designed to provide the citizens, taxpayers and creditors with a general overview of the District Attorney's finances and to demonstrate the District Attorney's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Cynthia P. Lavespere, Administrator, 400 St. John Street, Suite 301, Monroe, Louisiana 71201.

Basic Financial Statements

**DISTRICT ATTORNEY OF THE FOURTH JUDICIAL DISTRICT
STATE OF LOUISIANA
A Component Unit of the Morehouse and Ouachita Parish Police Juries**

**STATEMENT OF NET ASSETS
DECEMBER 31, 2006**

ASSETS

Cash and cash equivalents	\$ 885,165
Investments	3,917,752
Receivables:	
Fines and forfeitures	85,124
Due from State of Louisiana	
Title IV-D reimbursement	71,234
Other grants	9,802
Other funds	<u>81,036</u>
Total receivables	247,196
Capital assets, net of accumulated depreciation	<u>154,644</u>
Total Assets	<u>\$ 5,204,757</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	\$ 219,827
Other payables	<u>81,036</u>
	300,863
Net Assets:	
Invested in capital assets	154,644
Unrestricted	<u>4,749,250</u>
Total Net Assets	<u>\$ 4,903,894</u>

The accompanying notes are an integral part of the financial statements.

**DISTRICT ATTORNEY OF THE FOURTH JUDICIAL DISTRICT
STATE OF LOUISIANA
A Component Unit of the Morehouse and Ouachita Parish Police Juries**

**STATEMENT OF ACTIVITIES
DECEMBER 31, 2006**

		Program Revenues		Net (Expense)
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Revenue and Changes in Net Assets</u>
Functions/programs:				
Governmental activities:				
Public safety and judicial prosecution	\$ 2,378,906	\$ 1,979,346	\$ 692,647	\$ 293,087
Total Governmental Activities	<u>\$ 2,378,906</u>	<u>\$ 1,979,346</u>	<u>\$ 692,647</u>	<u>293,087</u>
General Revenues:				
Interest and investment earnings				137,978
Miscellaneous				<u>22,432</u>
Total General Revenues				<u>160,410</u>
Changes in net assets				<u>453,497</u>
Net Assets, January 1, 2006				<u>4,450,397</u>
Net Assets, December 31, 2006				<u>\$ 4,903,894</u>

The accompanying notes are an integral part of the financial statements.

**DISTRICT ATTORNEY OF THE FOURTH JUDICIAL DISTRICT
STATE OF LOUISIANA
A Component Unit of the Morehouse and Ouachita Parish Police Juries**

**GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2006**

ASSETS

	<u>General Fund</u>	<u>Other Funds</u>	<u>Totals</u>
Cash and cash equivalents	\$ 803,338	\$ 81,827	\$ 885,165
Investments	3,917,752	0	3,917,752
Receivables:			
Fines and forfeitures	85,124	0	85,124
Due from State of Louisiana			
Title IV-D reimbursement		71,234	71,234
Other grants	9,802	0	9,802
Other funds	<u>81,036</u>	<u>0</u>	<u>81,036</u>
Total Assets	<u>\$ 4,897,052</u>	<u>\$ 153,061</u>	<u>\$ 5,050,113</u>

LIABILITIES AND FUND BALANCES

Liabilities:			
Accounts payable	\$ 147,802	\$ 72,025	\$ 219,827
Other payables	<u>0</u>	<u>81,036</u>	<u>81,036</u>
Total Liabilities	147,802	153,061	300,863
Fund Balances:			
Unreserved – Undesignated	<u>4,749,250</u>	<u>0</u>	<u>4,749,250</u>
Total Fund Balances	<u>4,749,250</u>	<u>0</u>	<u>4,749,250</u>
Total Liabilities and Fund Balances	<u>\$ 4,897,052</u>	<u>\$ 153,061</u>	<u>\$ 5,050,113</u>

The accompanying notes are an integral part of the financial statements.

**DISTRICT ATTORNEY OF THE FOURTH JUDICIAL DISTRICT
STATE OF LOUISIANA
A Component Unit of the Morehouse and Ouachita Parish Police Juries**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2006**

Total Fund Balances – Governmental Funds		\$ 4,749,250
Capital Assets:		
Cost of capital assets at December 31, 2006	893,745	
Less accumulated depreciation	<u>739,101</u>	<u>154,644</u>
Total Net Assets at December 31, 2006 – Governmental activities		<u>\$ 4,903,894</u>

The accompanying notes are an integral part of the financial statements.

**DISTRICT ATTORNEY OF THE FOURTH JUDICIAL DISTRICT
STATE OF LOUISIANA
A Component Unit of the Morehouse and Ouachita Parish Police Juries**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>General Fund</u>	<u>Other Funds</u>	<u>Totals</u>
REVENUES			
Fines, fees and bond forfeitures	\$ 1,199,140	\$ 0	\$ 1,199,140
Court cost fees	454,248	0	454,248
Interest income	137,061	918	137,979
Intergovernmental revenue:			
Federal	119,541	438,533	558,074
State	48,088	0	48,088
Local	86,485	0	86,485
Drug asset forfeiture	49,412	0	49,412
Collection fees		276,546	276,546
Other	<u>9,096</u>	<u>13,335</u>	<u>22,431</u>
Total Revenues	<u>2,103,071</u>	<u>729,332</u>	<u>2,832,403</u>
EXPENDITURES			
General Government - Current operating			
Personnel services	978,652	204,440	1,183,092
Contractual charges	610,797	87,370	698,167
Materials and supplies	375,822	0	375,822
Other charges	60,246	0	60,246
Capital outlay	<u>84,959</u>	<u>0</u>	<u>84,959</u>
Total Expenditures	<u>2,110,476</u>	<u>291,810</u>	<u>2,402,286</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7,405)	437,522	430,117
OTHER FINANCING SOURCES (USES)			
Operating transfers in (out)	<u>437,522</u>	<u>(437,522)</u>	<u>0</u>
Total other financing sources (uses)	<u>437,522</u>	<u>(437,522)</u>	<u>0</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	430,117	0	430,117
BEGINNING FUND BALANCE	<u>4,319,133</u>	<u>0</u>	<u>4,319,133</u>
ENDING FUND BALANCE	<u>\$ 4,749,250</u>	<u>\$ 0</u>	<u>\$ 4,749,250</u>

The accompanying notes are an integral part of the financial statements.

**DISTRICT ATTORNEY OF THE FOURTH JUDICIAL DISTRICT
STATE OF LOUISIANA
A Component Unit of the Morehouse and Ouachita Parish Police Juries**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2006**

EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES		\$ 430,117
CAPITAL ASSETS:		
Capital outlay capitalized	\$ 84,959	
Less depreciation expense recorded for the year ended December 31, 2006	<u>(61,579)</u>	
		<u>23,380</u>
CHANGES IN NET ASSETS – Governmental activities		<u>\$ 453,497</u>

The accompanying notes are an integral part of the financial statements.

**DISTRICT ATTORNEY OF THE FOURTH JUDICIAL DISTRICT
STATE OF LOUISIANA
A Component Unit of the Morehouse and Ouachita Parish Police Juries**

**STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2006**

ASSETS

Cash and cash equivalents \$ 254,167

Total Assets \$ 254,167

LIABILITIES

Amounts due on settlement of fiduciary assets \$ 254,167

Total Liabilities \$ 254,167

The accompanying notes are an integral part of the financial statements.

**DISTRICT ATTORNEY OF THE FOURTH JUDICIAL DISTRICT
STATE OF LOUISIANA
A Component Unit of the Morehouse and Ouachita Parish Police Juries**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2006**

INTRODUCTION

The Louisiana Constitution of 1974, Article V, Section 14 created the judicial districts of the State, among them the Fourth Judicial District. Article V, Section 26 created the Office of the District Attorney for each of the Judicial Districts, and sets forth the duties of the office. Louisiana R.S. 16:1 establishes a District Attorney for each of the Judicial District Attorney's offices. The Fourth Judicial District Attorney exists and operates in accordance with the authorities cited.

As provided by Article V, Section 26 of the Louisiana Constitution of 1974, the District Attorney has charge of every criminal prosecution by the State in his district, is the representative of the State before the grand jury in his district, and is the legal advisor to the grand jury. He performs other duties as provided by law. The District Attorney is elected by the qualified electors of the judicial district for a term of six years. The Fourth Judicial District encompasses the parishes of Morehouse and Ouachita and their offices are located in Bastrop and Monroe.

At December 31, 2006, the Fourth Judicial District Attorney's office employs a total of one hundred nineteen (119) persons. Thirty-three (33) of these employees are attorneys, including the district attorney himself. Six (6) of these employees are investigators, and the other eighty (80) are administrative and clerical personnel.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying component unit financial statements of the Fourth Judicial District Attorney have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis—for State and Local Governments*, issued in June 1999.

The accompanying basic financial statements of the District Attorney of the Fourth Judicial District have been prepared in conformity with United States Generally Accepted Accounting Principles (GAAP) as applied to governmental units.

The schedule of expenditures of federal awards includes the federal grant activity of the District Attorney and is presented on the accrual basis. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

B. Reporting Entity

The district attorney is an independent elected official; however, the district attorney is fiscally dependent on the Morehouse and Ouachita Parish Police Juries. The police juries maintain and operate the parish courthouse in which the district attorney's office is located and provides funds for equipment and furniture of the district attorney's office.

**DISTRICT ATTORNEY OF THE FOURTH JUDICIAL DISTRICT
STATE OF LOUISIANA
A Component Unit of the Morehouse and Ouachita Parish Police Juries**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Reporting Entity (Continued)

For these reasons, the district attorney was determined to be a component unit of the Ouachita Parish Police Jury, the financial reporting entity, inasmuch as it provides significantly more support to the reporting entity than does the Morehouse Parish Police Jury.

The accompanying financial statements present information only on the funds maintained by the district attorney and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. Fund Accounting

The district attorney uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain district attorney functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds

Governmental funds account for all or most of the district attorney's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the district attorney. The following are the district attorney's governmental funds:

General Fund - the primary operating fund of the district attorney and it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund was established in compliance with Louisiana Revised Statute 15:571.11, which provides that twelve percent (12%) of the fines collected and bonds forfeited be transmitted to the District Attorney to defray the necessary expenses of that office. Louisiana Revised Statute 16:16, which became effective August 30, 1986, provides that a court cost of \$10.00 be collected to defray expenses of the District Attorney, in addition to all other fines, costs or forfeitures lawfully imposed. Louisiana Revised Statute 16:16.1, which became effective in 1997, provides that an additional court cost of \$10.00 be collected to defray expenses of the District Attorney, in addition to all other fines, costs or forfeitures lawfully imposed.

As of September 1, 1994, the Louisiana Revised Statute 15:571.11 provided that all judgments of bond forfeiture will be paid to the District Attorney. The District Attorney will distribute these funds, thirty percent (30%) of which the District Attorney will receive, to be used in the general operating account.

As of June 22, 1993, the Louisiana Revised Statute 22:1065.1 provided that there shall be a premium on all commercial surety underwriters who write criminal bail bonds in the state of Louisiana. The District Attorney receives twenty-five (25%) of the amounts collected to be used in the general operating account.

**DISTRICT ATTORNEY OF THE FOURTH JUDICIAL DISTRICT
STATE OF LOUISIANA
A Component Unit of the Morehouse and Ouachita Parish Police Juries**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Accounting (Continued)

Governmental Funds (Continued)

As of August 15, 2003, the Louisiana Revised Statute 15:85.1 provided a \$15.00 fee assessed in connection with the issuance of every criminal bond posted within each parish. The fee shall be collected by the sheriff of each parish from every person seeking release by means of a criminal bond, or their designated representative. The proceeds from cases in which the criminal prosecution has been concluded shall be distributed on a quarterly basis. The District Attorney receives \$7.00 from each fee collected to be used in the general operating account.

The District Attorney also receives funding to reimburse expenditures of various programs. These programs include the Victim Assistance and other programs. Funding for these programs is made on a reimbursement basis for expenditures incurred in the performance of these programs.

Special Revenue Fund (Title IV-D) - The Special Revenue Fund consists of grants of federal and state funds from the Louisiana Department of Social Services, Office of Family Support 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 family and children, to locate absent parents, to establish paternity, and to obtain family and child support. All monies received by the fund are reimbursements of expenditures made by other funds and are, therefore, transferred to the expending funds leaving a zero fund balance.

Special Revenue Fund (Check Collection Fund) - The Special Revenue Fund - Check Collection Fund consists of 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, himself. All monies received by the fund are reimbursements of expenditures made by other funds and are, therefore, transferred into the expending funds leaving a zero fund balance.

Fiduciary Fund (Drug Asset Forfeiture - Agency Fund) - Louisiana Revised Statute Title 40 Chapter 26 "Seizure and Controlled Dangerous Substances Property Forfeiture Act of 1989" was implemented January 1, 1990. The Drug Asset Forfeiture Fund was established for the allocation and disposition of property obtained under the provisions of the above chapter. The District Attorney may (1) retain property for official use or transfer the custody to any local, state or federal agency; (2) destroy or use for investigative purposes, any illegal or controlled substances or other contraband, upon the written approval of the District Attorney after not less than twenty days after seizure; and (3) authorize a public sale without appraisal of that which is not required by law to be destroyed and which is not harmful to the public.

Property is distributed by court order first to satisfy any security interest or lien; second to reimburse expenses of seizure; and the balance shall be allocated as follows:

- 60% to law enforcement agency(s) making the seizure,
- 20% to the criminal court fund
- 20% to District Attorney's general fund

**DISTRICT ATTORNEY OF THE FOURTH JUDICIAL DISTRICT
STATE OF LOUISIANA
A Component Unit of the Morehouse and Ouachita Parish Police Juries**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Accounting (Continued)

Governmental Funds (Continued)

These proceeds are to be used to further and enhance drug law enforcement. The District Attorney is required to make an annual report to the Governor, the President of the Senate, and the Speaker of the House of Representatives. This fund is subject to public audit.

Agency funds have no equity; assets are equal to liabilities and do not include revenues and expenditures for general operations.

Fiduciary Fund (Court Escrow and Victim Restitution – Agency Funds) – The District Attorney holds other funds in escrow for the Court. These funds arise from forfeitures and fines under appeal, restitution payments to victims, and other similar situations. None of these funds have drug related origins, and thus are not a part of the drug asset forfeiture fund. The District Attorney maintains these funds in escrow until the courts provide orders for their disposition or otherwise directed for victim restitution.

D. Measurement Focus/Basis of Accounting

The government-wide financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB No. 33, *Accounting and Financial Reporting for Non-exchange transactions*.

Program Revenues – Program revenues included in the Statement of Activities derive directly from parties outside the District Attorney's taxpayers or citizenry, as a whole. Program revenues reduce the costs of the function to be financed from the District Attorney's general revenues.

Revenues represented by reimbursements and incentives under the Title IV-D program are recognized and recorded when program expenditures are incurred in accordance with program guidelines. Forfeited drug assets are recorded when the court ordered Judgment of Forfeiture is received. Court cost and fees provided for in Louisiana Statutes are recorded as received in cash. Collection fees for worthless checks are recorded as received in cash. Investment earnings are recorded as earned since they are measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received they are recorded as deferred revenues until earned.

Fund Financial Statements (FFS) - The amounts reflected in the General Fund and Other Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

**DISTRICT ATTORNEY OF THE FOURTH JUDICIAL DISTRICT
STATE OF LOUISIANA
A Component Unit of the Morehouse and Ouachita Parish Police Juries**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus/Basis of Accounting

The amounts reflected in the General Fund and Other Funds use 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 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 all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Commissions on fines and bond forfeitures are recorded in the year they are collected by the parish tax collectors.

Grants are recorded when the District Attorney of the Fourth Judicial District is entitled to the funds. Interest earned on investments is recorded when the investment has matured and the income is available. Substantially all other revenues are recorded when received.

Expenditures

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

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (and any other financing source/use) are accounted for as other financing sources (uses).

Deferred Revenues

Deferred revenues arise when resources are received by the district attorney before it has a legal claim to them, as when grant monies are received before the incurrence of qualifying expenditures. In subsequent periods, when the district attorney has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

**DISTRICT ATTORNEY OF THE FOURTH JUDICIAL DISTRICT
STATE OF LOUISIANA
A Component Unit of the Morchouse and Ouachita Parish Police Juries**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets

The district attorney uses the following budget practices:

An annual operating budget is adopted each year for the General Fund, and the same basis of accounting is used to reflect actual revenues and expenditures recognized on a basis of accounting principles generally accepted in the United States of America.

All appropriations lapse at year-end and any unexpended fund balance is carried forward into subsequent years. Formal budget integration is not employed as a management control device, and the District Attorney of the Fourth Judicial District does not use encumbrance accounting.

No budget is prepared for the Title IV-D Reimbursements Special Revenue Fund, as all receipts are reimbursements of expenditures made by other funds and are reimbursed to those funds.

The proposed budget for the calendar year 2006 was published in The News-Star on December 23, 2005. The proposed budget was available for inspection by the public during normal business hours on December 28, 2005 when a public hearing was held. At the conclusion of the public hearing, the proposed budget was adopted. The amended budget was published in The News-Star on December 22, 2006. The amended budget was available for inspection by the public during normal business hours on December 27, 2006 when a public hearing was held. At the conclusion of the public hearing, the amended budget was adopted.

F. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. The District Attorney considers all short-term, highly liquid investments with original maturities of 90 days or less to be treated as cash equivalents. Under state law, the district attorney may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

G. Investments

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the district attorney's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The District Attorney's investments consist of certificates of deposit with original maturities that exceed 90 days. In accordance with GASB Statement No. 31, the District Attorney's general policy is to report certificates of deposit at cost.

H. 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. Short-term interfund loans are classified as interfund receivables/payables.

**DISTRICT ATTORNEY OF THE FOURTH JUDICIAL DISTRICT
STATE OF LOUISIANA
A Component Unit of the Morehouse and Ouachita Parish Police Juries**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets

Capital assets are capitalized at historical cost or estimated historical costs for assets where actual cost is not available. Donated assets, if any, are recorded as capital assets at their estimated fair market value at the date of donation. The district attorney maintains a threshold level of \$500 or more for capitalizing capital assets.

Capital assets are recorded in the government-wide financial statements, but are not recorded in the fund financial statements.

Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes.

All capital assets are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture and office equipment	5 years
Computer hardware	5 years
Telephone equipment	10 years
Vehicles	5 years

J. Compensated Absences

The district attorney has the following policy relating to vacation and sick leave:

The District Attorney does not have a formal leave and sick policy. Employees are entitled to paid vacations, paid sick days and personal days off, depending on job classification, length of service and other factors. It is impractical to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The District Attorney's policy is to recognize the costs of compensated absences when actually paid to employees.

K. Restricted Net Assets

For government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

1. externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; and
2. imposed by law through constitutional provisions or enabling legislation.

**DISTRICT ATTORNEY OF THE FOURTH JUDICIAL DISTRICT
STATE OF LOUISIANA
A Component Unit of the Morehouse and Ouachita Parish Police Juries**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change.

M. Encumbrances

Encumbrances accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is generally used in government funds.

Based on the size of the accounts and the methods used for payments, the District Attorney does not employ encumbrance accounting.

N. Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transactions are reported as transfers.

O. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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 statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

These deposits are stated at cost, which approximates market. 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 the amount on deposit with the fiscal agent. These 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, 2006, the district attorney has \$1,127,504 in deposits (collected bank balances). The demand deposits are secured from risk by \$200,000 of federal deposit insurance at each of the two financial institutions and \$1,057,504 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). The time deposits are secured from risk by \$500,000 of federal deposit insurance at each of the five financial institutions and \$5,186,869 of pledged securities held by the custodial banks in the name of the fiscal agent bank (GASB Category 3).

**DISTRICT ATTORNEY OF THE FOURTH JUDICIAL DISTRICT
STATE OF LOUISIANA
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**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2006**

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district attorney that the fiscal agent has failed to pay deposited funds upon demand.

The District Attorney invests in a money market mutual fund with a local bank. The underlying securities for this money market mutual fund include obligations issued or guaranteed by the United States or an agency thereof.

The District Attorney's cash and cash equivalents and investments at December 31, 2006 have been categorized to indicate the level of risk assumed by the District Attorney.

1. Insured or registered, or securities held by the district attorney or its agent in the district attorney's name
2. Uninsured and unregistered, with securities held by the counter party's trust department or agent in the district attorney's name
3. Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent but not in the district attorney's name

At December 31, 2006, the district attorney's deposits and investment balances were as follows:

	<u>Carrying Amount Cost</u>	<u>Category</u>		
		<u>1</u>	<u>2</u>	<u>3</u>
Demand Deposits	\$ 885,165	\$ 200,000	\$ 0	\$ 685,165
12 Month Certificate of Deposit (Non-Negotiable)	2,028,891	500,000	0	1,528,891
18 Month Certificate of Deposit (Non-Negotiable)	830,000	200,000	0	630,000
24 Month Certificate of Deposit (Non-Negotiable)	<u>1,058,861</u>	<u>200,000</u>	<u>0</u>	<u>858,861</u>
Total	<u>\$ 4,802,917</u>	<u>\$ 1,100,000</u>	<u>\$ 0</u>	<u>\$ 3,702,917</u>

	<u>Carrying Amount Cost</u>
Cash and Cash Equivalents	\$ 885,165
Investments	<u>3,917,752</u>
Total	<u>\$ 4,802,917</u>

**DISTRICT ATTORNEY OF THE FOURTH JUDICIAL DISTRICT
STATE OF LOUISIANA
A Component Unit of the Morehouse and Ouachita Parish Police Juries**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2006**

NOTE 3 – RECEIVABLES

The receivables of \$166,160 at December, 2006, are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Commissions on fines and forfeitures	\$ 85,124	\$ 0	\$ 85,124
Various grants	0	71,234	71,234
Other	<u>9,802</u>	<u>0</u>	<u>9,802</u>
Total	<u>\$ 94,926</u>	<u>\$ 71,234</u>	<u>\$ 166,160</u>

All of the receivables are considered to be collectible.

NOTE 4 – INTERFUND RECEIVABLES/PAYABLES

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General fund	\$ 81,036	\$ 0
Other funds	<u>0</u>	<u>81,036</u>
Total	<u>\$ 81,036</u>	<u>\$ 81,036</u>

NOTE 5 – CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2006, is as follows:

<u>Governmental Activities</u>	<u>Balance January 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2006</u>
Furniture and equipment	\$ 510,247	\$ 84,959	\$ 0	\$ 595,206
Vehicles	<u>298,539</u>	<u>0</u>	<u>0</u>	<u>298,539</u>
Total	808,786	84,959		893,745
Less accumulated depreciation:				
Furniture and equipment	456,557	31,726		488,283
Vehicles	<u>220,965</u>	<u>29,853</u>	<u>0</u>	<u>250,818</u>
Total	<u>677,522</u>	<u>61,579</u>	<u>0</u>	<u>739,101</u>
Capital Assets, net	<u>\$ 131,264</u>			<u>\$ 154,644</u>

**DISTRICT ATTORNEY OF THE FOURTH JUDICIAL DISTRICT
STATE OF LOUISIANA
A Component Unit of the Morehouse and Ouachita Parish Police Juries**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2006**

NOTE 6 – PENSION PLAN

Louisiana District Attorneys Retirement System

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 provisions, the following applies: Any member with 23 or more years of creditable service regardless of age may retire with a 3% 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% 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% benefit reduction for each year retiring below the age of 62. The retirement benefit is equal to 3% of the member's average final compensation multiplied by the number of years of his membership service, not to exceed 100% of his average final compensation.

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% 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% for each year the member retires in advance of normal retirement age. Benefits may not exceed 100% of average final compensation. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available 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 (504) 947-5551.

Funding Policy Plan members are required by state statute to contribute 7.0% of their annual covered salary and the district attorney is required to contribute at an actuarially determined rate. The current rate is 1.25% of annual covered payroll. Contributions to the System also include .2% 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 R.S. 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 year ending December 31, 2006 was \$13,510, the actuarially percentage was 6.00% to June 30, 2006 and 3.50% from July 1, 2006 through December 31, 2006.

**DISTRICT ATTORNEY OF THE FOURTH JUDICIAL DISTRICT
STATE OF LOUISIANA
A Component Unit of the Morehouse and Ouachita Parish Police Juries**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2006**

NOTE 6 – PENSION PLAN (CONTINUED)

Parochial Employees' Retirement System of Louisiana

The Morehouse and Ouachita Parish Police Juries provide retirement benefits to the District Attorney's non-attorney employees through a pension plan administered by another governmental entity. The plan is the Parochial Employees' Retirement System of Louisiana (Parochial Plan). Substantially all of the non-attorney employees are members of this cost-sharing multiple-employer Public Employee Retirement System (PERS). All permanent non-attorney employees who work at least 28 hours per week and are under 60 years of age are required to become members of the plan on the date of employment. Benefit provisions are established in accordance with Louisiana State Statute.

Employees are eligible for retirement if the employee has: (a) 30 years of service, regardless of age, (b) 25 years of service and is at least age 55, (c) 10 years of service and is at least age 60, or (d) 7 years of service and is at least age 65. The monthly retirement allowance is equal to three percent (3%) of the employee's final compensation multiplied by years of service. Benefits cannot exceed one hundred percent (100%) of the employee's final compensation. Employees become vested in the system after 10 years of service. Benefit provisions are established by Louisiana State Statute.

Upon the death on any Parochial Plan member in active service with five or more years of service and not eligible for retirement, survivor benefits paid are equal to sixty percent (60%) of the final compensation for a surviving unmarried spouse with minor children. The benefits will continue as long as the spouse lives and is unmarried or until there are no minor children. For a surviving unmarried spouse with no minor children, the benefits are forty percent (40%) of final compensation upon attainment of age 60 by the spouse, or upon becoming disabled and are payable as long as the spouse lives and is unmarried.

For minor children with no parents, the benefits are thirty percent (30%) of final compensation for each child not to exceed sixty percent (60%) in total. For Parochial Plan members who are eligible for retirement, the surviving spouse is eligible for normal retirement benefits.

If a member with at least 5 years of service becomes disabled, he/she is eligible to receive benefits of three percent (3%) of the member's final compensation multiplied by his years of service. However, the number of years will be considered to be at least 15, or the number of actual years plus additional years to age 60, whichever is less. Benefits cannot exceed one hundred percent (100%) of final compensation.

Covered employees are required to contribute nine and one-half percent (9.5%) in Plan A and three percent (3.0%) in Plan B of their salary to the Parochial Plan. The Morehouse and Ouachita Police Juries are required to contribute twelve and three-fourths percent (12.75%) in Plan A and five and three-fourths percent (5.75%) in Plan B of covered employees' salaries. The employer and employee contribution obligations are established by Louisiana State Statute. In addition, each sheriff and ex officio tax collector deducts one-fourth of one percent of the aggregate amount of tax shown to be covered by the tax roll of each respective parish (exempting Orleans and East Baton Rouge Parish) and remits the money to the system on an annual basis. The District Attorney's contribution to the system for the year ended December 31, 2006 was \$1,403.

**DISTRICT ATTORNEY OF THE FOURTH JUDICIAL DISTRICT
STATE OF LOUISIANA
A Component Unit of the Morehouse and Ouachita Parish Police Juries**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2006**

NOTE 6 – PENSION PLAN (CONTINUED)

Parochial Employees' Retirement System of Louisiana (Continued)

The Parochial Plan issues an annual publicly available financial report that includes financial statements and required supplementary information for the Parochial Plan. That report may be obtained by writing to the Parochial Employee's Retirement System, P.O. Box 14619, Baton Rouge, LA 70898-4619 or by calling (225) 928-1361. Ten-year historical trend information of the Parochial Plan is available in the separately issued retirement system report. The trend information provides information about progress made in accumulating sufficient assets to pay benefits when due.

The District Attorney of the Fourth Judicial District does not guarantee the benefits granted by the above plans.

NOTE 7 – ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$219,827 at December 31, 2006, are as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Accounts	<u>\$ 147,802</u>	<u>\$ 72,025</u>	<u>\$ 219,827</u>

NOTE 8 – LEASES

The district attorney does not record items under capital leases as an asset and an obligation in the accompanying financial statements. The district attorney has an operating lease with the Ouachita Parish Police Jury for office facilities.

The minimum annual commitments under non-cancelable operating leases are as follows:

Fiscal year	Office Facilities
2007	\$ 21,896
2008	21,896
2009	21,896
2010	21,896
2011	<u>21,896</u>
Total	<u>\$ 109,480</u>

**DISTRICT ATTORNEY OF THE FOURTH JUDICIAL DISTRICT
STATE OF LOUISIANA
A Component Unit of the Morehouse and Ouachita Parish Police Juries**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2006**

NOTE 9 – LITIGATION AND CLAIMS

The District Attorney is involved in various legal actions and claims arising in the normal course of business. After taking into consideration the district attorney's evaluation of such actions, it is of the opinion that their outcome will not materially affect the financial statements.

NOTE 10 – SUBSEQUENT EVENTS

No material event affecting this office has occurred between the close of the fiscal period and issuance of these financial statements.

NOTE 11 – EXPENDITURES OF THE DISTRICT ATTORNEY NOT INCLUDED IN THE FINANCIAL STATEMENTS

The accompanying financial statements do not include certain expenditures of the District Attorney paid out of the criminal court funds, the Morehouse Parish Police Jury, the Ouachita Parish Police Jury, or directly by the State. Those expenditures are summarized as follows:

The Morehouse and Ouachita Parish Police Juries fund a majority portion of the attorneys and support staffs' salaries and benefits.

The Criminal Court Fund is controlled and expended jointly between the District Attorney and the Fourth Judicial Court. The District Attorney normally expends funds for transcripts, witness fees and expert witness fees; the balance is utilized by the Fourth Judicial Court.

NOTE 12 – FEDERAL FINANCIAL ASSISTANCE PROGRAM

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 Number 93.563. This program is funded by indirect assistance payments in the form of reimbursements for related expenditures, received from the Louisiana Department of Social Services. For the year ended December 31, 2006, the District Attorney for the Fourth Judicial District expended \$438,533 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 reimbursements 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. Based on prior experience, the District Attorney feels such disallowances, if any, will be immaterial.

Required Supplementary Information – Part II

**DISTRICT ATTORNEY OF THE FOURTH JUDICIAL DISTRICT
STATE OF LOUISIANA**
A Component Unit of the Morehouse and Ouachita Parish Police Juries

**GENERAL FUND BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Original</u>	<u>Final*</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
REVENUE				
Fines, fees, and bond forfeitures	\$ 1,274,500	\$ 1,208,555	\$ 1,199,140	\$(9,415)
Court cost fees	350,000	460,000	454,248	(5,752)
Interest income	73,800	123,571	137,979	14,408
Intergovernmental revenue:				
Federal	540,450	540,450	558,074	17,624
State	20,000	47,500	48,088	588
Local	97,260	113,000	86,485	(26,515)
Drug asset forfeiture	40,000	45,000	49,412	4,412
Collection fees	301,000	301,000	276,546	(24,454)
Other	<u>12,100</u>	<u>10,700</u>	<u>22,431</u>	<u>11,731</u>
Total Revenue	2,709,110	2,849,776	2,832,403	(17,373)
EXPENDITURES				
General Government current operating:				
Personnel services	1,387,000	1,377,000	1,183,092	193,908
Contractual charges	591,500	688,360	698,167	(9,807)
Material and supplies	320,650	361,365	375,822	(14,457)
Other charges	18,500	17,300	60,246	(42,946)
Capital outlay	<u>300,000</u>	<u>84,850</u>	<u>84,959</u>	<u>(109)</u>
Total Expenditures	<u>2,617,650</u>	<u>2,528,875</u>	<u>2,402,286</u>	<u>126,589</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	91,460	320,901	430,117	109,216
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	91,460	320,901	430,117	109,216
BEGINNING FUND BALANCE	<u>3,108,455</u>	<u>4,319,133</u>	<u>4,319,133</u>	<u>0</u>
ENDING FUND BALANCE	<u>\$ 3,199,915</u>	<u>\$ 4,640,034</u>	<u>\$ 4,749,250</u>	<u>\$ 109,216</u>

* The District Attorney amended its budget.

The accompanying notes are an integral part of the financial statements.

Supplemental Information

**DISTRICT ATTORNEY OF THE FOURTH JUDICIAL DISTRICT
STATE OF LOUISIANA
A Component Unit of the Morehouse and Ouachita Parish Police Juries**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

Federal Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Contract Period	Cash Received	Accrual December 31, 2005	Accrual December 31, 2006	Accrual Basis Grant Revenue	Expenditures
Department of Health and Human Services								
Major Programs:								
Louisiana Department of Social Services								
Title IV-D, Child Support Enforcement	93.563	N/A	07/01/2005 - 06/30/2006	\$ 274,397	\$ 64,985	\$ -	\$ 209,412	\$ 209,412
Title IV-D, Child Support Enforcement	93.563	N/A	07/01/2006 - 06/30/2007	157,887	-	71,234	229,121	229,121
Total Major Program				<u>432,284</u>	<u>64,985</u>	<u>71,234</u>	<u>438,533</u>	<u>438,533</u>
Department of Health and Hospitals								
Office of Addictive Disorders	93.959	N/A	07/01/2006 - 12/31/2006	43,819	15,658	2,458	30,619	30,619
Department of Justice								
Community Gun Violence Prosecution Program	16.609	F03-8-008	09/14/2004 - 03/31/2006	8,420	2,825	-	5,595	5,595
Violence Prevention Program	16.588	M03-2-002	07/01/2005 - 06/30/2006	19,587	6,827	-	12,760	12,760
Violence Prevention Program	16.588	M03-2-002	07/01/2006 - 06/30/2007	15,627	-	7,344	22,971	22,971
				<u>35,214</u>	<u>6,827</u>	<u>7,344</u>	<u>35,731</u>	<u>35,731</u>
Probation Program to Reduce Recidivism	16.523	A03-8-020	10/01/2005 - 09/30/2006	47,596	-	-	47,596	47,596
Total Non-Major Program				<u>135,049</u>	<u>25,310</u>	<u>9,802</u>	<u>119,541</u>	<u>119,541</u>
Total Federal Financial Assistance				<u>\$ 567,333</u>	<u>\$ 90,295</u>	<u>\$ 81,036</u>	<u>\$ 558,074</u>	<u>\$ 558,074</u>

**DISTRICT ATTORNEY OF THE FOURTH JUDICIAL DISTRICT
STATE OF LOUISIANA
A Component Unit of the Morehouse and Ouachita Parish Police Juries**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
ENDED DECEMBER 31, 2006**

PRIOR YEAR FINDINGS

None

CURRENT YEAR FINDINGS

None

QUESTIONED COSTS

\$ 0.00

SUMMARY OF AUDITOR'S RESULTS

- We have issued an unqualified opinion on the financial statements of the District Attorney of the Fourth Judicial District, a component unit of Morehouse and Ouachita Parish Police Juries, State of Louisiana as of and for the year ended December 31, 2006.
- We have issued an unqualified opinion on the District Attorney of the Fourth Judicial District, State of Louisiana, a component unit of Morehouse and Ouachita Parish Police Juries, State of Louisiana's compliance with major federal award programs as of and for the year ended December 31, 2006.
- Our audit procedures did not disclose any instances of material noncompliance in major programs.
- Our audit procedures did not disclose any audit findings relating to major programs.
- The major federal program is Child Support Enforcement Title IV-D, CFDA 93.563, which was passed through to the Organization from the State of Louisiana Department of Social Services.
- The dollar threshold used to identify Type A programs is \$300,000.
- District Attorney of the Fourth Judicial District, a component unit of Morehouse and Ouachita Parish Police Juries, State of Louisiana qualifies as a low-risk auditee based on the criteria cited in OMB Circular A-133 §__530.

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