

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

**FINANCIAL STATEMENTS
DECEMBER 31, 2012**

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 **JUL 31 2013**

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

FINANCIAL STATEMENTS
DECEMBER 31, 2012

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 6
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements	
Balance Sheet - Governmental Funds	11
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	12
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	13
Statement of Fiduciary Net Position	14
Notes to the Financial Statements	15 - 21
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund	23
Budgetary Comparison Schedule - Special Revenue Funds	24
OTHER REPORTS AND SCHEDULES	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	26 - 27
Schedule of Findings and Questioned Costs	28
Schedule of Prior Year Findings	29
Management's Corrective Action Plan	30

DON M. MCGEHEE
(A Professional Accounting Corporation)

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, each major fund 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, 2012, and the related notes to the financial statements, which collectively comprise the District Attorney's basic financial statements, as listed in the table of contents

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, and the aggregate remaining fund information of the District Attorney of the Third Judicial District as of December 31, 2012, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

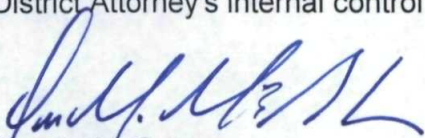
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages pages 4 through 6 and pages 23 - 24, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, I have also issued my report dated June 30, 2013, on my consideration of the District Attorney's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District Attorney's internal control over financial reporting and compliance.



Don M. McGehee
Certified Public Accountant
June 30, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

LINCOLN PARISH OFFICE.
PO BOX 777
RUSTON, LA 71273-0777
(318) 251-5100



UNION PARISH OFFICE
UNION PARISH COURTHOUSE
FARMERVILLE, LA 71241
(318) 368-2201

**MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

Our discussion and analysis of the District Attorney's financial performance provides an overview of the financial activities for the year ended December 31, 2012. It is based upon currently known facts, decisions, and conditions. Please read it in conjunction with the financial statements which begin on page 8.

Basic Financial Statements

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

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

Statement of Net Position 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 Position 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 position and the changes in the position. You can think of net position - 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 position 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 Position and Statement of Activities. Expenses primarily include salaries and related benefits, and office expenses. Fees received from the defendants, grants and other assistance, and on-behalf payments from the State of Louisiana finance most of our activities.

Government-Wide Financial Analysis

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

Table 1
Total Net Position

	<u>2012</u>	<u>2011</u>
Current Assets	\$ 269,470	\$ 402,969
Capital Assets	<u>37,537</u>	<u>57,533</u>
Total Assets	<u>307,007</u>	<u>460,502</u>
Current Liabilities	95,840	73,158
Noncurrent Liabilities	<u>63,239</u>	<u>77,539</u>
Total Liabilities	<u>159,079</u>	<u>150,697</u>
Net Position		
Investment in Capital Assets	37,537	57,533
Unrestricted Net Position	<u>110,391</u>	<u>252,272</u>
Total Net Position	<u>\$ 147,928</u>	<u>\$ 309,805</u>

Net position decreased \$161,877 from the prior year. Unrestricted net position, which is the part of net position that can be used to finance the day-to-day operations of our office without constraints, decreased \$141,881.

Table 2
Change in Net Position

	<u>2012</u>	<u>2011</u>
Revenues		
Program Revenues		
Fees	\$ 193,566	\$ 191,547
Intergovernmental	717,676	757,093
On-Behalf Revenue	456,945	452,999
Grants and Other Assistance	307,614	354,015
General Revenues		
Intergovernmental	289,660	289,660
Interest Income	322	916
Other Income	<u>11,973</u>	<u>1,398</u>
Total Revenues	<u>1,977,756</u>	<u>2,047,628</u>
Program Expenses		
General Government-Judiciary	1,682,688	1,706,887
On-Behalf Expenses	<u>456,945</u>	<u>452,999</u>
Total Expenses	<u>2,139,633</u>	<u>2,159,886</u>
Decrease in Net Position	<u>\$ (161,877)</u>	<u>\$ (112,258)</u>

Total revenues decreased by 3% (\$69,872) from the prior year. Fees increased by 1% (\$2,019), intergovernmental program revenue decreased 5% (\$39,417), and grants decreased by 13% (\$46,401). On-behalf revenue increased by less than 1% (\$3,946), primarily due to an increase in retirement expense.

Expenses decreased 1% (\$24,199), mainly due to a decrease in contract services, group insurance, travel, and trial expense

The net effect was a \$49,619 decrease in the total change in net position for the year ended December 31, 2012, compared to the prior year total change in net position

Fund Financial Statements

As of our year end on December 31, 2012, our governmental funds reported a fund balance of \$135,383, which is \$184,515 less than last year's fund balance. About 5% (\$6,305) is considered unspendable, that portion having been used for prepaid items, 54% (\$72,794) is restricted, with the remaining 41% (\$56,284) unassigned. During 2012, revenues decreased 6% (\$118,484) primarily as a result of a \$77,664 decrease in intergovernmental revenues and a \$45,671 decrease in grants. Expenditures decreased 1% (\$28,434) over the prior year primarily in contract services, trial expenses, and travel.

General Fund Budgetary Highlights

We amend our budget when we determine there are unexpected differences between actual and anticipated revenues and/or expenditures. Our final amended budget was adopted just prior to year end. The differences between the original and final amended budget were a 2% (\$28,421) decrease in revenues and a 7% (\$110,603) decrease in expenditures. The change in budgeted revenues was a decrease in intergovernmental revenue. The changes to budgeted expenditures included a decrease to budgeted salaries and benefits of \$68,305, a decrease to contract services of \$22,241, a decrease to rent of \$9,875, a decrease to library of \$6,925, and an increase in trial expense of \$9,772. There were no other significant budget amendments.

Actual general fund revenues and other sources were 3% (\$50,251) less than budgeted revenues, and actual general fund expenditures and transfers were 17% (\$244,795) more than budgeted expenditures and transfers. Intergovernmental revenues were less than budgeted amounts by \$105,216. This decrease in revenue was offset by an increase in on-behalf revenues of \$41,000. Employee benefit expenses were \$72,868 more than budgeted amounts and library expenses were \$21,859 more than budgeted amounts. Office expenses were \$11,263 more than budgeted amounts and salary expenses were \$79,689 more than budgeted. Travel expenses were \$11,454 less than budgeted, trial expenses were \$20,547 less than budgeted and payroll taxes were \$12,996 more than budgeted. Additionally, operating transfers out to special revenue funds were \$64,148 more than budgeted.

Capital Assets

In 2012 we purchased computer equipment and office furniture. For the upcoming year, we plan to purchase additional computer equipment and office furniture, but there are no plans to issue debt to finance these purchases or any other future project.

Currently Known Facts, Decisions, or Conditions

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

Contacting the District Attorney's Office

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

**STATEMENT OF NET POSITION
DECEMBER 31, 2012**

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 90,656
Certificates of Deposit	28,879
Due from Other Governmental Units	125,678
Due from Grants	14,858
Due from Others	3,094
Prepaid Insurance	6,305
Capital assets, net of depreciation	<u>37,537</u>
Total Assets	<u>307,007</u>
LIABILITIES	
Accounts Payable	43,421
Accrued Liabilities	49,919
Deferred Revenue, unearned	2,500
Noncurrent Liability	
Due within one year	15,600
Due in more than one year	<u>47,639</u>
Total Liabilities	<u>159,079</u>
NET POSITION	
Invested in Capital Assets	37,537
Unrestricted	<u>110,391</u>
Total Net Position	<u>\$ 147,928</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, 2012**

		<u>Program Revenues</u>		
<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expense) Revenue</u>
GOVERNMENTAL ACTIVITIES:				
General Government-Judicial	\$ <u>2,139,633</u>	\$ <u>1,368,187</u>	\$ <u>307,614</u>	\$ <u>(463,832)</u>
Total Governmental Activities	\$ <u>2,139,633</u>	\$ <u>1,368,187</u>	\$ <u>307,614</u>	<u>(463,832)</u>
General Revenues				
Intergovernmental not restricted to specific programs				289,660
Interest earnings				322
Miscellaneous				879
Gain on disposition of capital asset				<u>11,094</u>
Total General Revenues				<u>301,955</u>
Change in Net Position				(161,877)
Net Position - Beginning				<u>309,805</u>
Net Position - Ending				<u>\$ 147,928</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, 2012**

	General Fund	Special Revenue Funds			Total Governmental Funds
		Title IV-D	Worthless Checks	TASC	
ASSETS					
Cash	\$ 55,687	\$ 16,046	\$ 11,397	\$ 7,526	\$ 90,656
Certificate of Deposit	0	0	28,879	0	28,879
Due from Other					
Governmental Units	54,954	19,864	0	12,613	87,431
Due from Grants	12,465	0	0	2,393	14,858
Due from Others	3,094	0	0	0	3,094
Due from Other Funds	16,985	0	3,598	0	20,583
Prepaid Expenses	6,305	0	0	0	6,305
Total Assets	<u>\$ 149,490</u>	<u>\$ 35,910</u>	<u>\$ 43,874</u>	<u>\$ 22,532</u>	<u>\$ 251,806</u>
LIABILITIES AND FUND					
BALANCES					
LIABILITIES					
Accounts Payable	\$ 42,543	\$ 259	\$ 0	\$ 619	\$ 43,421
Accrued Liabilities	49,919	0	0	0	49,919
Deferred Revenue	2,500	0	0	0	2,500
Due to Other Funds	0	6,731	0	13,852	20,583
Total Liabilities	<u>94,962</u>	<u>6,990</u>	<u>0</u>	<u>14,471</u>	<u>116,423</u>
FUND BALANCES					
Nonspendable--					
Prepaid Expenses	6,305	0	0	0	6,305
Restricted for--					
Title IV-D	0	28,920	0	0	28,920
Worthless Checks	0	0	43,874	0	43,874
TASC	0	0	0	8,061	8,061
Unassigned	48,223	0	0	0	48,223
Total Fund Balance	<u>54,528</u>	<u>28,920</u>	<u>43,874</u>	<u>8,061</u>	<u>135,383</u>
Total Liabilities and Fund Balance	<u>\$ 149,490</u>	<u>\$ 35,910</u>	<u>\$ 43,874</u>	<u>\$ 22,532</u>	

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

Capital assets are not recognized as financial resources and are not reported as assets in the balance sheet above yet are recognized in the Statement of Net Position	37,537
Receivables that are not expected to be collected and available to timely pay current period expenditures are not recognized as financial resources and are not recorded as assets in the balance sheet above yet are recognized in the Statement of Net Position	38,247
Noncurrent liability that is not due and payable in the current period and therefore is not reported in the balance sheet above yet is recognized in the Statement of Net Position	<u>(63,239)</u>
Net position of government activities in the government-wide financial statements	<u>\$ 147,928</u>

See accompanying notes to financial statements

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	General	Title IV-D	Worthless Checks	TASC	Total Governmental Funds
REVENUES					
Fees	\$ 169,364	\$ 0	\$ 24,202	\$ 0	\$ 193,566
Grants and Other Assistance	70,456	237,252	0	9,821	317,529
Interest Income	134	56	86	45	321
Intergovernmental	794,550	0	0	174,539	969,089
On-Behalf Revenue	456,945	0	0	0	456,945
Other Income	879	0	0	0	879
Total Revenues	1,492,328	237,308	24,288	184,405	1,938,329
EXPENDITURES					
Capital Outlay	1,165	1,092	0	0	2,257
Auto Expense	2,319	0	0	0	2,319
Contract Services	35,523	2,434	3,037	72,255	113,249
Dues	5,243	0	0	0	5,243
Employee Benefits	213,137	59,211	6,136	14,447	292,931
Insurance	24,996	0	0	0	24,996
LDAA Assessment	15,677	0	0	0	15,677
Library	53,815	0	0	0	53,815
Lincoln Police Jury	14,000	0	0	0	14,000
Office Expense	63,490	852	442	8,907	73,691
Other	148	28	0	1,362	1,538
Payroll Taxes	24,782	3,075	363	3,597	31,817
Penalties and Interest	282	0	0	0	282
Professional Fees	17,692	6,420	0	0	24,112
Rent	26,320	0	0	4,922	31,242
Repairs & Maintenance	755	0	0	0	755
Salaries	1,063,990	212,090	25,069	84,756	1,385,905
Telephone	15,282	1,586	0	1,373	18,241
Training and Seminars	2,050	0	0	0	2,050
Travel	24,306	97	0	1,639	26,042
Trial Expenses	16,632	0	0	0	16,632
Total Expenditures	1,621,604	286,885	35,047	193,258	2,136,794
Deficiency of Revenues					
Under Expenditures	(129,276)	(49,577)	(10,759)	(8,853)	(198,465)
OTHER FINANCING SOURCES					
Operating Transfers	(64,148)	46,225	0	17,923	0
Proceeds from Insurance	13,950	0	0	0	13,950
Total Other Financing Sources	(50,198)	46,225	0	17,923	13,950
NET CHANGE IN FUND BALANCE					
	(179,474)	(3,352)	(10,759)	9,070	(184,515)
Fund Balance(Deficit)-Beginning	234,002	32,272	54,633	(1,009)	319,898
Fund Balance-Ending	\$ 54,528	\$ 28,920	\$ 43,874	\$ 8,061	\$ 135,383

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, 2012**

Net Change in Fund Balances-Total Governmental Funds **\$ (184,515)**

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

Capital outlays are not recognized as expenditures in the Statement of Activities, but an economic cost of the outlay over an estimated useful life of the asset is recognized as depreciation expense. Depreciation expense of \$19,397 recognized in the government-wide Statement of Activities exceeded the \$2,258 in capital outlay expenditures reported in the fund financial statements by \$17,139 (17,139)

Gain on disposal of capital asset in the Statement of Activities is the proceeds received with an adjustment for basis of the asset disposed, while the fund financial statements recognize the proceeds received (2,856)

Net revenues of \$38,247 recognized in the Statement of Activities were not available to fund current period expenditures and are not recognized as revenue in the fund financial statements. Revenues of \$9,914 that were recognized in the Statement of Activities in the prior year but not in the fund financial statements were recognized in the current period fund financial statements 28,333

Expenses of \$14,300 that were accrued as a long-term liability in the Statement of Activities in a previous year but, are reported as current expenditures in the fund financial statements 14,300

Change in Net Position of Government Activities **\$ (161,877)**

See accompanying notes to financial statements

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

**STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2012**

	<u>Agency Fund</u>
ASSETS	
Cash	\$ 37,484
Non-Cash Assets Seized	<u>21,175</u>
Total Assets	<u>58,659</u>
LIABILITIES	
Seizures not yet Forfeited	47,168
Judgements not yet Disbursed	<u>11,491</u>
Total Liabilities	<u>58,659</u>
NET POSITION	<u>\$ 0</u>

See accompanying notes to financial statements

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012**

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

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

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

FUND ACCOUNTING

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

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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Special Revenue Funds

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

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

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

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

Fiduciary Funds

Agency Funds

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. The Statement of Net Position 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.

GOVERNMENTAL FUND BALANCE

Beginning on January 1, 2011, the District Attorney's Office implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance - amounts that are not in spendable form (such as prepaids) or are required to be maintained intact

Restricted Fund Balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation

Committed Fund Balance - amounts constrained to specific purposes by the government itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assigned Fund Balance - amounts the government intends to use for a specific purpose, intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority

Unassigned Fund Balance - amounts that are available for any purpose, positive amounts are reported only in the general fund

The District Attorney's Office establishes (and modifies or rescinds) fund balance commitments by passage of an order by the District Attorney. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as special incentives). Assigned fund balance is established by the District Attorney through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

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, 2012. Budgetary data is prepared based on prior year actual operating revenues and expenditures. It is monitored by management and amended throughout the year as necessary. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. The District Attorney's Office performs only a custodial function in the case of the agency fund and therefore a budget for this fund is not appropriate.

The 2012 general fund budget was authorized by the District Attorney, made available for public inspection at the District Attorney's Office, and adopted by the District Attorney. The budget was amended prior to year end by the District Attorney.

DEPOSITS AND INVESTMENTS

Cash and cash equivalents consist of cash on hand, demand deposits, interest-bearing demand deposits, and short-term 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 invest funds in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. Investments are reported at fair value, except certificates of deposit are reported at cost.

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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS

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

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

DEFERRED REVENUE

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

VACATION AND SICK LEAVE

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

NOTE 2 - CASH AND CERTIFICATES OF DEPOSIT

Cash consists of demand deposits (\$53,329), time deposits (\$103,595), and cash on hand (\$95). Demand deposits and certificates of deposit 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. The District Attorney's Office maintains accounts in various banks. Each bank provides Federal Deposit Insurance Corporation (FDIC) coverage of \$250,000 for all time deposits (time deposits are defined as any interest bearing account) and \$250,000 for all non-interest bearing accounts. At December 31, 2012, the District Attorney's Office has \$220,978 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance.

Cash on hand was made up of \$95 in petty cash at December 31, 2012, which was uncollateralized.

NOTE 3 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consisted of the following:

Commissions and Fees from -	
City of Ruston	\$ 357
Lincoln Parish Sheriff's Office	9,176
Union Parish Sheriff's Office	3,606
Lincoln Parish Criminal Court Fund	39,217
Union Parish Criminal Court Fund	38,247
Lincoln Parish Sheriff's Office-Cost of Prosecution Fees	1,481
Coalition for Juvenile Justice	1,117
State of Louisiana-Judicial Branch	12,613
Title IV-D Reimbursement Grant Monies from the State of LA, DHHR	<u>19,864</u>
TOTAL	<u>\$ 125,678</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 4 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2012, are as follows

	<u>Balance 01/01/12</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/12</u>
<u>Capital Assets at Cost</u>				
Furniture and Equipment	\$ 341,764	\$ 2,258	\$ 0	\$ 344,022
Vehicles	<u>24,511</u>	<u>0</u>	<u>19,041</u>	<u>5,470</u>
TOTALS	<u>366,275</u>	<u>2,258</u>	<u>19,041</u>	<u>349,492</u>
<u>Less Accumulated Depreciation</u>				
Furniture and Equipment	289,945	16,540	0	306,485
Vehicles	<u>18,797</u>	<u>2,857</u>	<u>16,184</u>	<u>5,470</u>
TOTALS	<u>308,742</u>	<u>19,397</u>	<u>16,184</u>	<u>311,955</u>
Net Capital Assets	<u>\$ 57,533</u>	<u>\$ (17,139)</u>	<u>\$ 2,857</u>	<u>\$ 37,537</u>

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2012, consisted of the following individual fund receivables and payables

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 16,985	\$ 0
Special Revenue Fund - Title IV-D	0	6,731
Special Revenue Fund - Worthless Check	3,598	0
Special Revenue Fund - TASC	<u>0</u>	<u>13,852</u>
TOTAL	<u>\$ 20,583</u>	<u>\$ 20,583</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.

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

DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 6 - PENSION PLANS (CONTINUED)

The PERS has a Plan A and a Plan B, the District Attorney's Office participates in Plan A. Plan A members are required to contribute 9.5% of their annual covered salary, and the District Attorney's Office is required to contribute an actuarially determined rate. The rate for 2010 through 2012 was 15.75%, 15.75%, and 15.75%, respectively, of annual covered payroll. The contribution requirements of plan members and the District Attorney's Office are established and may be amended by the Louisiana Legislature. The District Attorney's contributions to PERS for the years ended December 31, 2010, 2011, and 2012 were \$82,283, \$85,019, and \$88,711, respectively, equal to the required contributions for each year.

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

Plan members are required to contribute 7% of their annual covered salary, and the District Attorney's Office is required to contribute an actuarially determined rate. The rate for the plan years ended June 30, 2010 through June 30, 2013 was 5%, 9%, 9.75%, and 10.25%, respectively, of covered payroll. The contribution requirements of plan members and the District Attorney's Office are established and may be amended by the Louisiana Legislature. The District Attorney's contributions to DARS for the years ended December 31, 2010, 2011, and 2012 were \$19,310, \$29,841, and \$30,410, respectively, equal to the required contributions for each year.

NOTE 7 - ON-BEHALF PAYMENTS

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

General Fund

Salaries	\$ 410,000
Fringe Benefits	<u>46,945</u>
Total On-Behalf Payments	<u>\$ 456,945</u>

Fringe benefits paid by the State of Louisiana include pension plan contributions to the District Attorneys' Retirement System.

NOTE 8 - NONCURRENT LIABILITY

The District Attorney's Office was sued for malpractice, and their malpractice insurance carrier successfully defended them. The cost of the defense was \$118,639 in excess of the amount covered by their insurance policy. On October 2, 2009, the District Attorney offered to pay \$6,000 down and \$1,300 per month until this debt was paid. The attorneys that defended this case accepted the offer. In 2012 the District Attorney's Office paid \$14,300 on this debt, which was one payment short of all amounts due for 2012 according to the agreement. This results in an unpaid balance at December 31, 2012 of \$63,239, of which \$15,600 a year will become due through 2015 and the remaining balance will be paid in 2016.

Balance, January 1, 2012	\$ 77,539
Less Payments	<u>(14,300)</u>
Balance, December 31, 2011	<u>\$ 63,239</u>

REQUIRED SUPPLEMENTARY INFORMATION

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

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
DECEMBER 31, 2012**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
REVENUES				
Fees	\$ 167,443	\$ 167,443	\$ 169,364	\$ 1,921
Grants and Other Assistance	70,847	70,847	70,456	(391)
Interest Income	314	314	134	(180)
Intergovernmental	928,187	899,766	794,550	(105,216)
On-Behalf Revenue	415,945	415,945	456,945	41,000
Other Income	<u>2,214</u>	<u>2,214</u>	<u>879</u>	<u>(1,335)</u>
TOTAL REVENUES	<u>1,584,950</u>	<u>1,556,529</u>	<u>1,492,328</u>	<u>(64,201)</u>
EXPENDITURES				
Capital Outlay	9,944	4,975	1,165	3,810
Auto Expense	695	1,727	2,319	(592)
Contract Services	56,459	34,218	35,523	(1,305)
Dues and Subscriptions	6,542	6,641	5,243	1,398
Employee Benefits	187,902	140,269	213,137	(72,868)
Insurance	26,765	27,389	24,996	2,393
LDAA Assessment	15,677	10,531	15,677	(5,146)
Library	38,881	31,956	53,815	(21,859)
Lincoln Parish Police Jury	14,000	14,000	14,000	0
Office Expenses	53,679	52,227	63,490	(11,263)
Other	465	0	148	(148)
Payroll Taxes	17,119	11,786	24,782	(12,996)
Penalties and Interest	0	0	282	(282)
Professional Fees	18,118	15,420	17,692	(2,272)
Rent	27,665	17,790	26,320	(8,530)
Repairs and Maintenance	1,910	0	755	(755)
Salaries	999,640	984,301	1,063,990	(79,689)
Telephone	15,887	14,413	15,282	(869)
Training and Seminars	2,463	375	2,050	(1,675)
Travel and Meals	30,342	35,760	24,306	11,454
Trial Expenses	<u>27,407</u>	<u>37,179</u>	<u>16,632</u>	<u>20,547</u>
TOTAL EXPENDITURES	<u>1,551,560</u>	<u>1,440,957</u>	<u>1,621,604</u>	<u>(180,647)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>33,390</u>	<u>115,572</u>	<u>(129,276)</u>	<u>(244,848)</u>
OTHER FINANCING USES				
Operating Transfers Out	0	0	(64,148)	(64,148)
Insurance Proceeds	<u>0</u>	<u>0</u>	<u>13,950</u>	<u>13,950</u>
TOTAL OTHER FINANCING USES	<u>0</u>	<u>0</u>	<u>(50,198)</u>	<u>(50,198)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES				
	33,390	115,572	(179,474)	(295,046)
FUND BALANCE - BEGINNING	<u>291,214</u>	<u>291,214</u>	<u>234,002</u>	<u>(57,212)</u>
FUND BALANCE - ENDING	<u><u>\$ 324,604</u></u>	<u><u>\$ 406,786</u></u>	<u><u>\$ 54,528</u></u>	<u><u>\$ (352,258)</u></u>

DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
BUDGETARY COMPARISON SCHEDULE-SPECIAL REVENUE FUNDS
DECEMBER 31, 2012

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Fees	\$ 37,636	\$ 36,199	\$ 24,202	\$ (11,997)
Grant	296,790	270,492	247,073	(23,419)
Intergovernmental	163,304	142,968	174,539	31,571
Interest Income	320	0	187	187
TOTAL REVENUES	<u>498,050</u>	<u>449,659</u>	<u>446,001</u>	<u>(3,658)</u>
EXPENDITURES				
Capital Outlay	0	0	1,092	(1,092)
Contract Services	87,781	6,420	77,726	(71,306)
Employee Benefits	70,585	80,402	79,794	608
Office Expense	5,677	16,320	10,201	6,119
Other	0	0	1,390	(1,390)
Payroll Taxes	12,567	6,756	7,035	(279)
Professional Fees	0	36,000	6,420	29,580
Rent	4,741	7,687	4,922	2,765
Salaries	313,005	313,849	321,915	(8,066)
Telephone	3,561	0	2,959	(2,959)
Travel	0	2,093	1,736	357
TOTAL EXPENDITURES	<u>497,917</u>	<u>469,527</u>	<u>515,190</u>	<u>(45,663)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	133	(19,868)	(69,189)	(49,321)
OTHER FINANCING SOURCES				
Operating Transfers In	<u>0</u>	<u>0</u>	<u>64,148</u>	<u>64,148</u>
TOTAL OTHER FINANCING SOURCES	<u>0</u>	<u>0</u>	<u>64,148</u>	<u>64,148</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	133	(19,868)	(5,041)	14,827
FUND BALANCE-BEGINNING	<u>77,604</u>	<u>77,604</u>	<u>85,896</u>	<u>8,292</u>
FUND BALANCE-ENDING	<u>\$ 77,737</u>	<u>\$ 57,736</u>	<u>\$ 80,855</u>	<u>\$ 23,119</u>

OTHER REPORTS AND SCHEDULES

DON M. MCGEHEE
(A Professional Accounting Corporation)

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

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

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

I have audited, in accordance with the 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, the financial statements of the governmental activities and each major fund, and the aggregate remaining fund information of the Third Judicial District District Attorney, a component unit of the Lincoln Parish Police Jury, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the District Attorney's basic financial statements and have issued my report thereon dated June 30, 2013

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the District Attorney's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District Attorney's internal control. Accordingly, I do not express an opinion on the effectiveness of the District Attorney's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, I identified a deficiency in internal control that I consider to be material weaknesses.

A deficiency in internal control 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

I did identify a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as #2012-1, that I consider to be a material weakness, as described above.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider none of the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies.

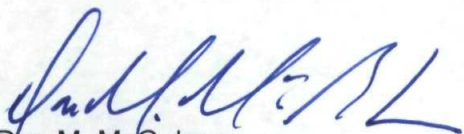
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District Attorney's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as item #2012-2.

The District Attorney's responses to the findings identified in my audit are described in the accompanying schedule of management's corrective action plan. The District Attorney's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinions on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Don M. McGehee
Certified Public Accountant
June 30, 2013

**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, 2012**

I have audited the financial statements of the District Attorney as of and for the year ended December 31, 2012, and have issued my report thereon dated June 30, 2013. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 2012 resulted in an unqualified opinion. The following is a summary of my audit observations on internal control, tests of compliance, and findings related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

Section 1 Summary of Auditor's Reports

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

Section 2 Financial Statement Findings

Finding 2012-1. Separation of Duties. The District Attorney's Office has too few personnel involved in the accounting system to have adequate separation of duties for internal control.

Finding 2012-2. Unfavorable Budget Variance. The actual general fund expenditures and transfers were 17% more than the amount budgeted, and the special revenue fund expenditures were 10% more than the amount budgeted. State law requires the budget to be amended when an unfavorable budget variance greater than 5% is anticipated. I recommend the budget be monitored more closely and amended when anticipated expenditures are expected to exceed budgeted amounts by more than 5%.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2012**

SECTION 1 INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

FINDINGS

STATUS

2011-1. 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 2012-1

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2012**

SECTION 1 INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENT

FINDINGS

2012-1. Separation of Duties. Too few personnel involved in the accounting system to have adequate separation of duties for internal control

2012-2. Unfavorable Budget Variance. The general fund had an unfavorable budget variance of 17% for expenditures and transfers. The special revenue funds had an unfavorable budget variance of 10% for expenditures. According to state law, the budget should be amended when anticipated expenditures and transfers exceed budget estimates by more than 5%. I recommend that budget variances be monitored closely so that the budget can be amended when anticipated expenditures exceed budget estimates by more than 5%.

RESPONSE

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

The financial administrator will closely monitor the 2013 budget and alert officials when budget amendments are needed.