

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

**FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

**FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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INDEPENDENT AUDITOR'S REPORT

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

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, 2013, 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 judgment, 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, 2013, 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 July 10, 2014, 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 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
July 10, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

Robert W. Levy, District Attorney
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Parishes Of Lincoln & Union

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013**

Our discussion and analysis of the District Attorney's financial performance provides an overview of the financial activities for the year ended December 31, 2013. 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>2013</u>	<u>2012</u>
Current Assets	\$ 266,906	\$ 269,470
Capital Assets	<u>27,705</u>	<u>37,537</u>
Total Assets	<u>294,611</u>	<u>307,007</u>
Current Liabilities	129,500	95,840
Noncurrent Liabilities	<u>58,039</u>	<u>63,239</u>
Total Liabilities	<u>187,539</u>	<u>159,079</u>
Net Position:		
Investment in Capital Assets	27,705	37,537
Unrestricted Net Position	<u>79,367</u>	<u>110,391</u>
Total Net Position	<u>\$ 107,072</u>	<u>\$ 147,928</u>

Net position decreased \$40,856 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 \$31,024.

Table 2
Change in Net Position

	<u>2013</u>	<u>2012</u>
Revenues		
Program Revenues:		
Fees	\$ 256,591	\$ 193,566
Intergovernmental	609,263	717,676
On-Behalf Revenue	456,945	456,945
Grants and Other Assistance	369,521	307,614
General Revenues:		
Intergovernmental	384,660	289,660
Interest Income	57	322
Other Income	<u>1,662</u>	<u>11,973</u>
Total Revenues	<u>2,078,699</u>	<u>1,977,756</u>
Program Expenses:		
General Government-Judiciary	1,662,610	1,682,688
On-Behalf Expenses	<u>456,945</u>	<u>456,945</u>
Total Expenses	<u>2,119,555</u>	<u>2,139,633</u>
Decrease in Net Position	<u>\$ (40,856)</u>	<u>\$ (161,877)</u>

Total revenues increased by 5% (\$100,943) from the prior year. Fees increased by 8% (\$63,025), intergovernmental program revenue decreased 15% (\$108,413), and grants increased by 20% (\$61,907). General intergovernmental revenue increased by 33% (\$95,000).

Expenses decreased nearly 1% (\$20,078), mainly due to a decrease in library, office, and travel expenses.

The net effect was a \$121,021 increase in the total change in net position for the year ended December 31, 2013, compared to the prior year total change in net position.

Fund Financial Statements

As of our year end on December 31, 2013, our governmental funds reported a fund balance of \$91,233, which is \$44,150 less than last year's fund balance. About 8% (\$7,643) is considered unspendable, that portion having been used for prepaid items, 51% (\$46,496) is restricted, with the remaining 41% (\$37,094) unassigned. During 2013, revenues increased 7% (\$132,444) primarily as a result of a \$33,113 increase in intergovernmental revenues, a \$63,025 increase in fees, and a \$35,787 increase in grants. Expenditures decreased 1% (\$21,871) over the prior year primarily in library, office, and travel expenditures.

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 less than 1% (\$10,840) increase in revenues and less than 1% (\$6,890) decrease in expenditures. The change in budgeted revenues was an increase in fees and a decrease in intergovernmental revenue. The changes to budgeted expenditures included an increase to library and an increase to professional fees. There was also a change to include transfers out to other funds for \$30,000. There were no other significant budget amendments.

Actual general fund revenues were 4% (\$61,719) more than budgeted revenues, and actual general fund expenditures and transfers were 3% (\$47,460) more than budgeted expenditures and transfers. Fees were \$11,056 more than budgeted amounts, grants were \$27,819 more than budgeted amounts, and intergovernmental were \$22,994 more than budgeted amounts. Employee benefit expenses were \$58,227 more than budgeted amounts, contract services were \$15,451 more than budgeted amounts, and office expenses were \$13,528 more than budgeted amounts. Library expenses were \$29,742 less than budgeted amounts and salary expenses were \$67,371 less than budgeted. Additionally, operating transfers out to special revenue funds were \$36,875 more than budgeted.

Capital Assets

In 2013 we purchased computer equipment and office equipment. 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, 2013**

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 118,338
Due from Other Governmental Units	112,840
Due from Grants	24,991
Due from Others	3,094
Prepaid Insurance	7,643
Capital assets, net of depreciation	<u>27,705</u>
Total Assets	<u>294,611</u>
LIABILITIES	
Accounts Payable	54,324
Accrued Liabilities	53,840
Due to Others	18,836
Deferred Revenue, unearned	2,500
Noncurrent Liability:	
Due within one year	15,600
Due in more than one year	<u>42,439</u>
Total Liabilities	<u>187,539</u>
NET POSITION	
Invested in Capital Assets	27,705
Unrestricted	<u>79,367</u>
Total Net Position	<u>\$ 107,072</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, 2013**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
GOVERNMENTAL ACTIVITIES:				
General Government-Judicial	\$ <u>2,119,555</u>	\$ <u>1,322,799</u>	\$ <u>369,521</u>	\$ <u>(427,235)</u>
Total Governmental Activities	\$ <u>2,119,555</u>	\$ <u>1,322,799</u>	\$ <u>369,521</u>	<u>(427,235)</u>
General Revenues:				
Intergovernmental not restricted to specific programs				384,660
Interest earnings				57
Miscellaneous				<u>1,662</u>
Total General Revenues				<u>386,379</u>
Change in Net Position				(40,856)
Net Position - Beginning				<u>147,928</u>
Net Position - Ending				<u>\$ 107,072</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, 2013**

	General Fund	Special Revenue Funds			Total Governmental Funds
		Title IV-D	Worthless Checks	TASC	
ASSETS					
Cash	\$ 104,315	\$ 328	\$ 4,750	\$ 8,945	\$ 118,338
Due from Other					
Governmental Units	51,928	19,864	0	11,080	82,872
Due from Grants	6,498	0	0	2,288	8,786
Due from Others	3,094	0	0	0	3,094
Due from Other Funds	0	5,119	12,901	0	18,020
Prepaid Expenses	7,643	0	0	0	7,643
Total Assets	<u>\$ 173,478</u>	<u>\$ 25,311</u>	<u>\$ 17,651</u>	<u>\$ 22,313</u>	<u>\$ 238,753</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 53,114	\$ 0	\$ 1,019	\$ 191	\$ 54,324
Accrued Liabilities	53,840	0	0	0	53,840
Deferred Revenue	2,500	0	0	0	2,500
Due to Others	18,836	0	0	0	18,836
Due to Other Funds	451	0	0	17,569	18,020
Total Liabilities	<u>128,741</u>	<u>0</u>	<u>1,019</u>	<u>17,760</u>	<u>147,520</u>
FUND BALANCES					
Nonspendable--					
Prepaid Expenses	7,643	0	0	0	7,643
Restricted for--					
Title IV-D	0	25,311	0	0	25,311
Worthless Checks	0	0	16,632	0	16,632
TASC	0	0	0	4,553	4,553
Unassigned	37,094	0	0	0	37,094
Total Fund Balance	<u>44,737</u>	<u>25,311</u>	<u>16,632</u>	<u>4,553</u>	<u>91,233</u>
Total Liabilities and Fund Balance	<u>\$ 173,478</u>	<u>\$ 25,311</u>	<u>\$ 17,651</u>	<u>\$ 22,313</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. 27,705

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. 46,173

A noncurrent liability not due in the current period is not reported in the balance sheet above yet is recognized in the Statement of Net Position. (58,039)

Net position of government activities in the government-wide financial statements \$ 107,072

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, 2013**

	General	Title IV-D	Worthless Checks	TASC	Total Governmental Funds
REVENUES					
Fees	\$ 243,258	\$ 0	\$ 13,333	\$ 0	\$ 256,591
Grants and Other Assistance	100,993	238,369	0	13,954	353,316
Interest Income	11	28	0	18	57
Intergovernmental	840,585	0	0	161,617	1,002,202
On-Behalf Revenue	456,945	0	0	0	456,945
Other Income	<u>1,662</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,662</u>
Total Revenues	<u>1,643,454</u>	<u>238,397</u>	<u>13,333</u>	<u>175,589</u>	<u>2,070,773</u>
EXPENDITURES					
Capital Outlay	1,272	723	0	2,575	4,570
Contract Services	38,797	0	0	70,784	109,581
Dues	7,154	0	0	0	7,154
Employee Benefits	235,713	62,618	8,350	15,340	322,021
Insurance	24,091	0	0	0	24,091
LDAA Assessment	15,677	0	0	0	15,677
Library	13,390	0	0	0	13,390
Lincoln Police Jury	11,667	0	0	0	11,667
Office Expense	44,763	1,261	0	10,713	56,737
Other	668	27	0	0	695
Payroll Taxes	19,681	3,141	460	3,597	26,879
Professional Fees	29,375	6,420	0	0	35,795
Rent	26,960	0	0	4,547	31,507
Salaries	1,063,626	216,605	31,765	84,756	1,396,752
Telephone	19,942	1,568	0	1,495	23,005
Training and Seminars	1,485	0	0	0	1,485
Travel	17,225	57	0	1,751	19,033
Trial Expenses	<u>14,884</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>14,884</u>
Total Expenditures	<u>1,586,370</u>	<u>292,420</u>	<u>40,575</u>	<u>195,558</u>	<u>2,114,923</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	57,084	(54,023)	(27,242)	(19,969)	(44,150)
OTHER FINANCING SOURCES (USES)					
Operating Transfers In (Out)	<u>(66,875)</u>	<u>50,414</u>	<u>0</u>	<u>16,461</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(66,875)</u>	<u>50,414</u>	<u>0</u>	<u>16,461</u>	<u>0</u>
NET CHANGE IN FUND BALANCE					
	(9,791)	(3,609)	(27,242)	(3,508)	(44,150)
Fund Balance-Beginning	<u>54,528</u>	<u>28,920</u>	<u>43,874</u>	<u>8,061</u>	<u>135,383</u>
Fund Balance-Ending	<u>\$ 44,737</u>	<u>\$ 25,311</u>	<u>\$ 16,632</u>	<u>\$ 4,553</u>	<u>\$ 91,233</u>

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, 2013**

Net Change in Fund Balances-Total Governmental Funds \$ (44,150)

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 \$14,402 recognized in the government-wide Statement of Activities exceeded the \$4,570 in capital outlay expenditures reported in the fund financial statements by \$9,832. (9,832)

Net revenues of \$46,173 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 \$38,247 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. 7,926

A \$5,200 payment of a long-term liability was reported as a reduction in liabilities in the Statement of Activities yet is considered a current expenditure in the fund financial statements. 5,200

Change in Net Position of Government Activities \$ (40,856)

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, 2013**

	<u>Agency Fund</u>
ASSETS	
Cash	\$ 47,380
Non-Cash Assets Seized	<u>31,340</u>
Total Assets	<u>78,720</u>
LIABILITIES	
Seizures not yet Forfeited	67,229
Judgments not yet Disbursed	<u>11,491</u>
Total Liabilities	<u>78,720</u>
NET POSITION	<u><u>\$ 0</u></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, 2013**

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, 2013

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, 2013

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, 2013**

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, 2013. 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 2013 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, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS

Capital assets are recorded at cost and depreciated over their estimated useful lives. Donated assets are recorded at their estimated fair value as of 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 received for which the revenue recognition criteria has not yet been met 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 non-interest bearing demand deposits (\$152,670), interest bearing demand deposits (\$12,553), and cash on hand (\$495). 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. At December 31, 2013, the District Attorney's Office has \$185,921 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance.

Cash on hand at December 31, 2013 consists of \$96 in petty cash and \$399 in amounts held for deposit and 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	\$ 273
Lincoln Parish Sheriff's Office	10,488
Union Parish Sheriff's Office	6,546
Lincoln Parish Criminal Court Fund	17,329
Union Parish Criminal Court Fund	45,387
Lincoln Parish Sheriff's Office-Cost of Prosecution Fees	1,873
State of Louisiana-Judicial Branch	11,080
Title IV-D Reimbursement Grant Monies from the State of LA, DHHR	<u>19,864</u>
TOTAL	<u>\$ 112,840</u>

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 4 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2013, are as follows:

	<u>Balance</u> <u>01/01/13</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/13</u>
<u>Capital Assets at Cost</u>				
Furniture and Equipment	\$ 344,022	\$ 4,570	\$ 0	\$ 348,592
Vehicles	<u>5,470</u>	<u>0</u>	<u>0</u>	<u>5,470</u>
TOTALS	<u>349,492</u>	<u>4,570</u>	<u>0</u>	<u>354,062</u>
<u>Less Accumulated</u> <u>Depreciation</u>				
Furniture and Equipment	306,485	14,402	0	320,887
Vehicles	<u>5,470</u>	<u>0</u>	<u>0</u>	<u>5,470</u>
TOTALS	<u>311,955</u>	<u>14,402</u>	<u>0</u>	<u>326,357</u>
Net Capital Assets	<u>\$ 37,537</u>	<u>\$ (9,832)</u>	<u>\$ 0</u>	<u>\$ 27,705</u>

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2013, consisted of the following individual fund receivables and payables:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 0	\$ 451
Special Revenue Fund - Title IV-D	5,119	0
Special Revenue Fund - Worthless Check	12,901	0
Special Revenue Fund - TASC	<u>0</u>	<u>17,569</u>
TOTAL	<u>\$ 18,020</u>	<u>\$ 18,020</u>

NOTE 6 - DUE TO OTHERS

The District Attorney's Office inadvertently received grant funds that belonged to the Pine Hills Children's Advocacy Center, a related party. This amount will be repaid to the Pine Hills Children's Advocacy Center.

NOTE 7 - 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, 2013

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 2011 through 2013 was 15.75%, 15.75%, and 16.75%, 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, 2011, 2012, and 2013 were \$85,019, \$88,711, and \$94,210, 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, 2011 through June 30, 2014 was 9%, 9.75%, 10.25%, and 9.75%, 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, 2011, 2012, and 2013 were \$29,841, \$30,410, and \$31,255, respectively, equal to the required contributions for each year.

NOTE 8 - 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 9 - 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 2013 the District Attorney's Office paid \$5,200 on this debt, which was short of all amounts due for 2013 according to the agreement. This results in an unpaid balance at December 31, 2013 of \$58,039, of which \$15,600 a year will become due through 2016 and the remaining balance will be paid in 2017.

Balance, January 1, 2013	\$ 63,239
Less: Payments	<u>(5,200)</u>
Balance, December 31, 2013	<u>\$ 58,039</u>

REQUIRED SUPPLEMENTARY INFORMATION

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

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
DECEMBER 31, 2013**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
REVENUES				
Fees	\$ 169,780	\$ 232,202	\$ 243,258	\$ 11,056
Grants and Other Assistance	73,174	73,174	100,993	27,819
Interest Income	10	10	11	1
Intergovernmental	869,173	817,591	840,585	22,994
On-Behalf Revenue	456,945	456,945	456,945	0
Other Income	<u>1,813</u>	<u>1,813</u>	<u>1,662</u>	<u>(151)</u>
TOTAL REVENUES	<u>1,570,895</u>	<u>1,581,735</u>	<u>1,643,454</u>	<u>61,719</u>
EXPENDITURES				
Capital Outlay	0	0	1,272	(1,272)
Contract Services	23,346	23,346	38,797	(15,451)
Dues and Subscriptions	2,084	2,084	7,154	(5,070)
Employee Benefits	177,486	177,486	235,713	(58,227)
Insurance	23,480	23,480	24,091	(611)
LDAA Assessment	15,677	15,677	15,677	0
Library	35,000	43,132	13,390	29,742
Lincoln Parish Police Jury	14,000	14,000	11,667	2,333
Office Expenses	31,235	31,235	44,763	(13,528)
Other	7,594	7,594	668	6,926
Payroll Taxes	14,206	14,206	19,681	(5,475)
Professional Fees	17,360	19,960	29,375	(9,415)
Rent	25,182	25,182	26,960	(1,778)
Salaries	1,130,997	1,130,997	1,063,626	67,371
Telephone	18,886	18,886	19,942	(1,056)
Training and Seminars	990	990	1,485	(495)
Travel and Meals	12,772	12,772	17,225	(4,453)
Trial Expenses	<u>18,600</u>	<u>14,758</u>	<u>14,884</u>	<u>(126)</u>
TOTAL EXPENDITURES	<u>1,568,895</u>	<u>1,575,785</u>	<u>1,586,370</u>	<u>(10,585)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,000</u>	<u>5,950</u>	<u>57,084</u>	<u>51,134</u>
OTHER FINANCING USES				
Operating Transfers Out	<u>0</u>	<u>(30,000)</u>	<u>(66,875)</u>	<u>(36,875)</u>
TOTAL OTHER FINANCING USES	<u>0</u>	<u>(30,000)</u>	<u>(66,875)</u>	<u>(36,875)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>2,000</u>	<u>(24,050)</u>	<u>(9,791)</u>	<u>14,259</u>
FUND BALANCE - BEGINNING	<u>30,478</u>	<u>54,528</u>	<u>54,528</u>	<u>0</u>
FUND BALANCE - ENDING	<u><u>\$ 32,478</u></u>	<u><u>\$ 30,478</u></u>	<u><u>\$ 44,737</u></u>	<u><u>\$ 14,259</u></u>

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

**BUDGETARY COMPARISON SCHEDULE-SPECIAL REVENUE FUNDS
DECEMBER 31, 2013**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
REVENUES				
Fees	\$ 13,810	\$ 13,810	\$ 13,333	\$ (477)
Grant	300,686	279,287	252,323	(26,964)
Intergovernmental	150,888	150,888	161,617	10,729
Interest Income	40	40	46	6
Miscellaneous Income	<u>0</u>	<u>1,495</u>	<u>0</u>	<u>(1,495)</u>
TOTAL REVENUES	<u>465,424</u>	<u>445,520</u>	<u>427,319</u>	<u>(18,201)</u>
EXPENDITURES				
Capital Outlay	723	723	3,298	(2,575)
Contract Services	70,611	70,611	70,784	(173)
Employee Benefits	84,365	84,365	86,308	(1,943)
Office Expense	15,641	15,641	11,974	3,667
Other	0	0	27	(27)
Payroll Taxes	6,978	6,978	7,198	(220)
Professional Fees	0	0	6,420	(6,420)
Rent	4,595	4,215	4,547	(332)
Salaries	317,941	317,941	333,126	(15,185)
Telephone	2,952	2,952	3,063	(111)
Travel	<u>1,808</u>	<u>1,808</u>	<u>1,808</u>	<u>0</u>
TOTAL EXPENDITURES	<u>505,614</u>	<u>505,234</u>	<u>528,553</u>	<u>(23,319)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(40,190)	(59,714)	(101,234)	(41,520)
OTHER FINANCING SOURCES				
Operating Transfers In	<u>0</u>	<u>30,000</u>	<u>66,875</u>	<u>36,875</u>
TOTAL OTHER FINANCING SOURCES	<u>0</u>	<u>30,000</u>	<u>66,875</u>	<u>36,875</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	(40,190)	(29,714)	(34,359)	(4,645)
FUND BALANCE-BEGINNING	<u>51,141</u>	<u>80,855</u>	<u>80,855</u>	<u>0</u>
FUND BALANCE-ENDING	<u>\$ 10,951</u>	<u>\$ 51,141</u>	<u>\$ 46,496</u>	<u>\$ (4,645)</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, 2013, 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 July 10, 2014.

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 (internal control) 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 consider the deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as #2013-1 to be a material weakness.

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 #2013-2.

District Attorney's Response to Findings

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
July 10, 2014

**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, 2013**

I have audited the financial statements of the District Attorney as of and for the year ended December 31, 2013, and have issued my report thereon dated July 10, 2014. 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, 2013 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 2013-1. 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 2013-2. Late Submitting Audit Report. The District Attorney's Office did not submit their audited financial statements to the Legislative Auditor by June 30, 2014, as was required by state law. This was primarily due to a change in accounting personnel during 2014. As a result, it took the District Attorney's Office longer to compile the necessary audit information, and the information was not available to the auditor on a timely basis for the audit to be completed by June 30, 2014.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2013**

SECTION 1 INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

FINDINGS

STATUS

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.

Unresolved. See Finding 2013-1.

2012-2. Unfavorable Budget Variances. The District Attorney's Office had an unfavorable budget variance in excess of 5%.

Resolved.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2013**

SECTION 1 INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENT

FINDINGS

2013-1. Separation of Duties. Too few personnel involved in the accounting system to have adequate separation of duties for internal control.

2013-2. Late Submitting Audit Report. The District Attorney's audited financial report was not submitted to the Legislative Auditor within six months of year end, as required by state law. The accounting clerk resigned due to health issues and a new financial administrator was hired in 2014. This resulted in it taking longer for the new financial administrator to compile the information needed to perform the audit. The information was not available to the auditor on a timely basis for the audit to be completed within six months of year end. I recommend the financial administrator begin compiling the audit information earlier next year such that it will be ready on a timely basis.

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, Doug Brewer, plans to have the audit information available to the auditor on a timely basis for the year ending December 31, 2014.