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**DISTRICT ATTORNEY
OF THE THIRD JUDICIAL DISTRICT
PARISHES OF
LINCOLN AND UNION, LOUISIANA**
**FINANCIAL STATEMENTS
DECEMBER 31, 1998**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 AUG 04 1999

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

FINANCIAL STATEMENTS
DECEMBER 31, 1998

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

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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

I have audited the accompanying general purpose financial statements 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, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the District Attorney's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

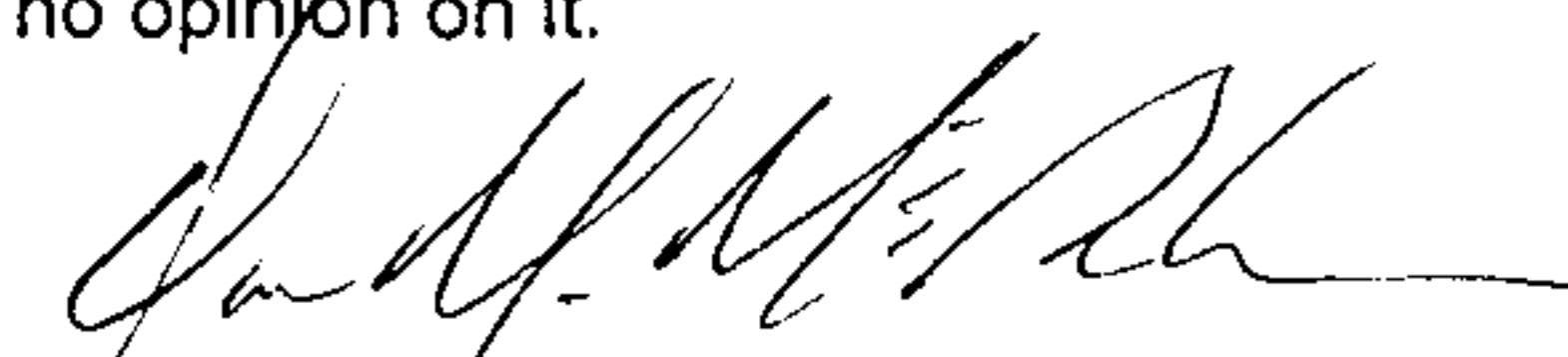
I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial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

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District Attorney of the Third Judicial District as of December 31, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated June 30, 1999, on my consideration of the District Attorney's internal control over financial reporting and my tests of its compliance with certain provisions of laws and regulations.

My audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the District Attorney of the Third Judicial District. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The required supplementary information in Note 10 on the Year 2000 Issue is not a required part of the general purpose financial statements but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.



Don M. McGehee
Certified Public Accountant
June 30, 1999

GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)

DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
COMBINED BALANCE SHEET -- ALL FUND TYPES AND ACCOUNT GROUPS

DECEMBER 31, 1998

WITH COMPARATIVE TOTALS FOR DECEMBER 31, 1997

	<u>GOVERNMENTAL FUND</u>		<u>FIDUCIARY</u> <u>FUND TYPE</u>	<u>ACCOUNT</u> <u>GROUP</u>	<u>TOTALS</u> <u>(MEMORANDUM ONLY)</u>	
	<u>GENERAL</u>	<u>SPECIAL</u> <u>REVENUE</u>			<u>GENERAL</u> <u>FIXED</u> <u>ASSETS</u>	<u>1998</u>
ASSETS						
Cash	\$ 78,555	\$ 94,631	\$ 139,734	\$ 0	\$ 312,920	\$ 361,161
Certificates of Deposit	136,555	122,868	0	0	259,423	228,811
Due from Other Units	12,615	17,693	0	0	30,308	24,289
Due from Other Funds	62,538	0	0	0	62,538	34,216
Non-Cash Assets Seized	0	0	20,489	0	20,489	16,929
Equipment	<u>0</u>	<u>0</u>	<u>0</u>	<u>355,213</u>	<u>355,213</u>	<u>328,792</u>
TOTAL ASSETS	\$ <u>290,263</u>	\$ <u>235,192</u>	\$ <u>160,223</u>	\$ <u>355,213</u>	\$ <u>1,040,891</u>	\$ <u>994,198</u>
LIABILITIES AND FUND EQUITY						
LIABILITIES						
Accounts Payable	\$ 8,564	\$ 429	\$ 0	\$ 0	\$ 8,993	\$ 1,710
Accrued Liabilities	25,348	0	0	0	25,348	30,551
Seizures not yet Forfeited	0	0	99,937	0	99,937	136,542
Judgements not yet Disbursed	0	0	56,299	0	56,299	40,231
Due to Other Funds	<u>0</u>	<u>58,551</u>	<u>3,987</u>	<u>0</u>	<u>62,538</u>	<u>34,216</u>
TOTAL LIABILITIES	<u>33,912</u>	<u>58,980</u>	<u>160,223</u>	<u>0</u>	<u>253,115</u>	<u>243,250</u>
FUND EQUITY						
Investment in Fixed Assets	0	0	0	355,213	355,213	328,792
Fund Balances						
Unreserved and Undesignated	<u>256,351</u>	<u>176,212</u>	<u>0</u>	<u>0</u>	<u>432,563</u>	<u>422,156</u>
TOTAL FUND EQUITY	<u>256,351</u>	<u>176,212</u>	<u>0</u>	<u>355,213</u>	<u>787,776</u>	<u>750,948</u>
TOTAL LIABILITIES						
AND FUND EQUITY	\$ <u>290,263</u>	\$ <u>235,192</u>	\$ <u>160,223</u>	\$ <u>355,213</u>	\$ <u>1,040,891</u>	\$ <u>994,198</u>

See accompanying notes to financial statements.

DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
YEAR ENDED DECEMBER 31, 1998
WITH COMPARATIVE TOTALS FOR 1997

	GENERAL	SPECIAL REVENUE	TOTALS (MEMORANDUM ONLY)	
			1998	1997
REVENUES				
Fees	\$ 38,270	\$ 58,028	\$ 96,298	\$ 51,963
Grants	150,528	154,766	305,294	224,974
Incentives	0	33,948	33,948	57,247
Interest Income	6,471	6,134	12,605	11,735
Intergovernmental	324,074	24,754	348,828	385,064
On-Behalf Revenue	410,008	47,236	457,244	482,715
Other Income	474	0	474	5,436
TOTAL REVENUES	<u>929,825</u>	<u>324,866</u>	<u>1,254,691</u>	<u>1,219,134</u>
EXPENDITURES				
General Government	873,947	343,916	1,217,863	1,165,626
Capital Outlay	10,074	16,347	26,421	73,971
TOTAL EXPENDITURES	<u>884,021</u>	<u>360,263</u>	<u>1,244,284</u>	<u>1,239,597</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	45,804	(35,397)	10,407	(20,463)
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	41,560	6,615	48,175	10,796
Operating Transfers Out	<u>(6,615)</u>	<u>(41,560)</u>	<u>(48,175)</u>	<u>(10,796)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>34,945</u>	<u>(34,945)</u>	<u>0</u>	<u>0</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	80,749	(70,342)	10,407	(20,463)
FUND BALANCE - BEGINNING	<u>175,602</u>	<u>246,554</u>	<u>422,156</u>	<u>442,619</u>
FUND BALANCE - ENDING	<u>\$ 256,351</u>	<u>\$ 176,212</u>	<u>\$ 432,563</u>	<u>\$ 422,156</u>

See accompanying notes to financial statements.

DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT

PARISHES OF LINCOLN AND UNION, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN

FUND BALANCES -- BUDGET (GAAP BASIS) AND ACTUAL -- ALL GOVERNMENTAL FUND TYPES

YEAR ENDED DECEMBER 31, 1998

	<u>GENERAL FUND</u>		<u>SPECIAL REVENUE FUND</u>		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE -</u>
					<u>FAVORABLE</u>
					<u>(UNFAVORABLE)</u>
REVENUES					
Fees	\$ 15,000	\$ 38,270	\$ 50,000	\$ 58,028	\$ 8,028
Grants	165,628	150,528	157,747	154,766	(2,981)
Incentives	0	0	55,000	33,948	(21,052)
Interest Income	5,860	6,471	4,500	6,134	1,634
Intergovernmental	210,700	324,074	25,000	24,754	(246)
On-Behalf Revenue	540,377	410,008	55,989	47,236	(8,753)
Other	1,500	474	0	0	0
TOTAL REVENUES	<u>939,065</u>	<u>929,825</u>	<u>348,236</u>	<u>324,866</u>	<u>(23,370)</u>
EXPENDITURES					
General Government	960,452	873,947	345,344	343,916	1,428
Capital Outlay	15,000	10,074	3,500	16,347	(12,847)
TOTAL EXPENDITURES	<u>975,452</u>	<u>884,021</u>	<u>348,844</u>	<u>360,263</u>	<u>(11,419)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(36,387)	45,804	(608)	(35,397)	(34,789)
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	40,188	41,560	14,856	6,615	(8,241)
Operating Transfers Out	(14,856)	(6,615)	(40,188)	(41,560)	(1,372)
TOTAL OTHER FINANCING SOURCES (USES)	<u>25,332</u>	<u>34,945</u>	<u>(25,332)</u>	<u>(34,945)</u>	<u>(9,613)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(11,055)	80,749	(25,940)	(70,342)	(44,402)
FUND BALANCE - BEGINNING	<u>237,300</u>	<u>175,602</u>	<u>236,000</u>	<u>246,554</u>	<u>10,554</u>
FUND BALANCE - ENDING	<u>\$ 226,245</u>	<u>\$ 256,351</u>	<u>\$ 210,060</u>	<u>\$ 176,212</u>	<u>\$ (33,848)</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, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. In November of 1984, the GASB issued a codification of governmental accounting and financial reporting standards. This codification is recognized as generally accepted accounting principles for state and local government.

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 District Narcotics Enforcement Team (TDNET) is a jointly governed organization. TDNET's purpose is to restrict and eliminate illegal sales and consumption of controlled dangerous substances in Lincoln and Union parishes. It operates through an interagency cooperation with various law enforcement agencies in Lincoln and Union parish and with the District Attorney's Office. TDNET is a component unit, but is not a legally separate organization from the District Attorney's Office. TDNET is blended and reported with the Special Revenue Fund.

FUND ACCOUNTING

The accounts of the district attorney are organized on the basis of funds and an account group, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. Revenues are accounted for in these individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The funds presented in the financial statements are described as follows:

Governmental Funds

General Fund

The General Fund is the general operating fund of the district attorney. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specific purposes.

Fiduciary Funds

Agency Funds

Agency Funds are used to account for assets held by the district attorney 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.

DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FIXED ASSETS

Fixed asset holdings are accounted for in the general fixed assets account group, and the purchases of fixed assets are recorded as expenditures when acquired. No depreciation has been provided on these general fixed assets. The fixed assets are valued at historical cost. All other fixed assets used in the district attorney's office are provided by the Lincoln Parish Police Jury and are accounted for in the general fixed assets account group of the police jury.

The account group is not a "fund". It is concerned only with the measurement of financial position and is not involved with measurement of results of operations.

BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of results of operations.

All government funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Measurable means that the amount of the transaction can be determined and available means that the amount of the transaction is 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, reimbursement for expenditures from the state, and incentives from the state. Revenues that are not considered susceptible to accrual include certain charges for fees and forfeitures. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred except that accumulated unpaid vacation and sick pay are not accrued and principal and interest on general long-term debt is recognized when due. Purchase of various operating supplies are regarded as expenditures at the time purchased.

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 adopted a budget for all the governmental fund types in accordance with state law and generally accepted accounting principles. The budget was not amended for the year ended December 31, 1998. Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

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, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

COMPARATIVE DATA

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the district attorney's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data has not been presented in each of the statements since its inclusion would make the statements unduly complex and difficult to read. Certain amounts for 1997 have been reclassified to conform to the 1998 presentation.

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.

TOTAL COLUMNS ON STATEMENTS

The total columns on the statements are captioned Memorandum Only (overview) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations, in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

NOTE 2 - CASH AND CERTIFICATES OF DEPOSIT

Cash includes cash on hand, amounts in demand deposits, interest bearing demand deposits and time deposits. Under state law, the district attorney may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Deposits (cash and certificates of deposit) are carried at cost which approximates market value. At December 31, 1998, the carrying amount of deposits was \$564,664 and the bank balance was \$572,785. The bank balance was covered by federal depository insurance and securities pledged by the banks. Some of the pledged securities are in the name of the pledging fiscal agent bank in a custodial bank, rather than in the name of the District Attorney's Office. At December 31, 1998, \$49,273 of the bank balance is considered uncollateralized (Category 3) under the provisions of GASB codification C20.106. There was also a balance of \$7,679 recorded as cash on hand at December 31, 1998, 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	\$ 1,289
Lincoln Parish Sheriff's Office	6,668
Union Parish Sheriff's Office	2,319
Title IV-D Reimbursement Grant Monies from the State of LA, DHHR	10,112
Louisiana Commission on Law Enforcement	<u>9,920</u>
TOTAL	<u>\$ 30,308</u>

The District Attorney's Office did not accrue grant revenue from the Louisiana Commission on Law Enforcement of \$1,004 related to expenditures for December, 1998, because all grant requirements had not been met so that the grant beginning December 1, 1998 through November 30, 1999, could be approved. Approval is expected to be received in 1999.

DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1998

NOTE 4 - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed asset equipment follows:

Balance - January 1, 1997	\$ 328,792
Additions	26,421
Balance - December 31, 1998	<u>\$ 355,213</u>

NOTE 5 - CONTINGENT CAPITAL LEASE

The District Attorney entered into a 36-month lease agreement as lessee for financing the acquisition of computer equipment and software. This lease agreement qualifies as a capital lease for accounting purposes (title transfers at the end of the lease term) and, therefore, the equipment has been recorded at the present value of the future minimum lease payments as of the date of inception. The following is an analysis of equipment leased under the capital lease as of December 31, 1998:

General Fixed Assets - Equipment	\$ <u>16,105</u>
----------------------------------	------------------

Lincoln and Union Parish Police Juries agreed to make the lease payments on the lease on-behalf of the District Attorney.

The lease was for computer equipment and software purchased in December, 1995. The Lincoln Parish Police Jury will make half of the required payments and the Union Parish Police Jury will make half of the required payments.

The following is a schedule of the future minimum lease payments to be paid by Lincoln and Union Parish Police Juries under the capital lease, and the present value of the net minimum lease payments at December 31, 1998, for which the District Attorney is contingently liable:

<u>Fiscal Year Ending December 31,</u>	
1999 Minimum Lease Payment	\$ 644
Less: Amount Representing Interest	(4)
Present Value of Future Minimum Lease Payments	<u>\$ 640</u>

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 1998, consisted of the following individual fund receivables and payables:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 62,538	\$ 0
Special Revenue Fund - Title IV-D	0	2,550
Special Revenue Fund - Worthless Check	0	55,858
Special Revenue Fund - TDNET	0	143
Agency Fund - Forfeitures	0	3,987
	<u>\$ 62,538</u>	<u>\$ 62,538</u>

DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998

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.

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 at an actuarially determined rate. The rate for 1998, 1997, and 1996 was 7.75%, 7.75%, and 7.25%, 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, 1998, 1997, and 1996 were \$21,371, \$19,895, and \$14,429, 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 at an actuarially determined rate. The rate for the years ended June 30, 1999, 1998, 1997, and 1996 was 0%, 1.25%, 2.5%, and 3.25%, 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 DARS for the years ended December 31, 1998, 1997, and 1996 were \$1,379, \$3,090, and \$2,464, respectively, equal to the required contributions for each year.

NOTE 7 - ON-BEHALF PAYMENTS

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

DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998

NOTE 8 - ON-BEHALF PAYMENTS (CONTINUED)

	1998	1997
<u>General Fund</u>		
Salaries	\$ 366,682	\$ 389,413
Fringe Benefits	<u>43,326</u>	<u>41,230</u>
Total On-Behalf Payments	<u>\$ 410,008</u>	<u>\$ 430,643</u>
<u>Special Revenue Funds</u>		
Salaries	\$ 37,557	\$ 39,949
Fringe Benefits	<u>9,679</u>	<u>12,123</u>
Total On-Behalf Payments	<u>\$ 47,236</u>	<u>\$ 52,072</u>

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

NOTE 8 - FIDUCIARY FUND

The District Attorney's Office receives funds under the asset forfeiture law, under the bond forfeiture law, and for bail bond license fees for further disbursement. The asset forfeiture funds and the bond forfeiture funds are held until a judgement is rendered on each case instructing the District Attorney's Office on the disbursement of the funds. The bail bond license fees are disbursed to various agencies, including the District Attorney's general fund, as provided by law. The Forfeiture and Fine Fund is used to account for the collection and disbursement of these amounts. A summary of changes in assets and liabilities are as follows for the year ended December 31, 1998:

	BALANCE JANUARY 1 1998	Additions	Deductions	BALANCE DECEMBER 31 1998
ASSETS				
Cash	\$ 164,257	\$ 319,440	\$ (343,963)	\$ 139,734
Non-Cash Assets Seized	<u>16,929</u>	<u>3,560</u>	<u>0</u>	<u>20,489</u>
TOTAL ASSETS	<u>\$ 181,186</u>	<u>\$ 323,000</u>	<u>\$ (343,963)</u>	<u>\$ 160,223</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Seizures not yet Forfeited	\$ 136,542	\$ 55,931	\$ (92,536)	\$ 99,937
Judgements not yet Disbursed	40,231	355,839	(339,771)	56,299
Due to Other Funds	<u>4,413</u>	<u>3,687</u>	<u>(4,113)</u>	<u>3,987</u>
TOTAL LIABILITIES	181,186	415,457	(436,420)	160,223
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 181,186</u>	<u>\$ 415,457</u>	<u>\$ (436,420)</u>	<u>\$ 160,223</u>

NOTE 9 -RENT

Beginning in March, 1999, the District Attorney's Office began leasing a building for the use of the multi-jurisdictional agency narcotics task force (i.e., TDNET) for \$1,284 per month.

DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998

REQUIRED SUPPLEMENTARY INFORMATION:

NOTE 10 - YEAR 2000 ISSUE

The District Attorney's Office is aware of the Year 2000 issue and that it could affect the operations of their computers. There has been no formalized plan or budget adopted to deal with the year 2000 issue at this time.

FINANCIAL STATEMENTS OF
INDIVIDUAL FUNDS AND ACCOUNT GROUPS

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
GENERAL FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
ASSETS		
Cash	\$ 78,555	\$ 50,767
Certificates of Deposit	136,555	112,079
Due from Other Governmental Units--		
Commissions on Fines	10,276	10,186
Grant - Louisiana Commission on Law Enforcement	2,339	0
Due from Other Funds	<u>62,538</u>	<u>34,216</u>
TOTAL ASSETS	<u>\$ 290,263</u>	<u>\$ 207,248</u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts Payable	\$ 8,564	\$ 1,095
Accrued Liabilities	<u>25,348</u>	<u>30,551</u>
TOTAL LIABILITIES	<u>33,912</u>	<u>31,646</u>
 FUND BALANCE		
Unreserved and Undesignated	<u>256,351</u>	<u>175,602</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 290,263</u>	<u>\$ 207,248</u>

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
 YEAR ENDED DECEMBER 31, 1998

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 1997

	1998		Variance Favorable (Unfavorable)	1997
	Budget	Actual		Actual
REVENUES				
Fees	\$ 15,000	\$ 38,270	\$ 23,270	\$ 2,410
Grant	165,628	150,528	(15,100)	96,811
Interest Income	5,860	6,471	611	5,915
Intergovernmental	210,700	324,074	113,374	343,238
On-Behalf Revenue	540,377	410,008	(130,369)	430,643
Other Income	<u>1,500</u>	<u>474</u>	<u>(1,026)</u>	<u>1,978</u>
TOTAL REVENUES	<u>939,065</u>	<u>929,825</u>	<u>(9,240)</u>	<u>880,995</u>
EXPENDITURES				
Capital Outlay	15,000	10,074	4,926	60,164
Debt Service	7,728	0	7,728	0
Auto Expense	4,000	4,454	(454)	4,900
Dues and Subscriptions	10,050	2,311	7,739	4,263
Employee Benefits	30,868	21,837	9,031	25,024
Insurance	66,970	77,841	(10,871)	63,833
Investigations	0	0	0	2,384
Law Library	9,000	0	9,000	0
Office Expenses	19,000	10,091	8,909	11,678
Other	4,400	3,227	1,173	2,584
Payroll Taxes	8,960	9,980	(1,020)	9,466
Professional Fees	24,000	13,214	10,786	19,994
Rent	0	2,019	(2,019)	2,046
Repairs and Maintenance	5,100	950	4,150	2,717
Salaries	712,926	682,016	30,910	651,969
Telephone	18,000	7,226	10,774	9,548
Training and Seminars	10,250	6,717	3,533	5,750
Travel	<u>29,200</u>	<u>32,064</u>	<u>(2,864)</u>	<u>24,183</u>
TOTAL EXPENDITURES	<u>975,452</u>	<u>884,021</u>	<u>91,431</u>	<u>900,503</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(36,387)	45,804	82,191	(19,508)
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	40,188	41,560	1,372	1,960
Operating Transfers Out	<u>(14,856)</u>	<u>(6,615)</u>	<u>8,241</u>	<u>(4,916)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>25,332</u>	<u>34,945</u>	<u>9,613</u>	<u>(2,956)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(11,055)	80,749	91,804	(22,464)
FUND BALANCE - BEGINNING	<u>237,300</u>	<u>175,602</u>	<u>(61,698)</u>	<u>198,066</u>
FUND BALANCE - ENDING	<u>\$ 226,245</u>	<u>\$ 256,351</u>	<u>\$ 30,106</u>	<u>\$ 175,602</u>

SPECIAL REVENUE FUNDS

Title IV-D Fund

To account for the receipt and expenditures of incentive payments and 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 Check 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 only 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 District Narcotics Enforcement Team (TDNET)

To account for the receipt and use of monies from various governmental and law enforcement agencies, grants, and forfeitures in the restriction and elimination of illegal sales and consumption of controlled dangerous substances in Lincoln and Union Parishes. The TDNET operates through an interagency cooperation with the Ruston Police Department, the Union Parish Sheriff's Department, the Lincoln Parish Sheriff's Department, and the District Attorney's Office. The TDNET is not legally separate from the District Attorney's Office.

DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 1998
WITH COMPARATIVE TOTALS FOR
DECEMBER 31, 1997

	TITLE IV-D	WORTHLESS CHECK	TDNET	TOTALS	
				1998	1997
ASSETS					
Cash	\$ 60,743	\$ 6,088	\$ 27,800	\$ 94,631	\$ 146,137
Certificate of Deposit	19,079	103,789	0	122,868	116,732
Due from Other					
Governmental Units -					
Louisiana Commission on					
Law Enforcement	0	0	7,581	7,581	5,018
State of Louisiana -					
DHHR Incentives	0	0	0	0	2,797
DHHR Grant	10,112	0	0	10,112	6,288
TOTAL ASSETS	\$ 89,934	\$109,877	\$ 35,381	\$ 235,192	\$ 276,972
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts Payable	\$ 0	\$ 0	\$ 429	\$ 429	\$ 615
Due to Other Funds	2,550	55,858	143	58,551	29,803
TOTAL LIABILITIES	2,550	55,858	572	58,980	30,418
FUND EQUITY					
Fund Balances -					
Unreserved and					
Undesignated	87,384	54,019	34,809	176,212	246,554
TOTAL LIABILITIES AND FUND EQUITY	\$ 89,934	\$109,877	\$ 35,381	\$ 235,192	\$ 276,972

DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 1998
WITH COMPARATIVE TOTALS FOR
YEAR ENDED DECEMBER 31, 1997

	TITLE	WORTHLESS	TDNET	TOTALS	
	IV-D	CHECK		1998	1997
REVENUES					
Fees	\$ 0	\$ 58,028	\$ 0	\$ 58,028	\$ 51,963
Grant	111,024	0	43,742	154,766	128,163
Incentives	33,948	0	0	33,948	57,247
Interest Income	863	5,271	0	6,134	5,820
Intergovernmental	0	0	24,754	24,754	41,826
On-Behalf Revenue	4,678	42,558	0	47,236	52,072
Other Income	0	0	0	0	1,048
TOTAL REVENUES	<u>150,513</u>	<u>105,857</u>	<u>68,496</u>	<u>324,866</u>	<u>338,139</u>
EXPENDITURES					
Capital Outlay	275	0	16,072	16,347	13,807
Auto Expense	0	0	402	402	0
Confidential Advances	0	0	15,867	15,867	23,526
Employee Benefits	5,396	6,748	837	12,981	13,665
Insurance	13,319	11,047	3,140	27,506	26,859
Investigation Supplies	0	0	2,226	2,226	4,176
Office Expense	680	561	4,727	5,968	2,829
Other	26	0	619	645	482
Payroll Taxes	1,404	1,465	626	3,495	3,017
Professional Fees	3,400	0	0	3,400	3,350
Rent	0	0	14,195	14,195	0
Repairs & Maintenance	0	0	1,430	1,430	2,103
Salaries	108,964	111,384	21,798	242,146	228,602
Telephone	1,032	0	10,282	11,314	9,554
Training and Seminars	60	0	222	282	910
Travel	2,059	0	0	2,059	6,214
TOTAL EXPENDITURES	<u>136,615</u>	<u>131,205</u>	<u>92,443</u>	<u>360,263</u>	<u>339,094</u>
EXCESS (DEFICIENCY) OF					
REVENUES OVER					
(UNDER)					
EXPENDITURES	13,898	(25,348)	(23,947)	(35,397)	(955)
OTHER FINANCING					
SOURCES (USES)					
Operating Transfers	(41,560)	0	6,615	(34,945)	2,956
EXCESS (DEFICIENCY) OF					
REVENUES AND OTHER					
SOURCES OVER (UNDER)					
EXPENDITURES AND					
OTHER USES	(27,662)	(25,348)	(17,332)	(70,342)	2,001
FUND BALANCE -					
BEGINNING	<u>115,046</u>	<u>79,367</u>	<u>52,141</u>	<u>246,554</u>	<u>244,553</u>
FUND BALANCE -					
ENDING	<u>\$ 87,384</u>	<u>\$ 54,019</u>	<u>\$ 34,809</u>	<u>\$ 176,212</u>	<u>\$ 246,554</u>

DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
SPECIAL REVENUE FUND - TITLE IV-D FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES -- BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED DECEMBER 31, 1998
WITH COMPARATIVE ACTUAL AMOUNTS FOR
YEAR ENDED DECEMBER 31, 1997

	<u>1998</u>		<i>Variance</i>	<u>1997</u>
	<u>Budget</u>	<u>Actual</u>	<i>Favorable</i>	<u>Actual</u>
			<i>(Unfavorable)</i>	
REVENUES				
Grant	\$ 120,000	\$ 111,024	\$ (8,976)	\$ 90,333
Incentives	55,000	33,948	(21,052)	57,247
Interest Income	900	863	(37)	866
Miscellaneous Income	0	0	0	40
On-Behalf Revenue	<u>9,915</u>	<u>4,678</u>	<u>(5,237)</u>	<u>4,597</u>
TOTAL REVENUES	<u>185,815</u>	<u>150,513</u>	<u>(35,302)</u>	<u>153,083</u>
EXPENDITURES				
Capital Outlay	0	275	(275)	253
Employee Benefits	6,608	5,396	1,212	5,811
Insurance	9,200	13,319	(4,119)	11,252
Office Expense	2,500	680	1,820	1,023
Other	4,000	26	3,974	7
Payroll Taxes	1,439	1,404	35	1,368
Professional Fees	0	3,400	(3,400)	3,350
Salaries	114,880	108,964	5,916	105,804
Telephone	2,000	1,032	968	1,219
Training and Seminars	0	60	(60)	760
Travel	<u>5,000</u>	<u>2,059</u>	<u>2,941</u>	<u>5,132</u>
TOTAL EXPENDITURES	<u>145,627</u>	<u>136,615</u>	<u>9,012</u>	<u>135,979</u>
EXCESS OF REVENUES OVER EXPENDITURES	40,188	13,898	26,290	17,104
OTHER FINANCING USES				
Operating Transfers Out	<u>(40,188)</u>	<u>(41,560)</u>	<u>(1,372)</u>	<u>(1,960)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES	0	(27,662)	(27,662)	15,144
FUND BALANCE - BEGINNING	<u>99,000</u>	<u>115,046</u>	<u>16,046</u>	<u>99,902</u>
FUND BALANCE - ENDING	<u>\$ 99,000</u>	<u>\$ 87,384</u>	<u>\$ (11,616)</u>	<u>\$ 115,046</u>

DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
SPECIAL REVENUE FUND - WORTHLESS CHECK FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES -- BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED DECEMBER 31, 1998
WITH COMPARATIVE ACTUAL AMOUNTS FOR
YEAR ENDED DECEMBER 31, 1997

	1998		Variance Favorable (Unfavorable)	1997
	Budget	Actual		Actual
REVENUES				
Fees	\$ 50,000	\$ 58,028	\$ 8,028	\$ 51,963
Interest Income	3,600	5,271	1,671	4,954
On-Behalf Revenue	46,074	42,558	(3,516)	47,475
TOTAL REVENUES	<u>99,674</u>	<u>105,857</u>	<u>6,183</u>	<u>104,392</u>
EXPENDITURES				
Employee Benefits	6,400	6,748	(348)	6,614
Insurance	9,900	11,047	(1,147)	13,570
Office Expense	0	561	(561)	62
Other	100	0	100	0
Payroll Taxes	1,300	1,465	(165)	1,417
Salaries	96,830	111,384	(14,554)	106,798
TOTAL EXPENDITURES	<u>114,530</u>	<u>131,205</u>	<u>(16,675)</u>	<u>128,461</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(14,856)	(25,348)	(10,492)	(24,069)
OTHER FINANCING SOURCES				
Operating Transfers In	<u>14,856</u>	<u>0</u>	<u>(14,856)</u>	<u>0</u>
DEFICIENCY OF REVENUES AND OTHER SOURCES UNDER EXPENDITURES	0	(25,348)	(25,348)	(24,069)
FUND BALANCE - BEGINNING	<u>97,000</u>	<u>79,367</u>	<u>(17,633)</u>	<u>103,436</u>
FUND BALANCE - ENDING	<u>\$ 97,000</u>	<u>\$ 54,019</u>	<u>\$ (42,981)</u>	<u>\$ 79,367</u>

DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
SPECIAL REVENUE FUND - TDNET FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES -- BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED DECEMBER 31, 1998
WITH COMPARATIVE ACTUAL AMOUNTS FOR
YEAR ENDED DECEMBER 31, 1997

	1998		Variance Favorable (Unfavorable)	1997
	Budget	Actual		Actual
REVENUES				
Grant	\$ 37,747	\$ 43,742	\$ 5,995	\$ 37,830
Intergovernmental	25,000	24,754	(246)	41,826
Other Income	0	0	0	1,008
TOTAL REVENUES	<u>62,747</u>	<u>68,496</u>	<u>5,749</u>	<u>80,664</u>
EXPENDITURES				
Capital Outlay	3,500	16,072	(12,572)	13,554
Auto Expense	800	402	398	0
Confidential Advances	25,000	15,867	9,133	23,526
Employee Benefits	1,674	837	837	1,240
Insurance	3,300	3,140	160	2,037
Investigation Supplies	4,000	2,226	1,774	4,176
Office Expense	2,000	4,727	(2,727)	1,744
Other	400	619	(219)	475
Payroll Taxes	313	626	(313)	232
Rent	15,600	14,195	1,405	0
Repairs and Maintenance	1,800	1,430	370	2,103
Salaries	21,600	21,798	(198)	16,000
Telephone	8,000	10,282	(2,282)	8,335
Training and Seminars	200	222	(22)	150
Travel	500	0	500	1,082
TOTAL EXPENDITURES	<u>88,687</u>	<u>92,443</u>	<u>(3,756)</u>	<u>74,654</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(25,940)	(23,947)	1,993	6,010
OTHER FINANCING SOURCES				
Operating Transfers In	0	6,615	6,615	4,916
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	(25,940)	(17,332)	8,608	10,926
FUND BALANCE - BEGINNING	40,000	52,141	12,141	41,215
FUND BALANCE - ENDING	<u>\$ 14,060</u>	<u>\$ 34,809</u>	<u>\$ 20,749</u>	<u>\$ 52,141</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for all fixed assets owned by the District Attorney's Office.

DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS
DECEMBER 31, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
GENERAL FIXED ASSETS		
Equipment	\$ <u>355,213</u>	\$ <u>328,792</u>
TOTAL GENERAL FIXED ASSETS	\$ <u>355,213</u>	\$ <u>328,792</u>
 INVESTMENT IN GENERAL FIXED ASSETS		
Property Acquired from--		
Contributions from Other Governmental Units	\$ 61,105	\$ 61,105
Special Revenue Funds	110,605	94,258
General Fund	<u>183,503</u>	<u>173,429</u>
TOTAL INVESTMENTS IN GENERAL FIXED ASSETS	\$ <u>355,213</u>	\$ <u>328,792</u>

OTHER REPORTS AND SCHEDULES

DON M. McGEHEE
(A Professional Accounting Corporation)
P.O. Box 1344
806 North Trenton
Ruston, Louisiana 71273-1344

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

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

I have audited the general purpose financial statements of the District Attorney, a component unit of the Lincoln Parish Police Jury, as of and for the year ended December 31, 1998, and have issued my report thereon dated June 30, 1999. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

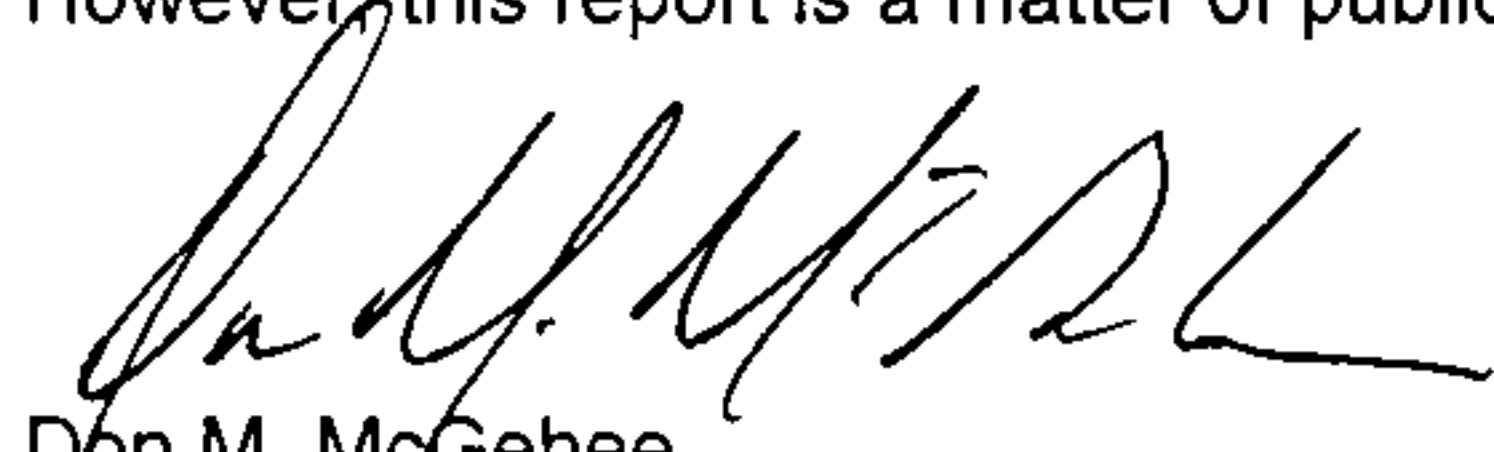
As part of obtaining reasonable assurance about whether the District Attorney's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect 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 that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as item #1998-2. I also noted certain immaterial instances of noncompliance that I have reported to management of the District Attorney's Office in a separate letter dated June 30, 1999.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the District Attorney's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgement, could adversely affect the District Attorney's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. This reportable condition is described in the accompanying schedule of findings and questioned costs as item #1998-1.

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

This report is intended solely for the information of the District Attorney's Office, the Office of Family Security for the Provisions of Child Support Services, the Louisiana Commission on Law Enforcement and Administration of Criminal Justice, and the Legislative Auditor of Louisiana. However, this report is a matter of public record and its distribution is not limited.



Don M. McGehee
Certified Public Accountant
June 30, 1999

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, 1998

I have audited the financial statements of the District Attorney as of and for the year ended December 31, 1998, and have issued my report thereon dated June 30, 1999. I conducted my audit in accordance with generally accepted auditing standards 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, 1998 resulted in an unqualified opinion. I also noted certain immaterial instances of noncompliance that I have reported to the management of the District Attorney's Office in a separate management letter.

Section I Summary of Auditor's Reports

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Reportable Conditions Yes No

Compliance

Compliance Material to Financial Statements Yes No

Section II Financial Statement Findings

1998-1. 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.

1998-2. Report Submitted After Due Date. The audit engagement is required to be completed and transmitted to the legislative auditor within six months of the close of the District Attorney's year ended December 31, 1998. The audit report for the year ended December 31, 1998, was not transmitted to the legislative auditor until July 16, 1999. I recommend beginning audit procedures earlier next year to compensate for any unforeseen events that may occur to delay completion of the engagement.

Section III Management Letter Findings

1998-3. Budget Variances. State law requires the budget be amended if actual revenues or expenditures are anticipated to vary unfavorably from budgeted amounts by more than 5%. The District Attorney's special revenue fund actual revenues were less than budgeted amounts by 7%. This excess unfavorable variance is due to the discontinuance of incentive revenue by the state during 1998 with no budget amendments to adjust for the change. I recommend monitoring budget and actual variances during the year and making budget amendments when anticipated amounts vary unfavorably from budgeted amounts by more than 5%.

1998-4. Budget Publication. State law requires that the public should have an opportunity to participate in the budgetary process prior to adoption of the budget, if total proposed expenditures are \$250,000 or more from the general fund and any special revenue funds, by publishing a notice stating that the proposed budget is available for public inspection and that a public hearing will be held with the date, time and place specified. The District Attorney's Office made their budget available for public inspection, but they did not publish the required notice. I recommend the notice described above be published for the next budget prepared.

1998-5. Salary and Benefit Reimbursement Reconciliation. The District Attorney participates in various grant programs from which they receive reimbursement of certain costs related to these various programs. Salaries and benefits are one of the expenses reimbursed by these grant programs. During the audit, I found approximately \$7,000 of salaries and benefits requested for reimbursement in error. These amounts will either be refunded to grant programs or current year expense requests will be offset by excess amounts reimbursed previously to correct this error. I recommend a reconciliation be prepared between reimbursement requests and calculation of salaries and benefits related to each grant program.

DON M. McGEHEE
(A Professional Accounting Corporation)
P.O. Box 1344
806 North Trenton
Ruston, Louisiana 71273-1344

MANAGEMENT LETTER

June 30, 1999

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

In planning and performing my audit of the general purpose financial statements of the District Attorney for the year ended December 31, 1998, I considered its internal control in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on internal control.

However, during my audit I became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes my comments and suggestions regarding this matter. I previously reported on internal control in my audit report dated June 30, 1999; this letter does not affect that report.

I will review the status of these comments during our next audit engagement. I have already discussed these comments and suggestions with your personnel, and I will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Sincerely,



Don M. McGehee
Certified Public Accountant

MANAGEMENT MEMORANDUM

To: Honorable Robert W. Levy
District Attorney

From: Don M. McGehee, CPA

During the course of my audit, I observed the following conditions which are opportunities for you to strengthen your internal control and increase efficiency. My recommendations for improvement are also included.

BUDGET VARIANCES

State law requires the budget be amended if actual revenues or expenditures are anticipated to vary unfavorably from budgeted amounts by more than 5%. The District Attorney's special revenue fund actual revenues were less than budgeted amounts by 7%. This excess unfavorable variance is due to the discontinuance of incentive revenue by the state during 1998 with no budget amendments to adjust for the change. I recommend monitoring budget and actual variances during the year and making budget amendments when anticipated amounts vary unfavorably from budgeted amounts by more than 5%.

BUDGET PUBLICATION

State law requires that the public should have an opportunity to participate in the budgetary process prior to adoption of the budget, if total proposed expenditures are \$250,000 or more from the general fund and any special revenue funds, by publishing a notice stating that the proposed budget is available for public inspection and that a public hearing will be held with the date, time and place specified. The District Attorney's Office made their budget available for public inspection, but they did not publish the required notice. I recommend the notice described above be published for the next budget prepared.

SALARY AND BENEFIT REIMBURSEMENT RECONCILIATION

The District Attorney participates in various grant programs from which they receive reimbursement of certain costs related to these various programs. Salaries and benefits are one of the expenses reimbursed by these grant programs. During the audit, I found approximately \$7,000 of salaries and benefits requested for reimbursement in error. These amounts will be refunded to grant programs or current year requests offset by over reimbursement to correct this error. I recommend a reconciliation be prepared between reimbursement requests and calculation of salaries and benefits related to each grant program.

DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 1998

SECTION 1 INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

FINDINGS

RESPONSE

1997-1. 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 1998-1.

1997-2. Budget Variances. The District Attorney's actual general fund expenses and special revenue fund revenue unfavorably varied from budgeted amounts by more than 5%.

Partially resolved. See 1998-3.

SECTION 2 MANAGEMENT LETTER

No findings were reported in a management letter.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 1998**

SECTION 1 INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENT

FINDINGS

1998-1. Separation of Duties. Too few personnel involved in the accounting system to have adequate separation of duties for internal control.

1998-2. Report Submitted After Due Date. Recommend beginning audit procedures earlier next year to compensate for any unforeseen events that may occur to delay completion of the engagement within six months of year end.

RESPONSE

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

On February 19, 1999, the administrative assistant, Phyllis Freeman, was seriously injured in an automobile accident. She has not been able to return to work since then. In her absence, the financial administrator, Carol Cooper, has been required to perform many additional duties which have limited her time to devote to the audit process. The administrative assistant should be returning before the next year end, which will give Carol Cooper more time to devote to the audit next year. We will also plan on beginning the audit process earlier next year.

SECTION II MANAGEMENT LETTER

FINDINGS

1998-3. Budget Variances. Recommend monitoring the budget and actual variances during the year and making budget amendments when anticipated amounts vary unfavorably from budgeted amounts by more than 5%.

1998-4. Budget Publication. Recommend the notice allowing public participation in the budgetary process be published for the next budget prepared.

1998-5. Salary and Benefit Reimbursement Reconciliation. Recommend a reconciliation be prepared between reimbursement requests and calculation of salaries and benefits related to each grant program.

RESPONSE

The financial administrator, Carol Cooper, will begin monitoring in July, 1999, the budget and actual variances to identify when anticipated revenues and expenses vary unfavorably from budgeted amounts by more than 5%. Then she will notify the District Attorney, so that he can make the necessary budget amendments.

The financial administrator, Carol Cooper, will publish a notice stating that the budget is available for public inspection and that a public hearing will be held with the date, time and place specified for the 2000 budget.

The financial administrator, Carol Cooper, will prepare a reconciliation between grant reimbursement requests and salaries and benefits expenses for each grant program beginning in July, 1999.

DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 1998

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR PROGRAM TITLE	GRANT EFFECTIVE DATE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	DISBURSEMENTS/ EXPENDITURES
U.S. Department of Health & Human Services:					
Passed Through Louisiana Department of Social Services-- Office of Family Support for the Provision of Child Support Enforcement Services	Before 7-1-98 After 6-30-98	13.783	355-70011603	103,738 114,158	\$ 41,946 <u>68,331</u>
Total Department of Health & Human Services					<u>110,277</u>
U.S. Department of Justice:					
Violence Against Women Grant	11-1-96			202,722	95,497
Passed Through Louisiana Commission on Law Enforcement and Administration of Criminal Justice Drug Section					
Drug Control and Systems Improvement-- Formula Grant Narcotics Task Force	Before 12-1-98	16.579	97-B1-B.02-0G28	44,778	38,890
Pre-Trial Diversion Program	Before 12-1-98 After 11-30-98	16.579	97-B1-B.20-0094 98-B1-B.20-0079	23,715 23,715	19,301 <u>2,049</u>
Total Department of Justice					<u>155,737</u>
TOTAL FEDERAL ASSISTANCE					<u>\$ 266,014</u>