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**District Attorney of the Twenty-Sixth Judicial District
Parishes of Bossier and Webster, Louisiana**

Financial Statements With Auditor's Report

As of and for the Year Ended December 31, 2005

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

Release Date 7/26/06

District Attorney of the Twenty-Sixth Judicial District
Parishes of Bossier and Webster, Louisiana

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District Attorney of the Twenty-Sixth Judicial District
Parishes of Bossier and Webster, Louisiana

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Independent Auditors' Report

District Attorney of the Twenty-Sixth Judicial District
Parishes of Bossier and Webster, Louisiana

We have audited the accompanying basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District Attorney of the Twenty-Sixth Judicial District, a component unit of the Bossier Parish Police Jury, as of and for the year ended December 31, 2005, which collectively comprise the District Attorney of the Twenty-Sixth Judicial District as listed in the table of contents. These financial statements are the responsibility of the District Attorney of the Twenty-Sixth Judicial District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District Attorney of the Twenty-Sixth Judicial District as of December 31, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 16, 2006, on our consideration of the District Attorney of the Twenty-Sixth Judicial District's internal control over financial reporting and our 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3-7 and on pages 26-28, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Cook & Morehart
Certified Public Accountants
June 16, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the District Attorney of the Twenty-Sixth Judicial District's financial performance provides an overview of the District Attorney's financial activities for the fiscal year ended December 31, 2005. Please read it in conjunction with the District Attorney's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

The District Attorney's net assets decreased by \$35,045 or 6%.

The District Attorney's total general and program revenues were \$2,860,636 in 2005 compared to \$2,845,279 in 2004.

During the year ended December 31, 2005, the District Attorney had total expenses, excluding depreciation of \$2,876,982, compared to total expenses, excluding depreciation of \$2,894,662 for the year ended December 31, 2004.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 8 and 9) provide information about the activities of the District Attorney of the Twenty-Sixth Judicial District as a whole and present a longer-term view of the District Attorney's finances. Fund financial statements start on page 10. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District Attorney's operations in more detail than the government-wide statements by providing information about the District Attorney's most significant funds.

The District Attorney of the Twenty-Sixth Judicial District was determined to be a component unit of the Bossier Parish Police Jury. The District Attorney is fiscally dependent on the Police Jury for space and related costs. The accompanying financial statements present information only on the funds maintained by the District Attorney of the Twenty-Sixth Judicial District.

Reporting the District Attorney of the Twenty-Sixth Judicial District as a Whole

Our analysis of the District Attorney of the Twenty-Sixth Judicial District as a whole begins on page 8. One of the most important questions asked about the District Attorney's finances is "Is the District Attorney as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of

Activities report information about the funds maintained by the District Attorney of the Twenty-Sixth Judicial District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District Attorney's *net assets* and changes in them. You can think of the District Attorney's net assets – the difference between assets and liabilities – as one way to measure the District Attorney's financial health; or *financial position*. Over time, *increases* or *decreases* in the District Attorney's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, to assess the overall health of the District Attorney.

In the Statement of Net Assets and the Statement of Activities, we record the funds maintained by the District Attorney as governmental activities.

Governmental activities – all of the expenses paid from the funds maintained by the District Attorney are reported here which consists primarily of personal services, materials and supplies, travel, repairs and maintenance and other program services. Fines and fees, state and federal grants and gaming tax revenue finance most of these activities.

Reporting the District Attorney's Most Significant Funds

Our analysis of the major funds maintained by the District Attorney of the Twenty-Sixth Judicial District begins on page 10. The fund financial statements begin on page 10 and provide detailed information about the most significant funds maintained by the District Attorney – not the District Attorney as a whole. The District Attorney of the Twenty-Sixth Judicial District's *governmental funds* use the following accounting approaches:

Governmental funds – All of the District Attorney's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District Attorney's general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain District Attorney expenses. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in a reconciliation at the bottom of the fund financial statements.

**THE DISTRICT ATTORNEY OF THE TWENTY-SIXTH JUDICIAL DISTRICT
AS A WHOLE**

The District Attorney of the Twenty-Sixth Judicial District's total net assets changed from a year ago, decreasing from \$650,531 to \$615,486.

**Table 1
Net Assets**

	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
Current and other assets	\$ 679,777	\$ 743,630
Capital assets	<u>53,919</u>	<u>52,219</u>
Total assets	<u>733,696</u>	<u>795,849</u>
Current liabilities	108,162	134,652
Long-term liabilities	<u>10,048</u>	<u>10,666</u>
Total liabilities	<u>118,210</u>	<u>145,318</u>
Net assets:		
Investments in capital assets, net of related debt	53,919	52,219
Unrestricted	56,847	246,488
Restricted	<u>504,720</u>	<u>351,824</u>
Total net assets	<u>\$ 615,486</u>	<u>\$ 650,531</u>

Net assets of the District Attorney's governmental activities decreased by \$35,045 or 6%, compared to a decrease of \$61,539 for the year ended December 31, 2004. Unrestricted net assets, the part of net assets that can be used to finance District Attorney expenses without constraints or other legal requirements, were decreased from a year ago, decreasing from \$246,488 at December 31, 2004 to \$189,641 at December 31, 2005.

**Table 2
Change in Net Assets**

	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
Revenues		
Program Revenues		
Charges for services	\$ 1,046,845	\$ 1,022,595
Operating grants and contributions	1,813,138	1,822,019
General Revenues		
Interest income	<u>653</u>	<u>665</u>
Total revenues	<u>\$ 2,860,636</u>	<u>\$ 2,845,279</u>
Expenses		
Judicial	1,549,773	1,643,624
Drug court and truancy	<u>1,345,908</u>	<u>1,263,194</u>
Decreases in net assets	<u>\$ (35,045)</u>	<u>\$ (61,539)</u>

Total revenues increased \$15,357 (1%) from total revenues in the year ended December 31, 2004 of \$2,845,279 to total revenues of 2,860,363 in the year ended December 31, 2005.

A large part of the increase was due to an increase in fees and fines collected, and new funding for the Drug Court and Truancy programs.

THE DISTRICT ATTORNEY'S FUNDS

As the District Attorney completed the year ended December 31, 2005, its governmental funds (as presented in the balance sheet on page 10) reported a *combined* fund balance of \$571,615, which is lower than the previous year's fund balance of \$608,978. The primary reasons for the decreases are:

- Increases in expenditures in the general fund for judicial expenses.

General Fund Budgetary Highlights

The District Attorney adopted a budget for its General Fund for the year ended December 31, 2005. There was no amendments to the budget during the year. The District Attorney's budgetary comparison is presented as required supplementary information and shown on page 26. There were no significant budget variations between final budget amounts and actual budget results.

The District Attorney's General Fund fund balance of \$66,895 reported on page 10 differs from the General Fund's *budgetary* fund balance of \$37,913 reported in the budgetary comparison schedule on page 26. This is primarily due to the District Attorney budgeting on the cash basis of accounting.

CAPITAL ASSETS

At the end of December 31, 2005, the District Attorney had invested \$53,919 in capital assets, compared to \$52,219 at December 31, 2004. (see table 3 below)

Table 3
Capital Assets At Year End
(Net of Depreciation)

	Governmental Activities	
	2005	2004
Equipment	8,162	21,730
Vehicles (2 cars)	45,757	30,489
Total	\$ 53,919	\$ 52,219

This year's major addition included:

Vehicle	\$ 20,400
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More detailed information about the capital assets is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The District Attorney of the Twenty-Sixth Judicial District's management considered many factors when setting a fiscal year December 31, 2006 budget. Amounts available for appropriation in the governmental funds are expected to be consistent with the current years. The budget for the 2006 year is approximately the same as the 2005 budget.

CONTACTING THE DISTRICT ATTORNEY OF THE TWENTY-SIXTH JUDICIAL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the District Attorney of the Twenty-Sixth Judicial District and to show the District Attorney's accountability for the money it receives. If you have questions about this report or need additional financial information, contact John Schuyler Marvin, District Attorney, P.O. Box 69, Benton, LA 71006.

District Attorney of the Twenty-Sixth Judicial District
Parishes of Bossier and Webster, Louisiana
Statement of Net Assets
December 31, 2005

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 282,350
Receivables	397,427
Capital assets (net)	53,919
Total assets	733,696
LIABILITIES	
Accounts payable	108,162
Long-term liabilities - compensated absences:	
Due within one year	10,048
Total liabilities	118,210
NET ASSETS	
Investment in capital assets	53,919
Restricted for:	
Drug court and truancy	504,720
Unrestricted	56,847
Total net assets	\$ 615,486

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

District Attorney of the Twenty-Sixth Judicial District
 Parishes of Bossier and Webster, Louisiana
 Statement of Activities
 For the Year Ended December 31, 2005

		Program Revenues		Net(Expense) Revenue and Changes in Net Assets
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Judicial	\$ 1,549,773	\$ 988,464	\$ 359,400	\$ (201,909)
Drug court and truancy	1,345,908	58,381	1,453,738	166,211
Total governmental activities	2,895,681	1,046,845	1,813,138	(35,698)
General Revenues:				
Interest income				653
Total general revenues				653
				(35,045)
Change in net assets				(35,045)
Net assets - beginning				650,531
Net assets - ending				\$ 615,486

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

District Attorney of the Twenty-Sixth Judicial District
 Parishes of Bossier and Webster, Louisiana
 Balance Sheet
 Governmental Funds
 December 31, 2005

	General	Drug Court and Truancy	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 34,839	\$ 247,511	\$ 282,350
Receivables	100,505	296,922	397,427
Due from other funds	3,074		3,074
	\$ 138,418	\$ 544,433	\$ 682,851
Liabilities			
Accounts payable	\$ 71,523	\$ 36,639	\$ 108,162
Due to other funds		3,074	3,074
	71,523	39,713	111,236
Fund balances			
Unreserved	66,895	504,720	571,615
	66,895	504,720	571,615
Total liabilities and fund balances	\$ 138,418	\$ 544,433	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	53,919
Long-term liabilities (consisting of compensated absences) are not due and payable in the current period and therefore are not reported in the funds.	(10,048)
Net assets of governmental activities	\$ 615,486

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

District Attorney of the Twenty-Sixth Judicial District
 Parishes of Bossier and Webster, Louisiana
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2005

Revenues:	General	Drug Court and Truancy	Total Governmental Funds
Fines and forfeitures	\$ 798,488	\$ 58,381	\$ 856,869
State and federal grants:			
Title IV-D reimbursement	312,925		312,925
Victims assistance grants	46,475		46,475
Drug court and truancy		686,249	686,249
Check collection fees	189,976		189,976
Gaming tax revenue		767,489	767,489
Interest income	653		653
Total revenues	<u>1,348,517</u>	<u>1,512,119</u>	<u>2,860,636</u>
 Expenditures:			
General government:			
Current operating:			
Judicial	1,538,776		1,538,776
Drug court and truancy		1,338,823	1,338,823
Capital outlay		20,400	20,400
Total expenditures	<u>1,538,776</u>	<u>1,359,223</u>	<u>2,897,999</u>
 Excess of revenues over (under) expenditures	 (190,259)	 152,896	 (37,363)
 Fund balances - beginning of year	 <u>257,154</u>	 <u>351,824</u>	 <u>608,978</u>
 Fund balances - end of year	 <u>\$ 66,895</u>	 <u>\$ 504,720</u>	 <u>\$ 571,615</u>

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

District Attorney of the Twenty-Sixth Judicial District
 Parishes of Bossier and Webster, Louisiana
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
 Fund Balances of Governmental Funds to the Statement of Activities
 For the Year Ended December 31, 2005

Net change in fund balances - total governmental funds \$ (37,363)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as a depreciation expense.

Capital outlays	20,400	
Depreciation expense	(18,699)	1,701

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Decrease in compensated absences	617
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Change in net assets of governmental activities	\$ (35,045)
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The accompanying notes are an integral part of the financial statements.

District Attorney of the Twenty-Sixth Judicial District
Parishes of Bossier and Webster, Louisiana
Statement of Net Assets
Fiduciary Funds
December 31, 2005

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ <u>456,750</u>
Total assets	<u>\$ 456,750</u>
Liabilities	
Unsettled deposits due to others	\$ <u>456,750</u>
Total liabilities	<u>\$ 456,750</u>

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

District Attorney of the Twenty-Sixth Judicial District
Parishes of Bossier and Webster, Louisiana
Notes to the Financial Statements
December 31, 2005

Introduction

As provided in the laws of the State of Louisiana, 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. The District Attorney also performs other duties as provided by law. The District Attorney is elected by the qualified electors of the judicial district for a term of 6 years. The Twenty-Sixth Judicial District encompasses the parishes of Bossier and Webster, Louisiana.

(1) Summary of Significant Accounting Policies

The District Attorney of the Twenty-Sixth Judicial District's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis—for State and Local Governments*, issued in June, 1999. The more significant accounting policies established in GAAP and used by the District Attorney of the Twenty-Sixth Judicial District (District Attorney) are discussed below.

A. Reporting Entity

The District Attorney is an independent elected official; however, the District Attorney is fiscally dependent on the Bossier Parish Police Jury. The police jury maintains and operates the parish courthouse in which the District Attorney's office is located and provides funds for equipment and furniture of the District Attorney's office. In addition, the police jury's general purpose financial statements would be incomplete or misleading without inclusion of the District Attorney. For these reasons, the District Attorney was determined to be a component unit of the Bossier Parish Police Jury, the financial reporting entity.

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

B. Basic Financial Statements – Government-Wide Statements

The District Attorney's basic financial statements include both government-wide (reporting the funds maintained by the District Attorney as a whole) and fund financial statements (reporting the District Attorney's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District Attorney's General Fund and Drug Court and Truancy Fund are classified as governmental activities. The District Attorney does not have any business-type activities.

(Continued)

District Attorney of the Twenty-Sixth Judicial District
Parishes of Bossier and Webster, Louisiana
Notes to the Financial Statements
December 31, 2005
(Continued)

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables. The District Attorney's net assets are reported in three parts – invested in capital assets (net of related debt), restricted net assets, and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the District Attorney's functions. The functions are supported by program revenues and general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by any related program revenues, which must be directly associated with the function. Program revenues of the District Attorney consist of fines and forfeitures, state and federal grants, check collection fees, state appropriation, and gaming tax revenues. The net costs (by function) are normally covered by general revenues.

This government-wide focus is more on the sustainability of the District Attorney as an entity and the change in the District Attorney's net assets resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the District Attorney are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the District Attorney:

Governmental Funds – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District Attorney:

General Fund – the general fund accounts for the operations of the District Attorney's office. Included in the general fund, to offset or defray the necessary expenditures of the District Attorney, are fines collected and bonds forfeited in compliance with Louisiana Revised Statute (R.S.) 15:571.11; certain percentage of asset forfeiture revenue in regards to the Special Asset Forfeiture Trust Fund established by Louisiana Revised Statute 40:2616; reimbursements received from the Louisiana Department of Social Services for operation of the family and child support programs (Title IV-D Reimbursement); worthless check collection fees collected in accordance with Louisiana Revised Statute 16:15; and all other financial resources except those required to be accounted for in another fund.

(Continued)

District Attorney of the Twenty-Sixth Judicial District
Parishes of Bossier and Webster, Louisiana
Notes to the Financial Statements
December 31, 2005
(Continued)

Special Revenue Fund – the special revenue fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The special revenue fund of the District Attorney consists of the Drug Court and Truancy Program operations.

Fiduciary Fund – the fiduciary fund is used to report assets held in a trust or agency capacity for others and therefore are not available to support District Attorney programs. Included in this fund type is the *Asset Forfeiture Trust Fund* established by Louisiana Revised Statute 40:2616.

The emphasis in fund financial statements is on the major funds in the governmental category. Nonmajor funds by category are summarized into a single column. GASB Statements No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of fund category) for the determination of major funds. Both funds of the District Attorney were determined to be major funds.

The following major funds are presented in the fund financial statements:

General Fund – accounts for all financial resources except those required to be accounted for in another fund.

Drug Court and Truancy Program Fund – accounts for the operation of certain drug court and truancy programs.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

The governmental funds in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this rule is that principal and interest on general obligation long-term debt, if any, is recognized when due. Depreciation is not recognized in the governmental fund financial statements.

(Continued)

District Attorney of the Twenty-Sixth Judicial District
Parishes of Bossier and Webster, Louisiana
Notes to the Financial Statements
December 31, 2005
(Continued)

E. Budgets

The District Attorney uses the following budget practices:

1. The District Attorney prepares an operating budget for the general and special revenue funds.
2. The budget is made available for public inspection prior to the public hearing held to obtain taxpayer comment.
3. The budget is adopted at the public hearing.
4. The budget is adopted on a cash basis.
5. The budget may be revised during the year.
6. Appropriations lapse at the end of each fiscal year.

F. Cash, Cash Equivalents, and Investments

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District Attorney may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law, or any other state of the United States, or under the laws of the United States.

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Vehicles	5 years
Equipment	5 – 7 years

(Continued)

District Attorney of the Twenty-Sixth Judicial District
Parishes of Bossier and Webster, Louisiana
Notes to the Financial Statements
December 31, 2005
(Continued)

H. Compensated Absences

The District has an informal policy for vacation and sick leave. Employees of the District Attorney earn from 5 to 15 days of vacation leave each year, depending on their lengths of service. Employees may carry no more than one-half of their normal yearly benefit forward to the next benefit year. Upon termination of employment, employees will be paid for unused vacation time that they are eligible for according to the District Attorney's policy.

Employees of the District Attorney will accrue sick leave benefits which are calculated on the basis of a "benefit year" at the rate of 6 days per year. Unused sick leave will be allowed to accumulate without limit. Unused sick leave benefits will not be paid to employees while they are employed or upon termination of employment.

The current portion of compensated absences payable (the amount estimated to be used during the period of availability) is recorded as a liability in the fund financial statements. The entire balance of compensated absences payable is recognized as a liability in the government-wide financial statements. The non-current portion represents a reconciling item between the fund and government-wide statements.

I. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

J. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the District Attorney or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District Attorney's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

(Continued)

District Attorney of the Twenty-Sixth Judicial District
 Parishes of Bossier and Webster, Louisiana
 Notes to the Financial Statements
 December 31, 2005
 (Continued)

K. Interfund Activity

Interfund activity is reported as either loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

L. Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities in the statement of net assets. The only long-term liability for the District Attorney is for compensated absences.

(2) Cash and Cash Equivalents

At December 31, 2005, the District Attorney had cash and cash equivalents (book balances) totaling \$739,100 as follows:

Demand deposits	\$ 394,849
Time deposits	4,244
Interest-bearing demand deposits	<u>340,007</u>
Total	<u>\$ 739,100</u>

Reconciliation to government-wide Statement of Net Assets:

Cash and cash equivalents	\$ 282,350
Agency funds (not on government-wide statements)	<u>456,750</u>
	<u>\$ 739,100</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of December 31, 2005, \$640,392 of the District Attorney's bank balances totaling \$795,579 were exposed to custodial credit risk as uninsured and collateral of pledged securities held by the pledging bank's trust department not in the District Attorney's name.

(Continued)

District Attorney of the Twenty-Sixth Judicial District
Parishes of Bossier and Webster, Louisiana
Notes to the Financial Statements
December 31, 2005
(Continued)

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

(3) Pension Plan – District Attorney and Assistant District Attorneys

Plan Description. *The district attorney and assistant district attorneys are members of the Louisiana District Attorneys Retirement System (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.*

Assistant district attorneys who earn, as a minimum, the amount paid by the state for assistant district attorneys and are under the age of 60 at the time of original employment and all district attorneys are required to participate in the System. For members who joined the System before July 1, 1990, and who elected not to be covered by the new provisions, the following applies: Any member with 23 or more years of creditable service regardless of age may retire with a 3 percent benefit reduction for each year below age 55, provided that no reduction is applied if the member has 30 or more years of service. Any member with at least 18 years of service may retire at age 55 with a 3 percent benefit reduction for each year below age 60. In addition, any member with at least 10 years of service may retire at age 60 with a 3 percent benefit reduction for each year retiring below the age of 62. The retirement benefit is equal to 3 percent of the member's average final compensation multiplied by the number of years of his membership service, not to exceed 100% of his average final compensation.

For members who joined the System after July 1, 1990, or who elected to be covered by the new provisions the following applies: Members are eligible to receive normal retirement benefits if they are age 60 and have 10 years of service credit, are age 55 and have 24 years of service credit, or have 30 years of service credit regardless of age. The normal retirement benefit is equal to 3.5 percent of the member's final-average compensation multiplied by years of membership service. A member is eligible for early retirement if he is age 55 and has 18 years of service credit. The early retirement benefit is equal to the normal retirement benefit reduced 3 percent for each year the member retires in advance of normal retirement age. Benefits may not exceed 100 percent of average final compensation. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana District Attorneys Retirement System, 2109 Decatur Street, New Orleans, Louisiana 70116-2091, or by calling (504) 947-5551.

(Continued)

District Attorney of the Twenty-Sixth Judicial District
Parishes of Bossier and Webster, Louisiana
Notes to the Financial Statements
December 31, 2005
(Continued)

Funding Policy. Plan members are required by state statute to contribute 7.0 percent of their annual covered salary and the district attorney is required to contribute at an actuarially determined rate. The current rate effective July 1, 2005 was 6.00% of annual covered payroll, and 3.75% for 2004 through July 1, 2005. Contributions to the System also include .2 percent of the ad valorem taxes collected throughout the state and revenue sharing funds as appropriated by the legislature. The contribution requirements of plan members and the district attorney are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The district attorney's contributions to the System for the years ended December 31, 2005, 2004, and 2003 were \$17,423, \$5,569, \$0, respectively.

(4) Pension Plan – Other Employees

Substantially all employees of the District Attorney, except for the district attorney and his assistants, are members of the Parochial Employees Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the District Attorney are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only before January 1, 1980, the benefit is equal to one percent of final-average salary plus \$24 for each year of supplemental-plan-only service earned before January 1, 1980, plus 3 percent of final-average salary for each year of service credited after the revision date. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (504) 928-1361.

(Continued)

District Attorney of the Twenty-Sixth Judicial District
 Parishes of Bossier and Webster, Louisiana
 Notes to the Financial Statements
 December 31, 2005
 (Continued)

Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary and the District Attorney of the Twenty-Sixth Judicial District is required to contribute at an actuarially determined rate. Contribution rates were 12.75% of annual covered payroll for 2005, 11.75% for 2004, and 7.75% for 2003. Contributions to the System include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the District Attorney are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by an actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District Attorney's contributions to the System under Plan A for the years ended December 31, 2005, 2004 and 2003 were \$132,321, \$107,415, and \$65,125, respectively, equal to the required contributions for the year.

(5) Receivables

The following is a summary of receivables at December 31, 2005:

Commissions on fines and forfeitures	\$ 48,004
State and federal grants:	
Title IV-D reimbursement	50,353
Victims assistance grants	2,148
Drug court and truancy grants	99,985
Gaming tax revenue	<u>196,937</u>
Totals	<u>\$ 397,427</u>

(Continued)

District Attorney of the Twenty-Sixth Judicial District
 Parishes of Bossier and Webster, Louisiana
 Notes to the Financial Statements
 December 31, 2005
 (Continued)

(6) Capital Assets

Capital asset activity for the year ended December 31, 2005 was as follows:

<u>Government Activities</u>	<u>Balance 12/31/04</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/05</u>
Capital assets being depreciated:				
Equipment	\$ 29,449	\$ -	\$ -	\$ 29,449
Vehicles	<u>47,438</u>	<u>20,400</u>	<u>-</u>	<u>67,838</u>
 Total capital assets being depreciated, at historical cost	 <u>76,887</u>	 <u>20,400</u>	 <u>-</u>	 <u>97,287</u>
 Less accumulated depreciation:				
Equipment	(7,719)	(13,568)	-	(21,287)
Vehicles	<u>(16,950)</u>	<u>(5,131)</u>	<u>-</u>	<u>(22,081)</u>
 Total accumulated depreciation	 <u>(24,669)</u>	 <u>(18,699)</u>	 <u>-</u>	 <u>(43,368)</u>
 Governmental activities Capital assets, net	 <u>\$ 52,218</u>	 <u>\$ 1,701</u>	 <u>\$ -</u>	 <u>\$ 53,919</u>

Depreciation expense was charged to governmental activities as follows:

Judicial	\$ 11,614
Drug Court and Truancy	<u>7,085</u>
	<u>\$ 18,699</u>

(Continued)

District Attorney of the Twenty-Sixth Judicial District
 Parishes of Bossier and Webster, Louisiana
 Notes to the Financial Statements
 December 31, 2005
 (Continued)

(7) Expenditures of the District Attorney
 Not Included in the Accompanying Financial Statements

The accompanying financial statements do not include certain expenditures of the District Attorney paid from criminal court funds, the parish governments, or directly by the state.

The District Attorney has offices located in the courthouses in Bossier and Webster Parish. Expenditures for operation and maintenance of the parish courthouses are paid by Bossier Parish Police Jury and Webster Parish Police Jury and are not included in the expenditures of the District Attorney. Also, certain salaries of the District Attorney and his assistants are paid out of the general fund of the Bossier Parish Police Jury and the Webster Parish Police Jury and are not included in the expenditures of the District Attorney.

(8) Accounts Payable

Accounts payable at December 31, 2005 consisted of the following:

Salaries and benefits	\$ 79,466
Accounts	25,362
Compensated absences	<u>3,334</u>
	<u>\$ 108,162</u>

(9) Interfund Balances

Interfund balances, on the fund statements, at December 31, 2005 consisted of the Drug Court and Truancy fund owing the general fund \$3,074.

(10) Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2005, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Compensated absences	<u>\$ 10,666</u>	<u>\$ 26,765</u>	<u>\$ 27,383</u>	<u>\$ 10,048</u>	<u>\$ 10,048</u>

(Continued)

District Attorney of the Twenty-Sixth Judicial District
 Parishes of Bossier and Webster, Louisiana
 Notes to the Financial Statements
 December 31, 2005
 (Continued)

(11) Risk Management

The District Attorney has commercial insurance to provide workers compensation coverage and general liability and property insurance. There were no significant reductions in insurance coverage from the previous year.

(12) Litigation and Claims

At December 31, 2005, the District Attorney was involved in one lawsuit. In the opinion of legal counsel for the District Attorney, the potential loss on any claim as a result of this lawsuit will not be significant to the District Attorney's financial statements.

(13) Excess of Expenditures Over Appropriations

The following fund had actual expenditures over budgeted appropriations for the year ended December 31, 2005:

<u>Fund</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Drug Court and Truancy	\$ 1,315,300	\$ 1,377,947	\$ (62,647)

(14) Leases

The District Attorney leases certain equipment and office space under operating leases. Rental costs for the year ended December 31, 2005 was \$17,268. Commitments under lease agreements having terms in excess of a year are as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2006	\$ 17,268
2007	17,268
2008	14,074
2009	6,790
	<u>\$ 55,400</u>

District Attorney of the Twenty-Sixth Judicial District
 Parishes of Bossier and Webster, Louisiana
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2005

	Budgeted Amounts	Actual Amounts	Variance with Final Budget
	Original & Final	(Budgetary Basis)	Positive (Negative)
Revenues:			
Fines and forfeitures	\$ 839,000	\$ 793,873	\$ (45,127)
State and federal grants	345,000	329,370	(15,630)
Check collection fees	160,000	189,976	29,976
Interest income	600	653	53
Total revenues	<u>1,344,600</u>	<u>1,313,872</u>	<u>(30,728)</u>
Expenditures:			
General government:			
Current operating			
Judicial	1,662,397	1,546,541	115,856
Capital outlay	45,000		45,000
Total expenditures	<u>1,707,397</u>	<u>1,546,541</u>	<u>160,856</u>
Excess (deficiency) of revenues over expenditures	(362,797)	(232,669)	130,128
Fund balances at beginning of year	<u>586,513</u>	<u>270,582</u>	<u>(315,931)</u>
Fund balances at end of year	<u>\$ 223,716</u>	<u>\$ 37,913</u>	<u>\$ (185,803)</u>

See accompanying note to the required supplementary schedule.

District Attorney of the Twenty-Sixth Judicial District
 Parishes of Bossier and Webster, Louisiana
 Required Supplementary Information
 Budgetary Comparison Schedule
 Drug Court and Truancy Fund
 For the Year Ended December 31, 2005

	Budget Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$	\$	\$ 58,381	\$ 58,381
State and federal grants	657,265	715,300	640,546	(74,754)
Gaming tax revenue	478,943	600,000	691,360	91,360
Total revenues	1,136,208	1,315,300	1,390,287	74,987
Expenditures:				
General government:				
Current operating				
Drug court and truancy	1,128,416	1,282,046	1,357,547	(75,501)
Capital outlay	7,792	33,254	20,400	12,854
Total expenditures	1,136,208	1,315,300	1,377,947	(62,647)
Excess (deficiency) of revenues over expenditures			12,340	12,340
Fund balances at beginning of year			232,097	232,097
Fund balances at end of year	\$	\$	\$ 244,437	\$ 244,437

See accompanying note to the required supplementary schedule.

District Attorney of the Twenty-Sixth Judicial District
 Parishes of Bossier and Webster, Louisiana
 Note to Required Supplementary Information
 December 31, 2005

Budget comparison schedule included in the accompanying financial statements include the original adopted budgets and all subsequent amendments. The Drug Court and Truancy Fund amended its budget one time during 2005. The following schedule reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the statement of revenues, expenditures and changes in fund balance (budget basis) with amounts shown on the statement of revenues, expenditures and changes in fund balances (GAAP basis):

	<u>General Fund</u>	<u>Drug Court and Truancy Fund</u>
Excess (deficiency) of revenues over expenditures (budget basis)	\$ (232,669)	\$ 12,340
Adjustments:		
Revenue accruals – net	34,646	121,832
Expenditure accruals – net	<u>7,764</u>	<u>18,724</u>
Excess (deficiency) of revenues over expenditures (GAAP basis)	<u>\$ (190,259)</u>	<u>\$ 152,896</u>

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With *Governmental Auditing Standards*

District Attorney of the Twenty-Sixth Judicial District
Parishes of Bossier and Webster, Louisiana

We have audited the financial statements of District Attorney of the Twenty-Sixth Judicial District as of December 31, 2005 and the year then ended, and have issued our report thereon dated June 16, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

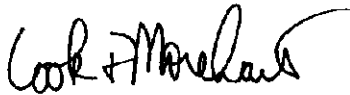
Internal Control Over Financial Reporting

In planning and performing our audit, we considered District Attorney of the Twenty-Sixth Judicial District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether District Attorney of the Twenty-Sixth Judicial District's financial statements are free of material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.



Cook & Morehart
Certified Public Accountants
June 16, 2006

District Attorney of the Twenty-Sixth Judicial District
Parishes of Bossier and Webster, Louisiana
Summary Schedule of Prior Audit Findings
December 31, 2005

There was one finding in the audit for the year ended December 31, 2004.

2004-B1

Condition: District Attorney of the Twenty-Sixth Judicial District did not amend the budget for the special revenue fund – Drug Court and Truancy Fund for the year ended December 31, 2004 in accordance with the Louisiana Local Government Budget Act.

Current Status: The budgets were amended in 2005. No finding in 2005 audit.

District Attorney of the Twenty-Sixth Judicial District
Parishes of Bossier and Webster, Louisiana
Summary Schedule of Audit Findings
For the Year Ended December 31, 2005

Corrective Action Plan For Current Year Audit Findings

There were no findings in the current year audit, for the year ended December 31, 2005. There were no management letter comments for the current audit for the year ended December 31, 2005.