



LUTHER SPEIGHT & COMPANY, LLC

Certified Public Accountants and Consultants

DISTRICT ATTORNEY OF THE ORLEANS
JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA

GENERAL PURPOSE FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT THEREON
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003

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 9-22-04

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Eddie Jordan
District Attorney of the Orleans
Judicial District
Orleans Parish, Louisiana

We have audited the accompanying general purpose financial statements of the District Attorney of The Orleans Judicial District as of and for the year ended, December 31, 2003, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the District Attorney of The Orleans Judicial District's management. Our responsibility is to express an opinion on these general purpose 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 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 general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The District Attorney of the Orleans Judicial District had not prepared or adopted a comprehensive budget for its financial operations, as explained in Finding 03-07 at page 44 of this report. Therefore, we were unable to disclose budget comparisons to actual performance, as required by generally accepted accounting principles.

As reported in Finding 03-06 at page 43, inter-fund transfers recorded as Due To and Due From Other Funds were not properly accounted for or reconciled as of December 31, 2003, rather year-end adjustments were made in an effort to balance these accounts without proper reconciliation. Accordingly, we were unable to perform sufficient audit procedures to satisfy ourselves that the amounts reported as Due To and Due From Other Funds are fairly stated. These amounts are netted as appropriate and reported on a combined basis at \$577,451 and \$148,487 respectively.

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Compensated absences were reported in the General Long-term Obligation at \$537,529. This balances shows a significant reduction from the prior year, however supporting information was not adequate to determine if the balance was fairly stated. We were not able to satisfy ourselves as to the fairness of this balance by alternative procedures.

In our opinion, except for the effects of not disclosing budget comparisons which results in incomplete presentation of the general purpose financial statements, the effects of the inadequate accounting for inter-fund transfers and the inadequate accounting for compensated absences, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District Attorney of the Orleans Judicial District as of December 31, 2003, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 30, 2004 on our consideration of the District Attorney of the Orleans Judicial District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of the District Attorney of the Orleans Judicial District taken as a whole. The accompanying schedule of Expenditures of Federal Awards (shown on pages 29-30) is presented for purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profits Organizations*, and is not a required part of the general purpose financial information in the Table of Contents. Such information has been subjected to the procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.



Luther C. Speight and Company
August 30, 2004

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
 ORLEANS PARISH, LOUISIANA
 COMBINED BALANCE SHEET, ALL FUND TYPES AND ACCOUNT GROUPS
 December 31, 2003
 With Comparative Totals for December 31, 2002

ASSETS AND OTHER DEBITS	Governmental Fund Types		Agency Fund	Account Groups		Totals	
	General	Special Revenue		General Fixed Assets	General Long-Term Obligations	(Memorandum Only)	
						2003	2002
Cash and Investments	\$ -	\$ 317,164	\$ 31,517	\$ -	\$ -	\$ 348,681	\$ 38,880
Accounts Receivables	-	-	-	-	-	-	-
Due from Funding Sources	-	377,162	-	-	-	377,162	176,271
Miscellaneous	-	50,248	-	-	-	50,248	54,159
Due from Other Funds	101,313	47,174	-	-	-	148,487	907,666
Due from State of Louisiana	-	196,549	-	-	-	196,549	278,424
Amount to be Provided	-	-	-	-	-	-	-
Lease Purchase Provision	-	-	-	15,543	-	15,543	18,208
Grantor Assessment	-	-	-	-	-	-	16,401
Compensated Absences Provision	-	-	-	537,529	-	537,529	475,180
Fixed Assets	-	-	-	-	-	-	-
Automobiles	-	-	-	-	970,453	970,453	970,453
Furniture, Fixtures and Equipment	-	-	-	-	1,966,940	1,966,940	1,953,595
Total Assets and Other Debits	101,313	986,297	31,517	2,937,393	553,072	4,611,592	4,889,237

The accompanying notes are an integral part of these financial statements

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
 ORLEANS PARISH, LOUISIANA
 COMBINED BALANCE SHEET, ALL FUND TYPES AND ACCOUNT GROUPS
 December 31, 2003
 With Comparative Totals for December 31, 2002

	Governmental Fund Types		Account Groups			Totals	
	General	Special Revenue	Agency Fund	General Fixed Assets	General Long-Term Obligations	(Memorandum Only) 2003	2002
LIABILITIES							
Cash Overdraft	\$ 16,536	-	\$ -	-	-	\$ 16,536	\$ 55,146
Accounts Payable	80,464	35,330	-	-	-	115,794	163,390
Bonds Held for Future Disposition	-	-	7,914	-	-	7,914	6,009
Assets Forfeitures Held for Future Disposition	-	-	23,603	-	-	23,603	10,124
Due to Funding Source	-	-	-	-	-	-	45,085
Salaries Payable	-	38,035	-	-	-	38,035	64,460
Payroll Deductions Payable	-	102,212	-	-	-	102,212	78,667
Lease Purchase Agreement	-	-	-	-	15,543	15,543	18,208
Annual Leave Payable	-	-	-	-	537,529	537,529	475,180
Due to Other Funds	-	577,451	-	-	-	577,451	966,167
Total Liabilities	97,000	753,028	31,517	-	553,072	1,434,617	1,882,436
FUND EQUITY							
Investment in General Fixed Assets	-	-	-	2,937,393	-	2,937,393	2,924,048
Fund Balances	4,313	235,269	-	-	-	239,582	82,753
Unreserved and Undesignated	4,313	235,269	-	2,937,393	-	3,176,975	3,006,801
Total Fund Equity	\$ 101,313	\$ 988,297	\$ 31,517	\$ 2,937,393	\$ 553,072	\$ 4,611,592	\$ 4,889,237

The accompanying notes are an integral part of these financial statements

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND TYPES

For the Year Ended December 31, 2003
With Comparative Totals For The Year Ended December 31, 2002

	General	Special Revenue	Totals (Memorandum Only)	
			2003	2002
REVENUES				
City of New Orleans				
Administrative Payroll	\$ 650,000	\$ 3,221,816	\$ 3,871,816	\$ 3,221,816
Fines and Fees	15,478	-	15,478	5,140
Bond Forfeitures	37,876	-	37,876	84,508
Bail Bonds	150,028	-	150,028	155,487
Court Costs	118,113	-	118,113	78,240
Criminal Court Fund	-	-	-	508
Worthless Checks	-	-	-	78,453
Interest Income	236	70	306	110
Expense Reimbursement	-	3,016,221	3,016,221	2,732,171
Federal and State Grant Revenues	-	1,809,282	1,809,282	1,798,867
State Warrants	-	2,485,356	2,485,356	2,401,166
Drug Testing Fees	-	-	-	67,501
Program Fees	40,531	188,173	228,704	161,887
Other	-	31,825	31,825	52,165
Diversionary Program	63,827	-	63,827	-
Miscellaneous Income	189	-	189	-
Narcotics Forfeitures	19,100	-	19,100	53,843
Total Revenues	1,095,488	10,752,543	11,848,031	10,891,782
EXPENDITURES				
Salaries and Related Benefits	226,871	8,872,178	9,189,050	8,329,545
Travel and Training	27,501	9,219	36,720	50,800
Materials and Supplies	118,946	69,369	188,315	233,133
Automotive Expenditures	10,585	14,161	24,746	136,871
Contracted Services	230,859	669,015	899,874	798,960
Law Books and Journals	15,894	754	16,648	42,183
Literature	20,581	-	20,581	8,760
Equipment Rental and Maintenance	42,160	77,545	119,705	85,900
Telephone	125,717	68,535	195,252	178,548
Transcripts	31,792	-	31,792	91,786
Witness Expenses	83,276	497	83,773	80,932
Extradition	10,398	-	10,398	28,810
Investigative	17,284	-	17,284	1,313
Furniture, Fixtures, and Equipment	5,833	-	5,833	18,286
Capitalized Leases	-	-	-	76,074
Miscellaneous	7,860	381,260	389,120	255,732
Insurance and Fidelity Bond	10,407	18,200	28,607	15,508
Office Repair and Maintenance	12,659	-	12,659	157,107
Computer Equipment Rental & Supplies	3,943	-	3,943	112,200
Leases	42,419	386,962	409,381	329,183
Drug Testing Fees	206	1,350	1,556	160,145
Miscellaneous Court Cost	14,578	1,487	16,075	64,526
Total Expenditures	1,059,659	10,631,543	11,691,202	11,267,402

The accompanying notes are an integral part of these financial statements

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
 ORLEANS PARISH, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUND TYPES
 For the Year Ended December 31, 2003
 With Comparative Totals For The Year Ended December 31, 2002

	General	Special Revenue	Totals (Memorandum Only)
	2003	2003	2002
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	35,829	121,000	156,829
OTHER FINANCING SOURCES (USES)			
Increase in Obligations Under Capital Leases	(3,819)	(355,363)	(359,182)
Operating Transfers-Out	-	359,182	1,005,112
Operating Transfers-In	-	-	-
Total Other Financing Sources (Uses)	(3,819)	3,819	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	32,010	124,819	156,829
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(27,697)	110,450	82,753
FUND BALANCE - END OF YEAR	<u>\$ 4,313</u>	<u>\$ 235,289</u>	<u>\$ 238,582</u>
			<u>\$ 82,753</u>

The accompanying notes are an integral part of these financial statements

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

INTRODUCTION

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The general-purpose financial statements of the District Attorney of the Orleans Judicial District (the District Attorney's office) have been prepared in conformity with General Accepted Accounting Principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

REPORTING ENTITY

For financial reporting purposes, in conformance with GASB Statement 14, the financial statements of the District Attorney's Office includes all funds, account groups and activities that are controlled by the District Attorney as an independent elected official. As an independently elected official, the District Attorney is solely responsible for the operations of his office, which include the hiring or retention of employees, authority over budgeting, responsibility for deficits and the receipt and disbursement of funds. Accordingly, the District Attorney's Office is a separate governmental reporting entity. Certain units of local government over which the District Attorney exercises no oversight responsibility, such as the New Orleans City Council, Orleans Parish School Board, and other independently elected officials within Orleans Parish are excluded from the accompanying general purpose financial statements. These units of government are considered separate reporting entities and issue financial statements separate from that of the District Attorney's Office.

FUND ACCOUNTING

The District Attorney's Office uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND ACCOUNTING (Continued)

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types" including the collection and disbursement of earmark monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all financial resources except those required to be accounted for in another fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). The district Attorney's office has two agency funds.

The funds presented in the general purpose financial statements are as follows:

General Fund

The General Fund consists primarily of the District Attorney's Office Expense Fund and the Diversionary Program Fund. The District Attorney's Office Expense Fund was established in compliance with Revised Statute 15:571.11D, which provides that all of the fines collected and bonds forfeited be transmitted to the District Attorney's Office to defray the expenses of this office, and the criminal courts of Orleans Parish. Statute 15:571 was revised effective September 1, 1986 to require a one-half split of all bond forfeitures, fines, and Criminal Court fund collection between the district Attorney's Office and the Criminal District Court. The Diversionary Program Fund consists of accounts for the activity associated with the operation of the District Attorney's Office prosecution diversion program for first-time, non-violent offenders of illegal drug possession.

Special Revenue Fund (Title IV-D)

The Title IV-D Fund consists of payments made by contract with the Louisiana Department of Social Services as reimbursement for services rendered. The payments received from the Department of Social Services originate with the Department of Health and Human Resources and are authorized by Act 117 of 1975 which established 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 obligations owed by absent parents to their family and children, to locate absent parents, and to obtain family and child support.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND ACCOUNTING (Continued)

Special Revenue Fund (Parenting/Fatherhood)

The Parenting/Fatherhood Fund consists of Training for men. The program encompasses a nine (9) week cycle of classes. Class activities involve lectures and group discussions, open dialogues and feedback.

Special Revenue Appropriations Fund (Payroll)

The District Attorney's Office Payroll Fund was established January 1, 1979 when the District Attorney's Office assumed responsibility for its payroll operation, which was previously handled by the City of New Orleans. Monies appropriated by the City each year are used to pay the salaries of administrative and clerical personnel, part of the salary of the District Attorney and Assistant District Attorneys, payroll taxes and the administrative expenses of the payroll. Monies appropriated by the State of Louisiana each year are used to supplement the salaries of the Assistant District Attorneys (See Note J).

Special Revenue Fund (Target Cities/OAD)

The Target Capacity Fund consists of a grant from the U.S. Department of Health and Human Services via the Center for Substance Abuse Treatment and the Louisiana Department of Health and Hospitals, passed through the State Office of Alcohol and Drug Abuse. The program is designed to be a prosecution diversion program for first-time, non-violent offenders of illegal drug possession. The program utilizes hair and urine testing technologies to monitor the drug use of offenders diverted from prosecution.

Special Revenue Fund (Targeted Capacity/S.A.M.H.S.A/Project Success)

The Targeted Capacity Expansion Fund and S.A.M.H.S.A. consist of grants from the U.S. Department of Health and Human Services via the Louisiana Department of Health and Hospitals, passed through the State Office of Alcohol and Drug Abuse. The programs are designed to provide substance abuse treatment services to students between 13 and 17 years old in the New Orleans area. The funds provide state-of-the art treatment programs such as family and cognitive behavioral intervention and include a day treatment component to meet the needs of adolescent substance abusers and their families.

Special Revenue Fund (Criminal Justice Grant Fund)

The Criminal Justice Grant Fund consists of six (6) grants (Encourage Arrest, Juvenile Prosecutors, Differential Case Management, Crime Victim Assistance, Local Law Enforcement Block, and Anti-Stalking) from the U.S. Department of Justice, passed through the Louisiana Commission on Law Enforcement and the City of New Orleans. These grants support a wide variety of aspects pertaining to criminal justice. This includes the following:

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND ACCOUNTING (Continued)

- Increasing the prosecution of persons who violate state and local laws pertaining to violent crimes,
- Providing assistance to witnesses and crime victims,
- Reducing delays in Criminal and Juvenile Court trials,
- Increasing the information processing capabilities, and
- Increasing the prosecution of domestic violence

Special Revenue Fund (Domestic Violence Intervention)

The Domestic Violence Intervention Fund consists of a grant from New Orleans Police Foundation that was established to improve the police and the Orleans Parish District Attorney's Office response to domestic violence. The District Attorney's Office will strive to increase the rate of victimless prosecution in cases of domestic violence and assist victims in finding needed resources.

Special Revenue Fund (Community Gun Violence Prosecution Fund)

The Community Gun Violence Prosecution Fund consists of a grant from the U.S. Department of Justice to coordinate prosecution of gun violence, develop relationships with other governmental agencies to share information regarding gun violence, and to work to reduce gun violence within the community.

Special Revenue Fund (Drug Prevention Program Fund)

The Drug Prevention Program Fund consists of a grant from the U.S. Department of Education to help strengthen drug prevention activities in local schools by increasing the awareness of the extent and nature of adolescent drug abuse problems among area high school students, increasing the collaborative drug prevention activities in area high schools with higher crime rates, and presenting educators with additional school-based drug prevention options.

Special Revenue Fund (Department of Education/Drug Prevention)

A grant was awarded by the United States Department of Education to the District Attorneys office and passed through to the Jefferson Parish Public School System (JPPSS). Grant resources are to be used by JPPSS to assist with the new drug testing program. JPPSS has to employ high school drug advisors to oversee the implementation and administration of the drug testing and assistance program in eight Jefferson Parish public high schools.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND ACCOUNTING (Continued)

Special Revenue Fund (Project Sentry)

Funds from the Project Sentry grant are used to enhance the work of its Juvenile Division and its Diversion Division in cases involving juveniles with guns. Specifically funds are used to implement a comprehensive effort that includes a prosecution as well as a diversion component to address this problem. The program was established to provide focus and direct prosecution especially for violent juveniles who commit crimes with guns. Funds are also used to provide diversion for selected juveniles in non-violent cases. Staff, equipment and supplies will be paid from funds provided from the grant.

Agency Fund (Bond Forfeitures)

The Bond Forfeitures Fund exists to channel bonds forfeited by defendants to the Orleans Parish Criminal Sheriff's Office.

Agency Fund (Asset Forfeitures)

The Asset Forfeitures Fund is used to account for assets in narcotic cases in which the District Attorney's Office has received the seized assets, pending the final outcome. The assets are allocated between the District Attorney's Office, the New Orleans Police Department, and the Criminal District Court. The District Attorney's Office is responsible for allocating the assets to the respective agencies net of the expenses incurred in handling the assets (i.e., advertising, etc.).

BASIS OF ACCOUNTING

Financial statements for The District Attorney's Office are maintained on a modified accrual basis of accounting for its governmental fund types and agency funds.

Revenues

Under the modified accrual basis of accounting, revenues are recognized when they are measurable and available.

State and city appropriations, if not received when due, are accrued. Fines and fees, bond forfeitures, and miscellaneous income are recorded when the District Attorney's Office has a right to reimbursement.

Expenditures

Expenditures, under the modified accrual basis of accounting, are recorded at the time liabilities are incurred.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF ACCOUNTING (Continued)

Other Financing Sources (Uses)

Advances between funds that are not expected to be repaid are classified as Transfers. If repayments are anticipated, the advances are accounted for as an inter-company transfer (i.e. "due to" and "due from" accounts). The District Attorney's Office reports deferred revenue on its combined balance sheet, when applicable. Deferred revenues arise when potential revenue does not meet both the "measurable and available" criteria. Deferred revenues also arise when the government receives resources before it has a legal claim, as when grant monies are received prior to the incurrence of qualifying expenditures. Once the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

BUDGETS

The District Attorney's Office does not prepare a comprehensive annual budget. Individual budgets are prepared for the grants based upon varying grant periods in order to meet grantor requirements, however these budgets were not sufficient to meet the District Attorney's comprehensive budget requirements. In addition, budgetary accounting that includes comparison of actual results to budget was also not implemented for all financial activities. Accordingly, budgets and comparisons to actual results are not presented.

ENCUMBRANCES

The District Attorney does not utilize encumbrance accounting.

CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Under state law, the District Attorney's Office 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. Under Revised Statute 33:2955, the District Attorney's Office may invest in United States Treasury obligation, United States government agency obligations, time certificates of deposit of state banks organized under the laws of Louisiana, or national banks having their principal offices in the State of Louisiana, mutual or trust fund institutions which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940. 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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FIXED ASSETS

Fixed Assets are recorded as expenditures at the time of purchase, and the related assets are reported in the General Fixed Asset Account Group. No depreciation has been provided on fixed assets. All fixed assets are valued at historical cost or estimated cost if historical cost is not available. Donated assets are valued at estimated market value. The fixed asset policy at the District Attorney's Office is to capitalize fixed assets over \$500.

COMPENSATED ABSENCES

The District Attorney's Office has the following policy regarding vacation and sick leave:

Vacation Leave

Employees with one through three years of service accrue vacation days at a rate of 5/6 days per month, or 10 days per year. Vacation days available may be carried into the next year as long as the total does not exceed 20 days. The employee's anniversary date of hire is used to compute the carrying value.

Employees with three through five years of service accrue vacation days at the rate of 1-1/4 days per month, or 15 days per year. Accumulated vacation days may be rolled into the following year if the total does not exceed 25 days. Employees with five or more years of service accrue vacation days at the rate of 1-2/3 days per month, or 20 days per year. Vacation days may be carried into the next year as long as the accumulated total does not exceed 30 days.

The District Attorney and /or First Assistant District Attorney are allowed to make exceptions to the policy regarding the carrying over of vacation days in special circumstances.

The cost of vacation leave is recognized as a current year expenditure in the governmental fund when leave is actually taken or when employees are paid for accrued leave upon termination. The cost of leave privileges not requiring current resources is recorded in the General Long-Term Obligations Account Group.

During the early months of 2003, the first term of the present District Attorney, a significant number of employees were terminated or resigned. As a result, the District Attorney disbursed termination pay totaling \$110,905. This amount is included in current period salaries and compensation and is also reflected as a reduction in the compensated absences balance, recorded at \$537,529 at December 31, 2003.

Sick Leave

All employees accrue 5/6 days per month for a total of 10 days per year. Sick leave may be retained indefinitely and will not be forfeited if not used within any one year. However, sick leave cannot be used toward termination pay.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

LONG TERM-TERM OBLIGATIONS

Long Term obligations expected to be financed from the General Fund and Special Revenue Funds are reported in the General Long-Term Obligations Account Group. Expenditures for principal and interest payments for long-term obligations are recognized in the respective fund when paid.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

FUND EQUITY

Reserves of fund equity represent those portions of fund equity not appropriable for expenditure or legally segregated for specific future use.

TOTAL COLUMNS ON STATEMENTS

The total columns on the statements are captioned Memorandum Only 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, nor is such data comparable to a consolidation.

COMPARATIVE DATA

Comparative total data for the prior year have been presented in the accompanying financial statements to provide an understanding of changes in the District Attorney's Office financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

NOTE B - ECONOMIC DEPENDENCY

The District Attorney's Office receives the majority of its revenue from funds provided through the City of New Orleans, the State of Louisiana, and various Federal grants and contracts. If significant budget cuts are made at the federal, state or local level, the amount of funds the District Attorney's Office receives could be reduced severely and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the District Attorney's Office will receive in the next fiscal year.

NOTE C - CASH AND CASH EQUIVALENTS

Deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of bonds or other interest-bearing securities of the United States, or any agency thereof, owned by the pledging financial institution. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the pledging financial institution.

Deposit balances as of December 31, 2003 and the related security are as follows:

	Carrying Amount	Bank Balance	Fund
Insured FDIC	\$317,164	\$760,029	Special Revenue
Insured FDIC	31,517	144,217	Agency
Insured FDIC	(16,536)	23,924	General
Total Cash	<u>\$332,145</u>	<u>\$928,170</u>	

At December 31, 2003, the District Attorney had cash (book balances) totaling \$332,145. The District Attorney had \$928,170 in deposits (collected balances). These deposits are secured from risk by \$300,000 of federal deposit insurance and \$787,052 pledged securities of the depository institution. The pledged securities are held by the pledging institution's trust department, in the name of the District Attorney and are classified as (Category 2) in accordance with GASB requirements.

NOTE D - CHANGES IN GENERAL FIXED ASSETS

A Summary of changes in general fixed assets follows:

	Balance January 1, 2003	Additions	Deletions	Balance December 31, 2003
Automobiles	\$ 970,453	\$ -	\$ -	\$ 970,453
Furniture, Fixtures and Equipment	1,953,595	13,345		1,966,940
	\$2,924,048	<u>\$ 13,345</u>	\$ -	<u>\$ 2,937,393</u>

NOTE E - PENSION PLANS

DISTRICT ATTORNEY'S CLERICAL AND ADMINISTRATIVE EMPLOYEES RETIREMENT PLAN AND TRUST

All employees, after completion of three months employment and having attained age 18, are eligible to join the District Attorney's Clerical and Administrative Retirement Plan and Trust (the Clerical and Administrative Plan). This plan was established January 1, 1982, and the IRS has made a favorable determination in a letter dated June 10, 1982 based on Section 1.401-1(b)(3) of the Income Tax Regulations.

The Clerical and Administrative Plan is a defined contribution thrift plan. The Clerical and Administrative Plan is voluntary and employees who elect to participate are required to contribute a minimum of 2.5% up to a maximum of 5% of their annual compensation depending upon their entrance date into the plan. The District Attorney's Office matches the first 2.5% of mandatory contributions. Voluntary contributions up to 3% to 5.5% of annual salaries are allowed. The maximum contribution an employee can make is 8%. No office match is made on the voluntary contributions. Vesting is 100% after three years of service. During 1994, the Clerical and Administrative Plan was amended to allow for the participation of all employees of the District Attorney's Office, including Assistant District Attorneys.

For 2003, the administrator for the Clerical and Administrative Plan was Cleveland Stockman, and the trustee was Bank One. Other than the annual contributions made to the system, and recorded as expenditures, the District Attorney's Office does not guarantee any of the benefits granted by the Clerical and Administrative Plan.

During 2003, mandatory contributions to the plan made by employees amounted to \$33,786. In addition to the mandatory contribution, employees contributed an additional \$5,979 of voluntary contributions to the Clerical and Administrative Plan. The district Attorney's Office contributions allocated for the plan year December 31, 2003, 2002 and 2001 amounted to \$8,053, \$37,339 and \$54,321, respectively.

The District Attorney and the Assistant District Attorneys are members of the Louisiana District Attorney's Retirement System (DARS). The Louisiana District Attorney's Retirement System (the Plan) is multiple-employer, defined benefit pension plan that is administer and controlled by a board of trustees. It provides retirement, disability and death benefits to plan members and beneficiaries. The Louisiana District Attorney's Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by calling 225-267-4824.

NOTE E - PENSION PLANS (Continued)

**DISTRICT ATTORNEY'S CLERICAL AND ADMINISTRATIVE EMPLOYEES
RETIREMENT PLAN AND TRUST (Continued)**

Plan members are required to contribute 7% of their annual covered salary. For the Plan's fiscal years of July 1, 2002 through June 30, 2003 and July 1, 2003 through June 30, 2004, there was no requirement for employer contributions to the Plan. The contribution requirements of plan members, and the District Attorney's Office is established by the Plan's Board of Trustees. The Plan also receives revenue sharing funds as appropriated by the legislature and Ad Valorem taxes as determined by the Public Retirement Systems' Actuarial Committee up to a maximum of .2% of the Ad Valorem taxes shown to be collected.

Member contributions to the Plan are based on their total salary from all sources – salary paid by the State of Louisiana, paid by the parish (es); or any other governing body of a parish or political subdivision of the State of Louisiana, etc.

The District Attorney's Office contributions to the Plan for the Years ending December 31, 2003, 2002 and 2001 were each \$-0-, equal to the required contributions for each year.

In 1990 substantial changes were made to the DARS. The changes to survivors' benefits are effective for everyone. Other changes are effective by election to be under the new provisions as amended by R.S. 16: 1042.1.

Employees can retire providing they meet one of the following criteria:

RETIREMENT PROVISIONS UNDER R.S. 16: 1042 (Old Plan)

- (1) Accrual Rate 3% per year of service
- (2) Normal Retirement 30 years of service regardless of age
23 years of service and age 55
18 years of service and age 60
10 years of service and age 62
- (3) Early Retirement Members are eligible for early retirement at age 60 if they have 10 years of creditable service, or at age 55 with at least 18 years of creditable service. Members who retire prior to age 60 with less than 23 years of service receive a retirement benefit reduced 3% for each year of age below 60.

NOTE E - PENSION PLANS (Continued)

**DISTRICT ATTORNEY'S CLERICAL AND ADMINISTRATIVE EMPLOYEES
RETIREMENT PLAN AND TRUST (Continued)**

**RETIREMENT PROVISIONS UNDER R/S/ 16:1042.1
AS AMENDED IN 1990(New Plan)**

- (1) Accrual rate 3.5% per year of service
- (2) Normal Retirement 30 years of service regardless of age
24 years of service and age 55
10 years of service and age 60
- (3) Early Retirement 18 years of service and age 55 with benefits reduced
3% for each year received in advance of normal
retirement age.

Disability Benefits

Disability benefits are awarded to active contributing members with at least ten years of service who are found to be totally disabled as a result of injuries incurred while in active service. The member receives benefits equal to 3% (3.5% under New Plan) of his final compensation multiplied by the lesser of his actual service (not to be less than 15 years) or projected continued service to age 60.

Survivor Benefits

Upon the death of a member with less than five years of creditable service, the member's accumulated contributions and interest thereon are paid to the member's spouse or designated beneficiary. Upon the death of any active, contributing member with more than five years of service or any member with twenty-three years of service who is not retired, reduced benefits are payable to the surviving spouse or designated beneficiary. These benefits are based on the retirement benefits accrued at the member's date of death with option factors used as if the member had continued in service to earliest retirement age. If a member has no surviving spouse or children, his accumulated contributions and interest are paid to his designated beneficiary. In lieu of periodic payments, the surviving spouse or children may receive a refund of the member's accumulated contributions with interest.

NOTE E PENSION PLANS (Continued)

CITY OF NEW ORLEANS EMPLOYEES' RETIREMENT SYSTEM

During 1997, clerical and administrative employees of the District Attorney's Office, who were not already receiving benefits from any of the other retirement plans sponsored by the City of New Orleans, became members of the Employees' Retirement System of the City of New Orleans (the Retirement System). The City Charter provided that the Retirement Ordinance (Chapter 114 of the Code) continues to govern and control the Retirement System under the management of a board of trustees. The Retirement System is a combination Defined Benefit and Defined Contribution Pension plan established under the laws of the State of Louisiana. The general administration and the responsibility for the proper operation of the Retirement System and for making effective the Retirement System. The Employees' Retirement System of the City of New Orleans issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by calling 504-299-4150.

Employees are required to contribute 4% of their salary in excess of \$1,200 per year to the Retirement System. Employer contributions to the Retirement System are based upon the amount necessary to fund normal cost and amortization of past service costs over a period of thirty years beginning July 1, 1974, using the level percentage of payroll method. The contribution requirements of Retirement System members and the District Attorney's Office are established and may be amended by the Retirement System's board of trustees. The District Attorney's Office contributed \$263,181, \$297,126 and \$116,259 to the plan during 2003, 2002 and 2001 respectively. However, the District Attorney's Office does not guarantee any of the benefits granted by the plan.

Employees with thirty years of service, or who attain age 60 with ten years of service, or age 65, irrespective of length of service are entitled to a retirement allowance. The retirement allowance consists of an annuity, which is the actuarial equivalent of the employee's accumulated contribution, plus an annual pension, which, together with the annuity, provides a total retirement allowance equal to 25 to 4% of average compensation times the number of years of service. The maximum pension may not exceed 100% of average compensation. Pension amounts are reduced for service retirement prior to age 62. Average compensation is defined as average annual earned compensation for the highest thirty-six successive months of service, less \$1,200. Mandatory retirement age is 70.

Disability Benefits

Disability benefits are awarded to active members with 10 or more years of creditable service if a physician nominated by the board certifies that the member is totally incapacitated and that such incapability is likely to be permanent. The member receives an annuity, which is the actuarial equivalent to the employee's accumulated contribution, plus an annual pension, which, together with the annuity, shall be 75% of the service allowance that would have been payable upon service retirement at age 65, had the member continued in service to the age of 65. Such allowance is to be computed on the average compensation, plus the sum \$1200 provided, however, that the minimum annual retirement allowance will be \$300 per year.

NOTE F - COMPENSATED ABSENCES

At December 31, 2003, employees of the District Attorney's Office reported accumulated and vested employee leave benefits totaling \$537,529. This balance was reported as Compensated Absences in accordance with GASB No. 16, however detailed accounting records were not adequate to validate the accuracy of the amount as reported in the General Long-Term Obligations Account Group.

NOTE G - LEASES

The District Attorney's Office records equipment under capital leases as an asset and an obligation in the accompanying financial instruments. The amount of capital assets included in the General Fixed Asset Account Group acquired through capital leases totaled \$19,059 at December 31, 2003.

The District Attorney's Office is committed under various leases for equipment and office space. These leases are classified as operating leases for accounting purposes. Future minimum lease payments are as follows:

<u>December 31,</u>	<u>Amount</u>
2004	\$359,661
2005	334,952
2006	334,952
Thereafter	<u>55,825</u>
	<u>\$ 1,085,390</u>

NOTE H - CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions during year:

	Balance January 1, <u>2003</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>2003</u>
Capital Leases	\$ 34,602		19,059	\$ 15,543
Disallowed Cost	16,401		16,401	0
Compensated Absences	<u>475,180</u>	<u>173,254</u>	<u>110,905</u>	<u>537,529</u>
	<u>\$ 526,183</u>	<u>173,254</u>	<u>146,365</u>	<u>\$ 553,072</u>

NOTE H - CHANGES IN GENENERAL LONG-TERM OBLIGATIONS (Continued)

***Net Change**

In an audit performed on the Child Support Enforcement Division (the Division) for the three-year period ended June 30, 1997, by the U.S. Department of Health and Human Services, it was concluded that a total of \$252,124 of cost had been disallowed. Of this amount, it was determined that the Division was required to reimburse the State's Department of Social Services for the Federal portion of the disallowed cost; which totaled \$166,401. The Division contested the amount of disallowed cost; however, during 1999, the Division agreed to reimburse the State's Department of Social Services for the entire federal portion.

The reimbursement will be made through a reduction of the Division's monthly reimbursement received for Child Support Services rendered from the State's Department of Social Services. The monthly reimbursement reductions began in January 2000, and will run through July 2004. The amount to be repaid in 2004, \$16,401, has been recognized as a liability of the Title IV-D Fund as of December 31, 2003.

NOTE I - ON-BEHALF PAYMENTS

STATE WARRANTS

The State of Louisiana provides direct payments of salaries to the District Attorney and to assistant district attorneys, as designated by the District Attorney's Office. These payments, referred to as "state warrants", provide these assistant district attorney's with their base salary. If the District Attorney's Office wishes to pay these assistant district attorneys a salary greater than the amount of the state warrant (currently \$30,000 per year), the additional amount is paid out of the District Attorney's Office Payroll Fund.

In accordance with GASB No. 24, "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance", the amount of state warrants paid directly to Assistant District Attorneys, as well as the related benefits, has been recognized by the District Attorney's Office as revenues and expenditures. The amount recognized for the year ended December 31, 2003 and 2002 was \$2,485,356 and \$2,401,166, respectively.

NOTE I - ON-BEHALF PAYMENTS (Continued)

OTHER

The accompanying general purpose financial statements do not include certain expenses of the District Attorney's Office paid out of the funds of the Criminal District Court, or directly by the City of New Orleans. Those expenses are summarized as follows:

- Major upkeep of the building located at 619 South White Street
- Electric, gas and water consumed in the building.
- Portion of the gasoline used by office automobiles.

NOTE J - LITIGATION

The District Attorney's Office is defendant in a lawsuit. There are forty-four (44) plaintiffs and their lawsuit claims that the District Attorney's Office and Mr. Eddie Jordan, in his official and individual capacity, discriminated against them on the basis of their race and/or age. The Plaintiffs have not set forth a dollar amount for which they are seeking to recover in this lawsuit. The legal counsel for the District Attorney's Office, has declined to express an opinion as to the likely outcome of this matter.

NOTE K - CONTINGENT LIABILITY

The finding and questioned cost section of this report includes questioned costs totaling \$592,241. Although these amounts are material to the financial statements, an accrual has not been made since the ultimate disposition of these amounts rest with the grantors.

NOTE L - RISK OF LOSS

The District Attorney's office is exposed to various risk of loss related to damage and destruction of assets, errors and omissions, and injuries to employees. The District Attorney's Office has contracted with a various insurers to cover its risk of loss in these areas.

Health insurance for employees of the District Attorney's Office is provided through the health insurance plan of the City of New Orleans. The District Attorney's Office reimburses the City of New Orleans for the cost of health insurance for employees of the District Attorney's Office.

Insurance for the automobiles owned by the District Attorney's Office is provided by the City of New Orleans.

NOTE M - INTERFUND RECEIVABLES / PAYABLES

The net balances for the (Due To) and Due From accounts at December 31, 2003 were as follows:

FUND	NET BALANCE
General Fund	\$ 82,958
Special Fund	
Title IV-D	(201,182)
Parenting	(7,106)
Encourage Arrest	18,355
Gun Violence	(41,006)
Target Cities/OAD	(40,834)
Targeted Capacity	37,930
Payroll	9,244
SAMHSA	9,561
Drug Prev	(1,367)
Project Sentry	(7,222)
Project Success	(9,970)
Criminal Justice	(274,108)
Domestic Violence	(1,800)
Economic Crime Unit	(869)
Juvenile Diversion	(1,549)
TOTAL	<u>\$ (428,965)</u>

SPECIAL REVENUE FUNDS

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
COMBINED BALANCE SHEET
SPECIAL REVENUE FUNDS
December 31, 2003
With Comparative Totals for December 31, 2002

ASSETS AND OTHER DEBITS

	Title IV-D Fund	Appropriations Fund	Target Cities/DAD Fund	Domestic Violence Int Fund	Parenting Program	Juvenile Diversion Fund	Targeted Capacity Expansion Fund	Criminal Justice Grant Fund	Gun Violence Prosecution Project Safety Fund	Hair Tending Fund	Drug Prevention Fund	Economic Crime Unit Fund	S.A.M.H.S.A. Project Success Fund	2003 Totals	2002 Totals
Cash and Investments	\$ 137,882	\$ 110,987	\$ 30,278	\$ -	\$ 7,108	\$ 1,549	\$ -	\$ 26,759	\$ -	\$ -	\$ 1,387	\$ 869	\$ 407	\$ 317,164	\$ 23,747
Accounts Receivables	-	-	63,603	1,600	-	-	10,182	247,349	48,228	-	-	-	-	377,162	176,271
Due from Funding Sources	48,891	257	-	-	-	-	-	-	-	-	-	-	-	50,248	54,186
Miscellaneous	-	9,244	-	-	-	-	37,900	-	-	-	-	-	-	47,174	-
Due from Other Funds	186,549	-	-	-	-	-	-	-	-	-	-	-	-	186,549	278,424
Due from State of Louisiana	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	\$ 384,402	\$ 120,468	\$ 93,881	\$ 1,600	\$ 7,108	\$ 1,549	\$ 54,112	\$ 274,108	\$ 48,228	\$ -	\$ 1,387	\$ 869	\$ 407	\$ 988,297	\$ 531,601

LIABILITIES

Overdrafts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,052
Accounts Payable	28,864	6,646	-	-	-	-	-	-	-	-	-	-	-	35,330	41,228
Salaries Payable	-	38,035	-	-	-	-	-	-	-	-	-	-	-	38,035	64,460
Due to Funding Source	28,425	75,787	-	-	-	-	-	-	-	-	-	-	-	102,212	28,864
Payroll Deduction Payable	201,183	-	40,834	1,600	7,108	1,549	-	274,108	48,228	-	1,387	869	407	577,451	78,867
Due to Other Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	182,092
Total Liabilities	\$ 258,292	\$ 120,468	\$ 40,834	\$ 1,600	\$ 7,108	\$ 1,549	\$ -	\$ 274,108	\$ 48,228	\$ -	\$ 1,387	\$ 869	\$ 407	\$ 753,028	\$ 421,151

FUND BALANCES

Unreserved, Undesignated	128,110	-	93,047	-	-	-	54,112	-	-	-	-	-	-	235,269	110,450
Total Fund Balances (Deficit)	128,110	-	93,047	-	-	-	54,112	-	-	-	-	-	-	235,269	110,450
Total Liabilities and Fund Balances	\$ 384,402	\$ 120,468	\$ 93,881	\$ 1,600	\$ 7,108	\$ 1,549	\$ 54,112	\$ 274,108	\$ 48,228	\$ -	\$ 1,387	\$ 869	\$ 407	\$ 988,297	\$ 531,601

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
 ORLEANS PARISH, LOUISIANA
 COMBINED STATEMENT OF REVENUE EXPENDITURES AND CHANGES IN FUND BALANCES
 SPECIAL REVENUE FUNDS
 December 31, 2003
 With Comparative Totals for December 31, 2002

	Thru Fund	Appropriations Fund	Target Child/AD Fund	Domestic Violence Lit Fund	Parenting Program Fund	Juvenile Diversion Fund	Targeted Capacity Expansion Fund	Criminal Justice Grant Fund	Gun Violence Prosecution Project Sperry Fund	Help Training Fund	Drug Prevention Fund	Economic Crime Unit Fund	S.A.M.H.S.A. Project Services Fund	Totals 2003	Totals 2002
REVENUES															
City of New Orleans															
Administrative Payroll		\$ 3,221,616												\$ 3,221,616	\$ 3,221,616
Interest Income		21				48								70	70
Expense Reimbursement	3,016,221													3,016,221	2,732,171
Federal and State Grant Revenue			103,638	51,715	136,825		402,622	681,603	191,000		98,595		112,284	1,898,282	1,798,867
State Warrants		2,485,356												2,485,356	2,401,186
Drug Testing Fees	86,086		37,531			1,465						83,072		87,501	87,501
Program Fees		31,825												31,825	
Other															
Total Revenue	3,102,306	5,728,818	201,368	51,715	136,825	1,654	402,622	681,603	191,000		98,595	83,072	112,284	10,756,543	10,221,381
EXPENDITURES															
Salaries and related Benefits	2,074,708	5,808,240	119,473	31,986		1,228	86,479	877,907	181,922				37,224	8,074,179	8,149,482
Travel and Training	7,487				1,752									8,219	22,641
Utilities and Supplies	43,583				7,652		13,174							68,369	188,918
Automobile Expenses	14,161													14,161	130,778
Contracted Services	3,462				210,334	600	358,159			98,595				860,015	859,482
Law Books and Journals	754													754	5,177
Literature															2,731
Equipment Rental and Maintenance	76,884				848	12								77,546	24,714
Telephone	63,885				650									68,536	69,395
Furniture, Fixtures, and Equipment															8,881
Capitalized Leases															497
Witness Expenses	359,134	785			383	173	324				23	885		381,280	198,204
Miscellaneous	16,200													16,200	9,556
Insurance and Fidelity Bond	368,982													368,982	318,908
Rent/Lease															
Drug Testing Fees						1,360								1,360	
Filing Fees, Subpoenas, Etc.	1,487													1,487	2,272
Total Expenditures	2,863,777	5,809,035	119,473	31,986	221,280	3,321	456,136	877,907	181,922		98,595	885	37,224	10,631,543	9,659,235
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	111,529	129,783	81,896	19,717	(84,455)	(1,787)	(56,614)	(196,304)	(20,022)		10	82,187	75,060	121,000	365,086
OTHER FINANCING SOURCES (USES)															
Increase in Obligations Under Capital Leases	(111,529)	(4,804)	(91,868)	(19,717)	84,455	1,787	56,614	196,304	20,022		(10)	(82,187)	(75,060)	(365,363)	(924,942)
Operating Transfers - Out														399,192	482,349
Operating Transfers - In		(4,894)	(81,866)	(19,717)	84,455	1,787	56,614	196,304	20,022		(10)	(82,187)	(75,060)	3,619	(482,583)
Total Other Financing Sources (Uses)	(111,529)	(4,894)	(81,866)	(19,717)	84,455	1,787	56,614	196,304	20,022		(10)	(82,187)	(75,060)	3,619	(482,583)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES		124,610												124,610	(87,807)
FUND BALANCES - BEGINNING OF YEAR	128,110	(124,610)	53,047				54,112							110,460	207,987
FUND BALANCES - END OF YEAR	\$ 128,110	\$ 53,047	\$ 53,047	\$ -	\$ -	\$ -	\$ 54,112	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 235,289	\$ 110,460

AGENCY FUNDS

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
 ORLEANS PARISH, LOUISIANA
 COMBINED BALANCE SHEET
 AGENCY FUNDS
 As of December 31, 2003
 With Comparative Totals for December 31, 2002

	Bond Forfeitures Fund	Assets Forfeitures Fund	Totals December 31,	
			2003	2002
ASSETS				
Cash	\$ 7,914	\$ 23,603	\$ 31,517	\$ 16,133
Due from General Fund	-	-	-	-
Total Assets	\$ 7,914	\$ 23,603	\$ 31,517	\$ 16,133
LIABILITIES				
Due to General Fund	\$ -	\$ -	\$ -	\$ -
Bonds Held for Future Disposition	7,914	-	7,914	6,009
Asset Forfeitures Held for Future Disposition	-	23,603	23,603	10,124
Total Liabilities	\$ 7,914	\$ 23,603	\$ 31,517	\$ 16,133

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
 ORLEANS PARISH, LOUISIANA
 COMBINED STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 For The Year Ended December 31, 2003

	<u>January1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2003</u>
BOND FORFEITURE				
Assets				
Cash	\$ 5,959	\$ 74,932	\$ 72,977	\$ 7,914
Due from General Fund	50	-	50	-
Total Assets	<u>\$ 6,009</u>	<u>\$ 74,932</u>	<u>\$ 73,027</u>	<u>\$ 7,914</u>
LIABILITIES				
Bonds Held for Future Disposition	\$ 6,009	\$ 74,932	\$ 73,027	\$ 7,914
Total Liabilities	<u>\$ 6,009</u>	<u>\$ 74,932</u>	<u>\$ 73,027</u>	<u>\$ 7,914</u>
ASSET FORFEITURE				
Assets				
Cash	\$ 10,124	\$ 342,869	\$ 329,390	\$ 23,603
Due from General Fund	-	-	-	-
Total Assets	<u>\$ 10,124</u>	<u>\$ 342,869</u>	<u>\$ 329,390</u>	<u>\$ 23,603</u>
Liabilities				
Due to General Fund	\$ 4,791		\$ 4,791	\$ -
Asset Forfeitures Held for Future Disposition	5,333	342,869	324,599	23,603
Total Liabilities	<u>\$ 10,124</u>	<u>\$ 342,869</u>	<u>\$ 329,390</u>	<u>\$ 23,603</u>

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
 ORLEANS PARISH, LOUISIANA
 COMBINED BALANCE SHEET
 AGENCY FUNDS
 12/31/2003

	<u>January 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2003</u>
ASSETS				
Cash	\$ 16,083	\$ 417,801	\$ 402,367	\$ 31,517
Due from General Fund	<u>50</u>	<u>-</u>	<u>50</u>	<u>-</u>
Total Assets	<u>\$ 16,133</u>	<u>\$ 417,801</u>	<u>\$ 402,417</u>	<u>\$ 31,517</u>
LIABILITIES				
Due to General Fund	\$ 4,791	\$ -	\$ 4,791	\$ -
Bonds Held for Future Disposition	6,009	74,932	73,027	7,914
Asset Forfeitures Held for Future Disposition	<u>5,333</u>	<u>342,869</u>	<u>324,599</u>	<u>23,603</u>
Total Liabilities	<u>\$ 16,133</u>	<u>\$ 417,801</u>	<u>\$ 402,417</u>	<u>\$ 31,517</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
 ORLEANS PARISH, LOUISIANA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Year Ended December 31, 2003

<u>PROGRAM TITLE</u>	<u>CFDA #</u>	<u>Agency or Pass-Through Number</u>	<u>Grant Period</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through the Louisiana Department of Social Services Child Support Enforcement (Title IV-D) Child Support Enforcement (Title IV-D)	93.563 93.563	355 355	7/1/02 - 6/30/03 7/1/03 - 6/30/04	\$2,664,497 2,711,062
Passed through the Louisiana Department of Health & Hospitals Cooperative Agreements for Drug Abuse Treatment Improvement Projects In O.A.D. Cooperative Agreements for Drug Abuse Treatment Improvement Projects In O.A.D.	93.951 93.951	351 351	7/1/02 - 6/30/03 7/1/03 - 6/30/04	56,497 63,604
Passed through the Louisiana Department of Health & Hospitals Consolidated Knowledge Development and Application Program - Targeted Capacity Expansion Grant Consolidated Knowledge Development and Application Program - School - Based Drug Testing and Assistance (SAMHSA) School - Based Drug Testing and Assistance (Project Success)	93.230	N/A	1/1/03 - 12/31/03	428,770
		N/A	7/1/02 - 6/30/03 08/1/03-7/31/04	96,397 34,979
U.S. DEPARTMENT OF JUSTICE				
Planning, Implementing, & Enhancing Strategies in Community Prosecution Community Gun Violence Prosecution Program Project Sentry	16.609	N/A	10/01/01 - 9/30/04 08/01/03-07/31/05	157,858 24,200
Passed through the Louisiana Commission on Law Enforcement and Administration of Criminal Justice Drug Control and Systems Improvement - Formula Grant Differential Case Management Subgrant No. B00-9-005 Subgrant No. B00-9-006	16.579 16.579	N/A N/A	5/1/02 - 8/30/03 9/01/03-4/30/04	134,993 111,702

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
 ORLEANS PARISH, LOUISIANA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Year Ended December 31, 2003

PROGRAM TITLE	CFDA #	Agency or Pass-Through Number	Grant Period	Expenditures
Information Systems Upgrade 2				
Subgrant No. P03-9-004	16.579	N/A	7/1/02 - 6/30/03	7,996
Crime Victim Assistance - Victim Advocate Program				
Subgrant No. C99-9-012	16.575	N/A		50,917
Subgrant No. C99-9-012	16.575	N/A		11,503
Subgrant No. C00-9-017	16.575	N/A		8,661
Violence Against Women Formula Grant				
Anti-Stalking Program				
Subgrant No. M99-9-002	16.588	N/A	1/1/03 - 12/31/03	138,779
Juvenile Prosecutors Grant				
Subgrant No. A00-8-034	16.523	N/A	10/1/01 - 9/30/03	21,185
Subgrant No. A01-8-034	16.523	N/A	10/1/02 - 09/30/03	160,546
Subgrant No. A02-8-034			10/01/03-09/30/04	42,552
Passed through the City of New Orleans				
Violence Against Women - Grants to Encourage Arrest Policies				
Local Law Enforcement Block Grant	16.590	N/A	1/1/03 - 12/31/03	35,400
Local Law Enforcement Block Grant	16.590	N/A	10/1/02 - 9/30/03	75,035
Local Law Enforcement Block Grant	16.590	N/A	10/1/03 - 9/30/04	27,345
U.S. DEPARTMENT OF EDUCATION				
Fund for the Improvement of Education				
District Attorney's Drug Prevention Program	84.215	N/A	07/01/02-06/30/03	69,734
				<u>\$7,136,212</u>

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEARED DECEMBER 31, 2003**

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the modified accrual basis of accounting. Grant expenditures are recorded, for financial reporting purposes, when the District Attorney's Office has met the cost reimbursement or funding requirements for the respective grants.



LUTHER SPEIGHT & COMPANY, LLC

Certified Public Accountants and Consultants

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

The Honorable Eddie Jordan
District Attorney of the Orleans
Judicial District
Orleans Parish, Louisiana

We have audited the general-purpose financial statements of District Attorney of the Orleans Judicial District as of and for the year ended December 31, 2003, and have issued our report thereon dated August 30, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether the District Attorney of the Orleans Judicial District's general purpose 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*. These instances of noncompliance are described in the accompanying schedule of findings and questioned costs as findings 03-01 through 03-03, 03-07 through 03-09, and 03-11 through 03-12.

Internal Control Over Financial Reporting

In planning and performing our audit we considered the District Attorney of the Orleans Judicial District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District Attorney of the Orleans

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Judicial District's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 03-01 through 03-04 and 03-6 through 03-

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that findings 03-01 through 03-04 and 03-06 through 03-12 of the reportable conditions described above are material weaknesses.

This report is intended for the information of the management, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



New Orleans, Louisiana
August 30, 2004



LUTHER SPEIGHT & COMPANY, LLC

Certified Public Accountants and Consultants

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

The Honorable Eddie Jordan
District Attorney of the Orleans
Judicial District
Orleans Parish, Louisiana

Compliance

We have audited the compliance of the District Attorney of the Orleans Judicial District with the types of compliance requirements described in the United States Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs as identified in the summary of auditor's results section on the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District Attorney of the Orleans Judicial District's management. Our responsibility is to express an opinion on the District Attorney of the Orleans Judicial District's compliance based on our audit.

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

As described in 03-01 through 03-03, 03-07 through 03-09 and 03-11 through 03-12 the accompanying schedule of findings and questioned costs, the District Attorney of the Orleans Judicial District did not comply with requirements regarding proper grant administration as reflected on the referenced findings above.

In our opinion, except for the noncompliance described in the preceding paragraph, the District Attorney of the Orleans Judicial District complied, in all material respects, with the requirements referred to above that are applicable to its each of its major federal programs for the year ended December 31, 2003.

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Internal Control Over Compliance

The management of District Attorney of the Orleans Judicial District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered District Attorney of the Orleans Judicial District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the District Attorney of the Orleans Judicial District's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contract, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 03-01 through 03-04 and 03-06 through 03-12.

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 noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. However, of the reportable conditions described above, we believe that findings 03-01 through 03-04 and 03-06 through 03-12 of the reportable conditions described above to be material weaknesses.

This report is intended for the information of the management, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



New Orleans, LA
August 30, 2004

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2003**

Section I – Summary of Auditor’s Results

Financial Statements

A qualified opinion was issued on the financial statements of the auditee.

Internal Control Over Financial Reporting:

Material weakness(es) identified? X yes no
Reportable condition(s) identified
not considered to be material weaknesses? yes X no

Noncompliance material to financial statements noted? X yes no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? X yes no
Reportable condition(s) identified
not considered to be material weaknesses? X yes no

A qualified opinion was issued on compliance for the major programs.

Any audit findings disclosed that are required to be
Reported in accordance with Circular
A-133, Section 510(a)? X yes no

The major program for the year ended December 31, 2003 was as follows:

PROGRAM TITLE	DISTRICT ATTORNEY TITLE	CFDA NO.
Child Support Enforcement	Child Support Enforcement	93.563
Consolidated Knowledge Development & Application Grant	Targeted Capacity Expansion	93.230

The threshold for distinguishing Type A and B programs was \$300,000.

The District Attorney of the Orleans Judicial District was determined to be a high-risk auditee.

FINDING # 03-01

PAYROLL ACCOUNTING AND DOCUMENTATION NOT ADEQUATE

QUESTIONED COSTS: \$ 592,241

CONDITION:

During our examination of payroll processing and accounting procedures at the Child Support Enforcement Grant we noted that internal controls and procedures were not adequate to facilitate accurate financial reporting over payroll costs. The exceptions noted included the following:

1. Payroll costs charged to the federal grant programs related to eight (8) grant management personnel were not properly supported by time and attendance reports, sign-in logs or other positive attendance documentation. Further testing showed that the 100% of the costs related to these grant personnel were charged to the Grant, totaling \$ 592,241.
2. Further testing also showed that the Child Support Office maintains a separate federal tax identification number and performs independent Internal Revenue Service payroll tax reporting. We examined the payroll costs reporting records and noted inconsistencies in the amounts reported to 1) Internal Revenue Service, 2) Claimed for reimbursement and 3) financial statements. The differences are as follows:

<u>SOURCE</u>	<u>AMOUNT</u>
Internal Revenue Service	\$ 1,694,369
Claimed for Reimbursement	\$ 1,650,750
Financial Statements	\$ 1,967,526

3. We also noted that the Child Support Enforcement Grant financial statements reflected total payroll withholdings payable of \$113,822. This balance reflects primarily unpaid or delinquent payroll tax payment and pension remittances due to the City of New Orleans.

Although the differences above demonstrate the inadequate payroll accounting procedures in effect at the Child Support Office, the underlying payroll registers generally appeared to reflect the personnel costs for the Office, except for the discrepancies between the IRS and Reimbursement amounts that shows a difference of \$43,619. A comparison of the financial statement amount and the Reimbursement claims shows an unexplained difference of \$316,776.

CAUSE:

The District Attorney's Office did not have proper grant accounting controls in place related to grant payroll expenses.

EFFECT:

We were unable to determine that all grant payroll costs incurred were supported with proper documentation of time and effort worked.

FINDING # 03-01 (CONTINUED)

RECOMMENDATION:

We recommend that management implement positive time and attendance reporting for all personnel assigned grant funded responsibilities. In addition, all differences within the payroll reporting system should be reconciled on a timely basis.

MANAGEMENT'S RESPONSE:

Positive time and attendance records will be maintained for all management personnel. Reconciliation of differences within the payroll reporting system will be made in a timely manner. Discrepancies were due to the implementation of a new financial management software program that is now fully operational.

FINDING # 03-02

COST REPORTED TO GRANTEE NOT RECONCILED TO ACCOUNTING RECORDS

GRANT NAME:

CHILD SUPPORT ENFORCEMENT

QUESTIONED COST: \$ - 0-

CONDITION:

During our examination of the financial reporting system in effect at the Child Support Enforcement Grant we noted that the reimbursement requests were prepared from financial summary information that was not a part of the general ledger and financial statements for the Child Support Office. The general ledger and related financial statements for the Grant were prepared at year-end from source documentation and contributed to the delay in performance of the annual audit. However, the financial information used to request reimbursement from Child Support, was not reconciled to the general ledger or financial statements. Comparison of the amounts reported for reimbursement and the financial statements are as follows:

Amounts Requested For Reimbursement	\$ 2,709,474
Amounts Recorded Per General Ledger	<u>2,647,512</u>
Difference	<u>\$ 61,962</u>

CAUSE:

The reimbursement requests were prepared from information other than the general ledger and were not reconciled to the general ledger and financial statements.

EFFECT:

The unreconciled differences represented costs recorded per the financial statements that exceeded the amount requested for reimbursement. The unreconciled differences therefore did not represent questioned costs.

CRITERIA:

Proper grant administrative procedures require reconciliation of the general ledger and supporting records.

RECOMMENDATION:

We recommend that the requests for reimbursements be reconciled with the underlying accounting records on a monthly basis. In addition, the unreconciled differences should be researched and resolved.

MANAGEMENT'S RESPONSE:

Requests for reimbursement will be reconciled on a monthly basis. Part of the problem and reason for delay was the implementation of a new financial management system that is now fully operational.

FINDING # 03-03

GRANT REVENUES NOT PROPERLY RECORDED

GRANT NAME:

CHILD SUPPORT ENFORCEMENT

QUESTIONED COSTS: \$ -0 -

CONDITION:

The grant revenues for the Child Support Enforcement office were recorded on a cash basis as opposed to the accrual basis of accounting. Accordingly, the revenue amounts reported on the general ledger and the financial statement did not represent accurate grant revenues. Further review indicated that the differences between cash and accrual methods resulted in a \$407,366 difference. This amount was identified and adjusted as a part of our audit. We also noted that the grant expenses were recorded on a cash basis.

CAUSE:

The accounting department did not implement accrual basis accounting for its financial management systems.

EFFECT:

The financial statements were not prepared in accordance with generally accepted accounting principles.

CRITERIA:

Generally accepted accounting principles require accrual basis of accounting be used for financial reporting.

RECOMMENDATION:

We recommend that accrual basis accounting be implemented for the Child Support Enforcement grant.

MANAGEMENT'S RESPONSE:

Accrual basis accounting will be used, and the new financial management software has been implemented. It is now fully operational.

FINDING # 03-04

FAILURE TO PERFORM BANK RECONCILIATIONS

GRANT NAME:

**CHILD SUPPORT ENFORCEMENT
& GENERAL FUND**

QUESTIONED COSTS: \$ 0

CONDITION:

During our examination we noted that the District Attorney's Office procedures for preparation of bank reconciliations were not adequate. The exceptions noted included the following:

1. Bank reconciliations were not prepared for two of the four bank accounts maintained by the Child Support Enforcement Office. The unreconciled accounts as of December 31, 2003 were the 1) collections account and 2) payroll account.
2. We also noted that the Fines and Fees checking account had outstanding checks over one year totaling \$7,094.

CAUSE:

Management did not perform all of the required internal control procedures.

EFFECT:

The assurance that all transactions have been recorded on the financial statements is largely based upon accurate bank reconciliations. Accordingly, we are unable to determine that all transactions are included in the grant financial statements.

RECOMMENDATION:

We recommend that management prepare bank reconciliation's for all accounts.

MANAGEMENT'S RESPONSE:

Reconciliation of bank accounts will be done on a regular basis. Management will implement internal control procedures in order to assure accurate bank reconciliations.

FINDING # 03-05

STATE WARRANTS NOT RECORDED

GRANT NAME:

APPROPRIATIONS

QUESTIONED COSTS: \$ 0

CONDITION:

The State of Louisiana appropriated \$2,485,356 for the salary support for the District Attorney's Office. This appropriation is in the form of state warrants that are paid directly to the District Attorney and each Assistant District Attorney. These amounts represent economic resources to the District Attorney's Office, however during our examination we noted that these payments were not recorded on the general ledger or financial statements of the Office.

CAUSE:

The Office's financial management procedures did not include requesting the payroll warrant information from the State

EFFECT:

Although the state warrant disbursements are remitted directly to the respective employees, the amounts represent revenues and expenditures to the District Attorney's Office.

CRITERIA:

Governmental accounting standards require that all financial transactions related to the reporting entity be included in the financial statements.

RECOMMENDATION:

We recommend that management request copies of state warrant disbursements on a monthly basis and include these financial transactions in their general ledger and interim financial statements.

MANAGEMENT'S RESPONSE:

The Human Resources director has requested that the State Warrant Office provide us with a summary of payments once a month. We will file these documents.

FINDING # 03-06

INTERFUND TRANSFERS NOT PROPERLY RECORDED

GRANT NAME:

ALL FUNDS

QUESTIONED COSTS: \$ 0

CONDITION:

The District Attorney's Office executes a substantial number of interfund transfers in order to facilitate the cashflow of its various funds and grants. Due From and Due To balances were not in balance for the year ended December 31, 2003. The balances were recorded at \$148,487 and (\$577,451), respectively.

CAUSE:

The Office's financial management procedures did not include reconciliation of interfund transfers and the related Due from and Due to accounts.

EFFECT:

Adequate controls over financial reporting were not in effect due to the lack of reconciliation of Due to and Due from accounts. The lack of reconciliation resulted in material unreconciled differences.

CRITERIA:

Generally accepted accounting principles provide for the proper recording and reconciliation of interfund transfers.

RECOMMENDATION:

We recommend that general fund budgets be prepared annually. Budget to actual financial comparisons should be prepared monthly to include variance analysis.

MANAGEMENT'S RESPONSE:

We already prepare budget actual every month. However, we will prepare a budget for the general fund and compare the actuals to the budget each month.

FINDING # 03-07

GENERAL FUND BUDGET NOT PREPARED

GRANT NAME:

GENERAL FUND

QUESTIONED COSTS: \$ 0

CONDITION:

The Office's general fund is substantially comprised of revenues from various fines and fees. Total revenue for the General Fund was \$1,095,488 for the year ended December 31, 2003. These revenues are used to fund the general obligations and operations of the District Attorney's Office. A comprehensive General Fund Budget was not prepared and adopted for the year ended December 31, 2003.

CAUSE:

The Office's financial management procedures did not appear to include preparation and adoption of a formal budget.

EFFECT:

Adequate controls over financial reporting were not in effect due to the lack of budget preparation and analysis.

CRITERIA:

Governmental accounting standards require the preparation and adoption of an annual budget for the reporting entity.

RECOMMENDATION:

We recommend that general fund budgets be prepared annually. Budget to actual financial comparisons should be prepared monthly to include variance analysis.

MANAGEMENT'S RESPONSE:

As indicated in the management response to finding 03-08, we will prepare a budget for the general fund and compare the actual to the budget each month.

FINDING # 03-08

CURRENT AUDIT NOT COMPLETED TIMELY

QUESTIONED COSTS: \$- 0-

CONDITION:

The audit of The District Attorney of the Orleans Judicial District was not timely completed as required by the State of Louisiana Auditor due to the fact that financials statements and supporting documentation was not available in a timely manner

CAUSE:

The agency experienced a change in accounting systems during the audit period, which delayed the availability of financial records and supporting documentation.

EFFECT:

The agency is not in compliance with the State Audit Law.

CRITERIA:

LSA-R.S. 24:513 states that "all engagements must be completed and transmitted to the Legislative Auditor within six months of the close of the auditee's fiscal year."

RECOMMENDATION:

We recommend that The District Attorney of the Orleans Judicial District comply with the State law governing audit engagement and completion.

MANAGEMENT'S RESPONSE:

Since we now have a viable accounting software program in place, and we are using the program, there should be no problem complying with the statutory deadline in the future.

FINDING # 03-09

FIXED ASSET DETAIL NOT MAINTAINED

QUESTIONED COSTS: \$- 0-

CONDITION:

During our examination of the District Attorney's fixed asset records, we noted that fixed asset subsidiary records were not maintained on a current basis. Prior year reports were maintained externally by consultants, however these records had not been updated for the current year. In addition, accumulated depreciation had not been recorded for the present year.

CAUSE:

The District Attorney of New Orleans did not implement and maintain adequate accounting procedures related to fixed assets.

EFFECT:

The deficiencies noted resulted in a qualified opinion on the financial statements. Furthermore, The District Attorney of New Orleans does not have adequate accountability for its fixed assets.

CRITERIA:

Governmental accounting standards require adequate accountability for fixed assets. This accountability should include proper valuation and specific identification of capital assets.

RECOMMENDATION:

The District Attorney of New Orleans should update its fixed asset records to include proper identification and valuation of capital assets.

MANAGEMENT RESPONSE:

We will use the existing program in the newly acquired accounting software program to update our fixed assets records with a \$2,500 threshold.

FINDING # 03-10 SEGREGATION OF DUTIES NOT ADEQUATE FOR DISTRICT ATTORNEY'S OFFICE

CONDITION:

During our examination we noted that adequate segregation of duties were not in effect related to the District Attorney's Office. The accountant performed substantially all the accounting functions, including, 1) deposit of funds 2) perform bank reconciliation 3) post general ledger transactions 4) perform accounts payable functions.

CAUSE:

Assignment of accounting duties for accountant did not consider the adequacy of segregation of duties.

EFFECT:

The risks of errors or irregularities that are not detected timely are increased by the absence of adequate segregation of duties and lack of documented supervisory review of finance functions.

CRITERIA:

Proper internal control procedures require that adequate segregation of duties be maintained related to critical financial functions.

RECOMMENDATION:

We recommend that adequate segregation of duties be implemented for the financial functions of the District Attorney's office. In addition financial functions of this accountant should be reviewed by management and documented.

MANAGEMENT'S RESPONSE:

We will no longer have our accounts payable accountant make bank deposits.

FINDING # 03-11

ACCOUNTS PAYABLE DETAIL NOT MAINTAINED

QUESTIONED COSTS: \$-0-

CONDITION:

The accounting system at the District Attorney's Office did not include subsidiary ledgers or records for accounts payable related to the general fund or special revenue fund grant programs. The balances recorded for accounts payables were stated in the general fund and special revenue funds at \$80,464 and \$35,330, respectively.

CAUSE:

We were unable to determine the cause for this condition

EFFECT:

The risk of misstatement of accrued expenses is increased by this condition.

CRITERIA:

Generally accepted accounting principles require that balances be fairly stated and supported by proper documentation.

RECOMMENDATION:

We recommend that management implement and maintain an accounts payable module within their accounting system.

MANAGEMENT RESPONSE:

We will use the existing program in the newly acquired accounting software program to maintain an accounts payable module.

FINDING # 03-12

AGENCY FUNDS NOT PROPERLY ACCOUNTED FOR

GRANT NAME:

ALL AGENCY FUNDS

QUESTIONED COSTS: \$ 0

CONDITION:

The organization is responsible for the accountability for funds on deposit related to forfeitures for bonds, assets and narcotics. These funds on deposit related to bond forfeitures are received by the organization and are subsequently remitted to the Criminal Sheriff's office for disposition. The funds related to asset and narcotics forfeitures are subsequently disbursed according to orders of the court. We noted that the District Attorney's office maintained detailed listings of each authorization of transfer as well as bank reconciliations, however their records were not adequate to determine if the reconciled cash on hand agreed to the outstanding amounts due to the ultimate payee.

CAUSE:

The Office did not prepare an adequate escrow account reconciliation that compared the amounts on-hand to the amounts due to the payee.

EFFECT:

We were unable to determine if the amounts on-hand were adequate to fund the escrow obligation.

RECOMMENDATION:

We recommend that the Office establish an escrow database that presents the amounts due to ultimate payees. This database should be reconciled to the cash amounts on-hand at month-end.

MANAGEMENT RESPONSE:

The escrow accounts for bonds are distributed on a quarterly basis. The escrow amounts for Narcotics Asset Forfeitures are distributed by statute no less than a year per a specified formula. Bank reconciliations are done each month. All court judgments in support of these forfeitures are maintained.

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
UPDATE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2003**

CAPTION	RESOLVED	UNRESOLVED
02-1 Payroll Timesheets Not Maintained		X
02-2 Accounting System Segmented	X	
02-3 Interim Financial Statements Not Prepared		X
02-4 Segregation of Duties Not Adequate for Child Support Enforcement Grant		X
02-5 Cost Reported to Grantee Not Reconciled To Accounting Records		X
02-6 Grant Payroll Costs Not Reconciled		X
02-7 Supporting Documentation Not Available	X	
02-8 Bank Reconciliation Not Performed		X
02-9 Electronic Grant Disbursement Not Supported	X	
02-10 State Warrants Not Recorded		X
02-11 Interfund Transfers Not Properly Recorded		X
02-12 General Fund Budget Not Prepared		X
02-13 Forfeiture Funds Not Properly Accounted For		X
02-14 Current Audit Not Completed Timely		X