

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

**FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

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

FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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**INDEPENDENT AUDITOR'S REPORT**

Honorable John Belton  
District Attorney of the Third Judicial District  
100 West Texas, 2nd Floor  
Ruston, Louisiana 71270

**Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the District Attorney of the Third Judicial District, a component unit of the Lincoln Parish Police Jury, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District Attorney's basic financial statements, as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

**Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, and the aggregate remaining fund information of the District Attorney of the Third Judicial District as of December 31, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

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

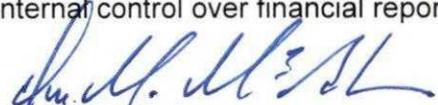
*Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District Attorney's basic financial statements. The supplemental schedule of compensation, benefits, and other payments is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental schedule of compensation, benefits and other payments is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplemental schedule of compensation, benefits and other payments is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, I have also issued my report dated June 22, 2020, on my consideration of the District Attorney's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District Attorney's internal control over financial reporting and compliance.

  
Don M. McGehee  
Certified Public Accountant  
June 22, 2020

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**John F. K. Belton, District Attorney**

Third Judicial District of Louisiana

Parishes of Lincoln and Union

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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019**

Our discussion and analysis of the District Attorney's financial performance provides an overview of the financial activities for the year ended December 31, 2019. It is based upon currently known facts, decisions, and conditions. Please read it in conjunction with the financial statements which begin on page 8.

**Basic Financial Statements**

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

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

**Statement of Net Position and Statement of Activities**

One of the most important questions asked about our finances is, "Is the District Attorney's Office as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about our Office as a whole and about our activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is a method similar to accounting used by most private-sector companies. All revenues and expenses of the current year are reported under this method regardless of when cash is received or disbursed.

These two statements report our Office's net position and the changes in the position. You can think of net position - the difference between assets and liabilities - as one way to measure the financial health, or financial position, of our Office. Increases/(decreases) in our net position are one indicator of *whether our financial health is improving/(deteriorating)*.

We report the financial activity of all services provided by us in the Statement of Net Position and Statement of Activities. Expenses primarily include salaries, related benefits, and office expenses. Fees received from defendants, funds from grants and other assistance, and on-behalf payments from the State of Louisiana finance most of our activities.

**Government-Wide Financial Analysis**

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

Table 1  
Total Net Position

	<u>2019</u>	<u>2018</u>
Current Assets	\$ 1,939,997	\$ 2,147,831
Capital Assets	<u>108,928</u>	<u>123,629</u>
Total Assets	<u>2,048,925</u>	<u>2,271,460</u>
Total Deferred Outflows	<u>479,317</u>	<u>231,912</u>
Current Liabilities	51,837	47,277
Noncurrent Liabilities	<u>679,670</u>	<u>102,398</u>
Total Liabilities	<u>731,507</u>	<u>149,675</u>
Total Deferred Inflows	<u>152,672</u>	<u>296,932</u>
Net Position:		
Investment in Capital Assets	108,928	123,629
Restricted Net Position	23,232	71,521
Unrestricted Net Position	<u>1,511,903</u>	<u>1,861,615</u>
Total Net Position	<u>\$ 1,644,063</u>	<u>\$ 2,056,765</u>

Net position decreased \$412,702 from the prior year. Unrestricted net position, which is the part of net position that can be used to finance the day-to-day operations of our office without constraints, decreased \$349,712. Restricted net position, related to special revenue programs, decreased \$48,289. The prior year amount presented above as restricted was reclassified from unrestricted net position.

Table 2  
Change in Net Position

	<u>2019</u>	<u>2018</u>
Revenues		
Program Revenues:		
Fees	\$ 755,738	\$ 873,902
Intergovernmental	620,129	660,072
On-Behalf Revenue	468,766	464,441
Grants and Other Assistance	480,726	592,435
General Revenues:		
Intergovernmental	364,660	364,660
Interest Income	4,275	3,216
Other Income	<u>2,600</u>	<u>3,722</u>
Total Revenues	<u>2,696,894</u>	<u>2,962,448</u>
Program Expenses:		
General Government-Judiciary	2,640,830	2,316,551
On-Behalf Expenses	<u>468,766</u>	<u>464,441</u>
Total Expenses	<u>3,109,596</u>	<u>2,780,992</u>
Increase in Net Position	<u>\$ (412,702)</u>	<u>\$ 181,456</u>

Total revenues decreased by 9% ( \$265,554) from the prior year. Fees decreased by 14% (\$118,164), intergovernmental program revenue decreased 6% (\$39,943), and grants and other assistance decreased by 19% (\$111,709). On behalf revenue and expense increased by 1% (\$4,325).

Expenses increased 12% (\$328,604), primarily from an increase in pension expense, salaries, and professional fees.

The net effect of the 2019 changes in revenues and expenses from 2018 was a \$594,158 decrease in the total change in net position for the year ended December 31, 2019, compared to the prior year total change in net position.

### **Fund Financial Statements**

As of our year end on December 31, 2019, our governmental funds reported a fund balance of \$1,593,711, which is \$183,458 less than last year's fund balance. Less than 1% (\$9,003) is considered unspendable, that portion having been used for prepaid items, 2% (\$32,499) is restricted, with the remaining 97% (\$1,552,209) unassigned. During 2019, revenues decreased 7% (\$217,406) primarily as a result of a decrease in fees, grants, and intergovernmental revenue. Expenditures increased about 6% (\$162,273) over the prior year, primarily the result of increases in salaries, professional fees, employee benefits, and contract services.

### **General Fund Budgetary Highlights**

We amend our budget when we determine there are unexpected unfavorable differences exceeding 5% between actual and anticipated revenues and/or expenditures. There were budget amendments adopted for 2019.

Our final amended budget was adopted just prior to year end. The differences between the original and final amended budget were a 2% (\$55,943) increase in expenditures, a 27% (\$19,734) decrease in transfers out, and a 3% (\$135,609) decrease in revenues. The changes to budgeted expenditures included significant decreases to office expense and professional fees, and an increase in contract services, and employee benefits. Budgeted revenues included decreases to fees and increases in grants and intergovernmental revenues. There were no other significant budget amendments.

Actual general fund revenues were \$81,843 less than budgeted revenues, and actual general fund expenditures and transfers were \$7,241 less than budgeted expenditures and transfers. The more significant variances between actual results compared to the general fund budget, as reported on page 34, were \$39,960 less in fees than budgeted, \$21,481 less in grants than budgeted, \$19,099 less in intergovernmental than budgeted, \$57,519 less in employee benefits than budgeted, \$14,585 more in contract services than budgeted, and \$10,638 more in payroll taxes than budgeted.

### **Capital Assets**

In 2019 we purchased computer equipment and office furniture. For the upcoming year, we have no plans to purchase any capital assets, and there are no plans to issue debt to finance the purchase of capital assets or any other future project.

### **Currently Known Facts, Decisions, or Conditions**

As a result of the spread of the COVID-19 Coronavirus and the resulting stay-at-home orders issued by the State of Louisiana in which the District Attorney's Office operates, the District Attorney's Office expects this matter to negatively impact its results of operations in 2020; however, the extent of the impact of COVID-19 will depend on future developments.

### **Contacting the District Attorney's Office**

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

**STATEMENT OF NET POSITION  
DECEMBER 31, 2019**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash	\$ 1,240,251
Investments	256,924
Due from Other Governmental Units	379,401
Due from Grants	46,206
Due from Others	8,212
Prepaid Insurance	9,003
Capital assets, net of depreciation	<u>108,928</u>
<b>Total Assets</b>	<u><b>2,048,925</b></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
	<u>479,317</u>
<b>LIABILITIES</b>	
Accounts Payable	47,165
Accrued Liabilities	4,672
Long-Term Liability:	
Compensated Absences	20,430
Pension Liability	<u>659,240</u>
<b>Total Liabilities</b>	<u><b>731,507</b></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
	<u>152,672</u>
<b>NET POSITION</b>	
Invested in Capital Assets	108,928
Restricted for:	
IWC Program	2,317
PHSAC Program	20,915
Unrestricted	<u>1,511,903</u>
<b>Total Net Position</b>	<u><b>\$ 1,644,063</b></u>

See accompanying notes to financial statements.

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

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>GOVERNMENTAL ACTIVITIES:</b>					
General Government-Judicial	\$ <u>3,109,596</u>	\$ <u>1,844,633</u>	\$ <u>480,726</u>	\$ <u>0</u>	\$ <u>(784,237)</u>
<b>Total Governmental Activities</b>	<b>\$ <u>3,109,596</u></b>	<b>\$ <u>1,844,633</u></b>	<b>\$ <u>480,726</u></b>	<b>\$ <u>0</u></b>	<b>\$ <u>(784,237)</u></b>
General Revenues:					
Intergovernmental not restricted to specific programs					364,660
Interest earnings					4,275
Miscellaneous					<u>2,600</u>
Total General Revenues					<u>371,535</u>
Change in Net Position					(412,702)
Net Position - Beginning					<u>2,056,765</u>
Net Position - Ending					<u>\$ 1,644,063</u>

See accompanying notes to financial statements.

**FUND FINANCIAL STATEMENTS**

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

**BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2019**

	<u>General Fund</u>	<u>Special Revenue Funds</u>			<u>Total Governmental Funds</u>
		<u>Title IV-D</u>	<u>Worthless Checks</u>	<u>PHSAC</u>	
<b>ASSETS</b>					
Cash	\$ 845,200	\$270,529	\$ 31,502	\$ 93,020	\$ 1,240,251
Investments	256,924	0	0	0	256,924
Due from Other					
Governmental Units	73,471	22,364	0	0	95,835
Due from Grants	8,205	0	0	27,851	36,056
Due from Others	7,027	0	280	172	7,479
Due from Other Funds	410,472	0	0	0	410,472
Prepaid Expenses	9,003	0	0	0	9,003
<b>Total Assets</b>	<u>\$ 1,610,302</u>	<u>\$292,893</u>	<u>\$ 31,782</u>	<u>\$121,043</u>	<u>\$ 2,056,020</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 40,608	\$ 201	\$ 0	\$ 6,356	\$ 47,165
Accrued Liabilities	4,672	0	0	0	4,672
Due to Other Funds	0	296,502	29,465	84,505	410,472
<b>Total Liabilities</b>	<u>45,280</u>	<u>296,703</u>	<u>29,465</u>	<u>90,861</u>	<u>462,309</u>
<b>FUND BALANCES</b>					
Nonspendable--					
Prepaid Expenses	9,003	0	0	0	9,003
Restricted for--					
Worthless Checks	0	0	2,317	0	2,317
PHSAC	0	0	0	30,182	30,182
Unassigned	1,556,019	(3,810)	0	0	1,552,209
<b>Total Fund Balance</b>	<u>1,565,022</u>	<u>(3,810)</u>	<u>2,317</u>	<u>30,182</u>	<u>1,593,711</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 1,610,302</u>	<u>\$292,893</u>	<u>\$ 31,782</u>	<u>\$121,043</u>	

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

Capital assets are not recognized as financial resources and are not reported as assets in the balance sheet above yet are recognized in the Statement of Net Position.	108,928
Receivables that are not expected to be collected and available to timely pay current period expenditures are not recognized as financial resources and are not recorded as assets in the balance sheet above yet are recognized in the Statement of Net Position.	294,449
The deferred outflows of expenditures for pension obligations are not a use of current resources, and therefore, are not reported in the fund financial statements.	479,317
The deferred inflows of contributions for pension obligations are not available resources, and therefore, are not reported in the fund financial statements.	(152,672)
Adjustment for Long-Term Liabilities - Long-term pension liabilities and compensated absences are not due and payable in the current period and therefore are not reported in the general fund balance sheet nor reflected in fund balance for the general fund.	<u>(679,670)</u>
Net position of government activities in the government-wide financial statements	<u>\$ 1,644,063</u>

See accompanying notes to financial statements.

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - GOVERNMENTAL FUNDS  
DECEMBER 31, 2019**

	General	Title IV-D	Worthless Checks	PHSAC	Total Governmental Funds
<b>REVENUES</b>					
Fees	\$ 749,040	\$ 0	\$ 6,698	\$ 0	\$ 755,738
Grants and Other Assistance	68,384	284,990	0	120,220	473,594
Interest Income	4,052	223	0	0	4,275
Intergovernmental	1,021,591	0	0	0	1,021,591
On-Behalf Revenue	468,766	0	0	0	468,766
Other Income	<u>2,600</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,600</u>
<b>Total Revenues</b>	<u>2,314,433</u>	<u>285,213</u>	<u>6,698</u>	<u>120,220</u>	<u>2,726,564</u>
<b>EXPENDITURES</b>					
Capital Outlay	11,455	0	0	2,824	14,279
Contract Services	301,235	0	0	50,212	351,447
Dues	13,679	0	0	4,310	17,989
Employee Benefits	222,757	59,185	5,226	16,257	303,425
Insurance	27,266	0	0	0	27,266
LDAA Assessment	15,677	0	0	0	15,677
Library	8,862	0	0	0	8,862
Lincoln Police Jury	20,000	0	0	0	20,000
Office Expense	87,733	1,538	0	6,902	96,173
Other	682	0	0	13,648	14,330
Payroll Taxes	47,004	4,571	184	3,172	54,931
Professional Fees	85,442	2,250	0	0	87,692
Rent	744	0	0	0	744
Salaries	1,489,757	249,616	12,912	80,694	1,832,979
Telephone	16,463	2,845	0	3,424	22,732
Training and Seminars	7,906	0	0	450	8,356
Travel	25,460	0	0	100	25,560
Trial Expenses	<u>7,580</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,580</u>
<b>Total Expenditures</b>	<u>2,389,702</u>	<u>320,005</u>	<u>18,322</u>	<u>181,993</u>	<u>2,910,022</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(75,269)	(34,792)	(11,624)	(61,773)	(183,458)
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating Transfers In (Out)	<u>(67,156)</u>	<u>28,382</u>	<u>8,774</u>	<u>30,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(67,156)</u>	<u>28,382</u>	<u>8,774</u>	<u>30,000</u>	<u>0</u>
<b>NET CHANGE IN FUND BALANCE</b>	(142,425)	(6,410)	(2,850)	(31,773)	(183,458)
Fund Balance-Beginning	<u>1,707,447</u>	<u>2,600</u>	<u>5,167</u>	<u>61,955</u>	<u>1,777,169</u>
Fund Balance-Ending	<u>\$ 1,565,022</u>	<u>\$ (3,810)</u>	<u>\$ 2,317</u>	<u>\$ 30,182</u>	<u>\$ 1,593,711</u>

See accompanying notes to financial statements.

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

**RECONCILIATION OF THE GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Net Change in Fund Balances-Total Governmental Funds** **\$ (183,458)**

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

Capital outlays are not recognized as expenditures in the Statement of Activities, but an economic cost of the outlay over an estimated useful life of the asset is recognized as depreciation expense. Depreciation expense of \$28,980 recognized in the government-wide Statement of Activities was more than the \$14,279 in capital outlay expenditures reported in the fund financial statements by \$14,701. (14,701)

Net revenues of \$14,048 and a reimbursement of \$733 recognized in the Statement of Activities were not available to fund current period expenditures and are not recognized as revenue in the fund financial statements. Revenues of \$43,718 that were recognized in the Statement of Activities in the prior year but not in the fund financial statements were recognized in the current period fund financial statements. (28,937)

Adjustment for Difference in Pension Expense - Governmental funds report pension expenditures based on required contributions, while in the Statement of Activities pension expense is reported based on the change in net pension liability and amortization of deferred inflows and outflows. (165,176)

Accrued expenses for compensated absences reported in the Statement of Activities do not require the use of current financial resources and are not reported as an expenditure in the fund financial statements. (20,430)

**Change in Net Position of Government Activities** **\$ (412,702)**

See accompanying notes to financial statements.

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

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
DECEMBER 31, 2019**

	Custodial Fund
<b>ASSETS</b>	
Cash	\$ <u>37,706</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>37,706</u></b>
<b>LIABILITIES</b>	
Accounts Payable	\$ <u>0</u>
<b>TOTAL LIABILITIES</b>	<b><u>0</u></b>
Fiduciary Net Position-Held for Others	<u>37,706</u>
<b>TOTAL NET FIDUCIARY POSITION</b>	<b>\$ <u>37,706</u></b>

See accompanying notes to financial statements.

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

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
DECEMBER 31, 2019**

	Custodial Fund
<b>ADDITIONS:</b>	
Asset Forfeitures	\$ <u>177,877</u>
Total Additions	<u>177,877</u>
<b>DEDUCTIONS:</b>	
Disbursed Judgments	<u>177,877</u>
Total Deductions	<u>177,877</u>
Change in Net Position	0
Net Position, December 31, 2018	<u>37,706</u>
Net Position, December 31, 2019	<u>\$ 37,706</u>

See accompanying notes to financial statements.

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

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

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

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

**FUND ACCOUNTING**

The accounts of the District Attorney are organized and operated on the basis of funds. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. Fund accounting utilizes three categories of funds: governmental, proprietary, and fiduciary. Furthermore, each category is divided into separate "fund types."

The fund categories used by the District Attorney's Office are governmental funds and fiduciary funds. Governmental funds account for the District Attorney's general activities, including the collection and disbursement of specific or legally restricted monies, and the acquisition of general fixed assets. Fiduciary funds account for the activity of the District Attorney as an agent for third parties.

**Governmental Funds**

**General Fund**

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

**Special Revenue Funds**

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Special Revenue Funds (continued)

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

Pine Hills Sexual Assault Center (PHSAC) - To account for the receipt and use of monies from grants to operate the Pine Hills Sexual Assault Center. The Pine Hills Children's Advocacy Center, Inc. (a non-profit organization) passes grants through to the PHSAC to provide services to victims of sexual abuse and/or assault and their families. The PHSAC is not legally separate from the District Attorney's Office.

Fiduciary Funds

Custodial Fund

Custodial Funds are used to account for assets held by the District Attorney's Office as a custodian for individuals, private organizations, or other governments outside the primary government that are not held in a trust. The custodial fund reports assets being held for others, accounts payable for disbursements that are scheduled within three months, and any excess of assets over liabilities are reported as net fiduciary position.

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

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. The Statement of Net Position and Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

Program revenues included in the Statement of Activities derive directly from the program itself and reduce the cost of the function to be financed from the general revenues.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)**

Fund Financial Statements

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All government funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means that the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. An availability period of 60 days was used. Revenues accrued include commissions (collected by another governmental unit and remitted to the District Attorney), other intergovernmental revenue, and reimbursements for expenditures from the state. Revenues that are not considered susceptible to accrual include certain charges for fees and forfeitures. Expenditures are recorded when the related fund liability is incurred.

With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Fiduciary fund financial statements are presented on the accrual basis of accounting and are presented separately from the governmental fund and government wide financial statements.

**GOVERNMENT-WIDE NET POSITION**

Government-wide net position is divided into three components:

Net Investment in Capital Assets - consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted Net Position - consist of assets that are restricted by the state enabling legislation, by grantors, and by other contributors less related liabilities and deferred inflows of resources.

Unrestricted - all other net position is reported in this category.

**GOVERNMENTAL FUND BALANCE**

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

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

**USE OF RESTRICTED RESOURCES**

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District Attorney's Office's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the District Attorney's Office's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications - committed and then assigned fund balances before using unassigned fund balance.

**USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**BUDGETS AND BUDGETARY ACCOUNTING**

The District Attorney's Office prepared an operating budget on its general fund and special revenue funds for the year ended December 31, 2019, except the Worthless Check Fund (which has less than \$50,000 in expenditures, and is exempt from the Louisiana Local Government Budget Act). Budgetary data is prepared based on prior year actual operating revenues and expenditures. It is monitored by management and amended throughout the year as necessary. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. The District Attorney's Office performs only a custodial function in the case of the custodial fund and therefore a budget for this fund is not appropriate.

The 2019 general fund budget was authorized by the District Attorney, made available for public inspection at the District Attorney's Office, and adopted by the District Attorney on December 17, 2018. The budget was amended prior to year end by the District Attorney.

**DEPOSITS AND INVESTMENTS**

Cash and cash equivalents consist of cash on hand, demand deposits, interest-bearing demand deposits, and short-term time deposits with original maturities of three months or less from the date of acquisition. It also includes cash on hand and undeposited currency being held in trust for evidence.

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Under state law, the District Attorney may invest funds in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. Investments are reported at fair value, except certificates of deposit are reported at cost.

**SHORT-TERM INTERFUND RECEIVABLES/PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet.

**CAPITAL ASSETS**

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

Furniture and Equipment	5 - 7 years
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**DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES**

In some instances, GASB requires a government to delay recognition of decreases in net position as expenditures until a future period and in other instances to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows and inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

**PAID TIME OFF AND SICK LEAVE**

Employees earn from 105 to 168 hours of Paid Time Off (PTO) each year depending on the number of years employed. PTO must be used in the year earned. Sick leave is earned at the rate of seven and one-half hours per month of employment, with the employee allowed to accumulate up to 270 hours to use as sick leave. All unused sick leave is forfeited upon termination. There is an accrual of \$20,430 of accumulated and vested benefits relating to PTO that is reported as a long-term liability. There are no sick leave amounts that require accrual or disclosure at year end.

**PENSIONS**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expenses, information about the fiduciary net position of the District Attorney's Retirement System (DARS) and the Parochial Employees Retirement System of Louisiana (PERS), and additions to/deductions from DARS' and PERS' fiduciary net position have been determined on the same basis as they are reported by DARS and PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**NOTE 2 - CASH AND INVESTMENTS**

Cash consists of demand deposits and money market deposits, which includes fiduciary fund cash under the District Attorney's control. Investments include certificates of deposit. These deposits are carried at cost which approximates market value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. Pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

At December 31, 2019, the District Attorney's Office has \$1,534,881 in cash and investments (carrying value) or \$1,568,062 in deposits (collected bank balances). These deposits are secured from risk by \$1,357,549 of federal deposit insurance and \$210,513 of pledged securities held by the custodial bank in the name of the fiscal agent with no of amounts held for deposit uncollateralized. Even though the securities are considered uncollateralized under the provisions of GASB Statement 3, LSA-R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District Attorney's Office that the fiscal agent has failed to pay deposited funds upon demand.

**NOTE 3 - DUE FROM OTHER GOVERNMENTAL UNITS**

Amounts due from other governmental units consisted of the following:

Commissions and Fees from -	
Lincoln Parish Sheriff's Office	\$ 10,625
Union Parish Sheriff's Office	7,361
Lincoln Parish Criminal Court Fund	43,678
Union Parish Criminal Court Fund	5,500
Lincoln Parish Sheriff's Office-Cost of Prosecution Fees and Restitution	788
Union Parish Sheriff's Office-Cost of Prosecution Fees	519
State of Louisiana-Victim's Assistance	5,000
Total General	73,471
State of Louisiana-Title IV-D	<u>22,364</u>
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 95,835</u></b>

**NOTE 4 - CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended December 31, 2019, are as follows:

	<u>Balance</u> <u>01/01/19</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/19</u>
<u>Capital Assets at Cost</u>				
Furniture and Equipment	\$ <u>243,689</u>	\$ <u>14,279</u>	\$ <u>1,877</u>	\$ <u>256,091</u>
<b>TOTALS</b>	<u>243,689</u>	<u>14,279</u>	<u>1,877</u>	<u>256,091</u>
<u>Less Accumulated Depreciation</u>				
Furniture and Equipment	<u>120,060</u>	<u>28,980</u>	<u>1,877</u>	<u>147,163</u>
<b>TOTALS</b>	<u>120,060</u>	<u>28,980</u>	<u>1,877</u>	<u>147,163</u>
<b>Net Capital Assets</b>	<b><u>\$ 123,629</u></b>	<b><u>\$ (14,701)</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 108,928</u></b>

**NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund balances at December 31, 2019, consisted of the following individual fund receivables and payables:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 410,472	\$ 0
Special Revenue Fund - Title IV-D	0	296,502
Special Revenue Fund - Worthless Check	0	29,465
Special Revenue Fund - PHSAC	<u>0</u>	<u>84,505</u>
<b>TOTAL</b>	<b><u>\$ 410,472</u></b>	<b><u>\$ 410,472</u></b>

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT**  
**PARISHES OF LINCOLN AND UNION, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 6 - PENSION PLANS**

The District Attorney's Office contributes to the District Attorneys' Retirement System (DARS) and the Parochial Employees Retirement System of Louisiana (PERS). The District Attorney and Assistant District Attorneys are members of the Louisiana District Attorneys' Retirement System. All other employees are members of the Parochial Employees Retirement System of Louisiana, if they are permanent employees working at least 28 hours a week.

The DARS plan is a cost sharing multiple-employer defined benefit pension plan administered by the District Attorneys' Retirement System (DARS). DARS was established August 1, 1956 and was placed under the management of the board of trustees for the purpose of providing retirement allowances and other benefits as stated under the provisions of R.S. 11, Chapter 3 for district attorneys and their assistants in each parish. The DARS issues a publicly available financial report that includes financial statements and required supplementary information for DARS. That report may be obtained by writing to District Attorneys' Retirement System of Louisiana, 2109 Decatur Street, New Orleans, Louisiana 70116, or by calling (504) 947-5551.

The PERS plan is a cost sharing multiple-employer defined benefit pension plan administered by the Parochial Employees' Retirement System of Louisiana (PERS). The PERS was established and provided for by R.S. 11:1901 of the Louisiana Revised Statutes. The PERS Board of Trustees and the Louisiana Legislature have the authority to review administration, benefit terms, investments, and funding of the plan. The retirement system issues a publicly available financial report. That report may be obtained by writing to Parochial Employees' Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

**GENERAL INFORMATION ABOUT THE PENSION PLANS**

**Benefits Provided**

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Retirement Benefits

**DARS Plan**

Members who joined the DARS before July 1, 1990, and who have elected not to be covered by the new provisions, are eligible to receive a normal retirement benefit if they have 10 or more years of creditable service and are at least age 62, or if they have 18 or more years of service and are at least age 60, or if they have 23 or more years of service and are at least age 55, or if they have 30 years of service regardless of age. The normal retirement benefit is equal to 3% of the member's average final compensation for each year of creditable service. Members are eligible for early retirement at age 60 if they have at least 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 credit receive a retirement benefit reduced 3% for each year of age below 60. Members who retire prior to age 62 who have less than 18 years of service receive a retirement benefit reduced 3% for each year of age below 62. Retirement benefits may not exceed 100% of final average compensation.

Members who joined the DARS after July 1, 1990, or who have elected to be covered by the new provisions, are eligible to receive a normal retirement benefit 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% of the member's final average compensation multiplied by years of membership service. A member is eligible for an early retirement benefit 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% for each year the member retires in advance of normal retirement age. Benefits may not exceed 100% of final average compensation.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT**  
**PARISHES OF LINCOLN AND UNION, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2019**

**NOTE 6 - PENSION PLANS (CONTINUED)**

**PERS Plan**

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification.

Any member of Plan A can retire providing he/she meets one of the following criteria:

Employees hired prior to January 1, 2007, can retire at any age with thirty or more years of creditable service, age 55 with twenty-five years of creditable service, age 60 with a minimum of ten years of creditable service, or age 65 with a minimum of seven years of creditable service.

Employees hired after January 1, 2007, can retire age 55 with 30 years of service, age 62 with ten years of service, or age 67 with 7 years of service.

Any member of Plan B can retire providing he/she meets one of the following criteria:

Employees hired prior to January 1, 2007, can retire at age 55 with thirty years of creditable service, age 60 with a minimum of ten years of creditable service, or age 65 with a minimum of seven years of creditable service.

Employees hired after January 1, 2007, can retire age 55 with 30 years of service, age 62 with ten years of service, and age 67 with 7 years of service.

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of an amount equal 3% of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts. The percent used for Plan B members is 2%.

**Deferred Retirement Benefits**

**DARS Plan**

In lieu of receiving an actual service retirement allowance, any member who has more years of service than are required for a normal retirement may elect to receive a Back-Deferred Retirement Program (Back-DROP) benefit.

The Back-DROP benefit is based upon the Back-DROP period selected and the final average compensation prior to the period selected. The Back-DROP period is the lessor of 36 months or the service accrued between the time a member first becomes eligible for retirement and his actual date of retirement. At retirement, the member's maximum monthly retirement benefit is based upon his service, final average compensation, and plan provisions in effect on the last day of creditable service immediately prior to the commencement of the Back-DROP period. In addition to the monthly benefit at retirement, the member receives a lump-sum payment equal to the maximum monthly benefit as calculated above multiplied by the number of months in the Back-DROP period. In lieu of receiving the lump-sum payment, the member may leave the funds on deposit with the system in an interest bearing account.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT**  
**PARISHES OF LINCOLN AND UNION, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2019**

**NOTE 6 - PENSION PLANS (CONTINUED)**

Prior to January 1, 2009, eligible members could elect to participate in the Deferred Retirement Option Program (DROP) for up to thirty-six months in lieu of terminating employment and accepting service benefit. During participation in the DROP, employer contributions were payable and employee contributions were reduced to one half of one percent. The monthly retirement benefits that would have been payable to the member were paid into a DROP account, which did not earn interest while the member was participating in the DROP. Upon termination of participation, the participant in the plan received, at his option, a lump sum from the account equal to the payments into the account or systematic disbursements from his account in any manner approved by the board of trustees. The monthly benefits that were being paid into DROP would then be paid to the retiree. All amounts which remain credited to the individual's sub-account after termination of participation in the plan were invested in liquid money market funds. Interest was credited thereon as actually earned.

**PERS Plan**

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for that member who is eligible for normal retirement. In lieu of terminating employment and accepting a service retirement, any member of Plan A or B who is eligible to retire may elect to participate in DROP in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments in the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account. Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

**Disability Benefits**

**DARS Plan**

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 a benefit equal to 3% (3.5% for members covered under the new retirement benefit provisions) of his average final compensation multiplied by the lessor of his actual service (not less than fifteen years) or projected continued service to age sixty.

**PERS Plan**

For Plan A and Plan B, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007, and has a least five years of creditable service or if hired after January 1, 2007, and has seven years of creditable service, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board.

Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lessor of an amount equal to a three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or three percent multiplied by years of service assuming continued service to age sixty. Plan B members shall be paid a disability benefit equal to the lessor of

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT**  
**PARISHES OF LINCOLN AND UNION, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2019**

**NOTE 6 - PENSION PLAN (CONTINUED)**

an amount equal to two percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or an amount equal to what the member's normal benefit would be based on the member's current final compensation but assuming the member remained in continuous service until his earliest normal retirement age.

Survivor's Benefits

DARS Plan

Upon the death of any member with less than five years of creditable service, his accumulated contributions and interest thereon are paid to the surviving spouse, if he is married, or to his designated beneficiary, if he is not married. Upon the death of any active, contributing member with 5 or more years of service or any member with 23 years of service who has not retired, automatic Option 2 benefits are payable to the surviving spouse. These benefits are based on the retirement benefits accrued at the member's date of death with the option factors used as if the member had continued in service to earliest normal retirement age. If a member has no surviving spouse, the surviving minor children under 18 or disabled children are paid 80% of the member's accrued retirement benefit divided into equal shares. 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.

PERS Plan

Upon the death of any member of Plan A with five or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined in the statutes. Upon the death of any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit, as outlined in the statutes. Plan B members need ten years of service credit to be eligible for survivor benefits. Upon the death of any member of Plan B with twenty or more years of creditable service who is not eligible for normal retirement, the plan provides for an automatic Option 2 benefit for the surviving spouse when he/she reaches age 50 and until remarriage, if the remarriage occurs before age 55. A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than twelve months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

Permanent Benefit Increases/Cost-of-Living Adjustments

DARS Plan

The Board of Trustees is authorized to grant retired members and surviving beneficiaries of members who have retired an annual cost of living increase of 3% of their original benefit, (not to exceed sixty dollars per month) and all retired members and widows who are 65 years of age and older a 2% increase in their original benefit. In lieu of other cost of living increases the board may grant an increase in the form of "Xx(A&B)" where "A" is equal to the number of years of credited service accrued at retirement or death of the member or retiree and "B" is equal to the number of years since death of the member or retiree to June 30 of the initial year of increase and "X" is equal to any amount available for funding such increase up to a maximum of \$1.00. In order for the board to grant any of these increases, the DARS must meet certain criteria detailed in the statute related to funding status and interest earnings.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT**  
**PARISHES OF LINCOLN AND UNION, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2019**

**NOTE 6 - PENSION PLAN (CONTINUED)**

PERS Plan

The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July, 1973. The adjustment cannot exceed two percent of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age 65 equal to two percent of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

**Contributions**

DARS Plan

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2020 and June 30, 2019, the actual employer contribution rate was 4.00% and 1.25%, respectively. The District Attorney's contributions to DARS for the year ended December 31, 2019, was \$8,979, equal to the required contributions for the year.

In accordance with state statute, the DARS receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities. Non-employer contributions were recognized as revenue during the year ended June 30, 2019 and excluded from pension expense.

PERS Plan

According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2018, the actuarially determined contribution rate was 9.99% of member's compensation for Plan A and 7.01% of member's compensation for Plan B. However, the actual rate for the fiscal year ending December 31, 2019 was 11.5% for Plan A and 7.5% for Plan B. The District Attorney's Office participates in Plan A. Contributions to the pension plan from the the District Attorney's Office were \$76,204 for the year ended December 31, 2019, at a rate of 11.5%.

According to state statute, the System also receives one-fourth of one percent of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT**  
**PARISHES OF LINCOLN AND UNION, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2019**

**NOTE 6 - PENSION PLAN (CONTINUED)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2019, the Employer reported a liability of \$659,240 for its proportionate share of the Net Pension Liability for all plans. The Net Pension Liability was measured as of June 30, 2019 for the DARS Plan and as of December 31, 2018 for the PERS Plan, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of those dates. The District Attorney's proportion of the Net Pension Liability was based on a projection of the District Attorney's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the District Attorney's proportion of the DARS Plan was 0.622749% which was an increase of 0.06947% from its proportion measured as of June 30, 2018. At December 31, 2018, the District Attorney's proportion of the PERS Plan was 0.103394%, which was an increase of 0.001482% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2019, the District Attorney recognized pension expense of \$118,171 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$132,188.

At December 31, 2019, the District Attorney reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 861	\$ 90,487
Changes of assumptions	205,987	6,608
Net difference between projected and actual earnings on pension plan investments	247,773	0
Change in proportion and differences between Employer contributions and proportionate share of contributions	17,894	55,577
Employer contributions subsequent to the measurement date	6,802	0
Total	\$ 479,317	\$ 152,672

The District Attorney is reporting \$6,802 as deferred outflows of resources related to pensions resulting from the District Attorney's contributions subsequent to the measurement date which will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT  
PARISHES OF LINCOLN AND UNION, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019**

**NOTE 6- PENSION PLAN (CONTINUED)**

Year Ended December 31:

2020	\$ 96,574
2021	\$ 47,776
2022	\$ 60,327
2023	\$ 122,942
2024	\$ (7,776)

**Actuarial Assumptions**

DARS Plan

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2019 are as follows:

<b>Valuation Date</b>	June 30, 2019
<b>Actuarial Cost Method</b>	Entry Age Normal Cost
<b>Actuarial Assumptions:</b>	
<b>Expected Remaining Service Lives</b>	6 years
<b>Investment Rate of Return</b>	6.50%, net of Pension Plan investment expense, including inflation
<b>Projected Salary Increases</b>	5.50% (2.4% Inflation, 3.1% Merit)
<b>Mortality Rates</b>	The RP-2000 Combined Healthy with White Collar Adjustment Sex Distinct Tables (setback 1 year for females) projected to 2032 using scale AA were selected for employees, annuitants, and beneficiaries. RP 2000 Disabled Lives Mortality Table (setback 5 years for males and 3 years for females) for disabled annuitants.
<b>Expected Remaining Service Lives</b>	6 years -- June 30, 2019 6 years -- June 30, 2018 7 years -- June 30, 2017 7 years -- June 30, 2016 6 years -- June 30, 2015 6 years -- June 30, 2014
<b>Cost of Living Adjustments</b>	Only those previously granted

The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2009 through June 30, 2014. The data was then assigned creditability weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a periodic equivalent to the estimated duration of the DARS's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT**  
**PARISHES OF LINCOLN AND UNION, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2019**

**NOTE 6 - PENSION PLAN (CONTINUED)**

**Actuarial Assumptions**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The resulting long-term rate of return is 7.65% for the year ended June 30, 2019.

The best estimates of arithmetic real rates of return for each major asset class based on DARS's target asset allocations as of June 30, 2019, were as follows:

<u>Asset Class</u>	<u>Long-Term Target Asset Allocation</u>	<u>Rates of Return</u>	
		<u>Real</u>	<u>Nominal</u>
Equities	48.42 %	5.13 %	
Fixed Income	40.10 %	1.65 %	
Alternatives	10.99 %	0.78 %	
Cash	0.49 %	0.00 %	
System Total	100.00 %		5.07 %
Inflation			2.49 %
Expected Arithmetic Nominal Return			7.56 %

**PERS Plan**

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2018 are as follows:

<b>Valuation Date</b>	December 31, 2018
<b>Actuarial Cost Method</b>	Plan A - Entry Age Normal Plan B - Entry Age Normal
<b>Actuarial Assumptions:</b>	
<b>Expected Remaining Service Lives</b>	4 years
<b>Investment Rate of Return</b>	6.5%, net of investment expense, including inflation
<b>Projected Salary Increases</b>	Plan A - 4.75% Plan B - 4.25%
<b>Cost of Living Adjustments</b>	The present value of future retirement benefits is based on benefits currently being paid by the PERS and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.
<b>Mortality</b>	Pub-210 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using M2018 scale for annuitant and beneficiary mortality. For employees, the Pub-210 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants.
<b>Inflation Rate</b>	2.40%

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT**  
**PARISHES OF LINCOLN AND UNION, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2019**

**NOTE 6 - PENSION PLAN (CONTINUED)**

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.0% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.43% for the year ended December 31, 2018. Best estimates of arithmetic real rates of return for each major asset class included in the PERS target asset allocation as of December 31, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Fixed Income	35 %	1.22 %
Equity	52 %	3.45 %
Alternatives	11 %	0.65 %
Real Assets	2 %	0.11 %
Totals	<u>100 %</u>	<u>5.43 %</u>
Inflation		<u>2.00 %</u>
Expected Arithmetic Nominal Return		<u>7.43 %</u>

The morality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2013 through December 31, 2017. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. As a result of this study, mortality for employees was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. In addition, mortality for annuitants and beneficiaries was set equal to the Pub-2010 Public Retirement plans Mortality Table for Healthy Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. For disabled annuitants mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale.

**Discount Rate**

**DARS Plan**

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that the contributions from participating employers will be made at actuarially determined rates approved by PRSAC taking into consideration the recommendation of the DARS's actuary. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT**  
**PARISHES OF LINCOLN AND UNION, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2019**

**NOTE 6 - PENSION PLAN (CONTINUED)**

**PERS Plan**

The discount rate used to measure the total pension liability was 6.5% for Plan A and 6.5% for Plan B. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

**DARS Plan**

The following presents the net pension liability of the participating employer's proportionate share calculated using the discount rate of 6.50%, as well as what the employer's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (5.50%) or one percentage-point higher (7.50%) than the current rate:

	<u>1.0% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Employer's proportionate share of the net pension liability	\$ 545,708	\$ 200,340	\$ (93,740)

**PERS Plan**

The following presents the net pension liability of the participating employer's proportionate share calculated using the discount rate of 6.5%, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (5.5%) or one percentage-point higher (7.5%) than the current rate:

	<u>1.0% Decrease (5.50%)</u>	<u>Current Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Employer's proportionate share of the net pension liability	\$ 974,580	\$ 458,900	\$ 27,836

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued DARS 2019 Comprehensive Annual Financial Report at [www.la.gov](http://www.la.gov) and the PERS 2018 Comprehensive Annual Financial Report at [www.persla.org](http://www.persla.org).

**Payables to the Pension Plan**

As of December 31, 2019, the District Attorney did not have a payable to DARS or PERS for payments made after year end.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT**  
**PARISHES OF LINCOLN AND UNION, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 7 - ON-BEHALF PAYMENTS**

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

General Fund

Salaries	\$ 450,375
Fringe Benefits	<u>18,391</u>
Total On-Behalf Payments	<u>\$ 468,766</u>

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

**NOTE 8 - DEFICIT FUND BALANCE**

A deficit unassigned fund balance of \$3,810 exists in the Title IV-D special revenue fund. The deficit is a result of an increase in expenditures greater than the increase in revenues for the fund. In response to the Title IV-D fund's increased expenditures, the general fund provided an interfund loan to the worthless check fund to finance its operations. It is expected that this deficit will be eliminated using grants from future operations and/or interfund transfers from the general fund.

**NOTE 9 - SUBSEQUENT EVENT**

As a result of the spread of the COVID-19 Coronavirus and the resulting stay-at-home orders issued by the State of Louisiana in which the District Attorney's Office operates, the District Attorney's Office is experiencing reduced fee income in 2020. The duration of the reduction in fees may be only temporary, but it will depend on future developments, including the duration and spread of the outbreak and the length of stay-at-home orders, all of which are highly uncertain and cannot be predicted at this time. The related financial impact cannot be reasonably estimated at this time.

**REQUIRED SUPPLEMENTARY INFORMATION**

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

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
DECEMBER 31, 2019**

	<u>Original Budget Amounts</u>	<u>Amended Budget Amounts</u>	<u>Actual Amounts</u>	Variance with Amended Budget Favorable (Unfavorable)
<b>REVENUES</b>				
Fees	\$ 922,000	\$ 789,000	\$ 749,040	\$ (39,960)
Grants and Other Assistance	77,000	89,865	68,384	(21,481)
Interest Income	2,000	2,005	4,052	2,047
Intergovernmental	1,030,600	1,040,690	1,021,591	(19,099)
On-Behalf Revenue	467,285	468,766	468,766	0
Other Income	<u>33,000</u>	<u>5,950</u>	<u>2,600</u>	<u>(3,350)</u>
<b>TOTAL REVENUES</b>	<u>2,531,885</u>	<u>2,396,276</u>	<u>2,314,433</u>	<u>(81,843)</u>
<b>EXPENDITURES</b>				
Capital Outlay	2,000	9,270	11,455	(2,185)
Contract Services	277,000	286,650	301,235	(14,585)
Dues and Subscriptions	8,000	13,680	13,679	1
Employee Benefits	217,719	280,276	222,757	57,519
Insurance	25,600	29,600	27,266	2,334
LDAA Assessment	15,700	15,700	15,677	23
Library	9,850	8,130	8,862	(732)
Lincoln Parish Police Jury	18,000	20,000	20,000	0
Office Expenses	103,550	90,145	87,733	2,412
Other	2,400	1,250	682	568
Payroll Taxes	40,154	36,366	47,004	(10,638)
Professional Fees	104,600	81,350	85,442	(4,092)
Rent	750	745	744	1
Salaries	1,487,333	1,482,597	1,489,757	(7,160)
Telephone	16,000	16,640	16,463	177
Training and Seminars	6,500	8,700	7,906	794
Travel and Meals	15,000	24,600	25,460	(860)
Trial Expenses	<u>5,000</u>	<u>5,400</u>	<u>7,580</u>	<u>(2,180)</u>
<b>TOTAL EXPENDITURES</b>	<u>2,355,156</u>	<u>2,411,099</u>	<u>2,389,702</u>	<u>21,397</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>176,729</u>	<u>(14,823)</u>	<u>(75,269)</u>	<u>(60,446)</u>
<b>OTHER FINANCING USES</b>				
Operating Transfers Out	<u>(72,734)</u>	<u>(53,000)</u>	<u>(67,156)</u>	<u>(14,156)</u>
<b>TOTAL OTHER FINANCING USES</b>	<u>(72,734)</u>	<u>(53,000)</u>	<u>(67,156)</u>	<u>(14,156)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	103,995	(67,823)	(142,425)	(74,602)
<b>FUND BALANCE - BEGINNING</b>	<u>1,706,329</u>	<u>1,707,447</u>	<u>1,707,447</u>	<u>0</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 1,810,324</u>	<u>\$ 1,639,624</u>	<u>\$ 1,565,022</u>	<u>\$ (74,602)</u>

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

**BUDGETARY COMPARISON SCHEDULE-SPECIAL REVENUE FUNDS  
DECEMBER 31, 2019  
TITLE IV - D FUND**

	Original Budget Amounts	Amended Budget Amounts	Actual Amounts	Variance with Amended Budget Favorable (Unfavorable)
<b>REVENUES</b>				
Grant	\$ 238,370	\$ 277,176	\$ 284,990	\$ 7,814
Interest Income	120	200	223	23
<b>TOTAL REVENUES</b>	<u>238,490</u>	<u>277,376</u>	<u>285,213</u>	<u>7,837</u>
<b>EXPENDITURES</b>				
Employee Benefits	60,510	36,055	59,185	(23,130)
Office Expense	3,600	1,460	1,538	(78)
Payroll Taxes	3,360	2,283	4,571	(2,288)
Professional Fees	400	2,250	2,250	0
Salaries	231,780	248,145	249,616	(1,471)
Telephone	2,800	2,820	2,845	(25)
<b>TOTAL EXPENDITURES</b>	<u>302,450</u>	<u>293,013</u>	<u>320,005</u>	<u>(24,188)</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	(63,960)	(15,637)	(34,792)	(19,155)
<b>OTHER FINANCING SOURCES</b>				
Operating Transfers In	<u>63,960</u>	<u>15,000</u>	<u>28,382</u>	<u>13,382</u>
<b>DEFICIENCY OF REVENUES AND OTHER SOURCES UNDER EXPENDITURES</b>	0	(637)	(6,410)	(5,773)
<b>FUND BALANCE-BEGINNING</b>	<u>2,672</u>	<u>2,600</u>	<u>2,600</u>	<u>0</u>
<b>FUND BALANCE-ENDING</b>	<u>\$ 2,672</u>	<u>\$ 1,963</u>	<u>\$ (3,810)</u>	<u>\$ (5,773)</u>

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT**  
**PARISHES OF LINCOLN AND UNION, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE-SPECIAL REVENUE FUND**  
**DECEMBER 31, 2019**  
**PHSAC FUND**

	Original Budget Amounts	Amended Budget Amounts	Actual Amounts	Variance with Amended Budget Favorable (Unfavorable)
<b>REVENUES</b>				
Grant	128,667	\$ 137,821	\$ 120,220	\$ (17,601)
Contributions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL REVENUES</b>	<u>128,667</u>	<u>137,821</u>	<u>120,220</u>	<u>(17,601)</u>
<b>EXPENDITURES</b>				
Capital Outlay	0	2,830	2,824	6
Contract Services	50,725	49,400	50,212	(812)
Dues	1,500	1,310	4,310	(3,000)
Employee Benefits	16,467	3,409	16,257	(12,848)
Insurance	0	0	0	0
Supplies	0	0	0	0
Office Expense	7,750	18,250	6,902	11,348
Other	1,400	1,515	13,648	(12,133)
Payroll Taxes	3,166	16,351	3,172	13,179
Professional Fees	2,200	1,800	0	1,800
Repairs and Maintenance	0	0	0	0
Salaries	78,700	82,553	80,694	1,859
Settlement of Seizures	0	0	0	0
Telephone	1,950	1,800	3,424	(1,624)
Training and Seminars	0	0	450	(450)
Travel	<u>0</u>	<u>100</u>	<u>100</u>	<u>0</u>
<b>TOTAL EXPENDITURES</b>	<u>163,858</u>	<u>179,318</u>	<u>181,993</u>	<u>(2,675)</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	(35,191)	(41,497)	(61,773)	(20,276)
<b>OTHER FINANCING SOURCES</b>				
Operating Transfers In	<u>0</u>	<u>20,000</u>	<u>30,000</u>	<u>10,000</u>
<b>DEFICIENCY OF REVENUES AND OTHER SOURCES UNDER EXPENDITURES</b>	(35,191)	(21,497)	(31,773)	(10,276)
<b>FUND BALANCE-BEGINNING</b>	<u>35,755</u>	<u>61,955</u>	<u>61,955</u>	<u>0</u>
<b>FUND BALANCE-ENDING</b>	<u>564</u>	<u>\$ 40,458</u>	<u>\$ 30,182</u>	<u>\$ (10,276)</u>

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT  
PARISHES OF LINCOLN AND UNION, LOUISIANA  
DECEMBER 31, 2019**

**SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY**

<u>Fiscal Year</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
<b>District Attorneys' Retirement System</b>					
2019	0.62275 %	\$ 200,340	372,019	53.85 %	93.13 %
2018	0.55328 %	178,042	344,000	51.76 %	92.92 %
2017	0.51957 %	140,138	315,732	44.39 %	93.57 %
2016	0.47361 %	90,652	286,598	31.63 %	95.09 %
2015	0.48245 %	25,987	282,936	9.18 %	98.56 %
2014	0.54258 %	10,821	315,085	3.43 %	99.45 %
<b>Parochial Employees' Retirement System</b>					
2019	0.10339 %	\$ 458,900	\$ 662,644	69.25 %	88.86 %
2018	0.10191 %	\$ (75,644)	\$ 635,437	(11.90)%	101.98 %
2017	0.09666 %	199,064	627,286	31.73 %	94.15 %
2016	0.09852 %	259,336	573,225	45.24 %	92.23 %
2015	0.09339 %	25,533	563,883	4.53 %	99.15 %
2014	0.10358 %	7,361	541,323	1.36 %	99.77 %

**Notes:**

The District Attorneys' Retirement System amounts presented for each fiscal year were determined as of a June 30th measurement date prior to the fiscal year end.

The Parochial Employees' Retirement System amounts presented for each fiscal year were determined December 31st measurement date.

This schedule is presented to illustrate the requirement to show information for 10 years. The years presented are the only years for which the required information is available.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT  
PARISHES OF LINCOLN AND UNION, LOUISIANA  
DECEMBER 31, 2019**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
TO PENSION PLANS**

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
<b>District Attorneys' Retirement System</b>					
2019	\$ 8,979	\$ 8,979	\$ 0	\$ 344,207	2.61 %
2018	2,411	2,411	0	382,102	0.63 %
2017	0	0	0	317,250	0.00 %
2016	5,388	5,388	0	312,163	1.73 %
2015	13,421	13,421	0	258,061	5.20 %
2014	19,805	19,805	0	315,085	6.29 %
<b>Parochial Employees' Retirement System</b>					
2019	\$ 76,204	\$ 76,204	\$ 0	\$ 662,644	11.50 %
2018	73,097	73,097	0	635,437	11.50 %
2017	78,411	78,411	0	627,286	12.50 %
2016	74,548	74,548	0	573,225	13.00 %
2015	81,763	81,763	0	563,883	14.50 %
2014	86,643	86,643	0	541,323	16.00 %

**Notes:**

The amounts presented were determined as of the end of the fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years. The years presented are the only years for which the required information is available.

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

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR PENSIONS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**District Attorneys' Retirement System**

**1. Schedule of Employer's Share of Net Pension Liability**

This schedule reflects the participation of Third Judicial District, District Attorney's Office employees in DARS and its proportionate share of the net pension liability as a percentage of its covered employee payroll, and the plan fiduciary net position as a percentage of the total pension liability.

**2. Schedule of Employer's Contributions**

This schedule represents the employer contributions subsequent to the measurement date and recognized as a reduction of the net pension liability in future years.

**3. Changes in Actuarial Assumptions for Net Pension Liability**

The following is a list of changes in actuarial assumptions:

Expected Remaining Service Lives	6 years - June 30, 2019 6 years - June 30, 2018 7 years - June 30, 2017 and 2016 6 years - June 30, 2015 and 2014
Investment Rate of Return	6.50% per annum for 2019 6.75% per annum for 2018 6.50% per annum for 2017 7.00% per annum for 2016 and 2015

**Parochial Employees' Retirement System**

**1. Schedule of Employer's Share of Net Pension Liability**

This schedule reflects the participation of Third Judicial District, District Attorney's Office employees in PERS and its proportionate share of the net pension liability as a percentage of its covered employee payroll, and the plan fiduciary net position as a percentage of the total pension liability.

**2. Schedule of Employer's Contributions**

This schedule represents the employer contributions subsequent to the measurement date and recognized as a reduction of the net pension liability in future years.

**3. Changes in Actuarial Assumptions for Net Pension Liability**

The following is a list of changes in actuarial assumptions:

Investment Rate of Return	6.50% per annum for 2019 6.75% per annum for 2018 7.00% per annum for 2017 and 2016 7.25% per annum for 2015
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## **OTHER REPORTS AND SCHEDULES**

**DON M. MCGEHEE**  
(A Professional Accounting Corporation)

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

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

Honorable John Belton  
District Attorney of the Third Judicial District  
100 West Texas, 2nd Floor  
Ruston, Louisiana 71270

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund, and the aggregate remaining fund information of the Third Judicial District District Attorney, a component unit of the Lincoln Parish Police Jury, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District Attorney's basic financial statements and have issued my report thereon dated June 22, 2020.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District Attorney's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and questioned costs as items #2019-1.

**District Attorney's Response to Findings**

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

**Purpose of this Report**

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



Don M. McGehee  
Certified Public Accountant  
June 22, 2020

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT**  
**PARISHES OF LINCOLN AND UNION, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

I have audited the financial statements of the District Attorney as of and for the year ended December 31, 2019, and have issued my report thereon dated June 22, 2020. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 2019 resulted in an unqualified opinion. The following is a summary of my audit observations on internal control, tests of compliance, and findings related to the financial statements that are required to be reported in accordance with Government Auditing Standards:

**Section 1 Summary of Auditor's Reports**

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses  Yes  No      Significant Deficiencies  Yes  No

Compliance

Compliance Material to Financial Statements  Yes  No

**Section 2 Financial Statement Findings**

**Finding 2019-1. Unfavorable Budget Variance.** The actual expenditures for the special revenue fund Title IV-D exceeded budget amounts by 8%. State law requires the budget to be amended if the actual expenditures exceed the estimated expenditures by 5% or more. It appears that uncorrected posting errors provided unreliable information for proposal of budget amendments. These errors were not corrected until after year end. I recommend the financial administrator carefully monitor the budget and actual amounts during the year, and adopt budget amendments for actual amounts in excess of 5%.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT  
PARISHES OF LINCOLN AND UNION, LOUISIANA  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**SECTION 1 INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS**

	<u><b>FINDINGS</b></u>	<u><b>STATUS</b></u>
No findings.		

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT  
PARISHES OF LINCOLN AND UNION, LOUISIANA  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**SECTION 1 INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENT**

**FINDINGS**

**RESPONSE**

**2019-1. Unfavorable Budget Variance.**  
The special revenue fund for Title IV-D had actual expenditures that exceeded the budget by 8%. State law requires the budget to be amended if there is a 5% variance anticipated. It appears that budget amendments were prepared, but there were posting errors in the Title IV-D fund. Recommend the client monitor the budget and actual amounts during the year, and adopt budget amendments when anticipated actual amounts exceed budgeted amounts.

The financial administrator will closely monitor the 2020 budget and alert officials when there appears to be a variance of 5% or more.

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

**SCHEDULE OF COMPENSATION, BENEFITS AND  
OTHER PAYMENTS TO THE DISTRICT ATTORNEY  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**District Attorney of the Third Judicial District, John F. K. Belton:**

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 126,540
Salary paid On-Behalf	50,000
Benefits-Retirement	3,357
Benefits-Retirement paid On-Behalf	1,313
Benefits-Group Health Insurance	10,826
Travel	13,108
Seminars	2,060
Dues	448

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

**STATEWIDE AGREED-UPON PROCEDURES  
DECEMBER 31, 2019**

**DON M. MCGEHEE**  
(A Professional Accounting Corporation)

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

**INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES**

Honorable John Belton  
District Attorney of the Third Judicial District  
and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by District Attorney of the Third Judicial District and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. The District Attorney's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

**Written Policies and Procedures**

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget  
*Management provided us with the written policy and procedures and all functions are addressed.*
  - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.  
*Management provided us with the written policy and procedures and all functions are addressed.*
  - c) **Disbursements**, including processing, reviewing, and approving  
*Management provided us with the written policy and procedures and all functions are addressed.*
  - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).  
*Management provided us with the written policy and procedures and all functions are addressed.*

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

*Management provided us with the written policy and procedures and all functions are addressed.*

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

*Management provided us with the written policy and procedures and all functions are addressed, except there are no standard terms and conditions for contracts.*

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

*Management provided us with the written policy and procedures and all functions are addressed.*

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

*Management provided us with the written policy and procedures and all functions are addressed.*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

*Management provided us with the written policy and procedures and all functions are addressed.*

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

*Management provided us with the written policy and procedures and all functions are addressed.*

- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

*Management provided us with the written policy and procedures and all functions are addressed.*

**Board (or Finance Committee, if applicable)**

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

*Not applicable.*

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

*Not applicable.*

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

*Not applicable.*

### **Bank Reconciliations**

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

*Excluded from testing during the current year, since there were no exceptions in a prior year.*

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

*Excluded from testing during the current year, since there were no exceptions in a prior year.*

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

*Excluded from testing during the current year, since there were no exceptions in a prior year.*

### **Collections (excluding EFTs)**

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

*Management provided us with the required list and representation that it is complete.*

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

*The District Attorney's office does not accept cash and does not have a cash register or cash drawer.*

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to deposit.

*No exceptions were found as a result of this procedure.*

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

*No exceptions were found as a result of this procedure.*

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee verifies the reconciliation.

*No exceptions were found as a result of this procedure.*

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

*No exceptions were found as a result of this procedure.*

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

*No exceptions were found as a result of this procedures.*

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

*No exceptions were found as a result of this procedure.*

- c) Trace the deposit slip total to the actual deposit per the bank statement.

*No exceptions were found as a result of this procedure.*

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

*All deposits were made within one business day of receipt, except for three receipts that I was unable to determine the receipt date.*

- e) Trace the actual deposit per the bank statement to the general ledger.

*No exceptions were found as a result of this procedure.*

**Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)**

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

*Excluded from testing during the current year, since there were no exceptions in a prior year.*

- 9. For each location under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

*Excluded from testing during the current year, since there were no exceptions in a prior year.*

- b) At least two employees are involved in processing and approving payments to vendors.

*Excluded from testing during the current year, since there were no exceptions in a prior year.*

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

*Excluded from testing during the current year, since there were no exceptions in a prior year.*

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

*Excluded from testing during the current year, since there were no exceptions in a prior year.*

- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transactions population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

*Excluded from testing during the current year, since there were no exceptions in a prior year.*

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

*Excluded from testing during the current year, since there were no exceptions in a prior year.*

**Credit Cards/Debit Cards/Fuel Cards/P-Cards**

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

*Excluded from testing during the current year, since there were no exceptions in a prior year.*

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

*Excluded from testing during the current year, since there were no exceptions in a prior year.*

- b) Observe that finance charges and/or late fees were not assessed on the selected statements.

*Excluded from testing during the current year, since there were no exceptions in a prior year.*

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as "missing receipt statement" that is subject to increased scrutiny.

*Excluded from testing during the current year, since there were no exceptions in a prior year.*

**Travel and Travel-Related Expense Reimbursements (excluding card transactions)**

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

*Excluded from testing during the current year, since there were no exceptions in a prior year.*

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

*Excluded from testing during the current year, since there were no exceptions in a prior year.*

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

*Excluded from testing during the current year, since there were no exceptions in a prior year.*

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*Excluded from testing during the current year, since there were no exceptions in a prior year.*

### **Contracts**

- 15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

*Excluded from testing during the current year, since there were no exceptions in a prior year.*

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

*Excluded from testing during the current year, since there were no exceptions in a prior year.*

- c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment.

*Excluded from testing during the current year, since there were no exceptions in a prior year.*

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

*Excluded from testing during the current year, since there were no exceptions in a prior year.*

**Payroll and Personnel**

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

*Excluded from testing during the current year, since there were no exceptions in a prior year.*

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave).

*Excluded from testing during the current year, since there were no exceptions in a prior year.*

b) Observe that supervisors approved the attendance and leave of the selected employee/officials.

*Excluded from testing during the current year, since there were no exceptions in a prior year.*

c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

*Excluded from testing during the current year, since there were no exceptions in a prior year.*

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

*Excluded from testing during the current year, since there were no exceptions in a prior year.*

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

*Excluded from testing during the current year, since there were no exceptions in a prior year.*

**Ethics**

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics compliance documentation from management, and

- a) Observe that the documentation demonstrates each employee/official completed one hour training during the fiscal period.

*Excluded from testing during the current year, since there were no exceptions in a prior year.*

- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she had read the entity's ethics policy during the fiscal period.

*Excluded from testing during the current year, since there were no exceptions in a prior year.*

**Debt Service**

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

*Not applicable.*

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balances and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

*Not applicable.*

**Other**

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

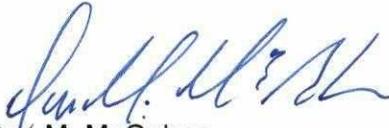
*Not applicable.*

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

*No exceptions were found as a result of this procedure.*

I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

A handwritten signature in blue ink, appearing to read "Don M. McGehee".

Don M. McGehee  
Certified Public Accountant  
June 22, 2020