

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

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

DECEMBER 31, 2017

TABLE OF CONTENTS

	Statement	Page
Independent Auditor's Report		3
Management's Discussion and Analysis		7
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position	A	14
Statement of Activities	B	15
Fund Financial Statements:		
Governmental Fund:		
Balance Sheet	C	17
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	D	18
Statement of Revenues, Expenditures and Changes in Fund Balances	E	19
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	F	20
Agency Fund:		
Statement of Fiduciary Net Position - Agency Fund	G	22
Notes to the Financial Statements		23
Other Required Supplementary Information:		
Budgetary Comparison Schedule, General Fund and Title IV-D Fund		50
Schedule of the District Attorney's Proportionate Share of the Net Pension Liability		51
Schedule of the District Attorney's Pension Contributions		52
Other Supplementary Information:		
Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer		54
Other Governmental Reporting:		
Independent Auditors' 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		56
Schedule of Findings and Questioned Costs for the Year Ended December 31, 2017		58
Schedule of Prior Year Findings and Questioned Costs		60
Schedules of Expenditures of Federal Awards		61
Notes to Schedules of Expenditures of Federal Awards		62
Independent Auditor's Report on Compliance for each Major Program and on Internal Control Over Compliance required by the Uniform Guidance		63

INDEPENDENT AUDITOR'S REPORT

District Attorney of the Orleans Judicial District
619 S. White St.
New Orleans, Louisiana 70119

Report on the Financial Statements

We 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 Orleans Judicial District, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District Attorney of the Orleans Judicial District'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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District Attorney of the Orleans Judicial District, as of December 31, 2017, and the respective changes in financial position 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 (pages 7–12), budgetary comparison information (page 50), schedule of proportionate share of the net pension liability (page 51), and the schedule of pension contributions (page 52) 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. We 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District Attorney of the Orleans Judicial District's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. The schedule of compensation, benefits, and other payments to agency head or chief executive officer is presented for purposes of additional analysis as required by the Louisiana Legislative Auditor and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards and schedule of compensation, benefits, and other payments to agency head or chief executive officer are the responsibility of management and were derived from and relate 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 our opinion, the schedule of expenditures of federal awards and schedule of compensation, benefits, and other payments to agency head or chief executive officer are 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*, we have also issued our report, dated June 28, 2018, on our consideration of the District Attorney of the Orleans Judicial District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 of the Orleans Judicial District's internal control over financial reporting and compliance.

LeBlanc Hausknecht, L.L.P.

Metairie, Louisiana
June 28, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

The District Attorney of the Orleans Judicial District (the "District Attorney") management's discussion and analysis is intended to assist the reader in focusing on significant financial issues, provide an overview of the District Attorney's financial activity, and identify changes in the District Attorney's financial position and its ability to address the next and subsequent year challenges. It also identifies any material deviations from the financial plan and identifies individual fund issues or concerns. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and is intended to provide the financial results for the fiscal year ending December 31, 2017.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the District Attorney's basic financial statements, as required in GASB 34, the financial report is presented in the following order:

- Management's Discussion and Analysis
- Basic Financial Statements
 - Government-Wide Financial Statements
 - Fund Financial Statements
 - Notes to the Financial Statements
- Other Required Supplementary Information
 - Budgetary Comparison Schedule
 - Schedule of District Attorney's Proportionate Share of the Net Pension Liability
 - Schedule of the District Attorney's Pension Contributions
- Other Supplementary Information
 - Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer
- Single Audit Section

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements provide a perspective of the District Attorney's Office as a whole. These statements use the full accrual basis of accounting similar to private sector companies. There are two government-wide statements: the Statement of Net Position and the Statement of Activities.

The Statement of Net Position combine and consolidate governmental funds' current financial resources (short-term expendable resources) with capital assets and long-term obligations, regardless of whether or not they are currently available.

Consistent with the full accrual basis method of accounting, the Statement of Activities accounts for current year revenues and expenses regardless of when cash is received or paid. The intent of this statement is to summarize and simplify the user's analysis of the costs of various services.

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

FUND FINANCIAL STATEMENTS

The fund statements are reported using the modified accrual method of accounting. Under this basis of accounting, revenues are recorded when received except where they are measurable and available and therefore represent resources that may be appropriated. Expenditures are accounted for in the period that goods and services are used. In addition, capital asset purchases are expensed and not recorded as assets. Debt payments are recorded as expenditures in the current year and future debt obligations are not recorded.

The District Attorney has two types of funds: Governmental Funds and Fiduciary Funds.

Governmental Funds

The Governmental Funds are reported in the fund financial statements and encompass the same function reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District Attorney's governmental funds, including object classifications. These statements report short-term fiscal accountability focusing on the use of expendable resources and balances of expendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of expendable resources for the near-term. Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

Fiduciary Funds

Fiduciary fund reporting focuses on the agency fund assets and liabilities. The funds accounted for in this category by the District Attorney are the Asset Forfeiture Agency Funds, Bond Forfeiture Agency Funds, Bail Posting Agency Funds, and ECU Collection Agency Funds.

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

FINANCIAL ANALYSIS OF THE DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT

	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets	\$ 1,066,251	\$ 761,678
Capital assets, net	<u>96,236</u>	<u>127,414</u>
Total assets	<u>1,162,487</u>	<u>889,092</u>
Deferred outflows of resources	<u>4,802,043</u>	<u>4,407,009</u>
 LIABILITIES		
Current liabilities	1,259,435	1,114,647
Notes Payables-Legal	-	-
Notes Payable - State of Louisiana	1,500,000	1,500,000
Net Pension Liability	<u>9,729,566</u>	<u>10,543,074</u>
Total liabilities	<u>12,489,001</u>	<u>13,157,721</u>
Deferred inflows of resources	<u>717,921</u>	<u>794,190</u>
 NET POSITION		
Invested in capital assets	96,237	127,414
Restricted	113,114	139,326
Unrestricted (deficit), (see the Statement of Activities and Note 5)	<u>(7,451,742)</u>	<u>(8,922,550)</u>
Total net position	<u>\$ (7,242,391)</u>	<u>\$ (8,655,810)</u>

As indicated by the statement above, total net position as of December 31, 2017 and 2016 was \$(7,242,391) and \$(8,655,810), respectively. The increase in net position is a result of the current period change in net position, the recording of entries in accordance with GASB 68 & 71 including the recording of the net pension liability, and deferred outflows/inflows (see the analysis of the Statement of Activities on page 15). Net position can be separated into three categories: invested in capital assets, restricted, and unrestricted net position.

Net position invested in capital assets is a combination of capital assets at original cost less accumulated depreciation. The original cost of capital assets as of December 31, 2017 and 2016 is \$891,206 and \$881,480, respectively, which is an accumulation of capital assets year after year less any capital disposals. The accumulated depreciation is the accumulation of depreciation expense since acquisition. In accordance with accounting principles generally accepted in the United States of America, depreciation expense is recorded on the original cost of the asset, less an estimated salvage value, expensed over the estimated useful life of the asset. Total accumulated depreciation as of December 31, 2017 and 2016 is \$794,970 and \$754,066, respectively.

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Restricted net position is an accumulation of operating results from the Title IV-D Fund as well as funds received from the U.S. Department of Justice equitable sharing program. As of December 31, 2017 and 2016 the restricted net position was \$113,114 and \$139,326, respectively.

The remaining unrestricted net position (deficit) as of December 31, 2017 and 2016 is \$(7,451,742) and \$(8,922,550), respectively. The unrestricted net position (deficit) is an accumulation of prior years' operating results. This balance is directly affected each year by the District Attorney's operating results. The prior year beginning net position was restated for a change in accounting principle due to the implementation of GASB 68 & 71.

CHANGES IN NET POSITION

	2017	2016
Changes In Net Position:		
Program Revenue		
Fees, Fines & Charges for Services	\$ 1,089,088	\$ 1,017,956
Operating Grants & Contributions	<u>12,725,005</u>	<u>13,435,453</u>
Total Program Revenue	<u>13,814,093</u>	<u>14,453,409</u>
General Revenues		
Interest & Miscellaneous Income	<u>331,249</u>	<u>355,079</u>
Total Revenues	14,145,342	14,808,488
Expenses		
General Governmental	<u>12,731,923</u>	<u>14,879,977</u>
Change in Net Position	1,413,419	(71,489)
Net Position (Deficit) January 1,	<u>(8,655,810)</u>	<u>(8,584,321)</u>
Net Position (Deficit) December 31,	<u>\$ (7,242,391)</u>	<u>\$ (8,655,810)</u>

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

ORIGINAL VS. REVISED BUDGET

As required by state law, the District Attorney adopts the original budget for the office prior to the commencement of the fiscal year to which the budget applies. The budget is reviewed and amended, if necessary, on a quarterly basis.

REVENUE BUDGET

In 2017, the District Attorney's actual general fund revenues of \$11,631,565 were less than the \$11,671,335 budget by \$39,770, a variance of approximately 0.3%. In 2017 the District Attorney's Office actual Title IV-D Fund revenues of \$2,251,351 were less than the budget amount of \$2,397,087 by \$145,736, a variance of approximately 6%.

In 2016, the District Attorney actual general fund revenues of \$12,194,079 were less than the \$12,293,684 budget by \$99,605, a variance of approximately 0.8%. In 2016, the District Attorney's Office actual Title IV-D Fund revenues of \$2,330,007 were less than the budget amount of \$2,400,374 by \$70,367, a variance of approximately 3%.

EXPENDITURE BUDGET

In 2017, the District Attorney's actual general fund expenditures of \$11,462,957 were less than the \$11,424,744 budget by \$38,213, a variance of approximately 0%. In 2017 the District Attorney's Office actual Title IV-D Fund expenditures of \$2,256,559 were less than the budget amount of \$2,397,087 by \$140,528, a variance of approximately 6%.

In 2016, the District Attorney's actual general fund expenditures of \$12,110,736 were more than the \$12,202,907 budget by \$92,171, a variance of approximately 0.8%. In 2016 the District Attorney's Office actual Title IV-D Fund expenditures of \$2,313,273 were less than the budget amount of \$2,400,374 by \$87,101, a variance of approximately 4%.

CAPITAL ASSETS

The District Attorney's investment in capital assets, net of accumulated depreciation as of December 31, 2017 and 2016, was \$96,236 and \$127,414, respectively. Depreciation expense for 2017 and 2016 is \$40,904 and \$62,110, respectively. See footnotes to the financial statements for additional information about changes in capital assets during the current year. The following table provides a summary of capital asset activity:

	<u>2017</u>	<u>2016</u>
Furniture and equipment	\$ 891,206	\$ 881,480
Less: accumulated depreciation	<u>(794,970)</u>	<u>(754,066)</u>
Net capital assets	<u>\$ 96,236</u>	<u>\$ 127,414</u>

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTES PAYABLE

As a result of prior litigation, the District Attorney was required to obtain funds from the State of Louisiana. Details to the agreements with the State are outlined in the footnotes.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The operations of the District Attorney's Office are highly reliant upon appropriations from the City of New Orleans and from the State of Louisiana. Due to the heavy reliance of funding from other agencies, the District Attorney's Office could be effected by a downturn in the economy and a decline in funding from the state and local government.

As noted above the budget is reviewed and amended on a quarterly basis.

CONTACTING THE DISTRICT ATTORNEY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District Attorney's finances, comply with finance-related laws and regulations, and demonstrate the District Attorney's commitment to public accountability. If you have questions about this report or would like to request additional information, contact Val Solino, Chief Operating Officer, District Attorney of the Orleans Judicial District, located at 619 S. White Street, New Orleans, LA 70119.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
STATEMENT OF NET POSITION
DECEMBER 31, 2017**

	2017
ASSETS	
Cash and Cash Equivalents	\$ 732,026
Accrued Receivables	320,726
Prepaid Expenses	13,500
Capital Assets, Net	96,236
Total Assets	1,162,488
Total Deferred Outflows of Resources	4,802,043
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 157,255
Payroll Liability	247,242
Current Portion of Notes Payable	100,000
Accrued Compensated Absences	754,938
Total Current Liabilities	1,259,435
Long-term Liabilities:	
Note Payable - State of Louisiana	1,500,000
Net Pension Liability	9,729,566
Total Long-term Liabilities	11,229,566
Total Liabilities	12,489,001
Total Deferred Inflows of Resources	717,921
NET POSITION	
Invested in Capital Assets	\$ 96,237
Restricted	113,114
Unrestricted (Deficit)	(7,451,742)
Total Net Position (Deficit)	\$ (7,242,391)

The notes to the financial statements are an integral part of this statement.

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017**

<u>Activities</u>	<u>Expenses</u>	<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net Revenue and Changes in Net Position</u>
Governmental Activities:				
General - Governmental	\$ 12,731,923	\$ 1,089,088	\$ 12,725,005	\$ 1,082,170
Total	<u>12,731,923</u>	<u>1,089,088</u>	<u>12,725,005</u>	<u>1,082,170</u>
General Revenues:				
Interest and Miscellaneous Income				<u>331,249</u>
Total General Revenues				<u>331,249</u>
Change in Net Position				1,413,419
Net Position (deficit) - January 1,				<u>(8,655,810)</u>
Net Position (deficit) - December 31,				<u>\$ (7,242,391)</u>

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS
GOVERNMENTAL FUNDS

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
GOVERNMENTAL FUND
BALANCE SHEET
DECEMBER 31, 2017**

	General Fund	Title IV-D Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 674,119	\$ 57,907	\$ 732,026
Accrued Receivables	217,010	103,716	320,726
Prepaid Expenses	13,500	-	13,500
Total Assets	\$ 904,629	\$ 161,623	\$ 1,066,252
 LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 147,108	\$ 10,147	\$ 157,255
Payroll Liability	242,209	5,034	247,243
Current Portion of Notes Payable	100,000	-	100,000
Note Payable - State of Louisiana	1,500,000	-	1,500,000
Total Liabilities	1,989,317	15,181	2,004,498
 Fund Balance			
Nonspendable	13,500	-	13,500
Restricted	24,432	146,442	170,874
Unassigned (Deficit)	(1,122,620)	-	(1,122,620)
Total Fund Balance	(1,084,688)	146,442	(938,246)
Total Liabilities and Fund Balance	\$ 904,629	\$ 161,623	\$ 1,066,252

The notes to the financial statements are an integral part of this statement.

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2017**

	2017
Total Fund Balance (Deficit) - governmental fund at December 31,	\$ (938,246)
Amounts reported for governmental activities in the statement of net position are different because of:	
Compensated Absences	(754,937)
Cost of capital assets at December 31,	891,206
Less: Accumulated depreciation as of December 31,	(794,970)
Deferred Outflows of Resources	4,802,043
Net Pension Liability	(9,729,566)
Deferred Inflow of Resources	(717,921)
Net Position (Deficit) - governmental activities at December 31,	\$ (7,242,391)

The notes to the financial statements are an integral part of this statement.

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>General Fund</u>	<u>Title IV-D Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
On-Behalf Payments	\$ 3,808,279	\$ -	\$ 3,808,279
City Appropriations	6,078,029	-	6,078,029
Grants and Contributions	587,347	2,251,351	2,838,698
Fees, Fines and Charges for Services	1,089,088	-	1,089,088
Miscellaneous Income	66,974	-	66,974
Interest	1,848	-	1,848
Total Revenues	<u>11,631,565</u>	<u>2,251,351</u>	<u>13,882,916</u>
EXPENDITURES			
Salaries and Fringe Benefits	10,240,143	1,754,788	11,994,931
Operating Services	1,147,761	478,181	1,625,942
Professional Fees	68,867	20,050	88,917
Capital Outlay	6,186	3,540	9,726
Total Expenditures	<u>11,462,957</u>	<u>2,256,559</u>	<u>13,719,516</u>
Net Change in Fund Balances	168,608	(5,208)	163,400
Fund Balances (deficit) - January 1,			<u>(1,101,646)</u>
Fund Balances (deficit)- December 31,			<u>\$ (938,246)</u>

The notes to the financial statements are an integral part of this statement.

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	2017
Net Change in Fund Balance - Governmental Fund (Statement E)	\$ 163,400
Amounts Reported for governmental activities in the Statement of Activities are different because:	
The change in compensated absences reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.	(3,614)
Capital outlays are reported in governmental funds as expenditures; however, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the current period:	
Depreciation expense	(40,904)
Capital outlays	9,726
Governmental funds report employer contributions to its pension plans as expenditures; however, in the Statement of Activities, pension expense represents the Clerk's proportionate share of the Clerks' change in net pension liability	1,022,384
Revenue reported in the Statement of Activities for the Clerks' proportionate share of non-employer contributions to the pension plans does not provide current financial resources and, therefore, is not reported as revenue in the governmental funds.	262,427
Change in net position of governmental activities (Statement B)	\$ 1,413,419

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS
AGENCY FUND

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
STATEMENT OF FIDUCIARY NET POSITION - AGENCY FUND
DECEMBER 31, 2017

	2017
ASSETS	
Cash and Cash Equivalents	\$ 332,022
TOTAL ASSETS	\$ 332,022
LIABILITIES	
Bonds Forfeitures	\$ 33,911
Seizures	275,434
ECU Collectors	1,000
Bail Postings	21,677
TOTAL LIABILITIES	\$ 332,022

The notes to the financial statements are an integral part of this statement.

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

INTRODUCTION

As provided by Article V, Section 26 of the Louisiana Constitution of 1974, the District Attorney of the Orleans Judicial District (District Attorney) has charge of every criminal prosecution by the State in his or her district, is the representative of the State before the grand jury in his district, and is the legal advisor to the grand jury. The District Attorney 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 Orleans Judicial District encompasses the entire Parish of Orleans.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

For financial reporting purposes, the District Attorney includes all funds, activities, etc., that are controlled by the District Attorney as an independently elected parish official. There are no component units included or required to be included as part of the financial reporting entity. The District Attorney is solely responsible for the operations of his office, which include the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursements of funds. Other than certain operating expenditures of the District Attorney that are paid or provided by the City Council as required by Louisiana law, the District Attorney is financially independent. Accordingly, the District Attorney is a separate governmental reporting entity.

Basis of Presentation

The accompanying basic financial statements of the District Attorney have been prepared in conformity 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 accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

Government-Wide and Fund Financial Statements

The District Attorney's basic financial statements include both government-wide (reporting the District Attorney as a whole) and fund financial statements (reporting the District Attorney's major funds). All of the District Attorney's judicial and administrative services are classified as governmental activities.

Government-Wide Financial Statements

In the government-wide Statements of Net Position, the governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District Attorney's net position is reported in three parts - invested in capital assets, net of related debt; restricted for Title IV-D Fund as well as funds received from the U.S. Department of Justice equitable sharing program; and unrestricted net position.

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the District Attorney's nonfiduciary functions and activities (judicial). These functions are also supported by general government revenues (interest earned). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating and capital grants. Program revenues must be directly associated with the function (judicial). Operating grants include operating-specific and discretionary (either operating or capital) grants. All fiduciary activities are reported only in the fund financial statements.

The net costs (by function) are normally covered by general revenue (interest earned, etc). This government-wide focus is more on the sustainability of the District Attorney as an entity and the change in the District Attorney's net position resulting from the current year's activities.

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District Attorneys' Retirement System and the Employees' Retirement System of the City of New Orleans (the "Plans") and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Basic Financial Statements - Fund Financial Statements

The District Attorney uses funds to maintain his financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District Attorney functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The funds of the District Attorney are classified into two categories: governmental and fiduciary. The funds of the District Attorney are described below:

A. Governmental

General Fund - The General Fund of the District Attorney is used to account for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended in accordance with state and federal laws and according to District Attorney policy.

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Special Revenue Funds

Special Revenue Funds - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes, or designated by the District Attorney to be accounted for separately. The Special Revenue Funds of the District Attorney consist of the following:

Title IV-D Fund - consists of reimbursement grants from the Louisiana Department of Children and Family Services, 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.

C. Fiduciary

Fiduciary fund reporting includes only agency funds and focuses on assets held by the District Attorney for other organizations and / or other governmental units. The funds accounted for in this category by the District Attorney are the Asset Forfeiture Agency Funds, Bond Forfeiture Agency Funds, Bail Posting Agency Funds, and ECU Collection Agency Funds.

Asset Forfeiture Agency Funds

The Asset Forfeiture Agency Funds are used to account for assets seized in narcotics cases in which the District Attorney has received the seized assets, pending the final disposition of the case. The assets may ultimately be returned to the defendant from whom they were seized, transferred to another agency, or divided among the District Attorney, the Parish of Orleans as custodian of judicial funds, and the seizing agency. In the latter instance, the District Attorney is responsible for allocating the assets to the respective agencies net of the expenses incurred in handling the assets.

Bond Forfeiture Agency Funds

The Bond Forfeiture Agency Funds are funds that are collected as a result of individuals failing to show up to court after a bond has been posted on their behalf. If the individuals do not follow the required legal proceedings after the bonds have been issued, the District Attorney can then demand the Bail Bondsman to pay the proceeds of the bond. Once the District Attorney receives the funds, they are required to hold the money for a period of at least 6 months. If at this time the defendant has not shown up to court, the District Attorney is to forward the funds to the Orleans Parish Criminal Sheriff's Office. The Orleans Parish Criminal Sheriff's Office is responsible for allocating the assets to the respective agencies net of the expenses incurred in handling the assets.

Bail Posting Agency Funds

The Bail Posting Agency Funds are mandatory fees, set by the state legislature, which should be paid at the time a bail bond is posted. These funds are collected on behalf of the Orleans Parish Criminal Sheriff's Office.

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ECU Collection Agency Funds

The ECU Collection Agency Funds are funds that are collected as a result of worthless checks. The District Attorney pursues the party who issued the worthless check in an effort to collect the funds. Once these funds are collected, the District Attorney allocates appropriate proceeds to the original payee indicated on the worthless check.

Measurement Focus / Basis of Accounting

Fund Financial Statements (FFS)

The amounts reflected in the General Fund are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the District Attorney.

The amounts reflected in the General Fund use 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 the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District Attorney considers all revenue available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Revenues from charges for services are recorded when earned. Expenditure-driven grants are recorded when the reimbursable expenditure has been incurred. Interest earnings are recorded when the investments have matured and the interest is available.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, et cetera) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Revenues

Deferred revenues arise when resources are received by the District Attorney before it has a legal claim to them, as when grant monies are received before the incurrence of qualifying expenditures. In subsequent periods, when the District Attorney has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the District Attorney as a whole. These statements included all the financial activities of the District Attorney. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). 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 Non-Exchange Transactions*.

Program Revenues – Program revenues included in the Statement of Activities are derived directly from the District Attorney users as a fee for services; program revenues reduce the cost of the function to be financed from the District Attorney's general revenues.

Cash and Cash Equivalents

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

Investments

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the District Attorney's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. The District Attorney does not currently have any investments.

Budgets

The proposed budget, which is prepared on the modified accrual basis of accounting, must be approved by the City Council of the City of New Orleans. The budget is legally adopted and amended, as necessary, by the District Attorney. All appropriations lapse at year-end. The amounts budgeted represent cash transactions, which are processed by the City of New Orleans, and are not included in the accompanying financial statements. For the general fund, the District Attorney has established a budget for service fees, court allocation-fines and costs revenues, state reimbursements, interest, evidence revenues, and grant

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

revenues. Budget amounts included in the accompanying budgetary comparison schedule included the original adopted budget.

Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District Attorney maintains a threshold level of \$500 or more for capitalizing capital assets. Capital assets are recorded in the GWFS, but are not reported in the FFS. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful life:

<u>Description</u>	<u>Estimated Life</u>
Building	40 years
Vehicles	5 years
Furniture and fixtures	10 years
Computer equipment	5 years

Fund Balance / Net Position

Fund Balance

In 2011, the District Attorney implemented the requirements of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. In accordance with this statement, in the fund financial statements, fund balances of the governmental fund types are now classified into one of five categories - Nonspendable, Restricted, Committed, Assigned, or Unassigned. The classifications describe the relative strength of the spending constraints placed on the purposes for which resources are used:

- (a) Nonspendable fund balance - amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- (b) 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;
- (c) Committed fund balance - amounts constrained to specific purposes by a 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;
- (d) Assigned fund balance - amounts a 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;
- (e) Unassigned fund balance - amounts that are available for any purpose that have not been restricted, committed or assigned to specific purposes within the general fund.

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

While the District Attorney has not established a policy for its use of restricted or unrestricted resources, it does consider a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unassigned fund balance classifications could be used.

In the fund financial statements, governmental funds report restrictions of fund balance amounts that are not available for appropriation or are legally restricted by outside parties to use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change. At December 31, 2017, the governmental fund's restricted fund balance amounted to \$170,874.

Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three categories:

1. Invested in capital assets, (net) consists of capital assets net of accumulated depreciation and net of capital related debt.
2. Restricted net position consists of net position with constraints placed on the use by law through constitutional provisions or enabling legislation.
3. Unrestricted net position are all other net positions that do not meet the definition of "restricted" or "invested in capital assets." This classification represents net positions that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund.

When an expense is incurred for the purpose for which both restricted and unrestricted net position is available, management applies unrestricted resources first, unless a determination is made to use restricted resources. The policy concerning which to apply first varies with the intended use and legal requirements.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

2. CASH AND EQUIVALENTS

Concentration of Credit Risk: The District Attorney maintains their cash in demand deposit accounts at various local banks. The District Attorney maintained cash balances in excess of the FDIC Insurance by \$450,503 as of December 31, 2017.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These 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. Louisiana R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 day of being notified by the District Attorney that the fiscal agent has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the District Attorney Office's name.

Interest Rate Risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally the longer the maturity of an investment, the greater the sensitivity is to its fair value to changes in market interest rates. The District Attorney's Office does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of December 31, 2017 the total bank balance, including fiduciary funds, of \$1,200,503 was secured from risk by \$750,000 of FDIC coverage and by a pledge of securities owned by the fiscal agent bank in the amount of \$450,503.

At December 31, 2017, the District Attorney has cash and cash equivalents (book balances) totaling \$732,026 , as follows:

	2017
Cash and Cash Equivalents (book balances)	\$ 732,026
Less: Agency Funds	(332,022)
Cash and Cash Equivalents (Statement of Net Position)	\$ 400,004

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

3. CAPITAL ASSETS

Depreciation expense during 2017 was \$40,904. Capital assets and depreciation activity as of and for the year ended December 31, 2017, are as follows:

	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017
<u>Government Activities</u>				
Computer Equipment	\$ 524,571	\$ 6,186	\$ -	\$ 530,757
Vehicles	264,096	-	-	264,096
Furniture, fixtures and equipment	92,813	3,540	-	96,353
Total	<u>881,480</u>	<u>9,726</u>	<u>-</u>	<u>891,206</u>
Less accumulated depreciation:				
Computer Equipment	430,574	31,859	-	462,433
Vehicles	250,006	4,786	-	254,792
Furniture, fixtures and equipment	73,486	4,259	-	\$ 77,745
	<u>754,066</u>	<u>40,904</u>	<u>-</u>	<u>794,970</u>
Capital assets, net	<u>\$ 127,414</u>			<u>\$ 96,236</u>

4. COMPENSATED ABSENCES

At December 31, 2017, employees of the District Attorney had accumulated and vested \$754,938 of employee leave benefits, which was computed in accordance with the provision of GASB No. 16, *Accounting for Compensated Absences*. Increase and decreases in compensated absences for the year 2017 is as follows:

	2017
Compensated Absences, beginning of year	\$ 751,323
Increases (decreases)	3,615
Compensated Absences, end of year	<u>\$ 754,938</u>

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

5. PENSION PLANS

District Attorney's Clerical and Administrative Employees Retirement Plan and Trust

Plan Description:

The District Attorney established a Clerical and Administrative Retirement Plan and Trust (the Clerical and Administrative Plan) on January 1, 1982, and the IRS made a favorable determination in a letter dated June 10, 1982 based on Section 1.401-1(b)(3) of the Income Tax Regulations. Due to low participation in this plan, JP Morgan made a final distribution to participants and ended the plan on September 23, 2015.

District Attorney's Retirement System

Plan Description

The District Attorney and the Assistant District Attorneys are members of the District Attorneys' Retirement System (DARS). DARS is a cost-sharing multiple-employer defined benefit pension plan established on August 1, 1956 in accordance with the provisions of Louisiana Revised Statute 11, Chapter 3 to provide retirement, disability and survivor benefits for district attorneys and their assistants in each parish throughout the State of Louisiana. It is administered and controlled by a board of trustees. DARS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on the Louisiana Legislative Auditor's website at www.lia.la.gov.

Benefits Provided

Retirement benefits

Members who became eligible for membership on or before July 1, 1990 and who have elected not to be covered by the new provisions of DARS as amended by R.S. 16:1042.1

Normal Retirement Age:	10 years of service and age 62 18 years of service and age 60 23 years of service and age 55 30 years of service, regardless of age
Normal Retirement Benefit:	3% of the member's final average compensation for each year of service
Early retirement provisions:	10 years of service and age 60 18 years of service and age 55 Retirement benefits are reduced by 3% for each year received in advance of normal retirement age

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

5. PENSION PLANS (continued)

Members who became eligible for membership after July 1, 1990, or who elected to be covered by the new provisions of the Plan as amended by R.S. 16:1042.1

Normal Retirement Age:	10 years of service and age 60 24 years of service and age 55 30 years of service, regardless of age
Normal Retirement Benefit:	3.5% of the member's final average compensation for each year of service
Early retirement provisions:	10 years of service and age 60 18 years of service and age 55 Retirement benefits are reduced by 3% for each year received in advance of normal retirement age

Retirement benefits may not exceed 100% of final average compensation.

Disability benefits

A member is eligible to receive disability benefits if he has at least ten years of creditable service and is 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 final average compensation multiplied by the lesser of his actual service (not to be less than fifteen years) or projected continued service to age sixty.

Survivor benefits

Upon the death of a member with less than five years of creditable service, the member's accumulated contributions and interest are paid to the surviving spouse or the designated beneficiary. Upon the death of any active, contributing member with five or more years of service or any member with twenty-three years of service who has not retired, automatic option 2 benefits are payable to the surviving spouse. These benefits are based on 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 eighteen 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.

Withdrawal from Service

Upon withdrawal from service, members who are not entitled to a retirement allowance are paid a refund of accumulated contributions upon request. Receipt of such a refund cancels all accrued rights in DARS.

Back Deferred Retirement Option Plan (Back-DROP)

In lieu of receiving a service retirement allowance, any member of DARS who has more than sufficient service for normal retirement may elect to receive a Back-Deferred Retirement Option Program (Back-DROP) benefit.

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

5. PENSION PLANS (continued)

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 lesser of three years 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 the 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 DARS in an interest bearing account.

Cost of Living Adjustments

The board of trustees of DARS are authorized to grant retired members and widows of members who have retired, an annual cost of living increase of 3% of their original benefit (not to exceed \$60 per month), and all retired members and widows who are sixty-five 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 to retirees 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 of trustees to grant any of these increases, DARS must meet certain criteria detailed in the statute related to funding status and interest earnings.

Contributions (Employer and Non-employer)

According to state statute, contribution requirements for all employers are actuarially determined each year. The District Attorney was required to contribute 0% from July 1, 2016 through June 30, 2017, and 0% from July 1, 2017 through June 30, 2018 of annual covered payroll. Employees are required to contribute 8% of their annual pay. In addition, DARS also receives non-employer contributions including ad valorem taxes and state revenue sharing funds. The District Attorney's allocation percentage of these additional sources of income, which are not considered special funding situations, are recognized as revenue and excluded from pension expense.

The District Attorney's proportionate share of employer contributions for the measurement period (July 1, 2016 through June 30, 2017) was \$0 and the proportionate share of non-employer contributions was \$262,427.

The District Attorney had no actual contributions to the DARS pension for the year ended December 31, 2017.

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

5. PENSION PLANS (continued)

The Employees' Retirement System of the City of New Orleans

Plan Description

During 1997, the clerical and administrative employees of the District Attorney, who were not already receiving benefits from any of the other retirement plans sponsored by the City of New Orleans, became members of the Employees' Retirement System of the City of New Orleans (the Retirement System). The City Charter provided that the Retirement Ordinance (Chapter 114 of the Code) govern and control the Retirement System under the management of a board of trustees. The Retirement System is a cost-sharing multiple-employer defined benefit pension plan established on July 1, 1947 to provide retirement, death, disability and survivor benefits to all employees of the parish, except those who are already or may be included in the benefits of any other pension or retirement system of the city, the state or any political subdivision of the state. The Retirement System issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on the Louisiana Legislative Auditor's website at: www.la.gov.

Benefits Provided

Retirement benefits

Normal Retirement Age:	5 years of service and age 65
	10 years of service and age 60
	30 years of service, regardless of age
	Any member whose age and service total 80

Retirement benefits consist of the following:

1. An annuity, which is the actuarial equivalent of the employee's accumulated contribution; plus
2. Effective for members retiring on or after January 1, 2002, an annual pension, which together with the above annuity, provides total retirement allowance equal to 2.5% of average compensation times the first twenty-five years, plus 4% of average compensation times creditable service over twenty-five years.
3. Effective for members retiring before 2002, but on or after January 1, 1983, an annual pension, which, together with above annuity, provides total retirement allowance equal to 2% of average compensation times the first ten years, plus 2.5% of average compensation times the next ten years, plus 3% of average compensation times the next ten years, plus 4% of average compensation times creditable service over thirty years.
4. Effective January 1, 1983, additional pension equal to 2% of \$1,200 times first 10 years, plus 2 1/2% of \$1,200 times next 10 years, plus 3% of \$1,200 times next 10 years, plus 4% of \$1,200 times service over 30 years. Ceases at 62 or at eligibility for Social Security, whichever comes first. Effective January 1, 2002, the \$1,200 exclusion will not apply.
5. Additional pension for member who reaches age 65 with 20 or more years and the retirement allowance under (1) and (2) above is less than \$1,200 per year; to produce total retirement allowance of \$1,200 per year.

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

5. PENSION PLANS (continued)

6. Effective January 1, 1982, for service retirement prior to age 62 with less than 30 years of service, (3) and (4) above are reduced by 3% for each year below 62. However, effective January 1, 1996, this reduction is not made if the employee has at least thirty years of service. Effective January 1, 2002 no reduction if age and service total at least 80.
7. Maximum benefit may not be greater than 100% of average compensation.
8. Effective June 1, 1999, minimum benefit of \$300 per month for retirees with ten years of service at retirement.

If a member dies after retirement and before receiving the amount of their accumulated contributions in annuity payments, then the lump sum balance of his contributions is paid to his beneficiary.

Disability benefits

Ordinary disability retirement benefits are awarded to active members with ten or more years of creditable service if a physician nominated by the board of trustees certifies that the member is mentally or physically totally incapacitated and that such is likely to be permanent. The member receives a service retirement allowance, if eligible; otherwise the member will receive an disability retirement allowance which will consist of:

1. An annuity which is the actuarial equivalent of the employee's accumulated contributions; and
2. An annual pension, which, together with (1), equals 75% of service allowance that would have been payable at age 65, had a member continued in service to age 65, computed on the average compensation.
3. The minimum annual benefit is \$300 per year.

Accidental disability retirement benefits are award to members whom the board of trustees finds has been totally and permanently incapacitated as a result of an accident sustained in service as a member and occurring while in performance of his duty if a physician nominated by the board certifies that the member is mentally or physically totally incapacitated and that such is likely to be permanent. The member receives a service retirement allowance, if eligible; otherwise the member will receive an accidental disability retirement allowance which will consist of:

1. An annuity which is the actuarial equivalent of the employee's accumulated contributions; and
2. An annual pension equal to the difference between his annuity and 65% of earnable compensation for the year preceding the date of the accident.

Medical examinations are required every three years for those disability retirees under sixty. Accidental disability benefits are offset by Workmen's Compensation payments, if any.

Survivor benefits

Upon the death of a member during active service, the member's accumulated plan contributions are paid to the member's beneficiary. In addition, if a member has three years of creditable service, an additional lump sum benefit equal to 25% of earnable compensation for the year preceding death, plus 5% of such earnable compensation for each additional year of creditable service (benefit not to exceed compensation made before death) is paid. Also, if at the date of death, the member was eligible for retirement and leaves a surviving spouse, the surviving spouse shall be eligible to elect either Option 2 or Lump Sum refund of employee's contributions. If, at date of death, the member was ineligible for retirement, but was at least 55

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

5. PENSION PLANS (continued)

years of age and had ten or more years of creditable service or was under age 55 and had at least twenty years of creditable service, then the surviving spouse may elect to receive benefits equal to an actuarially reduced amount based upon the members' age and years of creditable service. The benefit will cease when surviving spouse reaches age of eligibility for Social Security. Any death benefit will be offset by Worker's Compensation benefits.

Optional forms of benefits

1. If a member dies before receiving, in annuity payments, the value of his annuity at the time of his retirement, then the balance is payable to his beneficiary
2. 100% survivor's benefits - reduced retirement benefit continued to the beneficiary at the member's death. If the spouse predeceases the retiree, the benefit reverts back to the maximum amount.
3. 50% survivor's benefits - 50% of reduced retirement benefit continued to the beneficiary at the member's death. If the spouse predeceases the retiree, the benefit reverts back to the maximum amount.
4. Other benefits of equal actuarial value may be available upon approval of the board of trustees.

Withdrawal from Service

Upon withdrawal from service, members are entitled to:

1. Effective January 1, 2002, a member who separates with five years of creditable service may allow his accumulated contributions to remain on deposit and service retirement allowance to begin as early as age 65.
2. Prior to January 1, 2002, withdrawal with ten years of creditable service prior to withdrawal from service, member may allow accumulated contributions to remain on deposit and service retirement allowance to begin as early as age 60 (subject to reduction if retirement is elected before age 62). If death occurs before retirement, return of accumulated contributions with interest.
3. Upon withdrawal without five years of creditable service, employee is entitled to return of his accumulated contributions with interest or may allow contributions to remain on deposit for maximum of five years. In the case of employee's death, then accumulated contribution plus interest are paid to their beneficiary.
4. If employee re-enters after receipt of refund and continues service thereafter for at least six months, they may repay the amount of refund plus the amount of employer contributions, with compound interest, to receive prior creditable service again.

Deferred Retirement Option Plan (DROP)

In lieu of receiving a service retirement allowance, any member of the Retirement System who has more than sufficient service for a regular service retirement may elect to participate in the DROP program. A member can participate for up to five years. When a member joins DROP, he stops contributing to and earning benefits in the system. Employer contributions also stop. His retirement begins being paid into his DROP account.

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

5. PENSION PLANS (continued)

Interest is earned on the DROP account at an annual rate set by the board of trustees. Members of the DROP receive cost of living increases, as they would have received as a retiree. Upon termination of employment at the end of the specified period of DROP participation, the DROP account is paid out. After the DROP period ends and upon continued or re-employment, the member may resume contributions and earn a supplemental benefit based on current covered compensation. If at the end of a members' period of DROP participation he does not terminate employment, payments in DROP shall cease and no further interest shall be earned or credited to the account. Payments shall not be made until employment is terminated.

Cost of Living Adjustments

Cost of living provisions for the Retirement System allows the board of trustees to provide an annual cost of living increase. The board of trustees retains excess over average 3.5% interest earnings to provide cost of living increases in benefits to retirees (past or future) not to exceed 3% of the original benefit per each year of retirement. Effective January 1, 2001, additional one-time increase of 1% times member's or beneficiary's current monthly benefit times whole calendar years from date benefit commenced.

Contributions (Employer)

Contribution requirements for all employers are determined on the basis of regular interest and mortality tables adopted by the board of trustees, and additional percentage of earnable compensation, known as "Accrued Liability contributions," determined by an actuary on basis of the amortization period adopted by the board of trustees. The District Attorney was required to contribute 21.49% from January 1, 2017 through December 31, 2017 of annual covered payroll. Employees are required to contribute 6% of their annual pay. The Retirement System does not receive non-employer contributions.

The District Attorney's proportionate share of employer contributions for the measurement period (January 1, 2016 through December 31, 2016) was \$947,850.

The District Attorney's actual contributions to the Retirement System for the year ended December 31, 2017 was \$950,467.

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

5. PENSION PLANS (continued)

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

At December 31, 2017, the District Attorney's net pension liability is comprised of its proportional share of the net pension liabilities of the District Attorneys' Retirement System and the Employees' Retirement System of the City of New Orleans as follows:

	<u>DARS</u>	<u>Retirement System CNO</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	861,164	8,868,401	9,729,565
Measurement Date	6/30/2017	12/31/2016	
Proportion (%) of Net Pension Liability	3.19 %	3.47 %	
Prior Year Proportionate Share of Net Pension Liability	628,744	9,914,329	10,543,073
Increase (Decrease) From Prior Measurement Date	232,420	(1,045,928)	(813,508)
Proportion of Net Pension Liability	3.28 %	4.43 %	
Increase (Decrease in Proportion (%)) of the Net Pension Liability	(0.09)%	(0.96)%	
Pension Expense	312,985	(384,902)	(71,917)

The total pension liability for each pension plan used to calculate the net pension liability was determined by an actuarial valuation as of the reported measurement date. In addition, the District Attorney's allocation of the net pension liability was based on the District Attorney's projected contribution effort to the plan for the next fiscal year as compared to the total of projected contributions of all participants, actuarially determined.

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

5. PENSION PLANS (continued)

At December 31, 2017, the District Attorney reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

District Attorneys' Retirement System:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 226,399
Changes of Assumptions	386,095	101,629
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	345,603	-
Changes in Proportion and Differences Between District Attorney's Contributions and Proportionate Share of Contributions	44,648	84,222
Contributions Made Subsequent to the Measurement Date	<u>-</u>	<u>-</u>
	<u>\$ 776,346</u>	<u>\$ 412,250</u>

Employees' Retirement System of the City of New Orleans:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 1,858,880	\$ 202,696
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,026,605	102,975
Changes in Proportion and Differences Between District Attorney's Contributions and Proportionate Share of Contributions	189,746	-
Contributions Made Subsequent to the Measurement Date	<u>950,467</u>	<u>-</u>
	<u>\$ 4,025,698</u>	<u>\$ 305,671</u>

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

5. PENSION PLANS (continued)

Total All Pension Plans:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 1,858,880	\$ 429,095
Changes of Assumptions	386,095	101,629
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,372,208	102,975
Changes in Proportion and Differences Between Clerk of Court's Contributions and Proportionate Share of Contributions	234,394	84,222
Contributions Made Subsequent to the Measurement Date	<u>950,467</u>	<u>-</u>
	<u>\$ 4,802,044</u>	<u>\$ 717,921</u>

The District Attorney's office recognized in pension expense its proportionate share of the Plans' change in net pension liability as follows:

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through each pension plan.

Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period.

Changes in assumptions about future economic demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plans.

Changes in the District Attorney's proportionate share of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in District Attorney's pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plans.

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

5. PENSION PLANS (continued)

Differences between contributions remitted to the Plans during the measurement period and the employer's proportionate share of contributions are recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plans.

Deferred outflows of resources related to pensions resulting from the District Attorney's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31st	Amount
2018	\$ 638,563
2019	808,670
2020	606,300
2021	249,837
2022	291,403
Thereafter	538,883
	\$ 3,133,656

Actuarial Assumptions

District Attorneys' Retirement System

The total net pension liability in the June 30, 2017 actuarial valuation of DARS was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.75% Net of Investment Expense
Projected Salary Increases	5.50%
Mortality Rates	RP-2000 Combined Healthy with White Collar Adjustment Sex district Tables (set back 1 year for females) RP-2000 Disabled Lives Mortality Table (set back 5 years for males and 3 years for females) for disabled annuitants
Expected Remaining Service Lives	7 years
Cost of Living Adjustment	The present value of future retirement benefits is based on benefits currently being paid by the Fund 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 as they were deemed not to be substantively automatic.

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

5. PENSION PLANS (continued)

The mortality rate assumptions used in the June 30, 2017 valuations were set after reviewing an experience study performed over the period of July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of 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 these tables would produce liability values approximating the appropriate generational mortality tables used.

The long-term expected rate of return on DARS's 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The long-term rate of return is 9.06% for the measurement period ended June 30, 2017.

The best estimates of arithmetic real rates of return for each major asset class based on DARS's target asset allocation as of June 30, 2017 were as follows:

Asset Class	Target Asset Allocation	Rate of Return	
		Real	Nominal
Equities	61.72 %	11.31 %	
Fixed Income	28.95 %	6.84 %	
Alternatives	8.85 %	10.50 %	
Cash	0.48 %	0.50 %	
System Total	<u>100.00 %</u>		6.56 %
Inflation			<u>2.50 %</u>
Expected Real Rate of Return			<u>9.06 %</u>

The discount rate used to measure the total pension liability was 6.75%. 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 will be made at the actuarially determined rates taking into consideration the recommendation of the DARS's actuary. Based on these assumptions DARS'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 ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

5. PENSION PLANS (continued)

Sensitivity of the District Attorney's proportionate share of the net pension liability to changes in the discount rate.

The following presents the District Attorney's proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the District Attorney's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
\$ 2,460,883	\$ 861,164	\$ (498,214)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued District Attorneys' Retirement System, State of Louisiana financial report.

Employees' Retirement System of the City of New Orleans

The total net pension liability in the December 31, 2016 actuarial valuation of the Retirement System were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5% net of Investment Expense
Projected Salary Increases	5.00%
Mortality Rates	RP-2000 Group Annuity Mortality Table
Retirement Age Assumptions	Based on Results of 2006-2010 Periodic Actuarial Experience Study
Expected Remaining Service Lives	8 years
Cost of Living Adjustment	The present value of future retirement benefits is based on benefits currently being paid by the Fund 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 as they were deemed not to be substantively automatic.

The long-term expected rate of return on the Retirement System's 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

5. PENSION PLANS (continued)

The best estimates of arithmetic real rates of return for each major asset class based on the Retirement Systems' target asset allocation as of December 31, 2016 were as follows:

Asset Class	Target Asset Allocation	Expected Portfolio Real Rate of Return
Cash Equivalents	2.00 %	0.04 %
Equity Securities	58.00 %	4.77 %
Fixed Income	25.00 %	0.77 %
Real Estate	5.00 %	0.34 %
Other Alternative Investments	10.00 %	0.72 %
Total	<u>100.00 %</u>	<u>6.64 %</u>
Inflation		<u>2.26 %</u>
Expected Real Rate of Return		<u>8.90 %</u>

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates taking into consideration the recommendation of the Retirement System's actuary. Based on these assumptions the Retirement Systems'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 District Attorney's proportionate share of the net pension liability to changes in the discount rate

The following presents the District Attorney's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the District Attorney's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
<u>\$ 11,038,933</u>	<u>\$ 8,868,401</u>	<u>\$ 7,047,707</u>

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Employees' Retirement System of the City of New Orleans' financial report.

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

6. NOTES PAYABLE

Note Payable - State of Louisiana

On June 27, 2005 the District Attorney received an adverse judgment awarding a total of \$3,300,000 to their previous employees. The District Attorney received a stay until the Judgment continued through the appeals process. As of October 1, 2007, the District Attorney reached a settlement agreement with the plaintiffs and agreed to pay a sum of \$3,300,000. As a result of the agreement, the District Attorney received proceeds from the State of Louisiana for \$1,600,000 in order to pay a portion of the judgment to the plaintiffs. Per the agreement with the State of Louisiana, the District Attorney agreed to pay \$100,000 for 16 years; however, the initial payment continues to be deferred on an annual basis. As of December 31, 2017, the note payable to the State of Louisiana was \$1,600,000.

7. LEASES

The District Attorney is committed under various leases for equipment and office space. Many of these leases are on a month-to-month basis and can be cancelled by either party at any time. All of these leases are considered, for accounting purposes, to be operating leases. The lease payments for 2017 were \$299,105. Future minimum lease payments for the leases are as follows:

2018		\$	22,205
2019			9,490
2020			1,326
2021			-
2022			-
Thereafter			-
	Total		\$ 33,021

8. LITIGATION AND CLAIMS

The District Attorney is a defendant in various lawsuits filed for unspecified damages. Outside counsel for the District Attorney continues to defend these lawsuits in an attempt to obtain the most favorable outcome. In the opinion of the District Attorney's legal counsel, the outcome of these lawsuits is not presently determinable.

9. ON-BEHALF PAYMENTS

The State of Louisiana provides direct payments of salaries to assistant district attorneys, as designated by the District Attorney. These payments referred to as "state warrants" provide these assistant district attorneys with their base salary. If the District Attorney wishes to pay their assistant district attorneys a salary greater than the amount of the state warrant (currently \$45,000 per assistant district attorney per year), the additional amount is paid out of the District Attorney's Payroll Fund.

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

9. ON-BEHALF PAYMENTS (continued)

In accordance with GASB No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, the amount of state warrants paid directly to Assistant District Attorneys, as well as the related benefits, should be recognized by the District Attorney as expenditures. During 2017, the District Attorney has recognized \$3,808,279 from the State for On-Behalf Payments.

10. CITY APPROPRIATIONS

In accordance with GASB No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, the District Attorney has recognized \$6,078,029 during 2017 for appropriations from the City of New Orleans.

11. GRANTS AND COOPERATIVE ENDEAVOR AGREEMENT

All grants received by the District Attorney are received on a reimbursable basis. As a result, income associated with the specific grants is not recognized until the expenditures have occurred. At that point, a request is submitted to the appropriate agency in order to be reimbursed for the expended funds. In some instances, an advance is requested on the grant income in order to obtain the necessary purchases. During 2017, the District Attorney requested reimbursements from the Louisiana Commission on Law Enforcement, Office of Children and Family Services, the Gulf Coast HIDTA program, and the Multi-Agency Gang Unit Cooperative Endeavor Agreement totaling \$2,888,698. Of this amount, \$2,838,698 is included in Grants and Contributions on the statement of revenues, expenditures and changes in fund balances during 2017; and during the same period, \$50,000, is included in Miscellaneous Income on the statement of revenues, expenditures and changes in fund balances. As of December 2017, grants receivable amounted to \$186,401, and is included in Accrued Receivables on the balance sheet.

12. DEFICIT REDUCTION PLAN

For the years ended December 31, 2017, the District Attorney decreased the deficit by \$168,608. Management plans to reduce the deficit by continuing to review and monitor expenditures as well as apply for all possible grants available and increase requests for funding through the City of New Orleans budget process.

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

13. SUBSEQUENT EVENTS

FASB Accounting Standards Codification Topic 855, "Subsequent Events" addresses events which occur after the balance sheet date but before the issuance of financial statements. An entity must record the effects of subsequent events that provide evidence about conditions that existed at the balance sheet date and must disclose but not record the effects of subsequent events which provide evidence about conditions that existed after the balance sheet date. Additionally, Topic 855 requires disclosure relative to the date through which subsequent events have been evaluated and whether that is the date on which the financial statements were issued or were available to be issued. Management evaluated the activity of District Attorney of the Orleans Judicial District through June 28, 2018, the date the financial statements were issued, and concluded that no subsequent events have occurred that would require recognition in the Financial Statements or disclosure in the Notes to the Financial Statements.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND & TITLE IV-D FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

<u>GENERAL FUND</u>	Original Budget	Final Budget	Actual GAAP BASIS	Variance With Final Budget Positive (Negative)
Total Salaries and Related Expenses	\$ 10,371,925	\$ 10,300,308	\$ 10,240,143	\$ 60,165
Total Operating Expenditures	1,262,400	1,124,436	1,216,628	(92,192)
Capital Outlay	-	-	6,186	(6,186)
Total Expenditures	<u>\$ 11,634,325</u>	<u>\$ 11,424,744</u>	<u>\$ 11,462,957</u>	<u>\$ (38,213)</u>
Revenues	<u>\$ 11,634,325</u>	<u>\$ 11,671,335</u>	<u>\$ 11,631,565</u>	<u>\$ (39,770)</u>
Total Revenues	<u>\$ 11,634,325</u>	<u>\$ 11,671,335</u>	<u>\$ 11,631,565</u>	<u>\$ (39,770)</u>
<u>TITLE IV-D FUND</u>	Original Budget	Final Budget	Actual GAAP BASIS	Variance With Final Budget Positive (Negative)
Total Salaries and Related Expenses	\$ 1,877,043	\$ 1,877,043	\$ 1,754,788	\$ 122,255
Total Operating Expenditures	520,044	516,044	498,231	17,813
Other Expenditures	-	4,000	3,540	460
Total Expenditures	<u>\$ 2,397,087</u>	<u>\$ 2,397,087</u>	<u>\$ 2,256,559</u>	<u>\$ 140,528</u>
Revenues	<u>\$ 2,397,087</u>	<u>\$ 2,397,087</u>	<u>\$ 2,251,351</u>	<u>\$ (145,736)</u>
Total Revenues	<u>\$ 2,397,087</u>	<u>\$ 2,397,087</u>	<u>\$ 2,251,351</u>	<u>\$ (145,736)</u>

The notes to the financial statements are an integral part of this statement.

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
SCHEDULE OF THE DISTRICT ATTORNEY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
District Attorneys' Retirement System			
Proportion of the net pension liability	3.192785 %	3.284849 %	3.783886 %
Proportionate share of the net pension liability	861,164	628,744	203,820
Covered-employee payroll during measurement period	1,823,379	2,134,086	2,241,957
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	47.23 %	29.46 %	9.09 %
Plan fiduciary net position as a percentage of the total pension liability	93.57 %	95.09 %	98.56 %
 Employees' Retirement System of the City of New Orleans			
Proportion of the net pension liability	3.471406 %	4.434200 %	4.434202 %
Proportionate share of the net pension liability	8,868,401	9,914,329	7,512,673
Covered-employee payroll during measurement period	4,622,490	4,614,293	4,676,366
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	191.85 %	214.86 %	160.65 %
Plan fiduciary net position as a percentage of the total pension liability	58.06 %	60.26 %	68.64 %

Notes:

Changes in Assumptions:

Effective measurement period ended June 30, 2016, the actuarial valuation of the District Attorney's Retirement System assumed seven years as the expected remaining service lives. Previously, six years was assumed.

The reports for the District Attorney's Retirement System and The Employees' Retirement System of the City of New Orleans are available on the Louisiana Legislative Auditor's website at www.la.la.gov.

Information related to June 30, 2014 through 2008 is not available.

The notes to the financial statements are an integral part of this statement.

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
SCHEDULE OF THE DISTRICT ATTORNEY'S PENSION CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>District Attorneys' Retirement System</u>				
Statutorily required contributions	\$ -	\$ 35,912	\$ 118,094	\$ 191,621
Contributions in relation to the statutorily required contributions	<u>-</u>	<u>(35,912)</u>	<u>(118,094)</u>	<u>(191,621)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll during calendar year	1,717,100	2,052,114	2,241,071	2,278,118
Contributions as a percentage of covered-employee payroll	0.00 %	1.75 %	5.27 %	8.41 %

**Employees' Retirement System of the
City of New Orleans**

Statutorily required contributions	\$ 947,850	\$ 1,040,615	\$ 1,041,815	\$ 1,018,419
Contributions in relation to the statutorily required contributions	<u>(947,850)</u>	<u>(1,040,615)</u>	<u>(1,041,815)</u>	<u>(1,018,419)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll during calendar year	4,410,656	4,622,490	4,614,293	4,676,366
Contributions as a percentage of covered-employee payroll	21.490 %	22.512 %	22.578 %	21.778 %

Notes:

According to state statute, contribution requirements for all employees are actuarially determined each year.

Information related to 2013 through 2008 is not available.

The notes to the financial statements are an integral part of this statement.

OTHER SUPPLEMENTARY INFORMATION

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Agency Head:
Leon Cannizzaro, District Attorney of the Orleans Judicial District**

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 150,000
Benefits - Other	\$ 2,208
Vehicle Provided by Government	\$ 2,019
Conference Travel	\$ 2,588

The notes to the financial statements are an integral part of this statement.

OTHER GOVERNMENTAL REPORTING

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

District Attorney of the Orleans Judicial District - Orleans Parish
619 S. White St.
New Orleans, Louisiana 70119

We 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, each major fund, and the aggregate remaining fund information of the District Attorney of the Orleans Judicial District (District Attorney) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District Attorney's basic financial statements, and have issued our report thereon dated June 28, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we 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 our 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, we 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.

Our 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 our audit we did not identify any deficiencies in internal control that we 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, we 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our 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. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 25:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

LeBlanc Hauskrecht, L.L.P.

Metairie, Louisiana
June 28, 2018

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

SECTION I –SUMMARY OF AUDITOR’S RESULTS

Financial Statements

- A. The auditor's report expresses an unmodified opinion on the financial statements of the District Attorney of the Orleans Judicial District.
- B. No material weaknesses and no significant deficiencies were disclosed during the audit of the financial statements.
- C. No instances of noncompliance material to the financial statements of the District Attorney of the Orleans Judicial District which would be required to be reported in accordance with *Government Auditing Standards* and were disclosed during the audit.

Federal Awards

- D. No material weaknesses or significant deficiencies in internal control over major federal award programs were disclosed during the audit.
- E. The auditor's report on compliance for the major federal award programs for the District Attorney of the Orleans Judicial District expresses an unmodified opinion on all major federal programs.
- F. Audit findings which are required to be reported in accordance with the Uniform Guidance are included in the Schedule of Findings and Questioned Costs.
- G. The programs tested as major programs were:

Title	CFDA Number
Child Support Enforcement (Title IV-D)	93.563

- H. The threshold for distinguishing Type A and Type B programs is \$750,000.
- I. The District Attorney of the Orleans Judicial District was determined to be a low-risk auditee under section 520 of the Uniform Guidance.

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

SECTION II – FINANCIAL STATEMENT AUDIT FINDINGS

None

SECTION III – MAJOR FEDERAL AWARD PROGRAMS FINDINGS AND QUESTIONED COSTS

None

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS & QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

FINANCIAL STATEMENT FINDINGS:

None

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Federal Grantor / Pass-through Grantor Program Title	CFDA Number	Project Number	Current Year Expenditures
<u>U.S. Department of Justice</u>			
Sexual Assault Kit Initiative	16.833	2017-AK-BX-0004	7,975
Equitable Sharing Program (Asset Forfeiture Program)	16.560	LA036015A	23,281
Passed through - Louisiana Commission on Law Enforcement and Administration of Criminal Justice			
Victim Assistance Program	16.575	2015-VA-02/03-2940	39,021
Victim Assistance Program	16.575	2016-VA-02/03-3870	35,817
Domestic Violence Program	16.588	2015-WF-02-3104	1,623
Domestic Violence Program	16.588	2016-WF-02-3637	80,266
Pre-trial Intervention	16.738	2015-DJ-03-3120	1,064
Pre-trial Intervention	16.738	2016-DJ-03-3540	51,084
Passed through - City of New Orleans, New Orleans Police Department			
Solving Cold Cases with DNA	16.560	2014-DN-BX-K069	14,438
<u>U.S. Department of Health and Human Services</u>			
Passed through the Louisiana Department of Children and Family Services			
Child Support Enforcement (Title IV-D)	16.560	1304LA4004	2,251,351
<u>Executive Office of the President</u>			
Passed through the Gulf Coast HIDTA Program			
High Intensity Drug Trafficking Areas Program	95.001	G14GC0001A-51827	<u>86,059</u>
Total Federal and State Expenditures			<u>\$ 2,591,979</u>

See accompanying notes to schedule of expenditures of federal awards.

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016**

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal grant activity for the District Attorney of the Orleans Judicial District under programs of the federal government for the year ended December 31, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note B - Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.
- (3) The District Attorney has a certified cost allocation plan and therefore has not elected to use the 10 percent de minimus cost rate.

Note C - Reconciliation of Federal Grant Expenditures to the Financial Statements

The following is a reconciliation of total federal grant expenditures to the grants and contributions revenue reported on page 19 of the financial statements:

Total Federal Expenditures	\$ 2,591,979
Victims Assistant Coordinator - State Warrant	120,000
City Reimbursement for Multi-Agency Gang Unit Cooperative Endeavor Agreement	150,000
Equitable Sharing Program (Asset Forfeiture Program)	<u>(23,281)</u>
Total Grants and Contributions Revenue (page 19)	<u>\$ 2,838,698</u>

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

District Attorney of the Orleans Judicial District - Orleans Parish
619 S. White St.
New Orleans, Louisiana 70119

Report on Compliance for Each Major Federal Program

We have audited the District Attorney of the Orleans Judicial District's (District Attorney) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the District Attorney's major federal programs for the year ended December 31, 2017. The District Attorney's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District Attorney's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District Attorney's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District Attorney's compliance.

Opinion on Each Major Federal Program

In our opinion, the District Attorney complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

Report on Internal Control Over Compliance

Management of the District Attorney is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District Attorney's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District Attorney's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

LeBlanc Hausknecht, L.L.P.

Metairie, Louisiana
June 28, 2018

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
New Orleans, Louisiana**

**Statewide Agreed-Upon Procedures Report
For the period January 1, 2017 through December 31, 2017**

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

For the Period of January 1, 2017 – December 31, 2017

Leon Cannizzaro, Jr.
District Attorney of the Orleans Judicial District
New Orleans, Louisiana

and to the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the District Attorney of the Orleans Judicial District (hereafter "Agency"), and the Louisiana Legislative Auditor (hereafter "LLA") on the control and compliance (hereafter "C/C") areas identified in the LLA's Statewide Agreed-Upon Procedures (hereafter "SAUPs") for the period January 1, 2017 through December 31, 2017. The Agency'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, we 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 the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - (a) Budgeting, including preparing, adopting, monitoring, and amending the budget.
 - (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.
 - (c) Disbursements, including processing, reviewing, and approving.
 - (d) Receipts, including receiving, recording, and preparing deposits.
 - (e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

WRITTEN POLICIES AND PROCEDURES (CONTINUED)

- (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.
- (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, and (5) monitoring card usage.
- (h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- (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. Note: Ethics requirements are not applicable to nonprofits.
- (j) Debt Service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: The Agency's policy manual included written policies and procedures for budgeting, disbursements, receipts, and payroll/personnel; however, there were no written policies and procedures for contracting and debt service (not applicable). Purchasing, credit cards, travel/expense reimbursement, and ethics policies were addressed in the policy manual; however, the policies did not mention the following topics:

- (i) Purchasing - The policy manual does not address how vendors are added to the vendor list.***
- (ii) Credit Cards - The policy manual does not address allowable business uses.***
- (iii) Travel/expense reimbursement - The policy manual does not address dollar thresholds by category of expense.***
- (iv) Ethics - The policy manual does not address actions to be taken if an ethics violation takes place, a system to monitor possible ethics violations, or a requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.***

Management's Response:

See attached letter from the Agency dated 6/22/18.

BOARD (OR FINANCE COMMITTEE, IF APPLICABLE)

- 2) Obtain and review the board/committee minutes for the fiscal period, and:
 - (a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

BOARD (OR FINANCE COMMITTEE, IF APPLICABLE) - CONTINUED

- (b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - ◆ If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
- (c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Results: *This section is not applicable to this Agency.*

BANK RECONCILIATIONS

- 3) Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Results: *We obtained a listing of all the Agency's bank accounts and management's representation that the listing is complete.*

- 4) Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 - (a) Bank reconciliations have been prepared;
 - (b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
 - (c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Results: *We found that all bank reconciliation have been prepared and management has documented that items outstanding for more than 6 months have been researched (procedure 4(a) and (c)). One of the bank accounts selected had not been reviewed by management for any of the 12 months (procedure 4(b)).*

Management's Response:

See attached letter from the Agency dated 6/22/18.

COLLECTIONS

- 5) Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Results: *There is only one cash collection location for this Agency.*

- 6) Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations).

For each cash collection location selected:

- (a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Results: *Per management, none of the employees who handle cash are bonded. Additionally, the Agency's policy manual does not address whether the person responsible for collecting cash is not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account, and not required to share the same cash register or drawer with another employee. However, after discussions with the accounting staff, it was found that the person responsible for collecting cash does not make the bank deposits, record the related transaction, or reconcile the bank statement. Furthermore, there is only one person who collects cash and therefore, cash drawers are not shared.*

Management's Response:

See attached letter from the Agency dated 6/22/18.

- (b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Results: *The agency has a formal process to reconcile cash collections to the general ledger by a person who is not responsible for cash collections.*

COLLECTIONS (CONTINUED)

- (c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
- ◆ Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 - ◆ Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Results: We found that the Agency did not have evidence of the collection date on 6 out of the 10 receipts selected. Therefore, the procedure for measuring the time from collection to deposit could not be performed. The other 4 receipts had evidence of collection date noted on the receipt.

It was noted that 3 out of the 4 receipts that had evidence of collection date were not deposited within 1 day of receipt. Of the 3 receipts, 1 was made within 9 days and 2 were made within 16 days of receipt.

Management's Response:

See attached letter from the Agency dated 6/22/18.

- 7) Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

Results: The Agency's policy manual does not address the specific process to determine completeness of all collections by a person who is not responsible for collections.

Management's Response:

See attached letter from the Agency dated 6/22/18.

DISBURSEMENTS - GENERAL (EXCLUDING CREDIT CARD, DEBIT CARD, P-CARD PURCHASES OR PAYMENTS)

- 8) Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Results: We obtained a listing of the Agency's disbursements and management's representation that the population is complete.

- 9) Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
- (a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
 - (b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
 - (c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Results: We found that 21 of the 25 disbursements reviewed were not initiated by a requisition/purchase order and therefore, did not have an approved purchase order; 1 of the 25 disbursements reviewed did not have a receiving report; and 4 of the 25 disbursements did not have evidence of approval documented on the invoice. However, the 4 checks that did not have evidence of approval on the invoice, are reviewed by the Chief Operating Officer ("COO") as the COO is the only authorized check signor and sees all checks and invoices prior to payment. Therefore, while evidence of approval was not documented on the invoice, the check was signed by the COO which shows the disbursement was reviewed prior to payment.

Management's Response:

See attached letter from the Agency dated 6/22/18.

DISBURSEMENTS - GENERAL (EXCLUDING CREDIT CARD, DEBIT CARD, P-CARD PURCHASES OR PAYMENTS) (CONTINUED)

- 10) Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Results: The Agency's policy manual does not specifically address whether or not the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Management's Response:

See attached letter from the Agency dated 6/22/18.

- 11) Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Results: The Agency's policy manual does not specifically address whether or not the person with signatory authority has the responsibility for initiating or recording purchases. Based upon our discussions with and observations of management, the person with signatory authority does not initiate or record purchases.

- 12) Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Results: Per our observations and discussions with management, it was found that the person with signatory authority does not have user access to the accounting system. Blank check stock is maintained in a locked area with access limited to the employee who processes checks, who is not a signor on the accounts.

- 13) If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Results: A signature stamp is not used by the Agency and the check signer mails out all signed checks.

CREDIT CARDS / DEBIT CARDS / FUEL CARDS / P-CARDS

- 14) Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

Results: We obtained a listing of all active credit cards and management's representation that the listing is complete. The Agency does not use bank debit cards, fuel cards, or P-cards.

- 15) Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- (a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
- (b) Report whether finance charges and/or late fees were assessed on the selected statements.

Results: We found that the credit card statement and supporting documentation was reviewed by the authorized card holder. No finance charges were included on the credit card statement reviewed.

Management's Response:

See attached letter from the Agency dated 6/22/18.

- 16) Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).
- (a) For each transaction, report whether the transaction is supported by:
- ◆ An original itemized receipt (i.e., identifies precisely what was purchased)
 - ◆ Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - ◆ Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

CREDIT CARDS / DEBIT CARDS / FUEL CARDS / P-CARDS (CONTINUED)

- (b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
- (c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Results: There was a total of 12 purchases made on the selected credit card statement. Of the 12 transactions reviewed, none were supported by a purchase order as required by the Agency's policy manual and 8 out of the 12 purchases did not have documentation of the business/public purpose. Since 8 out of the 12 purchases did not have documentation of the business/public purpose, a determination could not be made as to whether or not the purchase was in compliance with Article 7, Section 14.

Management's Response:

See attached letter from the Agency dated 6/22/18.

TRAVEL AND EXPENSE REIMBURSEMENT

- 17) Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Results: We obtained a listing of all travel and expense reimbursements by person and management's representation that the listing is complete.

- 18) Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Results: The Agency's policy manual does not mention specific dollar amounts for per diem and mileage rates; however, they make reference that mileage, meals, and incidental expenses will be reimbursed as per guidelines adopted by the State's Division of Administration.

TRAVEL AND EXPENSE REIMBURSEMENT (CONTINUED)

19) Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- (a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

Results: It was found that 2 out of the 3 travel expenses were not approved by the First Assistant District Attorney as required per the policy manual. However, all travel expenses were approved by the COO.

Management's Response:

See attached letter from the Agency dated 6/22/18.

- (b) Report whether each expense is supported by:
- ◆ An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - ◆ Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - ◆ Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Result: We found that each expense was supported by an original itemized receipt, contained the required business purpose, and other supporting documentation as required by written policy.

- (c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Result: We compared the entity's documentation to the requirements of Article 7, Section 14 and no exceptions were noted.

TRAVEL AND EXPENSE REIMBURSEMENT (CONTINUED)

- (d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Result: We found that each expense and related documentation was reviewed and approved in writing by someone other than the person receiving the reimbursement.

CONTRACTS

- 20) Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.
- 21) Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
- (a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
 - (b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - ◆ If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - ◆ If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
 - (c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
 - (d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
 - (e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Results: Per discussions with management and review of the general ledger, the Agency does not have contracts for purchases of goods and services; therefore, this section is not applicable.

PAYROLL AND PERSONNEL

- 22) Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
- (a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
 - (b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Results: Management provided a listing of all employee and their related salaries and represented that the listing was complete. No exceptions were found with regard to our testing of procedures (a) and (b) above.

- 23) Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
- (a) Report whether 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.).
 - (b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
 - (c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Results: We obtained the attendance and leave records and performed the above procedures. No exceptions to the above procedures were noted.

- 24) Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

PAYROLL AND PERSONNEL (CONTINUED)

Results: We obtained a list of employees terminated during the period and management's representation that the listing was complete. Per the policy manual, employees are to be paid for up to 30 days accrued annual leave time; however, the 2 employees selected were paid 37 and 47 days worth of vacation time at the time of separation from the Agency. Furthermore, the termination payment did not include evidence of approval from management.

Management's Response:

See attached letter from the Agency dated 6/22/18.

25) Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Results: We found that all payroll taxes and reporting forms were submitted on time. There were 3 instances where the retirement contributions and the related submission forms were not remitted in a timely manner.

Management Response:

See attached letter from the Agency dated 6/22/18.

ETHICS (EXCLUDING NON-PROFITS)

26) Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Results: It was found that 1 out of the 5 employees selected did not complete the required ethics training in the current year. However, it was noted that this employee completed ethics training in prior years.

Management Response:

See attached letter from the Agency dated 6/22/18.

27) Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

ETHICS (EXCLUDING NON-PROFITS) (CONTINUED)

Results: Per our discussions with management, there have been no ethics violations during the fiscal period.

DEBT SERVICE (EXCLUDING NON-PROFITS)

- 28) If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.
- 29) If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.
- 30) If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Results: The Agency does not have any debt service and therefore, this section is not applicable.

OTHER

- 31) Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Results: Per our discussions with management, there were no misappropriations of public funds or assets during the fiscal period.

- 32) Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: We observed that the Agency has posted the required fraud poster as required by R.S. 24:523.1.

- 33) If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Results: We found no exceptions to management's representations regarding the procedures above.

CONCLUSION

We were 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, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our 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.

LeBlanc Hauskrecht, L.L.P.

Metairie, Louisiana
June 22, 2018



June 22, 2018

LeBlanc & Hausknecht, LLP
Certified Public Accountants
3421 N. Causeway Blvd., Suite 701
Metairie, LA 70002

RE: District Attorney of the Orleans Judicial District
Response to Independent Accountants Report on
Applying Statewide Agreed-Upon Procedures
Period January 1, 2017 – December 31, 2017

In response to the Independent Auditor's Report regarding applying Statewide Agreed-Upon Procedures (SAUP) for the period January 1 – December 31, 2017, the District Attorney for the Orleans Judicial District (Agency) submits the following acknowledgments and corrective action measures.

WRITTEN POLICIES AND PROCEDURES

The report noted that the Agency's policy manual did not contain written policies for contracting and ethics, and that the polices regarding purchasing (i), credit cards (ii) and Travel/expense reimbursement (iii) were missing certain points. We acknowledge the deficiencies and affirm that the issues noted have been corrected as follows:

(f) Contracting

In response to the Auditor's report the following policy will be made part of the District Attorney's official policy manual.

PROCUREMENT/CONTRACTING POLICY

Purpose

The purpose of this policy is to ensure that goods and services purchased for the conduct of the business of the Orleans Parish District Attorney's Office are obtained in a cost-effective manner and in compliance with all state regulations.

Ethics Statement

As representatives of a public agency, all employees are expected to conduct themselves in a professional and ethical manner, maintaining high standards of integrity and the use of good judgment. Employees, especially any involved in procurement, are expected to act in compliance with the standards set out in The Louisiana Code of Governmental Ethics. These standards include, but are not limited to, prohibitions against the following:

1. No employee or volunteer of the Orleans Parish District Attorney's Office shall participate in the selection, award or administration of a public bid or contract if a conflict of interest is real or apparent to a reasonable person.
2. Conflicts of interest may arise when any employee or volunteer has a financial, family, or any other beneficial interest in a vendor or firm selected for a public contract.
3. No employee or volunteer shall do business with, award contracts to, or show favoritism toward a member of his/her immediate family, spouse's family or to any company, vendor or concern who either employs or has any relationship to a family member.
4. Employees or volunteers shall neither solicit nor accept gratuities, consulting fees, trips, favors, or anything of monetary value – except when such value is de minimis (promotional articles with no significant resale value), from a vendor, or the family or employees of a vendor, potential vendor or bidder.

Procurement Procedure

Only the District Attorney, First Assistant District Attorney and Chief Operating Officer may procure supplies, materials, equipment, and/or services for use by the Orleans Parish District Attorney's Office. All request for supplies, materials, equipment, or services must be in writing, and must be approved by a Division Supervisor/designee, and forwarded for final approval to the Chief Operating Officer. The Chief Operating Officer will acquire all necessary supplies, materials, equipment and services. When applicable, all purchases and/or agreements must be in compliance with the Louisiana Public Bid Law (La. R.S. 38:2211 *et seq.*), or must be pursuant to an established valid state contract. Any purchase pursuant to public bid procedures must be specifically approved by the District Attorney. All contracts will be reviewed for compliance with legal requirements by the Assistant District Attorney responsible for civil matters. All contracts will be monitored by the Chief Operating Officer.

Methods of Procurement

The Orleans District Attorney recognizes that there are several procurement methods – Informal Bid Quote (small purchases), Formal Sealed Bids, Procurement By Competitive Proposals, Unique/Non-Competitive (sole source) Proposals, and procurement via Existing State Contracts and/or Piggybacking. Some of these require that formal contracting procedures be implemented.

Because of the nature of the work performed by the Orleans District Attorney virtually all of the District Attorney's procurement is via the Informal Bid Quote process or via a standing State Contract.

Services Requiring Written Contracts

Public Works – The Orleans District Attorney does not engage in public works projects. The District Attorney office building is owned and maintained by the City of New Orleans. In the event the District Attorney were to be involved in a public works project, or renovation project for the District Attorney office building, it would be in partnership with the City of New Orleans. The District Attorney would defer to the City of New Orleans Bureau of Purchasing for all contracting and procurement procedures involved in the public works project. As such, for purposes of contracts for public works the Orleans District Attorney adopts in pertinent part the public works contracting procedures contained in the City of New Orleans Bureau of Purchasing Procurement Procedures dated December 8, 2017—a copy of which is made part of this policy as addendum # 1.

Goods, materials and supplies when the cost exceeds \$30,000 – The Orleans District Attorney rarely purchases goods, materials or supplies where the cost exceeds \$30,000. Most goods, materials or supplies are purchased via a standing State Contract. In the event the District Attorney was required to make a purchase of goods, materials or supplies in excess of the \$30,000 threshold then the District Attorney adopts the procedures for Procurement by Competitive Proposals set out in the aforementioned City of New Orleans Bureau of Purchasing Procurement Procedures dated December 8, 2017 – a copy of which has been incorporated herein as addendum # 1.

Orleans District Attorney's Method of Procurement

Existing State Contract/Piggyback Contract – It is the policy of the Orleans Parish District Attorney that all purchases/procurement of goods, materials and supplies be pursuant to an existing state contract, or via a piggyback arrangement with another state agency who holds a valid contract. If a piggyback contract is utilized the Orleans District Attorney will ensure that the piggyback contract was obtained according to all applicable state procedures. All purchases will follow the procedures set out for purchasing in the District Attorney's Financial Policy and Procedure manual.

Informal Bid Quote – When goods, materials and supplies are not available via a standing state contract or piggyback contract it is the policy that the Orleans District Attorney use the Informal Bid Quote procedure allowed by State law and recommended by the Louisiana Legislative Auditor. For purchases of \$10,000 or more but less than \$30,000 the District Attorney, through the Chief Operating Officer, or designee, shall obtain no fewer than three written, telephone or facsimile quotations. Any telephone quotations shall be attested to in writing by the Chief Operating Officer. For purchases of \$1000 but less than \$10,000 the District Attorney's policy is that whenever possible at least three written quotes shall be obtained.

Document/Record Storage

All documents associated with procurement and purchasing, including contracts, quotes, estimates, etc., shall be maintained in the secure file storage of the Chief Operating Officer and Lead Accountant.

(i) Ethics

In response to the Auditor's report the following policy will be made part of the District Attorney's official policy manual.

ORLEANS PARISH DISTRICT ATTORNEY

ETHICS POLICY

Policy

It is the express policy of the Orleans Parish District Attorney that all employees comply with the Louisiana Code of Governmental Ethics. Each year employees must complete the mandatory online ethics training provided by the Louisiana Board of Ethics. A copy of the certificate certifying completion of the training must be provided to Human Resources by December 31 of each calendar year. All employees must also certify in writing that they have read the "Orleans Parish District Attorney Ethics Policy." A new certification must be provided to Human Resources each year. A certification form is available from Human Resources.

Policy Goals

- * To ensure the public confidence in the integrity of government
- * To ensure the independence and impartiality of elected officials and public employees
- * To ensure that governmental decisions and policy are made in the proper channel of the government structure
- * To ensure that public office and employment are not used for private gain

Prohibitions

NOTE: The following is a synopsis of some of the key provisions of the Code of Governmental Ethics. It is only a summary. For the official text of the provisions described below and for the text of other provisions of the Code, including information relative to exceptions to these general restrictions, refer to the Code at LSA R.S. 42:1101 et seq.

The Code of Governmental Ethics prohibits the:

- A. 1111A - Receipt of a thing of economic value from a source other than the governmental entity for the performance of official duties and responsibilities.
- B. 1111C(1)(a) - Receipt of a thing of economic value for the performance of a service substantially related to public duties or which draws on non-public information.
- C. 1111C(2)(d) - Receipt of a thing of economic value by a public servant for services rendered to or for the following:
 - (1) persons who have or are seeking to obtain a contractual or other business or financial relationship with the public servant's agency;
 - (2) persons who are regulated by the public employee's agency; or
 - (3) persons who have substantial economic interests which may be substantially affected by the performance or nonperformance of the public employee's official duties.

These same restrictions apply to the public servant's spouse and to any legal entity in which the public servant exercises control or owns an interest in excess of 25%.

- A. 1115 – Elected officials and public employees are prohibited from soliciting or accepting a gift from the following persons:
 - (1) persons who have or are seeking to obtain a contractual or other business or financial relationship with the public servant's agency; or
 - (2) persons who are seeking, for compensation, to influence the passage or defeat of legislation by the public servant's agency.

Public employees, not elected officials, are also prohibited from soliciting or accepting a gift from the following persons:

- (1) persons who conduct operations or activities regulated by the public employee's agency; or
 - (2) persons who have substantial economic interests which may be substantially affected by the performance or nonperformance of the public employee's official duties.
- B. 1111E - Receipt of a thing of economic value for assisting someone with a transaction with the agency of the public servant.
 - C. 1112 - Participation by a public servant in a transaction involving the governmental entity in which any of the following persons have a substantial economic interest:
 - (1) the public servant;

- (2) any member of his immediate family;
- (3) any person in which he has an ownership interest that is greater than the interest of a general class;
- (4) any person of which he is an officer, director, trustee, partner, or employee;
- (5) any person with whom he is negotiating or has an arrangement concerning prospective employment;
- (6) any person who is indebted to him or is a party to an existing contract with him and by reason thereof is in a position to affect directly his economic interests.

D. 1113 –For public servants, other than legislators or appointed members of boards and commission, bidding on or entering into any contract, subcontract or other transaction under the supervision or jurisdiction of the public servant’s agency. This restriction also applies to the immediate family members of the public servant and to legal entities in which the public servant and/or his family members own an interest in excess of 25%.

1113B - Appointed members of boards and commissions are not only prohibited from bidding on or entering into such contracts, subcontracts or transactions under the supervision or jurisdiction of their board, but also being in any way interested in them. Also, the restriction applies to their immediate family members and legal entities in which they or their immediate family members have a substantial economic interest.

1113C – Legislators are prohibited from bidding on, entering into or being in any way interested in contract, subcontracts or other transactions that are under the supervision or jurisdiction of the legislative branch of government. This restriction also applies to the immediate family members of the legislator and to legal entities in which the legislator and/or his family members own an interest in excess of 25%.

1113D - Additional prohibition applicable to legislators, certain executive branch officials, their spouses or legal entities in which either owns an interest in excess of 5% from entering into a contract with any branch, agency, department or institution of state government, with a few exceptions.

1116 - A public servant’s use of the authority of his office to compel or coerce a person to provide himself or someone else with a thing of economic value that they are not entitled to by law or the use of the authority of his office to compel or coerce a person to engage in political activity. Also, a regulatory employee is prohibited from participating in anyway in the sale of goods or services to persons regulated by his agency, if a member of his immediate family or if a business enterprise in which the regulatory employee or members of his immediate family own in excess of 25%, receives or will receive a thing of economic value by virtue of the sale.

E. 1117 - It is prohibited for a public servant or other person make a payment, give, loan, transfer, or deliver or offer to give, loan, transfer or deliver a thing of economic value to a public servant when the public servant is prohibited by the Ethics Code from receiving such a thing of economic value.

F. 1119 - Nepotism

- (1) Members of the immediate family of an agency head may not be employed in the agency.
- (2) Members of the immediate family of a member of a governing authority or the chief executive of a governmental entity may not be employed in the governmental entity. The term A governing authority includes parish councils, police juries, school boards, town councils, boards of aldermen, etc.
- (3) Note that the application of this restriction is not affected by whether the agency head, chief executive or governing authority member has authority over or actually participates in the hiring decision - such family members are simply ineligible for employment.
- (4) **Exceptions:**
 - (a) persons employed in violation of this rule continuously since April 1, 1980;
 - (b) a person employed for one year prior to their family member becoming an agency head.

Violations

Reports of violations, or suspected violations, of the Orleans Parish District Attorney Ethics Policy will be investigated by the District Attorney and the First Assistant District Attorney or their designee. Investigations will be kept confidential. Confirmed violations of the Ethics Policy may result in suspension, termination, or, if criminal activity is involved, referral for a criminal investigation. No employee may be sanctioned for a good faith report of suspected ethics violations.

A. Procedure:

All employees have a responsibility to report ethics violations or suspected violations to their immediate supervisors; Supervisors must review the facts and circumstances of the report within 24 hours and report findings to the appropriate division chief and First Assistant District Attorney. The First Assistant District Attorney in consultation with the District Attorney will determine if a formal investigation is warranted.

B. Monitoring:

Supervisors and division chiefs have the responsibility to monitor work activities of employees to ensure no prohibited activities are being engaged in. The Chief Operating Officer is charged with the responsibility to ensure no vendor engaged in business with the Orleans Parish District Attorney has a prohibited relationship which would prohibit the vendor from engaging in business with the District Attorney.

WRITTEN POLICIES AND PROCEDURES – (continued)

(i) Purchasing-

The report noted that the District Attorney's current policy did not address how vendors are added to the master vendor list. The District Attorney Purchasing and Procurement policy has been amended to address this issue – see numbers 3,4 & 5 below.

PURCHASING AND PROCUREMENT

1. Purchase requisitions should be prepared to initiate the purchasing process for all goods or materials. The requisition should be prepared by the applicable personnel and be routed to their respective Department Head for approval. The Department Head will then forward the requisition to the Chief Operating Officer for final approval and ordering. Whenever possible goods and services should be purchased pursuant to established State Contracts.
2. If State Contracts are not available for purchases, the Division Head should obtain approval from the Chief Operating Officer to solicit informal bids. Once approved, competitive bids should be solicited from at least three independent sources.
3. Once bids are received and evaluated, the Department Head should select the successful vendor and route the information to the Chief Operating Officer for final approval.
4. Approved bid packages should be routed to the Lead Accountant for updating of the vendor masterfile. The Lead Accountant will review and approve the package and then add the vendor to the District Attorney's vendor list. The Accounts Payable Accountant shall have no authority or ability to add vendors to the master vendor list.
5. Once the vendor masterfile has been updated, the Lead Accountant shall prepare a purchase order.
6. A purchase order should be generated and routed to the Chief Operating Officer for final approval.

7. Acquisition of goods or services is now fully authorized and can be executed.

8. Once the goods are received, they should be checked against the purchase order by the applicable department personnel to verify completeness of the order. Proof of delivery, packing sheets, etc., must be sent to the Accounts Payable Accountant to be filed with the original requisition, purchase order, invoice and proof of payment.

9. Copies of all requisitions, purchase orders, and the originals of all bid documents, price quotes, and any and all documents related to purchases should be maintained as a business record in a secure file maintained by the Chief Operating Officer.

(ii) Credit Cards –

The report noted that current policy does not address allowable business uses. The District Attorney's current credit card policy is being amended to include the following:

Usage – Approved/ Prohibited

- Any personal use or unauthorized use of a credit card may result in immediate termination of employment.
- The District Attorney's office credit card may only be used for the purchase of goods, supplies or materials necessary for the operation of the office. All purchases must be approved in accordance with the purchasing policies and procedures prior to the transaction. The approved requisition or purchase order is to be submitted to the Accounts Payable Accountant.
- The following purchases are not allowed:
 - Cash advances on credit cards
 - Alcoholic beverages
 - Tobacco products
 - Prescriptions and drugs
 - Capital equipment and upgrades over \$1,000
- Purchases made by credit card must not circumvent the Louisiana Public Bid Law (e.g., splitting purchases).
- Employees are responsible for obtaining receipts/documentation as proof of purchase and for documenting the business purpose on the receipts. Receipts for any meals and entertainment expenditures also must contain documentation of the names of all persons participating and the business discussed.

- The card and the receipts/documentation are to be returned to the Lead Accountant or Chief Operating Officer upon completion of the transaction.
- An employee is responsible for all use of the credit card until it is returned to the Chief Operating Officer.
- Each month the Lead Accountant will review all credit card statements and supporting documentation to reconcile the statement with the initial approvals to incur a cost on the District Attorney credit card. After review, the Lead Accountant will provide written approval of the statements.
- The accounting staff and Chief Operating Officer are responsible for notifying the District Attorney of any misappropriation of funds or assets of the office.

Recordkeeping

- The Lead Accountant is responsible for reviewing the receipts and documentation for propriety (authorization to purchase, documentation of business purpose, etc.) upon the return of the card.
- At the end of each month, the Accounts Payable Accountant is to compare the card issuance log, purchase documentation, and purchase orders to the monthly card statement. During this review the accountant is to ensure that: (1) all card purchases were documented on the issuance log (checking for card usage approval); (2) all purchases are supported by documentation (checking for inappropriate purchases and completeness of purchase documentation); and (3) all purchases were supported by an approved requisition/purchase order (checking for proper approval for the purchases).
- Any purchase charge without appropriate supporting documentation requires a detailed explanation and description and the written approval of the Chief Operating Officer.
- The Accounts Payable Accountant is to attach the receipts and documentation to the monthly statement and submit to the Chief Operating Officer for review and approval (in writing) before payment is made.

(iii) Travel/Expense Reimbursement -

The report noted that current policy does not address dollar thresholds by category of expense. The District Attorney's travel reimbursement policy has been amended to include the following:

Travel/Expense Reimbursement Thresholds

1. Transportation Guidelines

- Airfare – The reason for using other than the lowest priced airfares must be documented on the expense report. Commercial air travel will be reimbursed at the coach/economy class rates unless such rates are not available. The difference between coach/economy class rates and first class or business class rate will be paid by the traveler. If space is not available in less than first or business class air accommodations in time to carry out the purpose of the travel, the traveler will secure certification from the airline indicating this fact. The certification must be attached to the employee expense report.
- Agency Owned Vehicle – Vehicles owned by the agency- District Attorney’s Office/City of New Orleans, may be used for business travel only. Personal use of an agency owned vehicle is strictly prohibited.
- Personally Owned Vehicle - If a personal vehicle is used for business purposes, the employee must document the business purpose and submit vehicle odometer readings (beginning and ending) and the number of miles traveled for business. Claims for mileage reimbursement will be paid in accordance with the mileage allowance authorized in the State of Louisiana’s Travel Guide in effect on the dates of travel.
- Rental Vehicle – Rental vehicles must be approved in advance and only upon showing that the rental is the only or most economical means by which the purpose of the business trip can be accomplished. Only the cost of a compact model is reimbursable unless 1) non-availability is documented; 2) the vehicle will be used to transport more than two persons; or 3) the cost of a larger vehicle is no more than the rental rate for a compact. Detailed receipts and documentation of the business purpose are also required for reimbursement.
- Taxis, etc. – Receipts are required for the reimbursement of the actual cost of public ground transportation used in connection with approved business travel.

2. Business Meals and Lodging Allowances

- Business meals purchased during single day travel (no overnight stay) are not eligible for reimbursement.
- Business Meal Allowance (includes the tax and tip) – Business meals incurred during overnight travel will be reimbursed in accordance with the meal allowances authorized in the State of Louisiana’s Travel Guide (in effect at the date of travel) for that location. Meal receipts are not required but the dates and meals claimed (breakfast, lunch, and dinner), including the business purpose for the meals must be documented on the *Travel Expense Form*.
- Lodging Allowance – Lodging incurred on business travel will be reimbursed in accordance with the lodging rate authorized in the State of Louisiana’s Travel Guide (in effect at the date of travel) for that location, plus tax and any mandatory surcharge.

Detailed receipts are required for reimbursement. The mayor's approval must be provided to allow lodging expenses to be direct billed to the municipality.

Conference Lodging - The mayor has the authority to approve the actual cost of conference lodging, for a single occupancy standard room, when the traveler is staying at the designated conference hotel. The mayor's approval must be provided to allow lodging expenses to be direct billed to the municipality. Detailed lodging receipts are required to be obtained by the traveler and submitted to the clerk upon return. No reimbursements are allowed for the costs of attending functions unrelated to the conference (i.e. tours, golf tournaments, etc.).

3. Registration Costs

- Costs are reimbursed in full with a copy of the registration form/receipt and with evidence that payment was made.
- The mayor's approval must be provided to allow the cost of registration to be direct billed to the municipality. A copy of the registration form/receipt is required.

BANK RECONCILIATIONS – (4b)

The report noted that one bank account had not been reviewed by management. Apparently, this account is associated with the District Attorney's Child Support Enforcement Division. It is the District Attorney's policy that all bank accounts be reconciled and reviewed by management. It was an inadvertent oversight to not have this account reviewed by management. Contributing to this oversight may be that the Child Support Division is located in a separate office building from the main District Attorney's office. In any case, the Child Support Enforcement Division Accountant, the District Attorney's Lead Accountant, and the Chief of the Child Support Division have all been counseled verbally and in writing to ensure that the Child Support bank account is regularly and appropriately reviewed.

COLLECTIONS

6 (a) The report notes that the District Attorney's policy manual does not address the responsibilities of an employee charged with receiving cash regarding deposits, reconciling and related matters. The report also noted the employee charged with collecting cash does not engage in any prohibited activity. In response the District Attorney has amended its Cash Receipts policy to include the following:

- Any employee charged with collecting cash payments shall deliver the cash and the supporting documentation explaining the cash payment to the lead accountant within

twenty-four hours of receipt of the cash. The documentation submitted must include a copy of the receipt given to the payer as well as the Criminal Court, Magistrate, or law enforcement item number (if any) related to the payment.

- Any employee responsible for collecting cash shall not be responsible for depositing the cash in a bank, recording the related transaction, or reconciling the related bank account. In the event two or more employees are responsible for collecting cash the employees must not share the same cash register or drawer.

6 (c) The report noted that collection dates were missing on some receipts and that deposits were not made within one (1) day of receipt. The District Attorney acknowledges that through inadvertence collection dates were not recorded on all receipts. Deposits were not always made within one day due to the relatively small dollar value of the potential deposit and also due to manpower issues— a courier was not always available. In response the District Attorney acknowledges that collection dates must be recorded and deposits made within one day. The District Attorney has amended its Cash Receipts policy to include the following:

- All employees responsible for receiving cash or checks shall record the date of receipt on the documents related to the cash or check payment.
- All cash and/or checks received by the District Attorney shall be deposited in an appropriate bank account within one business day of receipt.

7 The report noted that the District Attorney’s policy manual does not address the process to determine the completeness of all collections by a person not responsible for collections.

In response the District Attorney has amended its Cash Receipts policy to include the following:

Restitution/Diversion Program Fees

- Each month the Director of the District Attorney’s Social Services Division will provide a list to the Lead Accountant identifying all new cases received for the month in which restitution or program fees are due. The list shall be provided to the Lead Accountant by the 10th day of the following month. The list must include the restitution and/or program fee amount due.
- Each quarter the lead accountant will determine completeness of collection of payments due by reconciling the list of cases in which restitution or program fees are due with the log of payments received and submitted for deposit. The results of the reconciliation will then be discussed with the Chief Operating Officer and Director of Social Services.

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Economic Crime Unit NSF Check Fees/Restitution

- Each month the Supervisor of the District Attorney’s Economic Crime Unit will provide a list to the Lead Accountant identifying all new cases received for the month in which the statutorily mandated NSF fee and restitution payment are due. The list shall be provided to the Lead Accountant by the 10th day of the following month. The list shall include the amount of the NSF fee and the restitution amount due the victim.
- Each quarter the Lead Accountant will determine completeness of collection of payments due by reconciling the list of cases in which NSF fees or restitution payments are due with the log of payments received and submitted for deposit. The results of the reconciliation will then be discussed with the Chief Operating Officer and Supervisor of the Economic Crime Unit.

Bond And Asset Forfeiture Cash Reciepts

- Each month the Attorney and/or Coordinator of bond and asset forfeitures will provide a list to the Lead Accountant identifying all new cases received for the month in which a bond or asset forfeiture judgment may be collected. The list shall be provided to the Lead Accountant by the 10th day of the following month.
- Each quarter the Lead Accountant will determine completeness of collection of payments due by reconciling the list of cases in which bond or asset forfeiture judgments may be collected with the log of judgments which have been collected and submitted for deposit. The results of the reconciliation will then be discussed with the Chief Operating Officer and the Attorney and/or Coordinator of bond and asset forfeitures.

DISBURSEMENTS –

9. The Report noted that several disbursements were not initiated by requisition/purchase orders, one disbursement was missing a receiving report, several disbursements did not have evidence of approval documented on the invoice.

The District Attorney acknowledges the deficiencies noted above. It is the express policy of the District Attorney that all purchases be initiated by written requisition or purchase order and that

all disbursements be authorized by an approval on the invoice. The instances regarding lack of evidence of approval documented on the invoice concerned Child Support Division invoices. The Child Support Division Chief and accountant have been counseled verbally and in writing regarding this policy. The District Attorney has also published the policy regarding the required use of requisitions and purchase orders to all staff, and by written notice to all Division Chiefs so that they can also inform staff members of the necessity to use the written requisitions and purchase orders required by office policy. Employees have also been reminded to ensure that receiving reports for all purchases are provided to the accounts payable clerk for filing with the appropriate invoice/requisition or purchase order.

10. The Report noted that the District Attorney policy manual does not expressly prohibit the person responsible for processing payments from adding vendors to the entity's purchasing/distribution system.

In response the District Attorney represents that it has already noted that the District Attorney's Purchasing policy has been amended to include the following provision:

4. Approved bid packages should be routed to the Lead Accountant for updating of the vendor masterfile. The Lead Accountant will review and approve the package and then add the vendor to the District Attorney's vendor list. The Accounts Payable Accountant shall have no authority or ability to add vendors to the master vendor list.

The District Attorney has also amended its Accounts Payable policy to include the following:

- The Accounts Payable Accountant shall have no authority or ability to add vendors to the master vendor list.

CREDIT CARDS/DEBIT CARDS/FUEL CARDS

15 (a) The report noted that evidence should appear on monthly credit card statements that the statement was reviewed and approved in writing by someone other than the authorized card holder.

In response the District Attorney acknowledges that someone other than the authorized card holder must review and approve credit card statements. The District Attorney's Accounts Payable and Credit Card policies will be amended to include the following:

- Each month the Lead Accountant will review all credit card statements and supporting documentation to reconcile the statement with the initial approvals which authorized an expense on the District Attorney credit card. After review the Lead Accountant will provide written approval of the statements.

15 (b) The report noted that no finance charges were included on the credit card statements reviewed.

In response the District Attorney would note that no finance charges were included because none were assessed. The District Attorney endeavors to pay each credit card balance when due thereby eliminating finance charges.

16 (a)(c) The report noted that credit card purchases were not supported by purchase orders, and that several purchases did not document the business purpose of the purchase.

In response the District Attorney would note that the lack of requisitions or purchase orders for credit card purchases was an oversight. It is the District Attorney's policy that all purchases be initiated via requisition or purchase order. The Chief Operating Officer will ensure that all request for credit card purchases be accompanied by appropriate requisition or purchase order forms which clearly identify/state the business purpose of the purchase. The District Attorney will also note--regarding the purchases reviewed which did not contain documentation of the business purpose, that all requests for use of a District Attorney credit card are reviewed for an appropriate business purpose and that no use of the credit card is allowed unless the required business purpose is present. As noted, in the future the Chief Operating Officer will ensure that written documentation of the business purpose is provided prior to use of credit card being authorized.

TRAVEL AND EXPENSE REIMBURSEMENT

19. The Report noted that several travel expenses were not approved by the First Assistant District Attorney as required by District Attorney policy.

In response the District Attorney would note that its travel reimbursement policy will be amended to allow approval by *either* the District Attorney, First Assistant District Attorney or the Chief Operating Officer.

24. The report notes that at least two employees were paid for more than 30 days for accrued vacation upon termination, and that the District Attorney's policy manual only allows for 30 days payment.

In response the District Attorney would note that it's policy is actually that an employee may carryover 30 days of accrued vacation from year to year and that upon termination an employee may be compensated for the 30 days of carryover, plus whatever vacation has accrued during the year of termination. Theoretically, an employee could be compensated for as much as 50 days of vacation upon termination. As such, the instances noted wherein the compensation was 37 and 47 days was not contrary to District Attorney policy. The District Attorney acknowledges that this policy is not clearly stated, as it only notes that the most leave which could be accrued is 50 days. Therefore, in response the District Attorney will amend its Vacation policy to include the following:

- Employees may carryover 30 days of accrued vacation from year to year. Upon termination the employee may be compensated for whatever carryover days he/she has, up to 30 days, *plus* whatever vacation has accrued during the year of termination. No employee may be compensated in excess of 50 vacation days – maximum 30 days of carryover, plus a maximum of 20 days which could have accrued during the year of termination.
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PAYROLL AND PERSONNEL

25. The Report noted that retirement contributions and related forms were not remitted in a timely manner.

Due to cash flow problems—much of the District Attorney's operating funds are received via quarterly and/or monthly payments, and the fact that the District Attorney is not funded to have a contingency fund, there were several instances in which retirement contributions were delayed due to lack of sufficient funds. The District Attorney has since adjusted the way it manages invoices to ensure this does not reoccur in the future.

ETHICS

26. The Report noted that one of the selected employees did not complete required ethics training for 2017.

It is the policy of the District Attorney that all employees complete the mandatory ethics training. The District Attorney issues several e-mail reminders that the training must be completed. Failure to complete this training was an inadvertent oversight. The employee involved as well as the Human Resource Director-- the staff member who collects certificates of completion for the

ethics training, have been counseled regarding the importance of the ethics training and the necessity to complete the online course and submit the certificate for filing in the employee's personnel record.

CONCLUSION

The District Attorney for the Orleans Judicial District acknowledges the applicability of the Statewide Agreed- Upon Procedures. The District Attorney is committed to ensure that its written policies and the actions of its employees are consistent with the requirements and policies expressed in the Statewide Agree-Upon Procedures.

Respectfully submitted,



Val M. Solino
Chief Operating Officer