

THIRTY-SIXTH JUDICIAL DISTRICT ATTORNEY
PARISH OF BEAUREGARD
STATE OF LOUISIANA

ANNUAL FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

The Honorable James R. Lestage
Thirty-Sixth Judicial District Attorney
Parish of Beauregard
State of Louisiana

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 Thirty-Sixth Judicial District Attorney, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District Attorney's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 Thirty-Sixth Judicial District Attorney as of December 31, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of the District Attorney's proportionate share of the net pension liability and the schedule of the District Attorney's pension contribution on pages 31 through 36 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 the 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 inquires 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Thirty-Sixth Judicial District Attorney's basic financial statements. The combining and individual non-major fund financial statements and schedule of compensation, benefits and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of compensation, benefits and other payments to agency head 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 combining and individual non-major fund financial statements and the schedule of compensation, benefits and other payments to agency head are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Honorable James R. Lestage
Thirty-Sixth Judicial District Attorney
Parish of Beauregard
State of Louisiana
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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2019, on our consideration of the Thirty-Sixth Judicial District Attorney's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Thirty-Sixth Judicial District Attorney's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Jermel D. Windham, CPA". The signature is written in a cursive style.

DeRidder, Louisiana
June 14, 2019

BASIC FINANCIAL STATEMENTS

Statement of Net Position
For the Year Ended December 31, 2018

ASSETS	<u>Governmental Activities</u>
Cash and cash equivalents	\$ 292,142
Accounts receivable	53,124
Intergovernmental:	
Federal grants receivable	9,582
State grants receivable	2,500
Due from other funds	40,444
Due from other governments	2,401
Restricted assets:	
Cash	201,595
Due from other governments	25,670
Federal grant receivable	19,773
State grants receivable	33,795
Capital assets, net	184,091
Net pension asset	15,341
Total assets	<u>\$ 880,458</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	<u>\$ 149,839</u>
Total assets and deferred outflows of resources	<u><u>\$ 1,030,297</u></u>
LIABILITIES	
Accounts payable	\$ 11,066
Payroll taxes payable	1,591
Liabilities payable from restricted assets:	
Due to other funds	39,830
Accounts payable	262
Long-term debt:	
Due in more than one year	136,398
Total liabilities	<u>\$ 189,147</u>
DEFERRED INFLOWS OF RESOURCES	
Pensions	<u>\$ 96,863</u>
Total liabilities and deferred inflows of resources	<u>\$ 286,010</u>
NET POSITION	
Net investment in capital assets	\$ 184,091
Restricted	240,741
Unrestricted	319,455
Total net position	<u>\$ 744,287</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 1,030,297</u></u>

The accompanying notes are an integral part of this statement.

Statement of Activities
For the Year Ended December 31, 2018

Program activities	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Fees, Fines and Charges for Services	Operating Grants and Contributions	
General government				
Judiciary	\$ 1,063,140	\$ 529,173	\$ 485,625	\$ (48,342)
General revenues:				
				1,653
				38,581
				40,234
				(8,108)
				752,395
				\$ 744,287

The accompanying notes are an integral part of this statement.

Balance Sheet
Governmental Funds
For the Year Ended December 31, 2018

	Major Funds					Total Governmental Funds
	General	Title IV-D Fund	Truancy Assessment Fund	Drug Court Fund	Other Governmental Funds	
ASSETS						
Cash and cash equivalents	\$ 292,142	\$ -	\$ -	\$ -	\$ -	\$ 292,142
Accounts receivable	53,124	-	-	-	-	53,124
Intergovernmental:						
Federal grants receivable	9,582	-	-	-	-	9,582
State grants receivable	2,500	-	-	-	-	2,500
Due from other funds	40,444	-	-	-	-	40,444
Due from other governments	2,401	-	-	-	-	2,401
Restricted assets:						
Cash	-	65,227	73,153	44,879	18,336	201,595
Due from other governments	-	25,670	-	-	-	25,670
Federal grant receivable	-	-	-	19,773	-	19,773
State grant receivable	-	-	33,795	-	-	33,795
Total assets	\$ 400,193	\$ 90,897	\$ 106,948	\$ 64,652	\$ 18,336	\$ 681,026
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 11,066	\$ -	\$ -	\$ -	\$ -	\$ 11,066
Payroll taxes payable	1,591	-	-	-	-	1,591
Liabilities payable from restricted assets:						
Accounts payable	-	-	-	262	-	262
Due to other funds	-	17,511	21,244	1,075	-	39,830
Total liabilities	\$ 12,657	\$ 17,511	\$ 21,244	\$ 1,337	\$ -	\$ 52,749
Fund Balances:						
Restricted	\$ -	\$ 73,386	\$ 85,704	\$ 63,315	\$ 18,336	\$ 240,741
Unassigned	387,536	-	-	-	-	387,536
Total fund balances	\$ 387,536	\$ 73,386	\$ 85,704	\$ 63,315	\$ 18,336	\$ 628,277
Total liabilities and fund balances	\$ 400,193	\$ 90,897	\$ 106,948	\$ 64,652	\$ 18,336	\$ 681,026

The accompanying notes are an integral part of this statement.

Reconciliation of the Governmental Funds Balance Sheet
to Statement of Net Position
For the Year Ended December 31, 2018

Total fund balance - total governmental funds		\$	628,277
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheets.			184,091
Pension-related changes in net pension liability (asset) that are only reported in the Statement of Net Position as deferred outflows.			149,839
Pension-related changes in net pension liability (asset) that are only reported in the Statement of Net Position as deferred inflows.			(96,863)
Net pension asset			15,341
Net pension liability is not due and payable in the current period and, therefore, not reported in the governmental funds.			
Due within one year	\$	-	\$ -
Due in more than one year		(136,398)	(136,398)
		<u> </u>	<u> </u>
Net position of governmental activities		\$	<u><u>744,287</u></u>

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2018

	Major Funds				Other Governmental Funds	Total
	General	Title IV-D Fund	Truancy Assessment Fund	Drug Court Fund		
Revenues						
Intergovernmental:						
Federal grants	\$ 38,337	\$ -	\$ -	\$ 105,352	\$ -	\$ 143,689
State grants	57,504	-	67,591	-	-	125,095
Local grants	-	-	8,446	1,200	-	9,646
State reimbursement of operating cost	-	102,977	-	-	-	102,977
Local reimbursement of operating cost	104,218	-	-	-	-	104,218
Fees, charges and commissions for services	419,563	-	-	17,619	91,991	529,173
Investment income	1,412	164	70	-	7	1,653
Total revenues	<u>\$ 621,034</u>	<u>\$ 103,141</u>	<u>\$ 76,107</u>	<u>\$ 124,171</u>	<u>\$ 91,998</u>	<u>\$ 1,016,451</u>
Expenditures						
Judiciary						
Personal services and related benefits	\$ 416,054	\$ 89,812	\$ 71,049	\$ 40,062	\$ -	\$ 616,977
Travel and professional development	14,944	-	1,332	5,102	-	21,378
Operating services	64,615	-	127	2,156	82,528	149,426
Supplies	28,367	-	1,547	20,105	1,886	51,905
Contracted services	111,254	-	-	49,800	5,560	166,614
Total expenditures	<u>\$ 635,234</u>	<u>\$ 89,812</u>	<u>\$ 74,055</u>	<u>\$ 117,225</u>	<u>\$ 89,974</u>	<u>\$ 1,006,300</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (14,200)</u>	<u>\$ 13,329</u>	<u>\$ 2,052</u>	<u>\$ 6,946</u>	<u>\$ 2,024</u>	<u>\$ 10,151</u>
Other financing sources (uses):						
Transfers in	\$ 23,270	\$ -	\$ -	\$ -	\$ -	\$ 23,270
Transfers out	-	(20,977)	-	(2,293)	-	(23,270)
Total other financing sources (uses):	<u>\$ 23,270</u>	<u>\$ (20,977)</u>	<u>\$ -</u>	<u>\$ (2,293)</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ 9,070	\$ (7,648)	\$ 2,052	\$ 4,653	\$ 2,024	\$ 10,151
Fund balances at beginning of year	<u>378,466</u>	<u>81,034</u>	<u>83,652</u>	<u>58,662</u>	<u>16,312</u>	<u>618,126</u>
Fund balances at end of year	<u>\$ 387,536</u>	<u>\$ 73,386</u>	<u>\$ 85,704</u>	<u>\$ 63,315</u>	<u>\$ 18,336</u>	<u>\$ 628,277</u>

The accompanying notes are an integral part of this statement.

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of Governmental Funds to the
Statement of Activities
For the Year Ended December 31, 2018

Net change in fund balances - total governmental funds	\$ 10,151
Amounts reported for governmental activities in the statement of activities are different because:	
Depreciation expense on capital assets is reported in the government- wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	(8,062)
Pension expense is based on employer contributions in the governmental funds, but is an actuarially calculated expense on the statement of activities.	<u>(10,197)</u>
Change in net position of governmental activities	<u><u>\$ (8,108)</u></u>

The accompanying notes are an integral part of this statement.

Statement of Fiduciary Net Position
 Agency Funds
 For the Year Ended December 31, 2018

	Bail Bond Collection Trust Fund	Asset Forfeiture Trust Fund	Total Agency Funds
ASSETS			
Cash and cash equivalents	\$ 550	\$ 16	\$ 566
Due from others	-	2,011	2,011
Total assets	<u>\$ 550</u>	<u>\$ 2,027</u>	<u>\$ 2,577</u>
LIABILITIES			
Due to other funds	\$ 200	\$ 414	\$ 614
Due to others	350	1,613	1,963
Total liabilities	<u>\$ 550</u>	<u>\$ 2,027</u>	<u>\$ 2,577</u>

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

Thirty-Sixth Judicial District Attorney

Notes to the Financial Statements
As of and for the Year Ended December 31, 2018

INTRODUCTION

As provided by Article V, Section 26 of the Louisiana Constitution of 1974, the District Attorney has charge of every criminal prosecution by the state in his district, is the representative of the state before the grand jury in his district, and is the legal advisor to the grand jury. He performs other duties as provided by law. The District Attorney is elected by the qualified electors of the judicial district for a term of six years. His office is staffed by four Assistant District Attorneys, an investigator, and eight secretarial/clerical employees. The Thirty-Sixth Judicial District comprises all of the Parish of Beauregard, State of Louisiana, and is located in the southwestern region of the state.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying basic financial statements of the Thirty-Sixth Judicial 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 - Management's Discussion Analysis - for State and Local Governments*, issued in June 1999.

B. REPORTING ENTITY

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the District Attorney includes all funds, account groups and activities that are controlled by the District Attorney as an independently elected parish official. As an independently elected parish official, the District Attorney is solely responsible for the retention of employees, authority over budgeting, the responsibility for deficits, and the receipt and disbursement of funds. Other than certain operating expenditures of the District Attorney's office that are paid by the parish police jury as required by Louisiana law, the District Attorney's office is financially independent. Accordingly, the District Attorney is a separate governmental reporting entity. Certain units of local government over which the District Attorney exercises no oversight responsibility, such as the parish police jury, parish school board, other independently elected parish officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the parish District Attorney.

C. FUND ACCOUNTING

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 relating to certain District Attorney functions and activities. A fund is defined as a separate fiscal accounting entity with a self-balancing set of accounts.

Governmental Funds

Governmental funds account for all or most of the District Attorney's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources, which may be used to finance future period programs or operations of the District Attorney. The following are the District Attorney's major and non-major governmental funds:

Thirty-Sixth Judicial District Attorney

Notes to the Financial Statements (Continued)

Major Governmental Funds

General Fund – the primary operating fund of the District Attorney and it accounts for all financial resources, except for those in another fund. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the District Attorney's policy.

Special Revenue Funds – to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

Special Revenue Major Governmental Funds

Title IV-D Fund – The Title IV-D Fund consists of reimbursement grants from the Louisiana Department of Social 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.

Truancy Assessment Fund – The Truancy Assessment and Service Center Project will prevent and reduce the incidence of out-of-wedlock births by identifying children at risk of school failure due to excessive and unexcused absences and providing services to these children and their families. Truancy has been identified as a risk factor that contributes to the incidence of out-of-wedlock births. The purpose of the truancy assessment centers is to provide for the early identification and assessment of truants and the prompt delivery of coordinated interventions to prevent continued unauthorized school absences.

Drug Court Fund – The mission of the Thirty Sixth Judicial District Drug Court is to increase public safety through a court supervised substance abuse treatment program which is highly structured, carefully monitored and designed to promote offender responsibility and accountability with the goal of community reintegration of sober and productive citizens.

Special Revenue Non-Major Governmental Fund

Worthless Check Fund – The Worthless Check Collection Fee Fund consists of fees collected in accordance with Louisiana Revised Statute 16:15, which provides for a specific fee whenever the District Attorney's office collects and processes a worthless check. Expenditures from this fund are at the sole discretion of the District Attorney and may be used to defray the salaries and the expenses of the office of the District Attorney, but may not be used to supplement the salary of the District Attorney.

Pretrial Intervention Program – The District Attorney Pretrial Intervention Program is offered to certain offenders who qualify for participation as an alternative to prosecution. Participants will receive coordinated assistance in personal and group counseling, drug and alcohol rehabilitation and other community agencies appropriate to their particular needs.

Fiduciary Funds – Fiduciary fund reporting focuses on net position and change in net position. The only funds accounted for in this category by the District Attorney are agency funds. The agency funds account for assets held by the District Attorney as an agent for various taxing bodies (tax collections) and for deposits held pending court action. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting. The following are the District Attorney's fiduciary funds.

Agency Funds

Asset Forfeiture Trust Fund – The Asset Forfeiture Trust Fund was established under the provisions of LSA-R.S. 40:2616(B) which requires that all monies collected from the sale of seized or forfeited assets is deposited into the fund. The District Attorney administers the distribution of monies to the appropriate local, state or federal law enforcement agency that

participated in the activity that led to the seizure or forfeiture of the property or deposit of monies under and subject to LSA-R.S. 40:2616 (B).

Bail Bond Collection Trust Fund – The Bail Bond Collection Trust Fund was established in compliance with LSA-R.S. 15:571.11. The District Attorney collects on a judgment of bond forfeiture and distributes the proceeds according to this statute. Thirty percent of all funds collected shall be disbursed to the District Attorney’s general fund, twenty-five percent of all funds collected shall be disbursed to the parish’s criminal court fund, twenty-five percent shall be disbursed to the sheriff’s general fund and the remaining twenty percent shall be disbursed to the Indigent Defender Program. All funds shall be disbursed to the parish where the bonds were posted.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Fund Financial Statements (FFS)

The amounts reflected in the General Fund and Other Funds, of Statements C and E, 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 District Attorney operations.

The amounts reflected in the General Fund and Other Funds, of Statements C and E, 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 that 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 revenues 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

Commissions on fines and bond forfeitures are recorded in the year in which they are collected by the parish tax collector.

Reimbursements are recorded when the District Attorney is entitled to the funds.

Interest income on investments is recorded when the investments have matured and the income is available.

Substantially all other revenues are recorded when received.

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 (and any other financing source/use) are accounted for as other financing sources (uses). These sources (uses) are recorded when the expenditure is incurred.

Thirty-Sixth Judicial District Attorney

Notes to the Financial Statements (Continued)

Government-Wide Financial Statements (GWFS)

The column labeled Statement of Net Position (Statement A) and the column labeled Statement of Activities (Statement B) display information about the District Attorney's non-fiduciary activities as a whole. These statements include all the financial activities of the District Attorney. Information contained in these columns reflect 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 nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program Revenues – Program revenues included in the column labeled Statement of Activities (Statement B) are derived directly from 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 fund.

When both restricted and unrestricted resources are available for use, it is the entity's policy to use restricted resources first, and then unrestricted resources, as they are needed.

The District Attorney has not established a policy for use of the unrestricted fund balance, therefore it considers committed fund balances to be used first, then assigned fund balances to be used next and finally the unassigned fund balance will be used.

E. BUDGET

The District Attorney uses the following budget practices:

The budgets of the District Attorney of the Thirty-Sixth Judicial District, are adopted in accordance with Louisiana Revised Statutes 39:1301-1314. Annually the District Attorney adopts a budget for the General and Special Revenue Funds. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget, and public hearings on the budget. Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying financial statements include original adopted budget amounts and all subsequent amendments. The budget for the General and Special Revenue Funds is adopted on a basis consistent with generally accepted accounting principles (GAAP).

F. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest bearing demand deposits and money market accounts. Cash equivalents include amounts in time deposits and those other 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, money market accounts, 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.

Under state law, the District Attorney may invest in United States bonds, treasury notes, or certificates. These are classified as investments, if their original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost. At December 31, 2018 the District Attorney had no investments.

G. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

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

H. 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 \$5,000 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Position and Statement of Activities. 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 lives:

<u>Description</u>	<u>Estimated Lives</u>
Building and building improvements	20 - 40 years
Furniture and equipment	5-15 years

I. COMPENSATED ABSENCES

The District Attorney has the following policy relating to vacation and sick leave:

Employees of the District Attorney earn vacation leave at varying rates, depending on length of service, which does not accumulate. Upon resignation, unused vacation leave is paid to the employee at his current rate of pay.

Employees earn sick leave at the rate of one day a month, effective immediately upon employment. Ten days a year, not to exceed 30 days, may be accumulated. Unused sick leave lapses upon termination of employment.

At December 31, 2018 the District Attorney had no accumulated and vested leave benefits required to be reported in accordance with NCGA Statement 4 and Statement of Financial Accounting Standard (SFAS) 43.

J. RESTRICTED NET POSITION

For the government wide statement of net position, net position is reported as restricted when constraints placed on net position use are either:

1. externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or
2. imposed by law through constitutional provisions or enabling legislation.

K. FUND BALANCES

Restricted Amounts that are restricted to specific purposes should be reported as restricted fund balance. Fund balance should be reported when constraints placed on the use of resources are either:

- a. externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
- b. imposed by law through constitutional provisions or enabling legislation.

Unassigned Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

L. EXTRAORDINARY AND SPECIAL ITEMS

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the District Attorney, which are either unusual in nature or infrequent in occurrence. The District Attorney had no extraordinary or special items as of December 31, 2018.

M. INTERFUND TRANSACTIONS

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transactions are reported as transfers.

N. 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 and expenditures during the reporting period. Actual results could differ from these estimates.

O. 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 Attorney’s Retirement System of Louisiana (DARS) and the Parochial Employee’s Retirement System of Louisiana (PERS) and additions to/deductions from DARS and PERS fiduciary net positions have been determined on the same basis as they are reported by DARS and PERS. The financial statements were prepared using the accrual basis of accounting. Member and employer contributions are recognized when due, pursuant to formal commitments and statutory requirements. Benefits and refunds of employee contributions are recognized when due and payable in accordance with the statutes governing DARS and PERS. Expenses are recognized when the liability is incurred, regardless of when payment is made. Investments are reported at fair value on a trade date basis. The fiduciary net position is reflected in the measurement of the District Attorney’s proportionate share of the plans net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense.

P. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

The Statement of Net Position reports a separate section for deferred outflows and (or) deferred inflows of financial resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until the applicable period. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources until that time.

2. EXCESS EXPENDITURES OVER APPROPRIATIONS

The following individual fund had actual expenditures over budgeted appropriations for the year ended December 31, 2018:

Fund	Original Budget	Final Budget	Actual	Unfavorable Variance
Truancy Assessment Fund	\$ 71,700	\$ 73,000	\$ 74,055	\$ 1,055

Thirty-Sixth Judicial District Attorney

Notes to the Financial Statements (Continued)

3. CASH AND CASH EQUIVALENTS

At December 31, 2018, the District Attorney has cash and cash equivalents (book balances) totaling \$494,303 as follows:

NOW accounts	\$ 107,253
Interest bearing demand deposits	68,088
Time deposits	258,042
Demand deposits	60,920
Total	<u>\$ 494,303</u>

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

At December 31, 2018, the District Attorney has \$558,968 in deposits (collected bank balances). These deposits are secured from risk by \$558,968 of federal deposit insurance.

4. RECEIVABLES

The receivables of \$146,845 at December 31, 2018, are as follows:

Class of receivable	General Fund	Special Revenue Funds			Total
		Title IV-D Fund	Truancy Assessment Fund	Drug Court Funds	
Intergovernmental	\$ 14,483	\$ 25,670	\$ -	\$ 19,773	\$ 59,926
Accounts receivable	53,124	-	33,795	-	86,919
Total	<u>\$ 67,607</u>	<u>\$ 25,670</u>	<u>\$ 33,795</u>	<u>\$ 19,773</u>	<u>\$ 146,845</u>

5. INTERFUND RECEIVABLES/PAYABLES

The following due to/from balances exist due to payments made out of one fund that relate to the other fund. The balance in each respective due to/from account is expected to be paid within the current year. These amounts represent loans until monies from grants are received.

	Due from	Due to
General fund	\$ 40,444	\$ -
Agency funds	-	614
Title IV-D Fund	-	17,511
Truancy assessment fund	-	21,244
Drug court fund	-	1,075
Total	<u>\$ 40,444</u>	<u>\$ 40,444</u>

Thirty-Sixth Judicial District Attorney

Notes to the Financial Statements (Continued)

6. INTERFUND TRANSFERS

	<u>Transfers in</u>	<u>Transfers out</u>
General fund	\$ 23,270	\$ -
Title IV-D fund	-	20,977
Drug court fund	-	2,293
Total	<u>\$ 23,270</u>	<u>\$ 23,270</u>

Transfers are made as needed for financing activities and also to correct improper deposits to the funds.

7. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2018, for the District Attorney is as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets being depreciated:				
Building improvements	\$ 313,756	\$ -	\$ -	\$ 313,756
Equipment and furniture	296,639	-	-	296,639
Total capital assets being depreciated	<u>\$ 610,395</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 610,395</u>
Less accumulated depreciation for:				
Building improvements	\$ 129,758	\$ 5,963	\$ -	\$ 135,721
Equipment and furniture	288,484	2,099	-	290,583
Total accumulated depreciation	<u>\$ 418,242</u>	<u>\$ 8,062</u>	<u>\$ -</u>	<u>\$ 426,304</u>
Total capital assets being depreciated, net	<u>\$ 192,153</u>	<u>\$ (8,062)</u>	<u>\$ -</u>	<u>\$ 184,091</u>

Depreciation expense of \$8,062 for the year ended December 31, 2018, was charged to the following governmental functions:

Judicial	<u>\$ 8,062</u>
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8. ACCOUNTS AND OTHER PAYABLES

The payables of \$12,919 at December 31, 2018, are as follows:

	<u>General Fund</u>	<u>Drug Court Fund</u>	<u>Total</u>
Accounts	\$ 11,066	\$ 262	\$ 11,328
Payroll taxes	1,591	-	1,591
Total	<u>\$ 12,657</u>	<u>\$ 262</u>	<u>\$ 12,919</u>

9. PENSION PLANS

The District Attorney and Assistant District Attorneys are members of the Louisiana District Attorneys Retirement System (System), a cost sharing multiple-employer defined benefit pension plan administered by a separate board of trustees.

Thirty-Sixth Judicial District Attorney

Notes to the Financial Statements (Continued)

Assistant District Attorneys who earn, as a minimum, the amounts paid by the state for Assistant District Attorneys and are under the age of 60 at the time of original employment and all District Attorneys are required to participate in the System. For members who joined the System before July 1, 1990, and who elected not to be covered by the new provisions, the following applies: Any member with 23 or more years of creditable service regardless of age may retire with a 3% benefit reduction for each year below age 55, provided that no reduction is applied if the member has 30 or more years of service. Any member with at least 18 years of service may retire at age 55 with a 3% benefit reduction for each year below age 60. In addition, any member with at least 10 years of service may retire at age 60 with a 3% benefit reduction for each year retiring below the age of 62. The retirement benefit is equal to 3% of the member's average final compensation multiplied by the number of years of his membership service, not to exceed 100% of his average final compensation. For members who joined the System after July 1, 1990, or who elected to be covered by the new provisions, the following applies: Members are eligible to receive normal retirement benefits if they are age 60 and have 10 years of service credit, are age 55 and have 24 years of service credit, or have 30 years of service credit regardless of age. The normal retirement benefit is equal to 3.5% of the member's final-average compensation multiplied by years of membership service. A member is eligible for early retirement if he is age 55 and has 18 years of service credit. The early retirement benefit is equal to the normal retirement benefit reduced 3% for each year the member retires in advance of normal retirement age. Benefits may not exceed 100% of average final compensation. The System also provides death and disability benefits. Benefits are established by state statute.

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

FUNDING POLICY

Plan members are required by state statute to contribute 8.0% of their annual covered salary and the District Attorney is required to contribute at an actuarially determined rate. The current rate is 1.25% of annual covered payroll. Contributions to the System also include .2% of the ad valorem taxes collected throughout the state and revenue sharing funds as appropriated by the legislature. The contribution requirements of plan members and the District Attorney are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District Attorney's contributions to the System for the years ending December 31, 2018, 2017, and 2016 were \$1,656, \$-0-, and \$3,929, respectively equal to the required contributions for each year.

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

At December 31, 2018, the District Attorney reported a liability of \$136,398 for his proportionate share of net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District Attorney's proportion of the net pension liability was based on a projection of the District Attorney's long-term share of contributions to the pension plan relative to the projected contributions of all participating District Attorneys, actuarially determined. At June 30, 2018, the District Attorney's proportion was .423869%, which was a decrease of .119887% from his proportion measured as of June 30, 2017.

Thirty-Sixth Judicial District Attorney

Notes to the Financial Statements (Continued)

For the year ended December 31, 2018, the District Attorney recognized pension expense of \$45,880. At December 31, 2018, the District Attorney recognized deferred outflows of resources and deferred inflows of resources related to pension from the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 733	\$ 19,815
Changes of assumptions	82,734	8,995
Net difference between projected and actual earnings on pension plan investments	11,421	-
Changes in proportion and differences between District Attorney contributions and proportionate share of contributions	19,301	22,619
Employer contributions subsequent to the measurement date	1,656	-
Total	<u>\$ 115,845</u>	<u>\$ 51,429</u>

The \$1,656 reported as 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 and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2019	\$ 26,431
2020	13,050
2021	2,863
2022	4,979
2023	15,437
Total	<u>\$ 62,760</u>

Actuarial Methods and Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018 are as follows:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost
Actuarial Assumptions:	
Investment Rate of Return (Discount Rate)	6.50% Net of investment expense, including inflation
Projected Salary Increases	5.50% (2.40% Inflation, 3.10% Merit)
Mortality Rates	RP 2000 Combined Healthy with White Collar Adjustment Sex Distinct Tables (set back 1 year for females) projected to 2032 using scale assistance were selected for employee, annuitants, and beneficiaries. RP 2000 Disabled Lives Mortality Table (set back 5 years for males and set back 3 years for females) for disabled annuitants.

Thirty-Sixth Judicial District Attorney

Notes to the Financial Statements (Continued)

Expected Remaining Service Lives	6 years – June 30, 2018 7 years – June 30, 2017 7 years – June 30, 2016 6 years – June 30, 2015 6 years – June 30, 2014
Cost of Living Adjustments	Only those previously granted

The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2009 through June 30, 2014. The data was then assigned 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 the System’s liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The resulting long-term rate of return is 9.45% for the year ending June 30, 2018.

The best estimates of arithmetic real rates of return for each major asset class based on the System’s target asset allocation as of June 30, 2018 were as follows:

Asset Class	Long-Term Target Asset Allocation	Rates of Return	
		Real	Nominal
Equity	61.72%	10.82%	
Fixed income	28.95%	6.36%	
Alternatives	8.85%	10.50%	
Cash	0.48%	0.50%	
System Total	100.00%		6.95%
Inflation			2.50%
Expected Arithmetic Nominal Return			9.45%

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System’s actuary. Based on those assumptions, the System’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.

Thirty-Sixth Judicial District Attorney

Notes to the Financial Statements (Continued)

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.50%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.50%, or one percentage point higher 7.50% than the current rate:

	Changes in Discount Rate		
	2018		
	1.00% Decrease	Current Discount Rate	1.00% Increase
	5.50%	6.50%	7.50%
Net Pension Liability/(Asset)	\$ 86,640,312	\$ 32,179,203	\$ (14,152,885)

The following presents the net pension liability of the District Attorney calculated using the discount rate of 6.50%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.50%, or one percentage point higher 7.50% than the current rate:

	Changes in Discount Rate		
	2018		
	1.00% Decrease	Current Discount Rate	1.00% Increase
	5.50%	6.50%	7.50%
Net Pension Liability/(Asset)	\$ 367,241	\$ 136,398	\$ (59,990)

Substantially all other employees of the District Attorney of the Thirty-Sixth Judicial District, Parish of Beauregard, State of Louisiana are members of the Parochial Employees' Retirement System of Louisiana (System), a cost sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the District Attorney are members of Plan A.

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

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, PO Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

FUNDING POLICY

Under Plan A, members are required by state statute to contribute 9.5% of their annual covered salary and the District Attorney is required to contribute at an actuarially determined rate. The current rate is 11.50% of annual covered payroll. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge

Thirty-Sixth Judicial District Attorney

Notes to the Financial Statements (Continued)

Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the District Attorney are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District Attorney's contributions to the System under Plan A for the years ending December 31, 2018, 2017, and 2016, were \$14,631, \$15,903, and \$15,994, respectively, equal to the required contributions for each year.

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

At December 31, 2018, the District Attorney reported an asset of \$15,341 for his proportionate share of net pension asset. The net pension asset was measured as of December 31, 2017 and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The District Attorney's proportion of the net pension asset was based on a projection of the District Attorney's long-term share of contributions to the pension plan relative to the projected contributions of all participating District Attorney's, actuarially determined. At December 31, 2018, the District Attorney's proportion was .020669%, which was a decrease of .000076% from his proportion measured as of December 31, 2017.

For the year ended December 31, 2018, the District Attorney recognized pension expense of \$19,185. At December 31, 2018, the District Attorney recognized deferred outflows of resources and deferred inflows of resources related to pension from the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 9,931
Changes of assumptions	19,363	-
Net difference between projected and actual earnings on pension plan investments	-	35,443
Changes in proportion and differences between District Attorney contributions and proportionate share of contributions	-	60
Employer contributions subsequent to the measurement date	14,631	-
Total	<u>\$ 33,994</u>	<u>\$ 45,434</u>

The \$14,631 reported as 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 or an increase in the net pension asset in the year ended December 31, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2018	\$ 2,275
2019	(2,357)
2020	(11,940)
2021	(14,049)
Total	<u>\$ (26,071)</u>

Actuarial Methods and Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2017 are as follows:

Valuation Date	December 31, 2017
Actuarial Cost Method	Plan A – Entry Age Normal
Investment Rate of Return	6.75% Net of investment expense, including inflation
Estimated Remaining Service Lives	4 years
Projected Salary Increases	Plan A – 5.25% (2.75% Merit / 2.50% Inflation)
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the system and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees
Mortality	RP-2000 Employee Sex Distinct Table was selected for employees. RP-2000 Healthy Annuitant Sex Distinct Table was selected for annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.
Inflation Rate	2.50%

The discount rate used to measure the total pension liability (asset) was 6.75% for Plan A. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems’ Actuarial Committee. Based on those assumptions, the System’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.

Change in Assumptions:

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.62% for the year ending December 31, 2017.

Thirty-Sixth Judicial District Attorney

Notes to the Financial Statements (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2017 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed Income	35.00%	1.24%
Equity	52.00%	3.57%
Alternatives	11.00%	0.69%
Real assets	2.00%	0.12%
Totals	100.00%	5.62%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.62%

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2010 through December 31, 2014. The data was 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 the System's liabilities. The RP-2000 Healthy Annuitant Mortality Sex Distinct Tables (set forward two years for males and set forward one year for females) projected to 2031 using Scale AA was selected for annuitants and beneficiaries. For disabled annuitants, the RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females was selected. For active employees, the RP-2000 Employee Sex Distinct Tables set back 4 years for males and 3 years for females was used.

Sensitivity to Changes in Discount Rate

The following presents the net pension liability (asset) of the participating employers as of December 31, 2017 calculated using the discount rate of 6.75%, as well as what the employers' net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower 5.75%, or one percentage point higher 7.75% than the current rate.

	Changes in Discount Rate		
	1.00% Decrease 5.75%	Current Discount Rate 6.75%	1.00% Increase 7.75%
Net Pension Liability (Asset)	\$ 365,954,492	\$ 74,224,655	\$ 446,175,109

The following presents the net pension liability (asset) of the District Attorney as of December 31, 2017 calculated using the discount rate of 6.75%, as well as what the employers' net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower 5.75%, or one percentage point higher 7.75% than the current rate.

	Changes in Discount Rate		
	1.00% Decrease 5.75%	Current Discount Rate 6.75%	1.00% Increase 7.75%
Net Pension Liability (Asset)	\$ 75,639	\$ (15,341)	\$ (92,220)

10. DEFERRED COMPENSATION PLAN

The District Attorney offers membership in the State of Louisiana, Public Employees Deferred Compensation Plan, a qualified retirement plan under section 457 of the Internal Revenue Code administered by Great West Life and Annuity Insurance Company.

The Louisiana Deferred Compensation Plan provides state, parish and municipal employees with the opportunity to invest money on a before-tax basis, using payroll deduction. Participants defer federal and state income tax on their contributions. In addition, interest or earnings on the account accumulates tax-deferred. Participants may join the plan with as little as \$10 per pay period, or \$20 per month, and contribute up to a maximum of 25% of taxable compensation, not to exceed \$18,500 per calendar year for those participants under age 50, for participants age 50 and older the limit is \$24,500.

A special “catch-up” provision may be used to invest up to \$36,000 per year for the three years prior to retirement. Any amount excluded from gross income through salary reduction under a 403(b) annuity, a 401(k) profit-sharing plan or a Simplified Employee Pension (SEP) is to be treated as amounts deferred under this deferred compensation plan. Participants joining the Plan may choose the amount to contribute and the investment option(s). They may revise their choice at any time, transfer monies to other available investment options and may increase, decrease or stop deferrals at any time. The Plan offers both a guaranteed option and variable investment options, from which participants may select a fund or combination of funds to satisfy their personal investment objectives. Each of the funds has independent investment objectives and utilizes different investment strategies. With the exception of the Great-West Guaranteed Fund, the remaining investments options are variable in nature. Values of the variable options are not guaranteed as to a fixed dollar amount and may increase or decrease according to the investment experience of the underlying portfolio. The expense to administer the Plan is borne by all participants. The administrative fee is .85% and is assessed on each of the options selected. The variable options also have investment management fees that vary based upon the options chosen. Both the administrative and investment management fees are calculated and deducted daily on a pro-rata basis. There are no annual contract charges or transaction charges. At retirement, 100% of the account value will be applied to any of the following settlement options chosen. These options include among others:

- Periodic payment
- Payments over your lifetime
- Payments for a specific time or amount
- Joint and survivor benefits
- Lump-sum payment
- Any combination of the above option

The Plan is administered by Great-West Life and Annuity Insurance Company; 2237 South Acadian Thruway, Suite 702; Baton Rouge, LA 70808; (800) 937-7604 or (225) 926-8086.

11. EXPENDITURES OF THE DISTRICT ATTORNEY NOT INCLUDED IN THE ACCOMPANYING FINANCIAL STATEMENTS

The accompanying financial statements do not include certain expenditures of the District Attorney paid out of the criminal court fund, the parish police jury or directly by the state. A portion of the salaries of the District Attorney and Assistant District Attorneys are paid directly by the state. The parish police jury pays certain salaries and employer contributions of secretarial personnel.

Thirty-Sixth Judicial District Attorney
Notes to the Financial Statements (Concluded)

12. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended December 31, 2018.

	Net Pension Liability			Net Pension Asset
	District Attorney's Retirement System	Parochial Employees' Retirement System	Total	Parochial Employees' Retirement System
Long-term obligations at beginning of year	\$ 146,663	\$ 42,725	\$ 189,388	\$ -
Additions	-			15,341
Reductions	(10,265)	(42,725)	(52,990)	-
Long-term obligations at end of year	<u>\$ 136,398</u>	<u>\$ -</u>	<u>\$ 136,398</u>	<u>\$ 15,341</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of December 31, 2018:

	Net Pension Liability	Net Pension (Asset)	Total
Current portion	\$ -	\$ -	\$ -
Long-term portion	136,398	(15,341)	121,057
Total	<u>\$ 136,398</u>	<u>\$ (15,341)</u>	<u>\$ 121,057</u>

REQUIRED SUPPLEMENTAL INFORMATION

General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended December 31, 2018

	Budgeted Amounts		Actual Amount Budgetary Basis	Budget to Actual differences over (under)
	Original	Final		
Revenues				
Intergovernmental:				
Federal grants	\$ 45,000	\$ 40,000	\$ 38,337	\$ (1,663)
State grants	60,000	60,000	57,504	(2,496)
Local reimbursement of operating cost	110,000	104,000	104,218	218
Fees, charges and commissions for services	500,000	420,000	419,563	(437)
Investment income	1,000	1,500	1,412	(88)
Total revenues	<u>\$ 716,000</u>	<u>\$ 625,500</u>	<u>\$ 621,034</u>	<u>\$ (4,466)</u>
Expenditures				
Judiciary:				
Personal services and related benefits	\$ 360,000	\$ 420,000	\$ 416,054	\$ 3,946
Travel and professional development	20,000	15,000	14,944	56
Operating services	100,000	65,000	64,615	385
Supplies	14,000	30,000	28,367	1,633
Contracted services	120,000	110,000	111,254	(1,254)
Total expenditures	<u>\$ 614,000</u>	<u>\$ 640,000</u>	<u>\$ 635,234</u>	<u>\$ 4,766</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 102,000</u>	<u>\$ (14,500)</u>	<u>\$ (14,200)</u>	<u>\$ 300</u>
Other financing sources:				
Transfers in	<u>\$ -</u>	<u>\$ 23,200</u>	<u>\$ 23,270</u>	<u>\$ 70</u>
Net change in fund balance	\$ 102,000	\$ 8,700	\$ 9,070	\$ 370
Fund balances at beginning of year	<u>450,000</u>	<u>378,466</u>	<u>378,466</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 552,000</u></u>	<u><u>\$ 387,166</u></u>	<u><u>\$ 387,536</u></u>	<u><u>\$ 370</u></u>

Special Revenue Fund
Title IV-D Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual

For the Year Ended December 31, 2018

	Budgeted Amounts		Actual Amount Budgetary Basis	Budget to Actual differences over (under)
	Original	Final		
Revenues				
State reimbursement of operating cost	\$ 100,000	\$ 100,000	\$ 102,977	\$ 2,977
Investment income	100	100	164	64
Total revenues	<u>\$ 100,100</u>	<u>\$ 100,100</u>	<u>\$ 103,141</u>	<u>\$ 3,041</u>
Expenditures				
Judiciary:				
Personal services and related benefits	\$ 90,000	\$ 90,000	\$ 89,812	\$ 188
Operating services	2,000	2,000	-	2,000
Total expenditures	<u>\$ 92,000</u>	<u>\$ 92,000</u>	<u>\$ 89,812</u>	<u>\$ 2,188</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 8,100</u>	<u>\$ 8,100</u>	<u>\$ 13,329</u>	<u>\$ 5,229</u>
Other financing uses:				
Transfers out	<u>\$ -</u>	<u>\$ (21,000)</u>	<u>\$ (20,977)</u>	<u>\$ 23</u>
Net change in fund balance	\$ 8,100	\$ (12,900)	\$ (7,648)	\$ 5,252
Fund balances at beginning of year	<u>50,000</u>	<u>81,034</u>	<u>81,034</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 58,100</u></u>	<u><u>\$ 68,134</u></u>	<u><u>\$ 73,386</u></u>	<u><u>\$ 5,252</u></u>

Special Revenue Fund
Truancy Assessment Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual

For the Year Ended December 31, 2018

	Budgeted Amounts		Actual Amount Budgetary Basis	Budget to Actual differences over (under)
	Original	Final		
Revenues				
State grants	\$ 70,000	\$ 67,000	\$ 67,591	\$ 591
Local grants	-	8,500	8,446	(54)
Investment income	25	-	70	70
Total revenues	<u>\$ 70,025</u>	<u>\$ 75,500</u>	<u>\$ 76,107</u>	<u>\$ 607</u>
Expenditures				
Judiciary:				
Personal services and related benefits	\$ 70,000	\$ 70,000	\$ 71,049	\$ (1,049)
Travel and professional development	1,000	1,500	1,332	168
Operating services	-	-	127	(127)
Supplies	700	1,500	1,547	(47)
Total expenditures	<u>\$ 71,700</u>	<u>\$ 73,000</u>	<u>\$ 74,055</u>	<u>\$ (1,055)</u>
Net change in fund balance	\$ (1,675)	\$ 2,500	\$ 2,052	\$ (448)
Fund balance at beginning of year	<u>10,000</u>	<u>83,652</u>	<u>83,652</u>	<u>-</u>
Fund balances at end of year	<u>\$ 8,325</u>	<u>\$ 86,152</u>	<u>\$ 85,704</u>	<u>\$ (448)</u>

Special Revenue Fund
Drug Court Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual

For the Year Ended December 31, 2018

	Budgeted Amounts		Actual Amount Budgetary Basis	Budget to Actual differences over (under)
	Original	Final		
Revenues				
Federal grants	\$ 90,000	\$ 105,000	\$ 105,352	\$ 352
Local grants	-	-	1,200	1,200
Fees, charges and commissions for services	20,000	20,000	17,619	(2,381)
Total revenues	<u>\$ 110,000</u>	<u>\$ 125,000</u>	<u>\$ 124,171</u>	<u>\$ (829)</u>
Expenditures				
Judiciary:				
Personal services and related benefits	\$ 25,000	\$ 40,000	\$ 40,062	\$ (62)
Travel and professional development	3,000	5,000	5,102	(102)
Operating services	20,000	2,500	2,156	344
Supplies	16,000	20,000	20,105	(105)
Contracted services	45,000	50,000	49,800	200
Total expenditures	<u>\$ 109,000</u>	<u>\$ 117,500</u>	<u>\$ 117,225</u>	<u>\$ 275</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 1,000</u>	<u>\$ 7,500</u>	<u>\$ 6,946</u>	<u>\$ (554)</u>
Other financing uses:				
Transfers out	<u>\$ -</u>	<u>\$ (2,200)</u>	<u>\$ (2,293)</u>	<u>\$ (93)</u>
Net change in fund balance	\$ 1,000	\$ 5,300	\$ 4,653	\$ (647)
Fund balance at beginning of year	<u>30,000</u>	<u>58,662</u>	<u>58,662</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 31,000</u></u>	<u><u>\$ 63,962</u></u>	<u><u>\$ 63,315</u></u>	<u><u>\$ (647)</u></u>

Schedule of the District Attorney's Share of the Net Pension Liability
For the Year Ended December 31, 2018

District Attorneys' Retirement System of Louisiana	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018
District Attorney's proportion of the net pension liability (asset)	.430685%	.340747%	.543723%	.423869%
District Attorney's proportionate share of the net pension liability (asset)	\$ 23,199	\$ 65,221	\$ 146,663	\$ 136,398
District Attorney's covered-employee payroll	\$ 221,886	\$ 224,516	\$ 259,123	\$ 265,018
District Attorney's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	10.46%	29.05%	56.60%	51.47%
Plan fiduciary net position as a percentage of the total pension liability	98.56%	95.09%	93.57%	92.92%
 Parochial Employees' Retirement System of Louisiana	 December 31, 2015	 December 31, 2016	 December 31, 2017	 December 31, 2018
District Attorney's proportion of the net pension liability (asset)	.020837%	.021283%	.020745%	.020669%
District Attorney's proportionate share of the net pension liability (asset)	\$ 5,697	\$ 56,023	\$ 42,725	\$ (15,341)
District Attorney's covered-employee payroll	\$ 122,028	\$ 123,028	\$ 127,228	\$ 127,227
District Attorney's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	4.67%	45.54%	33.58%	12.06%
Plan fiduciary net position as a percentage of the total pension liability	99.15%	92.23%	94.15%	101.98%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Schedule of the District Attorney's Pension Contribution
For the Year Ended December 31, 2018

District Attorneys' Retirement System of Louisiana	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018
Contractually required contribution	\$ 11,628	\$ 3,929	\$ -	\$ 1,656
Contributions in relation to the contractually required contribution	<u>11,628</u>	<u>3,929</u>	<u>-</u>	<u>1,656</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District Attorney's covered-employee payroll	\$ 221,886	\$ 224,516	\$ 259,123	\$ 265,018
Contributions as a percentage of covered-employee payroll	5.24%	1.75%	0.00%	0.625%
Parochial Employees' Retirement System of Louisiana	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018
Contractually required contribution	\$ 17,694	\$ 15,994	\$ 15,903	\$ 14,631
Contributions in relation to the contractually required contribution	<u>17,694</u>	<u>15,994</u>	<u>15,903</u>	<u>14,631</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District Attorney's covered-employee payroll	\$ 122,028	\$ 123,028	\$ 127,228	\$ 127,227
Contributions as a percentage of covered-employee payroll	14.50%	13.00%	12.50%	11.50%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

OTHER SUPPLEMENTAL SCHEDULES

Thirty- Sixth Judicial District Attorney

Non-major Special Revenue Funds

Worthless Check Fund – The Worthless Check Collection Fee Fund consists of fees collected in accordance with Louisiana Revised Statute 16:15, which provides for a specific fee whenever the District Attorney’s office collects and processes a worthless check. Expenditures from this fund are at the sole discretion of the District Attorney and may be used to defray the salaries and the expenses of the office of the District Attorney, but may not be used to supplement the salary of the District Attorney.

Pretrial Intervention Program – The District Attorney Pretrial Intervention Program is offered to certain offenders who qualify for participation as an alternative to prosecution. Participants will receive coordinated assistance in personal and group counseling, drug and alcohol rehabilitation and other community agencies appropriate to their particular needs.

Balance Sheet
 Non-major Special Revenue Funds
 For the Year Ended December 31, 2018

	Worthless Check Fund	Pretrial Intervention Fund	Total
ASSETS			
Cash and cash equivalents	\$ 8,438	\$ 9,898	\$ 18,336
LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to others	\$ -	\$ -	\$ -
Fund Balances:			
Restricted	\$ 8,438	\$ 9,898	\$ 18,336
Total liabilities and fund balances	\$ 8,438	\$ 9,898	\$ 18,336

Statement of Revenues, Expenditures and Changes in Fund Balances
 Non-major Special Revenue Funds
 For the Year Ended December 31, 2018

	Worthless Check Fund	Pretrial Intervention Fund	Total
Revenues			
Fees, charges and commissions for services	\$ 4,593	\$ 87,398	\$ 91,991
Investment income	7	-	7
Total revenues	<u>\$ 4,600</u>	<u>\$ 87,398</u>	<u>\$ 91,998</u>
Expenditures			
Judiciary			
Operating services	\$ -	\$ 82,528	\$ 82,528
Supplies	1,886	-	1,886
Contracted services	-	5,560	5,560
Total expenditures	<u>\$ 1,886</u>	<u>\$ 88,088</u>	<u>\$ 89,974</u>
Net change in fund balances	\$ 2,714	\$ (690)	\$ 2,024
Fund balances at beginning of year	<u>5,724</u>	<u>10,588</u>	<u>16,312</u>
Fund balances at end of year	<u><u>\$ 8,438</u></u>	<u><u>\$ 9,898</u></u>	<u><u>\$ 18,336</u></u>

Schedule of Compensation, Benefits and
Other Payments to Agency Head
For the Year Ended December 31, 2018

Agency Head Name - James R. Lestage

Purpose	Amount
Salary - District Attorney's Office	\$ 96,732
Salary - State of Louisiana	50,000
Benefits - insurance	10,841
Benefits - retirement	1,890
Deferred compensation	6,000
Benefits - other	105
Car allowance	4,500
Vehicle provided by government	-
Cell phone	720
Dues	655
Vehicle rental	-
Per diem	1,575
Reimbursements	-
Travel	1,188
Registration fees	575
Conference travel	1,886
Housing	-
Unvouchered expenses	-
Special meals	127
Other	-

OTHER REPORTS

Schedule of Prior Year Audit Findings
For the Year Ended December 31, 2018

There were no prior year audit findings reported as of December 31, 2017.

Schedule of Current Year Audit Findings and Management's Response
For the Year Ended December 31, 2018

There were no current year audit findings reported as of December 31, 2018.

Windham & Reed, L.L.C.

Certified Public Accountants

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Charles M. Reed, Jr., CPA

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

The Honorable James R. Lestage
Thirty-Sixth Judicial District Attorney
Parish of Beauregard
State of Louisiana

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 Thirty-Sixth Judicial District Attorney as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Thirty-Sixth Judicial District Attorney's basic financial statements, and have issued our report thereon dated June 14, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Thirty-Sixth Judicial 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 Thirty-Sixth Judicial District Attorney's internal control. Accordingly, we do not express an opinion on the effectiveness of the Thirty-Sixth Judicial 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.

The Honorable James R. Lestage
Thirty-Sixth Judicial District Attorney
Parish of Beauregard
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Thirty-Sixth Judicial 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.



DeRidder, Louisiana
June 14, 2019

Windham & Reed, L.L.C.

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable James R. Lestage
Thirty-Sixth Judicial District Attorney
Parish of Beauregard
State of Louisiana

We have performed the procedures enumerated below, which were agreed to by Thirty-Sixth Judicial District Attorney (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. The Entity'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 and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
Written policies and procedures were obtained and address the functions above.
 - 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.
Written policies and procedures were obtained and address the functions above.
 - c) **Disbursements**, including processing, reviewing, and approving
Written policies and procedures were obtained and address the functions above.
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after

cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Written policies and procedures were obtained and address the functions above.

- 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 were obtained and address the functions above.

- 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

Written policies and procedures were obtained and address the functions above.

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

Written policies and procedures were obtained and address the functions above.

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

Written policies and procedures were obtained and address the functions above.

- 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.

Written policies and procedures were obtained and address the functions above.

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

Not applicable.

Board or Finance Committee – Not Applicable

2. Obtain and inspect the board/committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

Alternatively, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

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

Bank Reconciliations

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

Obtained a listing of bank accounts for the fiscal year and management's representation that the listing is complete.

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

No exceptions were noted.

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

No exceptions were noted.

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

No exceptions were noted.

Collections

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

Only one deposit site at the District Attorney's office.

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

Obtained the collection location and management's representation that the listing is complete.

The Honorable James R. Lestage
Thirty-Sixth Judicial District Attorney
Parish of Beauregard
State of Louisiana

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

No exceptions were noted.

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

No exceptions were noted.

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

No exceptions were noted.

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

No exceptions were noted.

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

No exceptions were noted.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

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

No exceptions were noted.

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

No exceptions were noted.

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

No exceptions were noted.

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

Exception: Deposits are not made within one business day of receipt.

Management's Response: We will try to make deposits as frequently as economically feasible.

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

No exceptions were noted

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

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

We obtained a listing along with management's representation that the listing is complete the District Attorney only has one location.

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

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

No exceptions were noted.

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

No exceptions were noted.

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

The person responsible for processing payments is not prohibited from adding/modifying vendor files on the accounting software.

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

The person responsible for processing payments can also mail the check but only after it is reviewed by the District Attorney.

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

We obtained the population along with management's representation that the listing is complete.

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

No exceptions were noted.

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

No exceptions were noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards – Not Applicable

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [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) Observe that finance charges and/or late fees were assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Travel and Travel-Related Expense Reimbursements (excluding card transactions) – Not Applicable

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

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- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by and original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts – Not Applicable

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
 - a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel – Not Applicable

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

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18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Ethics – Not Applicable

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics compliance documentation from management, and:
 - a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Debt Service – Not Applicable

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Other – Not Applicable

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

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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.

Windham & Reed CPA, L.L.C.
DeRidder, Louisiana
June 14, 2019