

**DISTRICT ATTORNEY OF THE
TWENTY-SECOND JUDICIAL DISTRICT**
St. Tammany and Washington Parishes, Louisiana

Annual Financial Statements
December 31, 2018

DISTRICT ATTORNEY OF THE TWENTY-SECOND JUDICIAL DISTRICT
Annual Financial Statements
As of and for the Year Ended December 31, 2018

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CERTIFIED PUBLIC ACCOUNTANT, L.L.C.

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INDEPENDENT AUDITOR'S REPORT

Honorable Warren Montgomery
District Attorney of the Twenty-Second Judicial District
St. Tammany and Washington Parishes, Louisiana

I have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary funds of the District Attorney of the Twenty-Second Judicial District (the 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

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

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the fiduciary funds of the District Attorney of the Twenty-Second Judicial District as of December 31, 2018, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the 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 (GASB), 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. My opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the supplementary schedules required by GASB statement No. 68, on pages 34 and 35, and the budgetary comparison information beginning on page 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District Attorney's basic financial statements. The schedule of compensation, benefits, and other payments to agency head, as required by Louisiana Revised Statute 24:513 A(3), is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the amounts paid by the District Attorney included on the schedule of compensation, benefits, and other payments to agency head and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The amounts paid by the St. Tammany Parish Government, the Washington Parish Government, and the State of Louisiana included on the schedule of compensation, benefits, and other payments to agency head have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 26, 2019, on my consideration of the District Attorney of the Twenty-Second Judicial District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and

not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

A handwritten signature in cursive script that reads "Robert A. Neilson".

Robert A. Neilson, CPA

Bogalusa, Louisiana

June 26, 2019

BASIC FINANCIAL STATEMENTS

DISTRICT ATTORNEY OF THE TWENTY-SECOND JUDICIAL DISTRICT
 St. Tammany and Washington Parishes, Louisiana
 Statement of Net Position
 December 31, 2018

	Governmental Activities
ASSETS	
Cash & Cash Equivalents	\$ 769,811
Investment	511,599
Receivables	395,757
Prepaid Expenses	53,922
Capital assets (net)	25,056
Total Assets	1,756,145
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related	644,555
LIABILITIES	
Current Liabilities	
Accounts Payable & Accrued Liabilities	60,046
Long Term Liabilities	
Compensated Absences Payable	272,607
Net Pension Liability	389,694
Total Liabilities	722,347
DEFERRED INFLOWS OF RESOURCES	
Pension Related	471,961
NET POSITION	
Investment in capital assets, net of related debt	25,056
Unrestricted	1,181,336
Total Net Position	\$ 1,206,392

DISTRICT ATTORNEY OF THE TWENTY-SECOND JUDICIAL DISTRICT
 St. Tammany and Washington Parishes, Louisiana
 Statement of Activities
 For the Year Ended December 31, 2018

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants & Contributions	
Governmental Activities:				
Judicial	\$ 3,573,832	\$ 1,830,574	\$ 1,229,117	\$ (514,141)
Total Governmental Activities:	\$ 3,573,832	\$ 1,830,574	\$ 1,229,117	(514,141)
General Revenues				
Miscellaneous				497,286
Interest and Investment Earnings				11,320
Total General Revenues				508,606
Change in Net Position				(5,535)
Net Position- Beginning				1,211,927
Net Position- Ending				\$ 1,206,392

DISTRICT ATTORNEY OF THE TWENTY-SECOND JUDICIAL DISTRICT
 St. Tammany and Washington Parishes, Louisiana
 Balance Sheet
 Governmental Funds
 December 31, 2018

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash & Cash Equivalents	\$ 500,427	\$ 269,384	\$ 769,811
Investment	511,599	-	511,599
Receivables	183,366	212,391	395,757
Prepaid Expenses	53,250	672	53,922
Total Assets	\$ 1,248,642	\$ 482,447	\$ 1,731,089
LIABILITIES			
Accounts Payable & Accrued Liabilities	\$ 55,008	\$ 5,038	\$ 60,046
Total Liabilities	55,008	5,038	60,046
FUND BALANCES			
Assigned	-	477,409	477,409
Unassigned	1,193,634	-	1,193,634
Total Fund Balances	1,193,634	477,409	1,671,043
Total Liabilities & Fund Balances	\$ 1,248,642	\$ 482,447	\$ 1,731,089

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

DISTRICT ATTORNEY OF THE TWENTY-SECOND JUDICIAL DISTRICT
 St. Tammany and Washington Parishes, Louisiana
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 December 31, 2018

Fund Balances - Total Governmental Funds \$ 1,671,043

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 fund:

Governmental capital assets	1,150,195	
Accumulated Depreciation	<u>(1,125,139)</u>	25,056

The deferred outflows of expenditures for the District Attorney's Retirement Funds are not a use of current resources, and therefore, are not reported in the fund financial statements. 644,555

Long Term Liabilities are not due and payable in the current year and, therefore, are not reported in the governmental fund:

Compensated Absences	(272,607)	
Net Pension Liability	<u>(389,694)</u>	(662,301)

The deferred inflows of contributions for the District Attorney's Retirement Funds are not a use of current resources, and therefore, are not reported in the fund financial statements. (471,961)

Net Position of Governmental Activities \$ 1,206,392

DISTRICT ATTORNEY OF THE TWENTY-SECOND JUDICIAL DISTRICT
 St. Tammany and Washington Parishes, Louisiana
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2018

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues			
Program Revenues			
Grants	\$ -	\$ 1,229,117	\$ 1,229,117
Commissions on Fines and Forfeitures	867,926	-	867,926
Diversionsary Program	-	655,214	655,214
Fees-Fees Account	-	110,146	110,146
Bond Forfeiture and Bond Fees	139,082	-	139,082
Asset Forfeiture Revenues	58,207	-	58,207
Other Revenues	328,101	21,267	349,368
Interest Income & Earnings	11,009	311	11,320
Total Revenues	1,404,325	2,016,055	3,420,380
Expenditures			
General Government: Judicial			
Salaries and Related Benefits		2,416,428	2,416,428
Professional Services	148,670	54,220	202,890
Materials and Supplies			
Automobile	89,648	2,729	92,377
Office	63,875	30,147	94,022
Travel	2,694	27,136	29,830
Other Expenditures	448,175	80,091	528,266
Debt Service	176	654	830
Total Expenditures	753,238	2,611,405	3,364,643
Excess Revenues Over Expenditures	651,087	(595,350)	55,737
Other Financing Sources (Uses)			
Operating Transfers In	24,000	485,117	509,117
Operating Transfers Out	(485,117)	(24,000)	(509,117)
Total Other Financing Sources (Uses)	(461,117)	461,117	-
Net Change in Fund Balance	189,970	(134,233)	55,737
Fund Balance at Beginning of Year	1,003,664	611,642	1,615,306
Fund Balance at End of Year	\$ 1,193,634	\$ 477,409	\$ 1,671,043

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

DISTRICT ATTORNEY OF THE TWENTY-SECOND JUDICIAL DISTRICT
 St. Tammany and Washington Parishes, Louisiana
 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 \$ 55,737

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

Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of these assets is depreciated over their estimated useful lives:

Capital Expenditures	-	
Depreciation Expense	<u>(14,591)</u>	(14,591)

Repayment of principal debt is an expenditure in the governmental fund; however in the statement of net position, the repayment reduces long-term liabilities. 830

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

Compensated Absences	(13,560)	
Pension Expense	<u>(181,869)</u>	(195,429)

Non employer contributions received from the District Attorney's Retirement Fund are reported in the statement of activities but not in the revenues of the governmental funds. 147,918

Change in Net Position of Governmental Activities \$ (5,535)

DISTRICT ATTORNEY OF THE TWENTY-SECOND JUDICIAL DISTRICT
 St. Tammany and Washington Parishes, Louisiana
 Statement of Fiduciary Net Position- Agency Funds
 December 31, 2018

	<u>Asset Forfeiture</u>	<u>Bond Forfeiture</u>	<u>Restitution</u>	<u>Total</u>
ASSETS				
Cash & Cash Equivalents	<u>\$ 288,887</u>	<u>\$ 27,487</u>	<u>\$ 79,158</u>	<u>\$ 395,532</u>
Total Assets	<u>288,887</u>	<u>27,487</u>	<u>79,158</u>	<u>395,532</u>
LIABILITIES				
Due to Others	<u>288,887</u>	<u>27,487</u>	<u>79,158</u>	<u>395,532</u>
Total Liabilities	<u>\$ 288,887</u>	<u>\$ 27,487</u>	<u>\$ 79,158</u>	<u>\$ 395,532</u>

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

DISTRICT ATTORNEY OF THE TWENTY-SECOND JUDICIAL DISTRICT
St. Tammany and Washington Parishes, Louisiana
NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTION

As provided by Article V, Section 26 of the Louisiana Constitution of 1974, the District Attorney of the Twenty-Second Judicial District (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 legal advisor to the grand jury. He performs other duties as provided by law. The District Attorney is elected by the qualified electors of the judicial district for a term of six years. The Twenty-Second Judicial District of Louisiana encompasses the parishes of St. Tammany and Washington.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

For financial reporting purposes, in conformance with GASB Codification Section 2100, the District Attorney is a part of the district court system of the State of Louisiana. However, the District Attorney operates autonomously from the State of Louisiana and independently from the district court system.

The District Attorney includes all funds, account groups, activities, et cetera, that are within the oversight responsibility of the District Attorney as an independently elected official. As an independently elected official, the District Attorney is solely responsible for the operations of his office, including fiscal and management responsibilities. Other than certain operating expenditures of the District Attorney's office that are paid or provided by the Parish Councils of St. Tammany and Washington Parishes, as required by Louisiana law, the District Attorney is financially independent. The accompanying financial statements present financial information only on the funds maintained by the District Attorney of the Twenty-Second Judicial District.

B. Basis of Presentation

The accompanying basic financial statements of the District Attorney have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting standards.

The District Attorney's basic financial statements consist of the government-wide statements and the fund financial statements. The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units and promulgated by the Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*.

C. Government Wide Financial Statements

The statement of net position and statement of activities display information about the reporting entity as a whole. They include all funds of the reporting entity, which are considered governmental activities. Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange revenues.

**DISTRICT ATTORNEY OF THE TWENTY-SECOND JUDICIAL DISTRICT
St. Tammany and Washington Parishes, Louisiana
NOTES TO THE FINANCIAL STATEMENTS**

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
C. Government Wide Financial Statements (continued)

The statement of activities presents a comparison between direct expenses and program revenues for each function the District Attorney's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. Inter fund activity, if any, is eliminated in the statement of activities.

Fiduciary activities are not included in government wide financial statements.

D. Fund Financial Statements

The District Attorney uses funds to maintain its financial records during the year. Fund financial statements are designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District Attorney functions or activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds

Governmental funds account for all 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 governmental funds:

1. General Fund - The General Fund was established in compliance with Louisiana Revised Statute 15:571.11, which provides that twelve percent of the fines collected and bonds forfeited be remitted to the District Attorney to defray the necessary expenditures of his office. Additionally, the General Fund of the District Attorney consists of the following:
 - \$10 Court Cost - Act 293 - These fees are collected in compliance with Louisiana Revised Statute 16:16. In all criminal cases over which the District Attorney has jurisdiction, a nonrefundable sum of ten dollars is taxed as costs against every defendant who is convicted after trial, pleads guilty, or who forfeits a bond. This fee is in addition to all other fines, costs, or forfeitures lawfully imposed. The sums collected are to be used at the discretion of the District Attorney in defraying the expenditures of his office.

**DISTRICT ATTORNEY OF THE TWENTY-SECOND JUDICIAL DISTRICT
St. Tammany and Washington Parishes, Louisiana
NOTES TO THE FINANCIAL STATEMENTS**

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Financial Statements (continued)

Governmental Funds (continued)

- \$10 Court Cost - Act 1443 - These fees are collected in compliance with Louisiana Revised Statute 16:16.1. In all criminal cases over which the District Attorney has jurisdiction, a nonrefundable sum of ten dollars is taxed as costs against every defendant who is convicted after trial, pleads guilty or nolo contendere, or who forfeits a bond. This fee is in addition to all other fines, costs, or forfeitures lawfully imposed. The sums collected are to be used at the discretion of the District Attorney in defraying the expenditures of his office.
- Commercial Bond Forfeitures - These fees are collected in compliance with Louisiana Revised Statute 15:571.11A(2)(a), which provides that all fines and forfeitures imposed by the district courts and collected by the sheriff or executive officer of the court for violations of municipal ordinances be disbursed. Of the total disbursement, twelve percent shall be remitted to the Office of the District Attorney, which may be used at the discretion of the District Attorney in defraying the expenditures of his office.
- Criminal Bail Bond Fees - These fees are collected in compliance with Louisiana Revised Statute 22:822A.(1), which provides that there shall be a fee on premiums for all commercial surety underwriters who write criminal bail bonds in the State of Louisiana. That fee shall be equal to two dollars for each one hundred dollars worth of liability underwritten by the commercial surety. Of these fees, the District Attorney's Office shall receive twenty-two percent, which is to be used for operating expenses per Louisiana Revised Statute 22:822B(2)(c).
- \$7 Criminal Bond Fees - These fees are collected in compliance with Louisiana Revised Statute 15:85.1A(1), which provides that a fee of fifteen dollars shall be collected by the sheriff's office from every person seeking release by means of a criminal bond, or from their designated representative. Of the total fee, seven dollars shall be remitted to the Office of the District Attorney, which may be used at the discretion of the District Attorney in defraying the expenditures of his office per Louisiana Revised Statute 15:85.1A(2)(a).
- Special Asset Forfeitures - These fees are collected in compliance with Louisiana Revised Statute 40:2616(B), which provides that all monies obtained in relation to the seizure and forfeiture from illegal drugs shall be deposited in this fund. Of these monies, the District Attorney's Office shall receive twenty percent after the payments made for satisfaction of any bona fide security interest or lien, and after the payment of all proper expenses of the proceedings for forfeiture and

DISTRICT ATTORNEY OF THE TWENTY-SECOND JUDICIAL DISTRICT
St. Tammany and Washington Parishes, Louisiana
NOTES TO THE FINANCIAL STATEMENTS

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Financial Statements (continued)

Governmental Funds (continued)

sale. This twenty percent shall be paid into the fund to be used for public purposes, including, but not limited to, use for prosecution, rewards, support, and continuing legal education.

- **Suspended Driver's License Fee** - These fees are collected in compliance with Louisiana Revised Statute 32:57.1, which provides that a fee of fifty dollars shall be collected to defray the costs of the prosecuting authority in handling such renewal and issuance of the suspended driver's license.
 - **Costs for Prosecution Expenses Fee** - These fees are collected in compliance with Louisiana Revised Statute 16:16.2, which provides that a fee of five dollars be taxed against every defendant who is convicted after trial, pleads guilty or nolo contendere, or who forfeits a bond in addition to the fee of ten dollars collected and remitted to the District Attorney in compliance with Louisiana Revised Statute 16.16.1.
2. **Special Revenue Fund** - This fund is used to account for fees, fines, and costs collected for a specified purpose including the diversionary program operated by the District Attorney or grant amounts received to be used for specific purposes that deal with the prosecution. The special revenue fund of the District Attorney also consists of the following:
- **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.
 - **Worthless Checks Collection Fee Fund** - Consists of fees collected in accordance with Louisiana Revised Statute 16:15, which provides that the District Attorney receives from the principal to the offense, a prescribed amount upon collection of a worthless check. The funds may be used only to defray the salaries and expenses of the office of the District Attorney, and may not be used to supplement the salary of the District Attorney.

DISTRICT ATTORNEY OF THE TWENTY-SECOND JUDICIAL DISTRICT
St. Tammany and Washington Parishes, Louisiana
NOTES TO THE FINANCIAL STATEMENTS

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Fund Financial Statements (continued)

Fiduciary Funds

1. Agency Funds - These funds are used to account for assets held by the Office of the District Attorney as an agent for other governments and/or other funds. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The District Attorney has established the following agency funds:
 - The Asset Forfeiture Fund is used as a depository for assets seized by local law enforcement agencies. Upon order of the district court, these funds are either refunded to the litigants or distributed to the appropriate recipient, in accordance with applicable laws.
 - The Bond Forfeiture Fund is used as a depository for bonds forfeited to the District Attorney's office. Upon order of the district court, these funds are either refunded to the litigants or distributed to the appropriate recipient, in accordance with applicable laws.
 - The Restitution Fund is used as a depository for funds to be distributed to those harmed by receiving worthless checks.

D. Measurement Focus / Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The amounts reflected in the government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or noncurrent) are included in the statement of net position, and the statement of activities presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred. The effect of inter-fund transactions has been removed from these columns.

Governmental and Agency Fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District Attorney considers revenues as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred.

DISTRICT ATTORNEY OF THE TWENTY-SECOND JUDICIAL DISTRICT
St. Tammany and Washington Parishes, Louisiana
NOTES TO THE FINANCIAL STATEMENTS

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budgets

The District Attorney follows these procedures in establishing the budgetary data reflected in these financial statements:

1. In accordance with the Local Government Budget Act of the State of Louisiana, the District Attorney prepares operating budgets for the general and special revenue funds at least fifteen days prior to the commencement of the budgetary fiscal year. The operating budgets include proposed expenditures and the means of financing them for the upcoming year.
2. The budgets are available for public inspection for a fifteen day period prior to a public hearing held to obtain taxpayer comment.
3. The budgets are adopted at the public hearing and are authorized for implementation on the first day of the fiscal year.
4. The budgets are prepared on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).
5. The budgets may be revised during the year as estimates regarding revenues and expenditures change.
6. All budgetary appropriations lapse at the end of each fiscal year.

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, interest-bearing demand deposits, and certificates of deposit. Under state law, the District Attorney may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law, or any other state of the United States, or under the laws of the United States.

G. 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:

**DISTRICT ATTORNEY OF THE TWENTY-SECOND JUDICIAL DISTRICT
St. Tammany and Washington Parishes, Louisiana
NOTES TO THE FINANCIAL STATEMENTS**

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Capital Assets (continued)

<u>Description</u>	<u>Estimated Lives</u>
Automobile	5 Years
Leasehold Improvements	15 Years
Equipment, Furniture & Fixtures	5-10 Years
Software	3 Years

H. Equity Classifications

Government-wide net position is divided into three components:

1. *Net Investment in Capital Assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation.
2. *Restricted* - This component of net position consists of assets that have constraints imposed by law or through constitutional provisions or enabling legislation.
3. *Unrestricted* - All other net position is reported in this category.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position is available, the District Attorney considers restricted funds to have been spent first.

In the governmental fund financial statements, fund balances are classified as follows:

1. *Non-spendable* - Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.
2. *Restricted* - Amounts that can be spent only for specific purposes because of state or federal laws, or externally imposed conditions by granters, creditors, or citizens.
3. *Committed* - Amounts that can be used only for specific purposes determined by a formal action of the District Attorney. The District Attorney is the highest level of decision making authority at the District Attorney's office. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the District Attorney.
4. *Assigned* - Amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. Under the District Attorney's adopted policy, only the District Attorney may assign amounts for specified purposes. These specific purposes include the activity of the Special Revenue Funds including the Worthless Checks/Diversion Fund and Title IV-D Fund and other related grants.

**DISTRICT ATTORNEY OF THE TWENTY-SECOND JUDICIAL DISTRICT
St. Tammany and Washington Parishes, Louisiana
NOTES TO THE FINANCIAL STATEMENTS**

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Equity Classifications (continued)

5. *Unassigned* - All amounts not included in other spendable classifications.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District Attorney considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District Attorney considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District Attorney has provided otherwise in his commitment or assignment actions.

I. Inter-fund 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. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transactions are reported as transfers. Inter-fund receivables and payables between funds within governmental activities, if any, are eliminated in the statement of net position.

J. 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 Louisiana District Attorneys' Retirement System (DARS) and the Parochial Employees' Retirement System (PERS) and additions to/ deductions from the fiduciary net position, have been determined on the same basis as they are reported by the pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

K. Estimates

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

L. Current Year Adoption of New Accounting Standards

The GASB issued Statement No. 85, *Omnibus 2017*, in March 2017. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. This Statement became effective for fiscal year ending December 31, 2018, but there was no impact on the financial statements of the District Attorney's office.

**DISTRICT ATTORNEY OF THE TWENTY-SECOND JUDICIAL DISTRICT
St. Tammany and Washington Parishes, Louisiana
NOTES TO THE FINANCIAL STATEMENTS**

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**L. Current Year Adoption of New Accounting Standards
(continued)**

The GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, in November 2016. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement will be effective for the District Attorney's office for the fiscal year ending December 31, 2019.

The GASB issued Statement No. 84, *Fiduciary Activities*, in January 2017. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. This Statement will be effective for the District Attorney's office for the fiscal year ending December 31, 2019.

The GASB issued Statement No. 87, *Leases*, in June 2017. The Statement addresses the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows and outflows of resources based on the payment provisions of the contract. This Statement will be effective for the District Attorney's office for the fiscal year ending December 31, 2020.

Note 2. CASH AND CASH EQUIVALENTS

Under state law, the District Attorney may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana. The District Attorney may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At December 31, 2018, the District Attorney had cash and cash equivalents (book balances) totaling \$1,165,343 as follows:

	Primary Government	Fiduciary Funds	Total
Demand deposits	\$550,032	\$395,532	\$945,564
Certificates of Deposit	219,779		219,779
Total	<u>\$769,811</u>	<u>\$395,532</u>	<u>\$1,165,343</u>

DISTRICT ATTORNEY OF THE TWENTY-SECOND JUDICIAL DISTRICT
St. Tammany and Washington Parishes, Louisiana
NOTES TO THE FINANCIAL STATEMENTS

Note 2. CASH AND CASH EQUIVALENTS (continued)

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District Attorney's deposits may not be recovered or the collateral securities that are in the possession of an outside party will not be recovered. These deposits are stated at cost, which approximates fair value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. As of December 31, 2018, bank balances in the amount of \$1,244,328 were as follows:

Bank Balances	\$1,244,328
Federal Deposit Insurance	1,191,936
Pledged Securities	<u>52,392</u>
Total	<u>\$1,244,328</u>

Deposits in the amount of \$52,392 were exposed to custodial credit risk. However, these deposits are secured from risk by the pledge of securities owned by the fiscal agent bank, which are held in the name of the pledging institution's trust department or agent that is mutually acceptable to the District Attorney and the fiscal agent bank.

Note 3. INVESTMENTS

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA – R.S. 33:2955.

GASB Statement No. 40 Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments.

DISTRICT ATTORNEY OF THE TWENTY-SECOND JUDICIAL DISTRICT
St. Tammany and Washington Parishes, Louisiana
NOTES TO THE FINANCIAL STATEMENTS

Note 3. INVESTMENTS (continued)

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7 like investment pools:

- Credit risk: LAMP is rated AAAm by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest Rate Risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for US Government floating/variable rate investments.
- The WAM for LAMP's total investments is \$1,842,142,044 (from LAMP's monthly Statement of Net Assets) as of December 31, 2018.
- Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

If you have any questions, please feel free to contact the LAMP administrative office at 1-800-249-5267.

DISTRICT ATTORNEY OF THE TWENTY-SECOND JUDICIAL DISTRICT
St. Tammany and Washington Parishes, Louisiana
NOTES TO THE FINANCIAL STATEMENTS

Note 4. RECEIVABLES

The following is a summary of accounts receivable, which management believes are fully collectible at December 31, 2018:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>
Fees, Fines, and Charges for Services	\$183,366	\$12,234	\$195,600
Grants and Intergovernmental Revenues		200,157	200,157
TOTAL	<u>\$183,366</u>	<u>\$212,391</u>	<u>\$395,757</u>

Note 5. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Automobiles	\$265,674	\$0	\$0	\$265,674
Improvements	122,355	0	0	122,355
Equipment, Furniture, & Fixtures	600,045	0	0	600,045
Capital Lease Equipment	70,493	0	0	70,493
Software	91,628	0	0	91,628
Total Capital Assets	1,150,195	0	0	1,150,195
Accumulated Depreciation	(1,110,548)	(14,591)	0	(1,125,139)
Total Capital Assets, Net	<u>\$39,647</u>	<u>\$(14,591)</u>	<u>\$0</u>	<u>\$25,056</u>

Accumulated amortization for capital lease equipment is included in the accumulated depreciation for all capital assets.

DISTRICT ATTORNEY OF THE TWENTY-SECOND JUDICIAL DISTRICT
St. Tammany and Washington Parishes, Louisiana
NOTES TO THE FINANCIAL STATEMENTS

Note 6. PENSION PLANS

The District Attorney participates in two cost-sharing, multiple employer, public employees' retirement systems. The District Attorney and assistant district attorneys are members of the District Attorneys' Retirement System (DARS or the System). Other personnel of the District Attorney's office are members of the Parochial Employees' Retirement System of Louisiana, Plan A (PERS or the Parochial System). These retirement systems are cost-sharing, multiple employer, defined benefit pension plans which are administered by separate boards of trustees. The following are descriptions of the plans and their respective benefits:

1. Louisiana District Attorneys' Retirement System

All persons who are district attorneys of the State of Louisiana, assistant district attorneys in any parish of the State of Louisiana, or employed by this retirement system and the Louisiana District Attorneys' Association except for elected or appointed officials who have retired from service under any publicly funded retirement system within the State and who are currently receiving benefits, shall become members as a condition of their employment; provided, however, that in the case of assistant district attorneys, they must be paid an amount not less than the minimum salary specified by the board for assistant district attorneys. The projection of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with the benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Plan Description

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

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

DISTRICT ATTORNEY OF THE TWENTY-SECOND JUDICIAL DISTRICT
St. Tammany and Washington Parishes, Louisiana
NOTES TO THE FINANCIAL STATEMENTS

Note 6. PENSION PLANS (continued)

1. Louisiana District Attorneys' Retirement System (continued)

Members who joined the System after July 1, 1990, or who elected to be covered by the new provisions, 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 an early retirement benefit if he is age 55 and has 18 years of service credit. The early retirement benefit is equal to the normal retirement benefit reduced 3% for each year the member retires in advance of normal retirement age. Benefits may not exceed 100% of average final compensation.

Disability benefits are awarded to active contributing members with at least 10 years of service who are found to be totally disabled as a result of injuries incurred while in active service. The member receives a benefit equal to three percent (three and one-half percent for members covered under the new retirement benefit provisions) of his average final compensation multiplied by the lesser of his actual service (not to be less than fifteen years) or projected continued service to age 60.

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

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

The Board of Trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of 3% of their original benefit, (not to exceed sixty dollars per month) and all retired members and widows who are sixty-five years of age and older a 2% increase in their original benefit. In lieu of other cost of living increases the board may grant an increase to retirees in the form of "Xx(A&B)" where "A" is equal to the number of years of credited service accrued at retirement or

DISTRICT ATTORNEY OF THE TWENTY-SECOND JUDICIAL DISTRICT
St. Tammany and Washington Parishes, Louisiana
NOTES TO THE FINANCIAL STATEMENTS

Note 6. PENSION PLANS (continued)

1. Louisiana District Attorneys' Retirement System (continued)

death of the member or retiree and "B" is equal to the number of years since death of the member or retiree to June 30 of the initial year of increase and "X" is equal to any amount available for funding such increase up to a maximum of \$1.00. In order for the board to grant any of these increases, the System must meet certain criteria detailed in the statute related to funding status and interest earnings.

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

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

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

Funding Policy

According to state statute, contribution requirements for all employers are actuarially determined each year. For the period from January 1, 2018 to June 30, 2018, the actual employer contribution rate was 0% and from July 1, 2018 to December 31, 2018, the contribution rate was 1.25%.

**DISTRICT ATTORNEY OF THE TWENTY-SECOND JUDICIAL DISTRICT
St. Tammany and Washington Parishes, Louisiana
NOTES TO THE FINANCIAL STATEMENTS**

Note 6. PENSION PLANS (continued)

2. Parochial Employees' Retirement System of Louisiana

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

Plan Description

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 Parochial System, except for the District Attorney and assistant district attorneys who are covered by their own retirement plan. Any member can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

1. Any age with thirty (30) or more years of creditable service
2. Age 55 with a minimum of twenty-five (25) years of creditable service
3. Age 60 with a minimum of ten (10) years of creditable service
4. Age 65 with a minimum of seven (7) years of creditable service

For employees hired after January 1, 2007:

1. Age 55 with a minimum of thirty (30) years of creditable service
2. Age 62 with a minimum of ten (10) years of creditable service
3. Age 67 with a minimum of seven (7) years of creditable service

The retirement benefit is generally 1% of the member's final compensation plus \$2 per month for each year of service credited prior to January 1, 1980, and 3% of final average compensation for each year of service after that date. Final average salary is the employee's average salary over the 36 consecutive or joined months which produce the highest average.

Employees who terminate with at least the amount of credited service stated previously, and who do not withdraw their employee contributions, may retire at the age specified previously and receive the benefit accrued to their date of termination. PERS also provides death and disability benefits. Benefits are established by state statute.

**DISTRICT ATTORNEY OF THE TWENTY-SECOND JUDICIAL DISTRICT
St. Tammany and Washington Parishes, Louisiana
NOTES TO THE FINANCIAL STATEMENTS**

Note 6. PENSION PLANS (continued)
2. Parochial Employees' Retirement System of Louisiana (continued)

Funding Policy

Contributions to PERS include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish except Orleans and East Baton Rouge parishes. PERS members are required to contribute 9.5% of their annual covered salary. The District Attorney is required to contribute at an actuarially determined rate. The current rate is 11.5% of annual covered salary for the year ended December 31, 2018. As provided by LRS 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation of the prior 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 \$502,924 and an asset of \$113,125, respectively, for its proportionate share of DARS and PERS collective net pension liabilities. The collective net pension liability and asset of the plans were measured on June 30, 2018 and December 31, 2017, for DARS and PERS, respectively. The proportionate share of the net pension liabilities were based on the District Attorney's long-term shares of contributions to the pension plans relative to the projected contributions of all employers, actuarially determined. At June 30, 2018, the proportion for DARS was 1.56288% and at December 31, 2017, the proportion for PERS was 0.15241%.

For the year ended December 31, 2018, the District Attorney recognized pension expense of \$304,558. At December 31, 2018, the District Attorney reported deferred outflows of resources and deferred inflows of resources related to its pension from the following sources:

	<u>Deferred Outflows of Resources</u>			<u>Deferred Inflows of Resources</u>		
	<u>DARS</u>	<u>PERS</u>	<u>TOTAL</u>	<u>DARS</u>	<u>PERS</u>	<u>TOTAL</u>
Difference between Experiences	\$2,701	\$0	\$2,701	\$73,060	\$73,228	\$146,288
Difference in Investment Earnings	42,111	0	42,111	0	261,352	261,352
Change of Assumptions	305,056	142,781	447,837	33,165	0	33,165
Changes in Proportion	28,245	948	29,193	30,162	992	31,154
Contributions Subsequent to the Measurement Date	5,616	117,097	122,713	0	0	0
TOTAL	<u>\$383,729</u>	<u>\$260,826</u>	<u>\$644,555</u>	<u>\$136,387</u>	<u>\$335,572</u>	<u>\$471,959</u>

**DISTRICT ATTORNEY OF THE TWENTY-SECOND JUDICIAL DISTRICT
St. Tammany and Washington Parishes, Louisiana
NOTES TO THE FINANCIAL STATEMENTS**

**Note 6. PENSION PLANS (continued)
Pension Liabilities, Pension Expense, and Deferred Outflows of
Resources and Deferred Inflows of Resources Related to Pensions
(continued)**

In the year ended December 31, 2018, \$122,713 reported as deferred outflows of resources related to pensions resulting from the District Attorney's contributions subsequent to the measurement date will be recognized. Other amounts reported as deferred inflows of resources and deferred outflows of resources will be recognized in pension expense as follows:

Year ended December 31:	Amortization Amounts		TOTAL
	DARS	PERS	
2019	\$61,339	(\$25,876)	\$35,463
2020	61,339	(25,876)	35,463
2021	61,339	(27,556)	33,783
2022	19,888	(112,537)	(92,649)
2023	\$37,820	\$0	\$37,820

A summary of the actuarial methods and assumptions used in determining net pension liabilities is as follows:

	DARS	PERS
Valuation Date	June 30, 2018	December 31, 2017
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Expected Remaining Service	6 Years	4 Years
Investment Rate of Return	6.50%	6.75%
Inflation Rate	2.40%	2.50%
Projected Salary Increases	3.10%, Merit	2.75%, Merit
Cost-of-Living Adjustments	Only those previously granted	Only those previously granted
Mortality	RP-2000 Combined Healthy with White Collar Adjustment Sex Distinct Tables	RP-2000 Employee Sex Distinct Table

**DISTRICT ATTORNEY OF THE TWENTY-SECOND JUDICIAL DISTRICT
St. Tammany and Washington Parishes, Louisiana
NOTES TO THE FINANCIAL STATEMENTS**

Note 6. PENSION PLANS (continued)

DARS Investments

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

<u>Asset Class</u>	<u>Long-Term Target Asset Allocation</u>	<u>Rates of Return</u>	
		<u>Real</u>	<u>Nominal</u>
Equities	61.72%	10.82%	
Fixed Income	28.95%	6.36%	
Alternatives	8.85%	10.50%	
Cash	<u>0.48%</u>	0.50%	
Totals	<u>100.00%</u>		6.95%
Inflation			<u>2.50%</u>
Expected Nominal Rate of Return			<u>9.45%</u>

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 participated 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 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 benefits payments to determine the total pension liability.

PERS Investments

Changes in Assumptions:

Amounts reported in fiscal year ended December 31, 2017 for Parochial Employees' Retirement System reflect an adjustment in the discount rate used to measure the total pension liability. The discount rate for the PERS plan was 6.75% as of the valuation date December 31, 2017.

**DISTRICT ATTORNEY OF THE TWENTY-SECOND JUDICIAL DISTRICT
St. Tammany and Washington Parishes, Louisiana
NOTES TO THE FINANCIAL STATEMENTS**

**Note 6. PENSION PLANS (continued)
PERS Investments (continued)**

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM 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 ended December 31, 2017.

Best estimates of arithmetic real rates of return for each major asset class included in the Parochial 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%	1.24%
Equity	52%	3.57%
Alternatives	11%	0.69%
Real Assets	<u>2%</u>	<u>0.12%</u>
Totals	<u>100%</u>	<u>5.62%</u>
Inflation		<u>2.00%</u>
Expected Nominal Rate of Return		<u>7.62%</u>

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.

**DISTRICT ATTORNEY OF THE TWENTY-SECOND JUDICIAL DISTRICT
St. Tammany and Washington Parishes, Louisiana
NOTES TO THE FINANCIAL STATEMENTS**

Note 6. PENSION PLANS (continued)

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the District Attorney using the discount rate of 6.50% and 7.00% for DARS and PERS, as well as what the liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 5.50%/5.75%	Current Discount Rate 6.50%/6.75%	1% Increase 7.50%/7.75%
District Attorney's Proportionate Share of the DARS Net Pension Liability	\$1,354,088	\$502,924	(\$221,193)
District Attorney's Proportionate Share of the PERS Net Pension Liability	\$557,748	(\$113,125)	(\$710,493)

Note 7. GOVERNMENTAL ACTIVITIES LONG-TERM OBLIGATIONS

Long-term liability activity of governmental activities for the year ended December 31, 2018 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Capital Lease	\$830	\$0	(\$830)	\$0	\$0
Compensated Absences Payable	259,047	13,560	0	272,607	0
Net Pension Liability	731,901	89,669	(431,876)	389,694	0
Total	<u>\$991,778</u>	<u>\$103,229</u>	<u>(\$432,706)</u>	<u>\$662,301</u>	<u>\$0</u>

**DISTRICT ATTORNEY OF THE TWENTY-SECOND JUDICIAL DISTRICT
St. Tammany and Washington Parishes, Louisiana
NOTES TO THE FINANCIAL STATEMENTS**

Note 8. CAPITAL LEASES

The District Attorney records items under capital leases as an asset and an obligation in the accompanying financial statements. During the fiscal year December 31, 2018, the District Attorney's office satisfied all capital lease obligations and reduced the outstanding balance to \$0.

Note 9. OPERATING LEASES

The District Attorney leased six vehicles from a leasing company. The lease required monthly rental payments of an average \$2,188 through May 2018 until those 6 vehicles were traded in for 7 new ones.. The monthly payments for the 7 new vehicles averaged \$2,278 for the remaining fiscal year. The new vehicle leases expire April 2021 with the option to renew.

The District Attorney leases buildings in Franklinton, Louisiana and Bogalusa, Louisiana. The Franklinton building lease required monthly rental payments of approximately \$1,200, during the year ended December 31, 2018. The lease expires September 2019, with an option to renew. The Bogalusa building lease required monthly rental payments of \$850 during the year ended December 31, 2018. The original lease was signed during prior administration and the renewal of that lease under current administration is verbal and re-negotiable at any time. The lease is generally renewed at the beginning of each fiscal year.

Rent expense for the year ended December 31, 2018, totaled \$53,676. Future minimum lease payments at December 31, 2018 under the preceding operating lease agreements are as follows:

<u>Years Ending December 31,</u>	<u>Minimum Lease Commitments</u>
2019	\$37,411
2020	26,611
2021	<u>8,249</u>
TOTAL	<u>\$72,271</u>

**DISTRICT ATTORNEY OF THE TWENTY-SECOND JUDICIAL DISTRICT
St. Tammany and Washington Parishes, Louisiana
NOTES TO THE FINANCIAL STATEMENTS**

Note 10. INTER-FUND TRANSFERS

Operating transfers for the year ended December 31, 2018, were as follows:

Fund	Transfers In	Transfers Out
General Fund	\$24,000	(\$485,117)
Special Revenue Fund	<u>485,117</u>	<u>(24,000)</u>
TOTAL	<u>\$509,117</u>	<u>(\$509,117)</u>

Note 11. RISK MANAGEMENT

The District Attorney is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered, in part, by commercial insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District Attorney. Settlements have not exceeded insurance coverage in each of the past three years.

Note 12. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 26, 2019, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

DISTRICT ATTORNEY OF THE TWENTY-SECOND JUDICIAL DISTRICT
 St. Tammany and Washington Parishes, Louisiana
 Schedule of the District Attorney's Proportionate Share of Net Pension Liability
 For the Year Ended December 31, 2018

Plan	Year	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
DARS	2015	1.55%	83,537	992,163	8.40%	98.60%
	2016	1.73%	330,192	916,190	36.04%	95.00%
	2017	1.53%	413,147	1,002,021	41.23%	93.57%
	2018	1.56%	502,924	938,277	53.60%	92.92%
PERS	2015	0.14%	37,554	744,646	5.00%	99.10%
	2016	0.13%	344,282	917,880	37.51%	92.00%
	2017	0.15%	318,753	941,227	33.87%	94.00%
	2018	0.15%	(113,125)	1,014,380	-11.15%	101.97%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

DISTRICT ATTORNEY OF THE TWENTY-SECOND JUDICIAL DISTRICT
 St. Tammany and Washington Parishes, Louisiana
 Schedule of the District Attorney's Contributions
 For the Year Ended December 31, 2018

Plan	Year	Contractually Required Contribution	Contributions in Relation to Contractual Required Contributions	Contributions Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
DARS	2015	51,241	51,241	-	992,163	5.16%
	2016	15,402	15,402	-	916,190	1.68%
	2017	-	-	-	1,002,021	0.00%
	2018	5,616	5,616	-	938,277	0.60%
PERS	2015	107,974	107,974	-	744,646	14.50%
	2016	119,324	119,324	-	917,880	13.00%
	2017	117,687	117,687	-	941,227	12.50%
	2018	117,097	117,097	-	1,014,380	11.50%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

DISTRICT ATTORNEY OF THE TWENTY-SECOND JUDICIAL DISTRICT
 St. Tammany and Washington Parishes, Louisiana
 Schedule of Revenues, Expenditures, and Changes in Fund Balance- Budget to Actual
 General Fund
 For the Year Ended December 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues				
Program Revenues				
Commissions on Fines and Forfeitures	\$ 847,000	\$ 875,600	\$ 867,926	\$ (7,674)
Bond Forfeiture and Bond Fees	175,000	135,516	139,082	3,566
Asset Forfeiture Revenues	45,000	58,207	58,207	0
Other Revenues	219,300	325,448	328,101	2,653
Interest Income & Earnings	3,500	11,413	11,009	(404)
Total Revenues	<u>1,289,800</u>	<u>1,406,184</u>	<u>1,404,325</u>	<u>(1,859)</u>
Expenditures				
General Government: Judicial				
Professional Services	100,000	151,123	148,670	2,453
Materials and Supplies				-
Automobile	78,600	86,120	89,648	(3,528)
Office	67,000	65,360	63,875	1,485
Travel	4,500	3,136	2,694	442
Other Expenditures	445,100	458,376	448,175	10,201
Debt Service	-	-	176	(176)
Capital Expenditures	5,000	-	-	-
Total Expenditures	<u>700,200</u>	<u>764,115</u>	<u>753,238</u>	<u>10,877</u>
Excess Revenues Over Expenditures	<u>589,600</u>	<u>642,069</u>	<u>651,087</u>	<u>9,018</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	24,000	24,000
Operating Transfers Out	(700,000)	(461,117)	(485,117)	(24,000)
Total Other Financing Sources (Uses)	<u>(700,000)</u>	<u>(461,117)</u>	<u>(461,117)</u>	<u>(0)</u>
Net Change in Fund Balance	<u>\$ (110,400)</u>	<u>\$ 180,952</u>	<u>189,970</u>	<u>\$ 9,018</u>
Fund Balance at Beginning of Year			<u>1,003,664</u>	
Fund Balance at End of Year			<u><u>\$1,193,634</u></u>	

DISTRICT ATTORNEY OF THE TWENTY-SECOND JUDICIAL DISTRICT
 St. Tammany and Washington Parishes, Louisiana
 Schedule of Revenues, Expenditures, and Changes in Fund Balance- Budget to Actual
 Special Revenue Fund
 For the Year Ended December 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Fav orable (Unfav orable)</u>
Revenues				
Program Revenues				
Grants	\$ 1,312,000	\$ 1,323,485	\$ 1,229,117	\$ (94,368)
Diversionary Program	605,000	655,214	655,214	(0)
Fees-Fees Account	125,865	106,832	110,146	3,314
Other Revenues	20,000	21,267	21,267	(0)
Interest Income & Earnings	175	311	311	0
Total Revenues	<u>2,063,040</u>	<u>2,107,109</u>	<u>2,016,055</u>	<u>(91,054)</u>
Expenditures				
General Government: Judicial				
Salaries and Related Benefits	2,614,000	2,416,463	2,416,428	35
Professional Services	30,000	53,699	54,220	(521)
Materials and Supplies				0
Automobile	1,000	2,769	2,729	40
Office	42,000	30,238	30,147	91
Travel	34,000	29,153	27,136	2,017
Other Expenditures	81,150	80,944	80,091	853
Debt Service	-	-	654	(654)
Capital Expenditures	5,000	-	-	0
Total Expenditures	<u>2,807,150</u>	<u>2,613,266</u>	<u>2,611,405</u>	<u>1,861</u>
Excess Revenues Over Expenditures	<u>(744,110)</u>	<u>(506,157)</u>	<u>(595,350)</u>	<u>(89,193)</u>
Other Financing Sources (Uses)				
Operating Transfers In	700,000	461,117	485,117	24,000
Operating Transfers Out	-	-	(24,000)	(24,000)
Total Other Financing Sources (Uses)	<u>700,000</u>	<u>461,117</u>	<u>461,117</u>	<u>0</u>
Net Change in Fund Balance	<u>\$ (44,110)</u>	<u>\$ (45,040)</u>	<u>(134,233)</u>	<u>\$ (89,193)</u>
Fund Balance at Beginning of Year			<u>611,642</u>	
Fund Balance at End of Year			<u>\$ 477,409</u>	

**DISTRICT ATTORNEY OF THE TWENTY-SECOND JUDICIAL DISTRICT
St. Tammany and Washington Parishes, Louisiana
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

Budget and Budgetary Accounting

The District Attorney follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Administration prepares a proposed budget and is made available for public inspection no later than 15 days prior to the beginning of the fiscal year in accordance with state law.
2. The District Attorney is responsible for adopting the budgets in an open meeting before the end of the fiscal year in accordance with state law.
3. A budget is prepared for both general and special revenue funds based on the following guidelines:
 - a. Revenue projections: historical data and known trends
 - b. Expenditure projections: actual costs and reasonable estimates
 - c. Fund Balance: maintain a minimum general fund balance of between 5% and 15% of operating revenues or no less than 1 to 2 months of operating expenditures
4. During the fiscal year, administration prepares monthly budget to actual comparisons for the District Attorney to review and amend if there is an unfavorable variance of 5% or greater.
5. If no amendment is made during the fiscal year, it is the District Attorney's policy to amend the budget after the end of the fiscal to match actual numbers before audit adjustments, if any, are made.
6. The budgets are prepared on the cash basis of accounting and compared to accrual basis financial statements.

Excess of Appropriations over Expenditures

For the year ended December 31, 2018, the general fund expenditures were less than appropriations by \$10,877 and special revenue expenditures were less than appropriations by \$1,861, both favorable results.

Pension Plans

For the District Attorney's Retirement System, the contribution rate increased to 1.25% in July 2018, and no other changes were made for the year ended December 31, 2018.

For the Parochial Employees' Retirement System the contribution rate dropped 1%, and no other changes were made for the year ended December 31, 2018.

SCHEDULE REQUIRED BY STATE LAW LSA RS 24:513A(1)(a)(3)

DISTRICT ATTORNEY OF THE TWENTY-SECOND JUDICIAL DISTRICT
 St. Tammany and Washington Parishes, Louisiana
 Schedule of Compensation, Benefits, and Other Payments to Agency Head
 For the Year Ended December 31, 2018

Agency Head:
Warren Montgomery, District Attorney

Purpose	Amount Paid by:				TOTAL
	District Attorney Office (Audited)	St. Tammany Parish Government (Unaudited)	Washington Parish Government (Unaudited)	State of Louisiana (Unaudited)	
Salary	\$ 89,476	\$ 44,330	\$ 9,000	\$ 50,000	\$ 192,806
Benefits-Insurance		8,322			8,322
Benefits-Retirement	614	281	56	313	1,264
Car Allowance	11,400				11,400
Reimbursements	3,855				3,855
TOTAL	\$ 105,345	\$ 52,933	\$ 9,056	\$ 50,313	\$ 217,647

DISTRICT ATTORNEY OF THE TWENTY-SECOND JUDICIAL DISTRICT
 St. Tammany and Washington Parishes, Louisiana
 Schedule of Expenditures of Federal Awards
 For the Year Ended 12/31/2018

Federal Grantor/Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Grantor's Number	Federal Expenditures
United States Department of Health and Human Services			
Passed through the Louisiana State Department of Social Services			
Child Support Enforcement	93.563	CFMS 722298	\$ 1,022,682
Total United States Department of Health and Human Services			<u>1,022,682</u>
United States Department of Justice			
Passed through the Louisiana Commission on Law Enforcement			
Crime Victim Assistance	16.575	2016-VA-04/02/01/03-3807	71,208
Crime Victim Assistance	16.575	2016-VA-04/02/03/01-3730	21,074
Crime Victim Assistance	16.575	2016-VA-04-3817	28,797
Violence Against Women Formula Grants	16.588	2016-WF-02-3588	36,904
Total United States Department of Justice			<u>157,983</u>
TOTAL			<u><u>\$ 1,180,665</u></u>

Notes to the Schedule of Expenditures of Federal Awards

1. The accompanying schedule of expenditures of federal awards includes the federal award activity of the District Attorney of the 22nd Judicial District under programs of the federal government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District Attorney of the 22nd Judicial District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District Attorney of the 22nd Judicial District.

2. The schedule of expenditures of federal awards was prepared on the accrual basis of accounting.

3. The District Attorney of the 22nd Judicial District has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

4. There were no awards passed through to subrecipients.

5. The following is a reconciliation of total federal grant expenditures to the grant revenues reported on page 8 of the financial statements.

Total Federal Expenditures	\$ 1,180,665
Expenditures related to revenues in prior years	(41,548)
State Grant Revenue	<u>90,000</u>
Total Grant Revenue	<u><u>\$ 1,229,117</u></u>

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

Honorable Warren Montgomery
District Attorney of the Twenty-Second Judicial District
St. Tammany and Washington Parishes, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the fiduciary funds of the District Attorney of the Twenty-Second Judicial District, 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, and have issued my report thereon dated June 26, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District Attorney's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on

compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in cursive script, reading "Robert A. Neilson".

Robert A. Neilson, CPA

Bogalusa, Louisiana

June 26, 2019

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

Honorable Warren Montgomery
District Attorney of the Twenty-Second Judicial District
St. Tammany and Washington Parishes, Louisiana

Report on Compliance for Each Major Federal Program

I have audited the District Attorney of the Twenty-Second Judicial District (the District Attorney) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District Attorney's major federal program for the year ended December 31, 2018. The District Attorney's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In my opinion, the District Attorney complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended December 31, 2018.

Report on Internal Control over Compliance

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

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

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

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



Robert A. Neilson, CPA

Bogalusa, Louisiana

June 26, 2019

District Attorney of the Twenty-Second Judicial District
St. Tammany and Washington Parishes
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued		Unmodified
Material Weakness Identified	_____ Yes	___X___ No
Significant Deficiency identified that are not considered material weaknesses?	_____ Yes	___X___ No
Noncompliance material to financial statements noted?	_____ Yes	___X___ No

Federal Awards

Type of Auditor's Report Issued		Unmodified
Material Weakness Identified	_____ Yes	___X___ No
Significant Deficiency identified that are not considered material weaknesses?	_____ Yes	___X___ No
Noncompliance material to financial statements noted?	_____ Yes	___X___ No
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a):	_____ Yes	___X___ No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.563	Child Support Enforcement

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Findings Affecting the Financial Statements

None

Section III - Compliance and Other Matters

None

District Attorney of the Twenty-Second Judicial District
St. Tammany and Washington Parishes
Summary Schedule of Prior Year Audit Findings
For the Year Ended December 31, 2018

Section I - Summary of Auditor's Results

None

Section II - Findings Affecting the Financial Statements

None

Section III - Compliance and Other Matters

None

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Warren Montgomery
District Attorney of the 22nd Judicial District of St. Tammany and Washington Parishes
Covington, LA 70433

I have performed the procedures enumerated below, which were agreed to by the Louisiana Legislative Auditor, of the District Attorney of the Twenty-Second Judicial District as of December 31, 2018. Management of the District Attorney of the Twenty-Second Judicial District is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, I make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

My procedures and findings are as follows:

Collections (follow-up)

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

Exception: The District Attorney's office did not have an insurance policy in place for employee theft during 2018.

Management's Response: We now have an insurance policy in place for employee theft, effective June 5, 2019.

Travel and Travel-Related Expense Reimbursement (excluding card transactions)

1. Obtain and inspect the entity's written policies and procedures over travel and expense reimbursements and observe that they address (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

The travel and expense reimbursement policy covers all the above.

2. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements (to include at least 1 witness travel 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:

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

No exceptions noted.

Payroll and Personnel

1. Obtain and inspect the entity's written policies and procedures over payroll/personnel and observe that they address (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) and processes for approval and monitoring of outside employment.

There are written policies and procedures in place that cover all of the above.

2. 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 (to include at least 1 employee in which outside employment is known), obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files. Observe that outside employment documentation is included in the personnel file and that there is evidence of supervisory approval.

No exceptions noted.

3. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #2 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.

No exceptions noted.

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

No exceptions noted.

5. 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.

No exceptions noted.

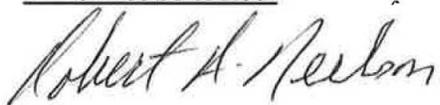
Traffic Diversion Program

1. Obtain and inspect the entity's written policies and procedures over the pretrial diversion program and observe that they address:
 - a) Eligibility and conditions for participation
 - b) A time limit for the duration of participation
 - c) A requirement of service plans for each offense type to include goals
 - d) Provision for dismissal or rejection of charges upon successful completion of program requirements
 - e) Requirement that all records relating to arrest, diversion participation and final disposition be sealed upon successful completion of program
 - f) Processes and requirements for withdrawal from program by either participant or District Attorney's office
 - g) A cost-allocation calculation, to be annually updated, documenting program costs and expenditures in relation to fees charged
 - h) Separate accounting for the funds generated by the pretrial diversion program, and eligible expense related to the pretrial diversion program revenues.
 - i) An internal monitoring process to ensure consistent application of the program guidelines.

There are written policies and procedures in place that cover all of the above.

2. Obtain the entity's pretrial diversion program revenue disbursement transaction population and obtain management's representation that the population is complete. Randomly select 5 disbursements, obtain supporting documentation for each transaction, and observe that the disbursement matched the related original invoice/billing statement.
3. Observe that the disbursement documentation included evidence that the related expense was directly related to the entity's victim assistance program.

Currently, the DA's office does not participate in the traffic diversion program. All other pretrial diversion programs do not require disbursements to other agencies; therefore, procedures #2 and #3 cannot be tested.



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June 26, 2019