
**DISTRICT ATTORNEY OF THE NINETEENTH
JUDICIAL DISTRICT**

EAST BATON ROUGE PARISH, LOUISIANA

FINANCIAL REPORT

DECEMBER 31, 2017

P&N

Postlethwaite & Netterville

A Professional Accounting Corporation

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DISTRICT ATTORNEY OF THE NINETEENTH
JUDICIAL DISTRICT

EAST BATON ROUGE PARISH, LOUISIANA

FINANCIAL REPORT

DECEMBER 31, 2017

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INDEPENDENT AUDITORS' REPORT

The Honorable Hillar Moore
District Attorney of the Nineteenth
Judicial District
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District Attorney of the Nineteenth Judicial District (the "District Attorney"), a component unit of the City of Baton Rouge/Parish of East Baton Rouge, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District Attorney's basic financial statements 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District Attorney'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 District Attorney's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District Attorney, as of December 31, 2017, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 10 to the financial statements, management has elected to change the way it recognizes compensated absences. Our opinion is not modified with respect to this matter.



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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the other post-employment benefit plan schedules, the pension liability and contribution schedules on pages 3 - 9, 36 - 37, 38, and 39 - 40, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

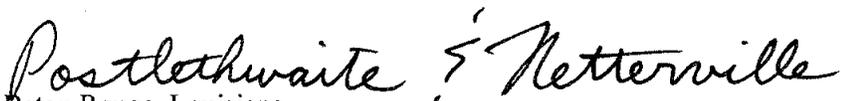
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District Attorney's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to the Agency Head and the Pretrial Intervention Programs – Schedule of Revenues and Expenditures are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by *Title 2, U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements.

The Schedule of Compensation, Benefits, and Other Payments to the Agency Head, the Pretrial Intervention Programs – Schedule of Revenues and Expenses, and the Schedule of Expenditures of Federal Awards are the responsibility of Management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits, and Other Payments to the Agency Head, the Pretrial Intervention Programs – Schedule of Revenues and Expenses, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2018, on our consideration of the District Attorney's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District Attorney's internal control over financial reporting and compliance.


Baton Rouge, Louisiana
June 21, 2018

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2017

This section of District Attorney's annual financial report presents a discussion and analysis of the District Attorney's financial performance during the fiscal year that ended on December 31, 2017. Please read it in conjunction with the District Attorney's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District Attorney's total net position decreased by \$2.24 million over the course of this year's operations.
- Expenses for the year were \$17,291,966, an increase of approximately \$1.6 million or 10.3% over the prior year.
- The General Fund reported expenditures in excess of revenues in the amount of \$259,050.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District Attorney:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the District Attorney's overall financial status.
- The remaining statements are fund financial statements that focus on individual funds of the District Attorney and reporting the operations in these funds in more detail than the government-wide statements.
 - The governmental funds statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.
 - Fiduciary fund statements provide information about the financial relationships in which the District Attorney acts solely as agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1 summarizes the major features of the District Attorney's financial statements, including the portion of the District Attorney's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure of contents of each of the statements.

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2017

Figure A-1 Major Features of District Attorney's Government and Fund Financial Statements			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire District Attorney governmental activities (except fiduciary funds)	The activities of the District Attorney that are not proprietary or fiduciary	Instances in which the District Attorney is the trustee or agent for someone else's resources, such as drug seizures
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statements of fiduciary net position
Accounting basis and measurements focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; the District Attorney's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payments are due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

Government-wide Statements

The government-wide statements report information about the District Attorney as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows, liabilities, and deferred inflows. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District Attorney's net position and changes in net position. Net position—the difference between the District Attorney's assets and deferred outflows, and liabilities and deferred inflows—is one way to measure the District Attorney's financial health, or position.

- Over time, increases or decreases in the District Attorney's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements, all of the District Attorney's activities are reported as government activities:

- Governmental activities—most of the District Attorney's basic services are included here. Fines and city and state grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District Attorney's most significant funds—not the District Attorney as a whole. Funds are accounting devices that the District Attorney uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and by bond covenants.

The District Attorney has two kinds of funds:

- Governmental funds—Most of the District Attorney's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that are readily converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District Attorney's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, it provides additional information on the subsequent page that explains the relationship (or differences) between them.
- Fiduciary funds — Agency 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. It excludes these activities from the District Attorney's government-wide financial statements because the District Attorney cannot use these assets to finance its operations.

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

FINANCIAL ANALYSIS OF THE DISTRICT ATTORNEY AS A WHOLE

Governmental Activities

Net position. The District Attorney's combined net position decreased by approximately \$2.24 million or 13.6% from the net position of the previous fiscal year. Approximately \$206,000 of that change was the result of a prior period adjustment pertaining to compensatory leave that was not recognized in the prior year. See footnote 10 to the basic financial statements. The decrease is the result of operating and non-operating expenses exceeding revenues during the fiscal year ended December 31, 2017.

Table A-1
District Attorney's Net Position

	Governmental Activities	
	2017	2016*
Current and other assets	\$ 1,795,387	\$ 1,921,160
Capital assets, net of depreciation	681,488	699,951
Total assets	<u>2,476,875</u>	<u>2,621,111</u>
Deferred outflows of resources:		
Deferred outflow amounts related to pension liability	<u>4,699,694</u>	<u>4,439,869</u>
Current liabilities	205,071	77,233
Compensated absences	701,271	429,801
Other post-employment benefits	9,549,449	8,788,909
Net pension liability	<u>14,610,531</u>	<u>13,256,592</u>
Total liabilities	<u>25,066,322</u>	<u>22,552,535</u>
Deferred inflows of resources:		
Deferred inflow amounts related to pension liability	<u>864,296</u>	<u>1,022,544</u>
Net position		
Net investment in capital assets	681,488	699,951
Restricted	237,957	207,399
Unrestricted	<u>(19,673,494)</u>	<u>(17,421,449)</u>
Total net position	<u>\$ (18,754,049)</u>	<u>\$ (16,514,099)</u>

*As described in footnote 10 to the basic financial statements, beginning net position was adjusted for the compensatory leave balance at December 31, 2016. Compensated absences includes an increase of approximately \$206,000 resulting from the prior period adjustment.

Changes in net position. The District Attorney's total revenues increased to approximately \$15.1 million or 6.6% (See Table A-2). Approximately \$4.9 million or 32% of the District Attorney's revenue comes from payments made on behalf of the District Attorney by the State of Louisiana and the City of Baton Rouge/Parish of East Baton Rouge (City-Parish) for payroll related costs.

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

Changes in net position. (continued)

Expenses exceeded revenues by \$2,239,950 and \$1,560,335 during 2017 and 2016, respectively. The increase in the deficiency is primarily due to increases in personnel and pension costs.

Table A-2
Changes in District Attorney's Net Position

	Governmental Activities	
	2017	2016*
Revenues		
Program revenues		
Charges for services	\$ 2,580,097	\$ 2,874,927
Grants and contributions	11,609,792	10,805,308
General revenues	862,127	435,209
Total revenues	<u>15,052,016</u>	<u>14,115,444</u>
Expenses		
Governmental activities	<u>17,291,966</u>	<u>15,675,779</u>
Decrease in net position	<u>(\$ 2,239,950)</u>	<u>(\$1,560,335)</u>

*As described in footnote 10 to the basic financial statements, beginning net position was adjusted for the compensatory leave balance at December 31, 2016. The effects of this change on expenses are not known and therefore not included in these balances.

A further breakdown of expenses by activity is reflected in Table A-3 below:

Table A-3
Net Cost of District Attorney's Governmental Activities

	Total Cost of Services		Net of Program Revenues	
	2017	2016*	2017	2016*
Public safety	\$ 15,536,016	\$ 14,104,997	(\$ 2,853,490)	(\$ 1,736,911)
Health and Welfare	1,941,900	1,570,782	(434,537)	(258,633)
	<u>\$ 17,477,916</u>	<u>\$ 15,675,779</u>	<u>(\$ 3,288,027)</u>	<u>(\$ 1,995,544)</u>

*As described in footnote 10 to the basic financial statements, beginning net position was adjusted for the compensatory leave balance at December 31, 2016. The effects of this change on expenses are not known and therefore not included in these balances.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District Attorney completed the year, its governmental funds reported a combined fund balance of approximately \$1.6 million, a decrease of approximately \$30,000 from prior year. This was the result of an increase of approximately \$223,000 from a change in accounting principle pertaining to recording accrued vacation consistent with the primary government, (see footnote 10 in the basic financial statements) and expenditures over revenues of approximately \$253,000. The deficient revenues were primarily due to support received from the City-Parish decreasing relative to increasing personnel costs.

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

General Fund Budgetary Highlights

- Over the course of the year, the District Attorney amended its general fund budget to reflect changes in estimated personnel costs. An analysis of the original budgets compared to final amended general fund budget results is reflected in Table A-4:

Table A-4
Original and Final Amended Budget Comparison
General Fund

	Original Budget	Final Amended Budget	Difference
Revenue	\$ 13,689,730	\$ 13,032,110	(\$ 657,620)
Expenditures	13,689,730	13,067,130	(622,600)
Net expenditures	<u>\$ -</u>	<u>(\$ 35,020)</u>	<u>(\$ 35,020)</u>

- A comparison of the actual results to the original budget is reflected in Table A-5:

Table A-5
Original Budget Comparison
General Fund

	Original Budget	Actual Results	Difference
Revenue	\$ 13,689,730	\$ 13,169,445	(\$ 520,285)
Expenditures	13,689,730	13,467,768	(221,962)
Other financing sources	-	39,273	39,273
Net expenditures	<u>\$ -</u>	<u>(\$ 259,050)</u>	<u>(\$ 259,050)</u>

CAPITAL ASSETS

At the end of 2017, the District Attorney had invested \$681,488 in capital assets. (See Table A-6.)

Table A-6
District Attorney's Capital Assets
(net of accumulated depreciation)

	Governmental Activities	
	2017	2016
Furniture and equipment	\$ 373,175	\$ 410,608
Vehicles	308,313	289,343
Total	<u>\$ 681,488</u>	<u>\$ 699,951</u>

The decrease was primarily due to depreciation in the normal course of the assets' lives offset by capital purchases of equipment and vehicles during the year.

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

LONG-TERM DEBT

The District Attorney's long-term debt consists of compensated absences, other post-employment benefits liabilities and a net pension liability. The District Attorney had \$701,271 in compensated absences payable at year end compared to \$429,801 at the previous year end (restated), an increase of \$271,470 or 63.2%. The District Attorney had \$9,549,449 in other post-employment benefits payable at year end compared to \$8,788,909 at the previous year end, an increase of \$760,540 or 8.7%. The District Attorney had \$14,610,531 in net pension liability at year end compared to \$13,256,592 at the previous year end, an increase of 1,353,939 or 10.2%. (See Table A-7.)

Table A-7
District Attorney's Long-Term Debt

	Governmental Activities	
	2017	2016*
Compensated absences	\$ 701,271	\$ 429,801
Other post-employment benefits obligation	9,549,449	8,788,909
Net pension liability	14,610,531	13,256,592
Total	<u>\$ 24,861,251</u>	<u>\$ 22,475,302</u>

*As described in footnote 10 to the basic financial statements, beginning net position was adjusted for the compensatory leave balance at December 31, 2016. Compensated absences includes an increase of approximately \$206,000 resulting from the prior period adjustment.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District Attorney is dependent on the State of Louisiana and the City of Baton Rouge for approximately 63 percent of its revenues. These entities receive a substantial part of their revenues from taxes. The economy is not expected to generate any significant growth. Therefore, the District Attorney's future revenues are expected to be consistent with the current years. With little change in the District Attorney's operational costs, the budgeted expenditures for the 2018 year will be consistent with expenditures recognized in 2017.

CONTACTING THE DISTRICT ATTORNEY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District Attorney's finances and to demonstrate the District Attorney's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Mark Dumaine, Chief of Administration, 222 St. Louis St., Governmental Building, 5th Floor, Baton Rouge, LA 70802

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

STATEMENT OF NET POSITION

DECEMBER 31, 2017

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 1,532,207
Receivables	263,180
Capital assets, net of accumulated depreciation	<u>681,488</u>
 TOTAL ASSETS	 <u>2,476,875</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflow amounts related to pension liability	<u>4,699,694</u>
 <u>LIABILITIES</u>	
Accounts payable	171,610
Accrued compensated absences	701,271
Other liabilities	33,461
Post-employment benefit liability	9,549,449
Net pension liability	<u>14,610,531</u>
 TOTAL LIABILITIES	 <u>25,066,322</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred inflow amounts related to pension liability	<u>864,296</u>
 <u>NET POSITION</u>	
Net investment in capital assets	681,488
Restricted for grant program	237,957
Unrestricted (deficit)	<u>(19,673,494)</u>
 TOTAL NET POSITION	 <u>\$ (18,754,049)</u>

The accompanying notes are an integral part of this financial statement.

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Program Revenues</u>		<u>Net (Expense)</u>	
	<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>	
	<u>Services</u>	<u>Grants and</u>	<u>Changes in</u>	
<u>Expenses</u>		<u>Contributions</u>	<u>Net Position</u>	
			<u>Governmental</u>	
			<u>Unit</u>	
<u>FUNCTIONS/PROGRAMS</u>				
Governmental activities:				
Public safety	\$ 15,350,066	\$ 2,580,097	\$ 10,102,429	\$ (2,667,540)
Health and welfare	<u>1,941,900</u>	<u>-</u>	<u>1,507,363</u>	<u>(434,537)</u>
Total governmental activities	<u>\$ 17,291,966</u>	<u>\$ 2,580,097</u>	<u>\$ 11,609,792</u>	<u>(3,102,077)</u>
General Revenues:				
Interest and investment earnings				2,863
Grants and contributions not restricted				389,705
Miscellaneous				<u>469,559</u>
Total general revenues				<u>862,127</u>
Change in net position				(2,239,950)
Net position, beginning of year (restated)				<u>(16,514,099)</u>
Net position, end of year				<u>\$ (18,754,049)</u>

The accompanying notes are an integral part of this financial statement.

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Assets:			
Cash and cash equivalents	\$ 1,355,427	\$ 176,780	\$ 1,532,207
Accounts receivable	187,038	76,142	263,180
Interfund receivables	12,127	-	12,127
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 1,554,592</u>	<u>\$ 252,922</u>	<u>\$ 1,807,514</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Accounts payable	\$ 168,772	\$ 2,838	\$ 171,610
Other liabilities	33,461	-	33,461
Interfund payables	-	12,127	12,127
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<u>202,233</u>	<u>14,965</u>	<u>217,198</u>
Fund balances:			
Spendable:			
Restricted	-	237,957	237,957
Unassigned	1,352,359	-	1,352,359
	<hr/>	<hr/>	<hr/>
TOTAL FUND BALANCES	<u>1,352,359</u>	<u>237,957</u>	<u>1,590,316</u>
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,554,592</u>	<u>\$ 252,922</u>	<u>\$ 1,807,514</u>

The accompanying notes are an integral part of this financial statement.

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2017

Total fund balances - Governmental Funds \$ 1,590,316

Amounts reported in the statement of net position are different due to:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported in the fund assets. This is the amount of capital assets, net of accumulated depreciation, in the current period

Cost of capital assets at December 31, 2017	2,475,248	
Less: Accumulated Depreciation as of December 31, 2017	<u>(1,793,760)</u>	681,488

Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund liabilities. These liabilities consist of the following:

Compensated absences	(701,271)	
Net post-employment benefit obligation	(9,549,449)	
Net pension liability	<u>(14,610,531)</u>	(24,861,251)

A cost-sharing employer is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate shares of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions. These deferrals reported on the Statement of Net Position consist of :

Deferred outflow of resources-related to net pension liability and pension contributions	4,699,694	
Deferred inflow of resources-related to net pension liability	<u>(864,296)</u>	<u>3,835,398</u>

Total Net Position for year ended December 31, 2017 \$ (18,754,049)

The accompanying notes are an integral part of this financial statement.

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
<u>REVENUES</u>			
Fines and forfeitures	\$ 1,063,764	\$ -	\$ 1,063,764
Interest	2,707	156	2,863
Intergovernmental revenue:			
Federal grants	441,371	1,507,363	1,948,734
City of Baton Rouge	7,039,964	-	7,039,964
State of Louisiana - supplemental salaries	2,309,894	-	2,309,894
State of Louisiana - victim assistance	110,000	-	110,000
State of Louisiana - other support	-	2,500	2,500
Check collection fees	16,571	-	16,571
Narcotic seizure fees	195,499	-	195,499
Pre-trial program fees	1,136,858	-	1,136,858
Other fees	167,405	-	167,405
Other local support	201,200	-	201,200
Other	484,212	-	484,212
TOTAL REVENUES	<u>13,169,445</u>	<u>1,510,019</u>	<u>14,679,464</u>
<u>EXPENDITURES</u>			
General government:			
Current operating:			
Personnel service	11,249,122	1,314,671	12,563,793
Auto and equipment	286,323	26,003	312,326
Supplies and office	721,749	72,244	793,993
Professional services	497,430	21,681	519,111
Sexual trauma support services	200,000	-	200,000
Truancy center	100,000	-	100,000
Other	191,138	22,334	213,472
Capital outlay	222,006	8,374	230,380
TOTAL EXPENDITURES	<u>13,467,768</u>	<u>1,465,307</u>	<u>14,933,075</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>	<u>(298,323)</u>	<u>44,712</u>	<u>(253,611)</u>
<u>OTHER FINANCING SOURCES/(USES)</u>			
Transfers in/(out)	<u>39,273</u>	<u>(39,273)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>(259,050)</u>	<u>5,439</u>	<u>(253,611)</u>
Fund balances - beginning of year (restated)	<u>1,611,409</u>	<u>232,518</u>	<u>1,843,927</u>
Fund balances - end of year	<u>\$ 1,352,359</u>	<u>\$ 237,957</u>	<u>\$ 1,590,316</u>

The accompanying notes are an integral part of this financial statement.

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

Net Change in fund balances - Governmental Funds \$ (253,611)

Amounts reported in the statement of activities are different due to:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation and asset disposals exceed capital outlay in the current period.

Capital outlay included in expenditures	230,380	
Disposals of assets	(14,653)	
Depreciation expense for the year	<u>(234,190)</u>	(18,463)

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 governmental funds. These expenditures consist of:

Change in compensated absences	(271,470)	
Net post-employment benefits earned by participants in excess of contributions made by the employer	(760,540)	
Net effects of changes in net pension liability, deferred outflows and deferred inflows.	<u>(935,866)</u>	<u>(1,967,876)</u>

Total Changes in Net Position for year ended December 31, 2017 \$ (2,239,950)

The accompanying notes are an integral part of this financial statement.

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

DECEMBER 31, 2017

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 123,244
TOTAL ASSETS	<u>123,244</u>
<u>LIABILITIES</u>	
Due to other agencies	59,810
Narcotics seizure - pending forfeitures	30,254
Due to others - bond forfeitures & restitution	<u>33,180</u>
TOTAL LIABILITIES	<u>\$ 123,244</u>

The accompanying notes are an integral part of this financial statement.

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As provided by Article V, Section 26 of the Louisiana Constitution of 1974, the District Attorney of the Nineteenth Judicial District (District Attorney) has charge of every criminal prosecution by the State within his district, is the representative of the State before the grand jury in his district, is legal advisor to the grand jury, and performs other duties as provided by law. The Nineteenth Judicial District encompasses the Parish of East Baton Rouge, Louisiana.

A. Basis of Presentation

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*.

B. Financial Reporting Entity

For financial reporting purposes, in conformance with governmental accounting standards, the District Attorney is a part of the district court system in the State of Louisiana. However, the District Attorney operates autonomously from the State of Louisiana and independently from the district court system. Therefore, the District Attorney reports as an independent reporting entity.

As the governing authority of the Parish, for reporting purposes, the City-Parish Consolidated Government of Baton Rouge is the financial reporting entity for East Baton Rouge Parish. The financial reporting entity consists of (a) the primary government (City-Parish), (b) organizations for which the primary government is financially accountable, (c) fiscally dependent, (d) and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental accounting standards established criteria for determining which component units should be considered part of the City-Parish for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The governmental accounting standards have set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the City-Parish to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City-Parish.
2. Organizations for which the City-Parish does not appoint a voting majority but are fiscally dependent on the City-Parish and pose a financial benefit or burden to the City- Parish.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

B. **Financial Reporting Entity** (continued)

The District Attorney is an independently elected official. However, the District Attorney is fiscally dependent on the City-Parish.

Because the City-Parish provides a significant amount of financial revenues, the District Attorney was determined to be a component unit of the City-Parish, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District Attorney and do not present information on the City-Parish, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. **Fund Accounting**

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

Governmental Funds

Governmental funds account for all of the District Attorney's taxpayer funded 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:

General Fund

The General Fund was established in compliance with Louisiana Revised Statute (R.S.) 15:571.11 and accounts for the operations of the District Attorney's office.

Special Revenue Fund

The Special Revenue Fund accounts for 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 Special Revenue Fund is to account for money to be used to enforce the support obligation owed by absent parents to their families and children, to locate absent parents, to establish paternity, and to obtain family and child support.

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

C. **Fund Accounting** (continued)

Fiduciary Type Funds – Agency Funds

Fiduciary fund reporting focuses on resources held for other parties. The only funds accounted for in this category by the District Attorney are agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the full accrual basis of accounting. The following agency funds are utilized by the District Attorney:

Narcotic Seizure Fund

The District Attorney's Narcotic Seizure Fund is used to account for assets awarded by court judgments as a result of seizures and forfeitures of property in successfully prosecuted narcotics and other criminal investigations. The proceeds are held in custody by the District Attorney for distribution as provided under applicable Louisiana Statutes.

Defendant Restitution Fund

The District Attorney's Defendant Restitution Fund is used to account for funds awarded to a defendant by the court for restitution for costs associated with their defense. The funds are held in custody by the District Attorney for distribution until the funds are claimed by the respective defendant.

Bond Forfeiture Fund

The Bond Forfeiture Fund is used to account for the collection and disbursement of proceeds from the forfeiture of District, Parish, and City Court bail and surety bonds for failure by a defendant to appear in court. The distribution of the proceeds of the bond forfeitures is in accordance with Louisiana Revised Statute 15:571:11 (L) and (M).

D. **Basis of Accounting / Measurement Focus**

Government Wide Financial Statements (GWFS)

The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange or exchange-like transactions are recognized when the exchange occurs regardless of when cash is received or disbursed. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from non-exchange transactions, are recognized in accordance with the requirements of GASB Codification Section N50, Non-exchange Transactions.

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

D. **Basis of Accounting / Measurement Focus** (continued)

Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Governmental Funds are accounted for on the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become measurable and available to pay current period liabilities. 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 or 60 days. Commissions on fines and bond forfeitures are reported in the year they are collected by the tax collector. Revenues resulting from non-exchange transactions, such as grants, are recognized when all applicable eligibility requirements are met and the resources are measurable and available. Interest income on investments is recorded when earned. Substantially, all other revenues are recorded when received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, and general long-term obligations principal and interest payments are recognized only when due. Costs of accumulated unpaid vacation, sick leave, and other employee benefit amounts are reported in the period earned by employees.

Transfers between funds that are not expected to be repaid are accounted for as other financing sources.

E. **Budgets and Budgetary Accounting**

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

1. 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).

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budgets and Budgetary Accounting (continued)

5. The budgets may be revised during the year as estimates regarding revenues and expenditures change.
6. Appropriations lapse at the end of each fiscal year.

F. Compensated Absences

The District Attorney adopted a policy for vacation leave which allows a maximum of 22.5 days of vacation leave per calendar year to be earned. Employees may accumulate a maximum of 80 hours to be carried forward to a succeeding calendar year. Upon termination, employees are paid up to 80 hours of their unused vacation leave. In addition, the District Attorney adopted a policy for compensatory leave, whereby employees accrue compensatory time in lieu of overtime up to a maximum of 240 hours. Upon termination, employees are paid up to 240 hours of their unused compensatory time. Sick leave is allowed to accrue and accumulate up to a maximum of 2,080 hours. However, such sick leave benefits are payable only upon absence from work for medical reasons. Upon termination, accumulated sick leave lapses, and no payments are made for the unused accumulations. Under the leave policy adopted, accrual of unused vacation leave and compensatory leave is recognized in the financial statements. However, accrual of unused sick leave is not recognized since the amount accumulated lapses upon termination.

G. Cash and Cash Equivalents

Cash includes 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, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

H. Capital Assets

All capital assets are capitalized at historical cost, or estimated historical costs for assets where actual 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 capitalization threshold level of \$750 or more.

Capital assets are recorded in the GWFS, but are not reported in the FFS. All capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed by the District Attorney, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 5 to 7 years.

I. Operating Transfers In and Out

Advances between funds which are not expected to be repaid are accounted for as transfers. In those cases where repayment is expected, the transfers are accounted for through the various due from and due to accounts.

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

J. **Use of Estimates**

The preparation of financial statements 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 and expenses during the reporting period. Actual results could differ from those estimates.

K. **Other Post-Employment Benefits (OPEBs)**

The District Attorney accounts for its non-pension post-employment benefits in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions* (GASB 45).

L. **Fund Balance**

Accounting standards require governmental fund balances to be reported in as many as five classifications as listed below:

Nonspendable – represent permanently nonspendable balances that are not expected to be converted to cash.

Spendable

Restricted – represent balances where constraints have been established by parties outside of the District Attorney or by enabling legislation.

Committed – represent balances where constraints have been established by formal action of the District Attorney.

Assigned – represent balances where informal constraints have been established by the District Attorney or committee or delegate thereof, but are not restricted nor committed.

Unassigned – represent balances for which there are no constraints.

When expenditures are incurred for purposes for which both restricted and unrestricted amounts are available, the District Attorney reduces restricted amounts first, followed by unrestricted amounts. When expenditures are incurred for purposes for which committed, assigned, and unassigned amounts are available, the District Attorney reduces committed amounts first, followed by assigned amounts, and then unassigned amounts.

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

M. **Pension Plans**

The District Attorney is a participating employer in two defined benefit pension plans (plans) as described in Note 5. 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 each of the plans, and additions to/deductions from each plans' fiduciary net position have been determined on the same basis as they are reported by each of the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within each plan.

N. **Deferred Inflows and Outflows of Resources**

A deferred outflow of resources is a consumption of net assets by the government that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net assets by the government that is applicable to a future reporting period.

2. **CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended December 31, 2017 are as follows:

	<u>Furniture and Equipment</u>	<u>Vehicles</u>	<u>Total</u>
Cost of capital assets, December 31, 2016	\$ 1,733,024	\$ 561,480	\$ 2,294,504
Additions	95,946	134,434	230,380
Deletions	<u>-</u>	<u>(49,636)</u>	<u>(49,636)</u>
Cost of capital assets, December 31, 2017	<u>1,828,970</u>	<u>646,278</u>	<u>2,475,248</u>
Accumulated depreciation, December 31, 2016	1,322,416	272,137	1,594,553
Additions	133,379	100,811	234,190
Deletions	<u>-</u>	<u>(34,983)</u>	<u>(34,983)</u>
Accumulated depreciation, December 31, 2017	<u>1,455,795</u>	<u>337,965</u>	<u>1,793,760</u>
Capital assets, net of accumulated depreciation, at December 31, 2017	<u>\$ 373,175</u>	<u>\$ 308,313</u>	<u>\$ 681,488</u>

Depreciation expense of \$234,190 for the year ended December 31, 2017 was charged to the following governmental functions:

Public safety	\$ 228,902
Health and welfare	<u>5,288</u>
	<u>\$ 234,190</u>

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

3. ON-BEHALF PAYMENTS FOR SALARIES AND FRINGE BENEFITS

In accordance with government accounting standards, the District Attorney recognizes on-behalf payments made by the City-Parish or the State of Louisiana for operational costs of the District Attorney. These costs include salary and fringe benefits, and other operating costs made. The District Attorney recognizes these payments as revenue and corresponding expenses in the financial statements.

For the year ended December 31, 2017, the District Attorney recorded on-behalf payments from the following sources:

City-Parish of East Baton Rouge		
Pensions	\$	875,689
Insurance		954,421
Postemployment benefits		602,850
Other		100,488
Total	\$	<u>2,533,448</u>
State of Louisiana		
Salaries	\$	2,276,907
Payroll taxes		32,987
Total	\$	<u>2,309,894</u>

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include demand deposits at local financial institutions with a carrying value of \$1,655,451 at December 31, 2017. Deposits in financial institutions can be exposed to custodial credit risk. Custodial credit risk is the risk that in the event of a financial institution failure, the District Attorney's deposits may not be returned to them. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. As of December 31, 2017, the District Attorney's bank balances of these deposits totaled \$1,751,034, were fully collateralized or FDIC insured and therefore were not exposed to custodial credit risk. The District Attorney does not have a policy with respect to custodial credit risk.

5. DEFINED-BENEFIT PENSION PLANS

The District Attorney (the District Attorney) is a participating employer in two cost-sharing defined benefit pension plans. These plans are administered by two public employee retirement systems, the City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System (CPERS) and the District Attorneys' Retirement System (DARS) (hereinafter referred to cumulatively as Plans or Systems). The Metropolitan Council of the City of Baton Rouge and Parish of East Baton Rouge maintains the authority to establish and amend plan benefits for the CPERS plan. The CPERS plan is a component unit of the City-Parish. Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of DARS to the State Legislature. DARS is a component unit of the State of Louisiana. Each system is administered by a separate board of trustees.

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

5. DEFINED-BENEFIT PENSION PLANS (continued)

Each of the Systems issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. These reports may be obtained by writing, calling or downloading the reports as follows:

CPERS: 209 Saint Ferdinand St. Baton Rouge, Louisiana 70802 (225) 389-3272 www.brgov.com/dept/ers	DARS: 1645 Nicholson Drive. Baton Rouge, LA 70802-8143 (225) 267-4824 www.ladars.org
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Plan Descriptions:

City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System (CPERS)

The Retirement System is a cost sharing multiple employer defined benefit pension plan and is governed by a seven-member Board of Trustees. The Board is responsible for administering the assets of the Retirement System and for making policy decisions regarding investments. The Metropolitan Council maintains the authority to establish and amend plan benefits. Substantially all full-time non-police employees of the City-Parish and other member employers are covered by the Retirement System. The Retirement System actuarially determines the contributions required to fund the plan and collects the contributions as a percentage of payroll each payroll period. The Retirement System exists for the sole benefit of current and former employees of the member employers.

District Attorneys' Retirement System (DARS)

The District Attorneys' Retirement System, State of Louisiana is the administrator of a cost sharing multiple employer defined benefit pension plan and is governed by a Board of Trustees. The pension plan was established in 1956 and was placed under the management of the board of trustees for the purpose of providing retirement allowances and other benefits as stated under the provisions of R.S. 11, Chapter 3 for district attorneys and their assistants in each parish.

Funding Policy

CPERS plan members contributed a percentage of their annual covered salary, which is stipulated in Part IV, Subpart 2, Sec. 1:264(A) 1 (b) of the City-Parish Code of Ordinances. Participating employers are required to contribute the remaining amounts necessary to finance the coverage of their employees through periodic contributions at rates annually determined by the CPERS's actuary. The Metropolitan Council of the City of Baton Rouge and Parish of East Baton Rouge has authority over to determine employee contributions to CPERS.

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions to DARS. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee (PRSAC).

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

5. **DEFINED-BENEFIT PENSION PLANS** (continued)

Contributions to the Plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended December 31, 2017, for the District Attorney and covered employees were as follows:

	<u>District Attorney</u>	<u>Employees</u>
DARS	0.000% Blended	8.00%
CPERS	32.820% Blended	9.50%

The contributions made to the Systems for the past three fiscal years, which equaled the required contributions for each of these years, were as follows:

	<u>December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
DARS	\$ -	\$ 43,328	\$ 132,135
CPERS	1,052,130	884,258	820,232

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

The following schedule lists the District Attorney's proportionate share of the Net Pension Liability allocated by each of the pension plans as of the respective measurement dates for each plan. The District Attorney uses this measurement to record its Net Pension Liability and associated amounts as of December 31, 2017, in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used as of the respective measurement dates along with the change compared to the immediately prior measurement date. The District Attorney's proportion of the Net Pension Liability was based on a projection of the District Attorney's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	<u>Measurement Date</u>	<u>Net Pension Liability at Measurement Date</u>	<u>Rate at Measurement Date</u>	<u>Increase (Decrease) to Prior Year Rate</u>
DARS	June 30, 2017	\$ 1,201,381	4.454151%	0.415141%
CPERS	December 31, 2016	13,409,150	2.256481%	0.092141%
		<u>\$ 14,610,531</u>		

The following schedule list each pension plan's recognized pension expense for the year ended December 31, 2017:

	<u>Pension Expense</u>
DARS	\$ 464,291
CPERS	1,913,410
	<u>\$ 2,377,701</u>

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

5. **DEFINED-BENEFIT PENSION PLANS** (continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 334,751	\$ (315,842)
Changes of assumptions	1,074,227	(141,780)
Net difference between projected and actual earnings on pension plan investments	1,780,504	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	458,082	(406,674)
Employer contributions subsequent to the measurement date	1,052,130	-
Total	<u>\$ 4,699,694</u>	<u>\$ (864,296)</u>

Summary totals of deferred outflows of resources and deferred inflows of resources by pension plan:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
DARS	\$ 1,137,990	\$ (482,330)
CPERS	3,561,704	(381,966)
	<u>\$ 4,699,694</u>	<u>\$ (864,296)</u>

The District Attorney reported a total of \$1,052,130 as deferred outflow of resources related to pension contributions made subsequent to the measurement which will be recognized as a reduction in Net Pension Liability in the year ended December 31, 2017. The following schedule list the pension contributions made subsequent to the measurement period for each pension plan:

	<u>Subsequent Contributions</u>
DARS	\$ -
CPERS	1,052,130
	<u>\$ 1,052,130</u>

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

5. **DEFINED-BENEFIT PENSION PLANS** (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Deferral Period	DARS	CPERS	Total
2018	\$ 61,486	\$ 810,133	\$ 871,619
2019	298,801	796,866	1,095,667
2020	148,634	549,408	698,042
2021	28,608	(28,799)	(191)
2022	50,848	-	50,848
2023	67,283	-	67,283
	<u>\$ 655,660</u>	<u>\$ 2,127,608</u>	<u>\$ 2,783,268</u>

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of the measurement period for each plan are as follows:

	CPERS	DARS
Valuation Date	December 31, 2016	June 30, 2017
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Expected Remaining		
Service Lives	4 years	7 years
Investment Rate of Return	7.25% net of investment expenses	6.75% net of investment expenses
Inflation Rate	2.75% per annum	2.50%
Mortality	RP-2000 Healthy Combined Blue Collar Projected with Scale BB to 2019. RP-2000 Disabled Mortality Projected with Scale BB to 2019.	RP-2000 Combined Healthy with White Collar Adjustment Sex District Tables (setback 1 year for females) for employees, annuitants, and beneficiaries. RP-2000 Disabled Lives Mortality Table (setback 5 years for males and 3 years for females) for disabled annuitants.
Salary Increases	<i>Age Increase</i>	5.50%
	30 2.50%	
	35 1.50%	
	40 1.25%	
	45 0.75%	
	50 0.50%	
	55 0.00%	
Cost of Living Adjustments	None	Only those previously granted.

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

5. DEFINED-BENEFIT PENSION PLANS (continued)

The following schedule list the methods used by each of the retirement systems in determining the long term rate of return on pension plan investments:

<u>CPERS</u>	<u>DARS</u>
The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are included in the following table:	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 9.06% for the year ended June 30, 2017.

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the Retirement Systems target asset allocations as of the measurement period date for each respective plan:

<u>Asset Class</u>	<u>Long-Term Target Asset Allocation</u>		<u>Expected Portfolio Real Rate of Return</u>	
	<u>CPERS</u>	<u>DARS</u>	<u>CPERS</u>	<u>DARS</u>
Equities	50.0%	61.72%	6.68%	11.31%
Fixed income	30.0%	28.95%	2.40%	6.84%
Alternatives	15.0%	8.85%	6.63%	10.50%
Real assets	5.0%	0.48%	4.80%	0.50%
Total	<u>100.0%</u>	<u>100.0%</u>	<u>5.13%</u>	<u>6.56%</u>
Inflation				<u>2.50%</u>
Expected Arithmetic Nominal Return				<u>9.06%</u>

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for CPERS and DARS was 7.25% and 6.75%, for each Plan's measurement period year ended December 31, 2016, and June 30, 2017, respectively.

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

5. DEFINED-BENEFIT PENSION PLANS (continued)

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

The following table presents the District Attorney's proportionate share of the Net Pension Liability (NPL) using the discount rate of each Retirement System as well as what the District Attorney's proportionate share of the NPL 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 used by each of the Retirement Systems:

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
DARS			
Rates	5.75%	6.75%	7.75%
District Attorney's Share of NPL	\$ 3,433,097	\$ 1,201,381	\$ (695,041)
CPERS			
Rates	6.25%	7.25%	8.25%
District Attorney's Share of NPL	\$ 16,847,234	\$ 13,409,150	\$ 10,523,535

Special Funding Situation

A special funding situation is defined as circumstances in which a non-employer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either (1) the amount of contributions for which the non-employer entity legally is responsible is not dependent upon one or more events unrelated to pensions or (2) the non-employer is the only entity with a legal obligation to make contributions directly to a pension plan.

Louisiana Revised Statute 16:10 – 11 stipulates that certain salary amounts for District Attorneys (DAs) and Assistant District Attorneys (ADAs) are payable by the State of Louisiana (State). Further, the total employer contributions allocable to that portion of the respective DAs and ADAs salaries are paid directly to DARS by the State. The State's proportionate share of the collective net pension liability of DARS associated with the District Attorney of the Nineteenth Judicial District Attorney is approximately \$986,000. This allocated share of the State's net pension liability is not recognized in the District Attorney's net pension liability.

6. FEDERAL FINANCIAL ASSISTANCE PROGRAM

The District Attorney participates in the United States Department of Health and Human Services Support Enforcement, Title IV-D Program, Catalog of Federal Domestic Assistance No. 93.563. This program is funded by indirect assistance payments, in the form of both incentive payments and reimbursements of a portion of certain expenditures, received from the Louisiana Department of Social Services. For the year ended December 31, 2017, the District Attorney expended \$1,507,363 in reimbursable payments.

The reimbursable payments are restricted by a formal agreement between the District Attorney and Department of Social Services and include a budget of expected expenditures for each fiscal year ending June 30. The District Attorney submits reimbursement requests to the Department of Social Services on a monthly basis.

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

6. FEDERAL FINANCIAL ASSISTANCE PROGRAM (continued)

Other programs are funded by the U. S. Department of Justice totaling \$441,371, which are passed through the Louisiana Commission of Law Enforcement. These programs are funded by reimbursements with certain matching requirements ranging from 0% to 25% to be funded by the District Attorney.

The District Attorney's federal assistance is contingent on the District Attorney maintaining compliance with applicable compliance requirements of the respective grants. Failure to maintain compliance or to correct noncompliance within a specified time period could also result in disallowed costs and could in turn result in amounts owed to the grantor agency.

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

All classified and unclassified employees of the City-Parish primary government, and certain employees of the District Attorney and other component units of the City-Parish may at their option participate in the employees' group life, health, and dental insurance programs sponsored by the government and administered by the City-Parish Human Resources Department along with outside third-party insurance providers or administrative agents. The District Attorney is a component unit of the City-Parish and its employees participate in its health benefits program. Both employee/retiree premiums and the employer contribution toward the premiums are set each year in the Metropolitan Council approved budget.

Plan description of the City-Parish:

The City-Parish OPEB Plan is a single-employer defined benefit "substantive plan" as understood by past practices of the employer and its employees. Although no written plan or trust currently exists or is sanctioned by law, the OPEB plan is reported based on communications to plan members. The OPEB plan does not issue a stand-alone financial report.

Retirees may continue personal health and dental insurance coverage in accordance with Parish Resolution 10179 adopted by the Parish Council on December 13, 1972 and amended by Metropolitan Council Resolution 42912 adopted November 12, 2003. Based on current practices, upon retirement, a totally vested employee may continue his coverage paying the same premiums and receiving the same benefits as active employees.

The City Parish pays the following percentages of the employer portion of scheduled premiums on employees hired after January 1, 2004:

<u>Years of Service</u>	<u>Vested Percentage</u>
Fewer than 10	25%
10-15 years	50%
15-20 year	75%
Over 20 years	100%

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Current Funding policy:

The contribution requirements of the employees/retirees and the participating City-Parish employers are established in the annual operating budget and may be amended in subsequent years. During 2017, the dental plan was funded with employees and retirees contributing 48% of the dental premium and the City-Parish contributing 52% of the dental premium. One hundred percent of required premiums on the \$5,000 retiree life insurance policy are funded by the employer. The health plan is a self-insured program with a third party administrator. During 2017, employees and retirees contributed 11%-40% of the annually adopted premium base, dependent on the type of coverage chosen and the number of family members covered. The government contributed the corresponding 60%-89% of the premium base. Effective January 1, 2003, the employer portion of pay-as-you-go OPEB insurance premiums are allocated over all employers and funds that participate in the OPEB Plan.

The employer contribution to the OPEB plan for 2017 totaled \$21,837,746; or approximately 13% of gross payroll as approved by the Metropolitan Council in the 2017 operating budget. There is no retiree contribution to the OPEB plan other than the retiree share of health insurance premiums paid monthly which totaled \$7,534,007 for 2017. Approximately 3,500 active employees and 2,800 retirees along with applicable dependents were covered by the plan in 2017.

Annual OPEB Cost and Net OPEB Obligation:

The City-Parish's annual OPEB cost (expense) was calculated based on the *annual required contribution* of the employer (ARC), an amount actuarially determined in accordance with the parameters of Section P50 of the GASB *Codification of Government Accounting and Financial Reporting Standards*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over the actuarial amortization period. The ARC was calculated as part of the January 1, 2017, biannual actuarial valuation performed by an outside actuary consultant. These components of OPEB were allocated to the District Attorney based on its proportionate share of total contributions made in the previous year.

The following table shows the components of the District Attorney's allocated share of the City-Parish's annual OPEB cost for the year ended December 31, 2017, and the amount actually contributed to the plan during the year and the resulting net OPEB obligation:

Annual required contribution (ARC)	\$ 1,278,558
Interest on net OPEB obligation	448,574
Adjustment to ARC	<u>(445,669)</u>
Annual OPEB cost (expense)	1,281,463
Less: Contributions made	<u>(520,923)</u>
Increase in net OPEB obligation	760,540
Net OPEB obligation-beginning of year	<u>8,788,909</u>
Net OPEB obligation-end of year	<u>\$ 9,549,449</u>

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Trend Information for OPEB Plan:

Fiscal Year <u>End</u>	Annual <u>OPEB Cost</u>	Percentage of Annual OPEB <u>Cost Contributed</u>	Net OPEB <u>Obligation</u>
12/31/17	1,281,463	40.65%	9,549,449
12/31/16	1,417,814	33.24%	8,788,909
12/31/15	1,413,750	33.14%	7,842,419

Funding status and funding progress:

As of January 1, 2017, the most recent actuarial valuation date, the plan was zero percent funded. The District Attorney's allocated portion of the actuarial accrued liability for benefits was approximately \$19.8 million with no valued assets, resulting in an unfunded actuarial accrued liability (UAAL) of the same amount. The ratio of UAAL to the covered payroll amount of approximately \$5.8 million was approximately 343%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision and actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members at that date. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The projected unit credit actuarial cost method was used for the January 1, 2017, actuarial valuation. Because the government currently finances OPEB using a pay-as-you-go approach, the discount rate is based on the historical (and expected) investments that are expected to be used in financing the payment of benefits). The actuarial assumptions included a four percent investment rate of return, compounded annually. Life expectancies were based on the Sex Distinct 2000 Combined Healthy Mortality Table projected to 2017 using Scale AA. Turnover rates were based on the government's historical data and modified based on years of employment. Probabilities of disability, retirement rates, and withdrawal rates are based on the government's historical data using probabilities from the government's retirement systems.

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Actuarial methods and assumptions: (continued)

Both historical retiree claim costs and year 2017 retiree health insurance premiums were used as the basis for calculation of the present value of total benefits to be paid. In addition to a general inflation rate of 2.5 percent, the plan assumes a medical inflation rate of 7.0 percent beginning in 2017, decreasing to a rate of 4.0 percent in 2090. The actuarial valuation also assumes that (1) seventy-five to eighty-five percent of members are assumed to elect retiree medical coverage upon retirement; (2) female spouses are assumed to be three years younger than males; (3) fifty-five percent of employees are assumed to be married at retirement and elect spouse's coverage; (4) zero percent of employees will have dependent children at retirement; (5) one hundred percent of members will elect medicare coverage when they are first eligible; and (6) ten percent of participants hired prior to April 1, 1986, are assumed to be ineligible for medicare upon reaching age sixty-five. However, all spouses of retirees are assumed to be medicare eligible upon reaching age sixty-five.

The amortization method for the plan is a level percentage of payroll with a thirty-year open amortization. The expected long-term payroll growth rate was estimated at 3.0 percent, compounded annually. The remaining amortization period at January 1, 2017, was thirty years.

8. CONTINGENCIES

Various lawsuits are pending against the District Attorney. In the opinion of the District Attorney's management, the potential loss on lawsuits will not be material to the District Attorney's basic financial statements.

9. RISK MANAGEMENT

The District Attorney is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omission; injuries to employees; health insurance for its employees; auto liability; and natural disasters. The District Attorney has purchased commercial insurance for each type of risk to which it is exposed. Settlements have not exceeded insurance coverage in any of the three proceeding years.

10. PRIOR PERIOD RESTATEMENTS

Net Position

The beginning net position for the District Attorney's governmental activities is being adjusted due to a correction of an error. In 2015, the District Attorney initiated a policy of providing compensatory leave to employees in addition to annual leave. Employees are allowed to accrue 240 hours of compensatory leave in lieu of overtime, and upon termination of employment will be compensated for the accrued balance at the current total wage rate. The beginning net position has been restated for the recordation of the accrued compensatory leave as of December 31, 2016. The effect on the change in net position for the year ended December 31, 2016 is unknown. The effect to net position as of December 31, 2016 is as follows:

Net position, beginning of year, as previously stated	\$ (16,307,597)
Compensatory leave as of December 31, 2016	<u>(206,502)</u>
Net position, beginning of year, as restated	<u>\$ (16,514,099)</u>

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

10. **PRIOR PERIOD RESTATEMENTS** (continued)

Major Funds

The beginning fund balances for the general fund and the special revenue fund are being adjusted due to a change in accounting principle. The District Attorney operated under the policy where employees accrue annual leave up to 15 hours per month depending on the years of service. Employees may carry forward 80 hours, and upon termination of employment will be compensated for the accrued balance at the current total wage rate. Previously, the accrued vacation leave was recognized at the fund level in general fund and the special revenue fund. This change is being made to apply accounting principles consistent with the District Attorney's primary government. The primary government does not recognize accrued vacation leave at the fund level, but rather recognizes the liability associated with governmental activities at the government-wide level. The beginning fund balances were restated for the change in accounting principle pertaining to accrued vacation as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Fund balance, beginning of year, as previously stated	\$ 1,413,229	\$ 207,399
Accrued vacation as of December 31, 2016	<u>198,180</u>	<u>25,119</u>
Fund balance, beginning of year, as restated	<u>\$ 1,611,409</u>	<u>\$ 232,518</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART II

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
<u>REVENUES</u>				
Fines and forfeitures	\$ 1,255,000	\$ 1,140,000	\$ 1,063,764	\$ (76,236)
Interest	12,000	5,000	2,707	(2,293)
Intergovernmental revenue:				
City of Baton Rouge	6,632,720	6,832,720	7,039,964	207,244
State of Louisiana	2,456,754	2,330,000	2,419,894	89,894
Federal grants	200,000	675,000	441,371	(233,629)
Check collection fees	25,000	17,000	16,571	(429)
Narcotic seizure fees	200,000	200,000	195,499	(4,501)
Pre-trial intervention program fees	1,550,000	1,120,000	1,136,858	16,858
Other	944,090	704,850	852,817	147,967
Total Revenues	<u>13,275,564</u>	<u>13,024,570</u>	<u>13,169,445</u>	<u>144,875</u>
<u>EXPENDITURES</u>				
General Government:				
Current operating:				
Personnel service	11,056,540	10,916,990	11,249,122	(332,132)
Auto and equipment	341,000	333,500	286,323	47,177
Supplies and office	501,160	449,000	721,749	(272,749)
Professional services	423,000	451,000	497,430	(46,430)
Other	818,864	672,100	491,138	180,962
Capital outlay	135,000	237,000	222,006	14,994
Total Expenditures	<u>13,275,564</u>	<u>13,059,590</u>	<u>13,467,768</u>	<u>(408,178)</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>	<u>-</u>	<u>(35,020)</u>	<u>(298,323)</u>	<u>(263,303)</u>
<u>OTHER FINANCING SOURCES/(USES)</u>				
Transfers in/(out)	<u>-</u>	<u>-</u>	<u>39,273</u>	<u>39,273</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>-</u>	<u>(35,020)</u>	<u>(259,050)</u>	<u>(224,030)</u>
<u>FUND BALANCE</u>				
Beginning of year (restated)	<u>1,254,784</u>	<u>1,413,229</u>	<u>1,611,409</u>	<u>198,180</u>
End of year	<u>\$ 1,254,784</u>	<u>\$ 1,378,209</u>	<u>\$ 1,352,359</u>	<u>\$ (25,850)</u>

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

CHILD SUPPORT ENFORCEMENT FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
<u>REVENUES</u>				
Interest	\$ 500	\$ 200	\$ 156	\$ (44)
Intergovernmental revenue:				
Louisiana Department of Social Services	1,379,925	1,379,924	1,507,363	127,439
State of Louisiana - Other Support	-	-	2,500	2,500
Other	-	-	-	-
Total Revenues	<u>1,380,425</u>	<u>1,380,124</u>	<u>1,510,019</u>	<u>129,895</u>
<u>EXPENDITURES</u>				
General Government:				
Current operating:				
Personnel service	1,236,925	1,314,668	1,314,671	(3)
Auto and equipment	35,600	48,000	26,003	21,997
Supplies and office	14,400	47,400	72,244	(24,844)
Professional services	16,700	49,000	21,681	27,319
Other	10,800	7,000	22,334	(15,334)
Capital outlay	66,000	-	8,374	(8,374)
Total Expenditures	<u>1,380,425</u>	<u>1,466,068</u>	<u>1,465,307</u>	<u>761</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>	<u>-</u>	<u>(85,944)</u>	<u>44,712</u>	<u>130,656</u>
<u>OTHER FINANCING SOURCES/(USES)</u>				
Transfers in/(out)	<u>-</u>	<u>-</u>	<u>(39,273)</u>	<u>(39,273)</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>-</u>	<u>(85,944)</u>	<u>5,439</u>	<u>91,383</u>
<u>FUND BALANCE</u>				
Beginning of year (restated)	<u>201,791</u>	<u>207,399</u>	<u>232,518</u>	<u>25,119</u>
End of year	<u>\$ 201,791</u>	<u>\$ 121,455</u>	<u>\$ 237,957</u>	<u>\$ 116,502</u>

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

OTHER POST EMPLOYMENT BENEFITS PLAN
RETIREE HEALTH, DENTAL AND LIFE INSURANCE PROGRAMS
YEAR ENDED DECEMBER 31, 2017

SCHEDULE OF FUNDING PROGRESS

Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
			Projected Unit Credit Cost (b)	Unfunded AAL (UAAL) (b-a)			
12/31/2017	1/1/2017	\$ -	\$ 19,824,956	\$ 19,824,956	0.00%	5,771,955	343.47%
12/31/2016	1/1/2016	-	20,137,469	20,137,469	0.00%	5,444,993	369.83%
12/31/2015	1/1/2015	-	20,059,011	20,059,011	0.00%	5,241,519	382.69%
12/31/2014	1/1/2014	-	19,349,615	19,349,615	0.00%	5,153,274	375.48%
12/31/2013	1/1/2013	-	17,669,298	17,669,298	0.00%	4,875,454	362.41%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended	Annual OPEB Cost	Amount Contributed	Percentage of Annual OPEB Costs Contributed	Increase (Decrease) to Net OPEB Obligation	Net OPEB Obligation
12/31/2017	\$ 1,281,463	\$ 520,923	40.65%	\$ 760,540	\$ 9,549,449
12/31/2016	1,417,814	471,324	33.24%	946,490	8,788,909
12/31/2015	1,413,750	468,454	33.14%	945,296	7,842,419
12/31/2014	1,390,440	412,255	29.16%	978,185	6,897,123
12/31/2013	1,269,370	356,575	28.09%	912,795	5,918,938

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2017 (*)

<u>Pension Plan</u>	<u>Year</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered-Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System (CPERS)						
	2017	2.2565%	\$ 13,409,150	\$ 3,249,903	412.6015%	64.09%
	2016	2.1643%	12,483,496	3,101,168	402.5418%	63.95%
	2015	2.3037%	10,130,058	3,129,883	323.6561%	70.90%
District Attorneys' Retirement System (DARS)						
	2017	4.0445%	\$ 1,201,381	\$ 2,676,412	44.8877%	93.57%
	2016	4.0390%	773,096	2,521,506	30.6601%	95.09%
	2015	4.2494%	228,896	2,486,191	9.2067%	98.56%

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

(*) The amounts presented have a measurement date of the previous fiscal year end as follows:

CPERS - December 31

DARS - June 30

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

SCHEDULE OF EMPLOYER'S CONTRIBUTIONS TO RETIREMENT SYSTEMS
FOR THE YEAR ENDED JUNE 30, 2017

<u>Pension Plan:</u>	<u>Year</u>	<u>Contractually Required Contribution¹</u>	<u>Contributions in Relation to Contractually Required Contribution²</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll³</u>	<u>Contributions as a % of Covered Employee Payroll</u>
City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System (CPERS)						
	2017	\$ 1,052,130	\$ 1,052,130	\$ -	\$ 3,640,874	28.8977%
	2016	884,258	884,258	-	3,249,903	27.2088%
	2015	820,232	820,232	-	3,101,168	26.4491%
District Attorneys' Retirement System (DARS)						
	2017	\$ -	\$ -	\$ -	\$ 2,814,164	0.0000%
	2016	43,328	43,328	-	2,522,052	1.7180%
	2015	132,135	132,135	-	2,521,506	5.2403%

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

For reference only:

¹ *Employer contribution rate multiplied by employer's covered employee payroll*

² *Actual employer contributions remitted to Retirement Systems*

³ *Employer's covered employee payroll amount for each of the fiscal year ended June 30*

SUPPLEMENTAL INFORMATION

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2017

District Attorney Hillar Moore

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 179,158
Benefits-insurance	13,803
Phone allowance	1,300
Vehicle provided by government	9,750
Per diem	2,108
Reimbursements	25
	<u>206,144</u>
	<u>\$ 206,144</u>

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

PRETRIAL INTERVENTION PROGRAM
SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2017

REVENUES

Charges for services	\$ 1,136,858
Total operating revenues	<u>1,136,858</u>

EXPENDITURES

Salaries	602,075
Employee benefits	288,700
Payroll taxes	7,433
Workers' comp	(834)
Insurance	6,288
Utilities	13,716
Occupancy	43,733
Professional services	68,990
Auto	17,172
Repairs and maintenance	3,759
Supplies	7,192
Printing	2,198
Telephone	4,860
Internet	672
Dues and conferences	1,725
Travel	242
Computer	9,865
Translation	100
Capital outlay	1,199
Total operating expenditures	<u>1,079,085</u>

Net revenues (expenditures)	<u>\$ 57,773</u>
-----------------------------	------------------

Pretrial Intervention Program (PTI) Surplus	\$ 57,773
Victims assistance programs funded by the PTI surplus (*):	
Child Advocacy Center	<u>25,000</u>
Net surplus	<u>\$ 32,773</u>

(*) In accordance with Louisiana Statute 16:17, the surplus generated from administering the PTI program is used to fund the victims assistance programs.

OTHER REPORTS REQUIRED BY (*GOVERNMENT AUDITING STANDARDS*) AND BY
THE U.S. OFFICE OF MANAGEMENT AND BY UNIFORM GUIDANCE



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

The Honorable Hillar Moore
District Attorney of the Nineteenth
Judicial District
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the District Attorney of the Nineteenth Judicial District (the "District Attorney"), a component unit of the City-Parish of Baton Rouge, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District Attorney's basic financial statements, and have issued our report thereon dated June 21, 2018.

Internal Control Over Financial Reporting

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

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

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



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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District Attorney's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District Attorney'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 District Attorney's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite & Netterville

Baton Rouge, Louisiana
June 21, 2018

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

The Honorable Hillar Moore
District Attorney of the Nineteenth
Judicial District
Baton Rouge, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the District Attorney of the Nineteenth Judicial District's (the "District Attorney"), a component unit of the City-Parish of Baton Rouge, 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, 2017. The District Attorney's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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



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Opinion on Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Postlethwaite & Netterville

Baton Rouge, Louisiana
June 21, 2018

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND RELATED NOTES
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>Federal Grantor Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity's Identifying Number</u>	<u>Federal Expenditures</u>
U. S. Department of Health and Human Services Passed Through the <u>Louisiana Department of Social Services</u>			
Child Support Enforcement Title IV-D	93.563	DSS #723533	\$ <u>1,507,363</u>
U.S. Department of Justice Passed Through <u>Louisiana Commission of Law Enforcement</u>			
Crime Victim Assistance	16.575	2797	29,954
Crime Victim Assistance	16.575	2799	105,569
Crime Victim Assistance	16.575	2811	60,906
Crime Victim Assistance	16.575	3298	4,196
Crime Victim Assistance	16.575	3695	90,474
Crime Victim Assistance	16.575	3767	81,792
Crime Victim Assistance	16.575	3789	20,280
Violence Against Women Formula Grant Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.588 16.738	3650 3457	 <u>25,587</u> <u>441,371</u>
Total Federal Expenditures			\$ <u>1,948,734</u>

Note A – Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of District Attorney of the Nineteenth Judicial District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Title 2, U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards*.

Note B – Reconciliation to Financial Statements

Since revenues are recognized to the extent expenditures are incurred, expenditures are readily identifiable with revenue reported. The revenues for the Title IV-D program are reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances as \$1,507,363 in the Special Revenue Fund and the remaining law enforcement grant revenues totaling \$441,371 are reflected in the General Fund.

Note C – De-Minimis Indirect Cost Rate

The District Attorney applies for a calculated indirect cost rate and has elected not to use the 10% de-minimis indirect cost rate.

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017

A. Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal Control over Financial Reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are
not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are
not considered to be material weaknesses? _____ yes X none reported

Type of auditor's report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR Section 200.516(a)? _____ yes X no

Identification of major programs:

CFDA Numbers
93.563

Name of Federal Program or Cluster
Title IV-D

The threshold for distinguishing types A & B programs was program expenditures exceeding \$750,000.

The District Attorney was determined to be a low-risk auditee.

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017

B. Findings – Financial Statement Audit

None

C. Findings and Questioned Costs – Major Federal Award Programs

None.

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Findings – Financial Statement Audit

None.

Findings and Questioned Costs – Major Federal Award Programs

None.



Postlethwaite & Netterville

8550 United Plaza Blvd., Ste. 1001 - Baton Rouge, LA 70809
225-922-4600 Phone - 225-922-4611 Fax - 225-922-4612

A Professional Accounting Corporation

June 21, 2018

The Honorable Hillar Moore
District Attorney of the Nineteenth
Judicial District
Baton Rouge, LA

In planning and performing our audit of the financial statements of the District Attorney of the Nineteenth Judicial District (District Attorney), for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the District Attorney's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District Attorney's internal control.

However, during the course of our audit, we became aware of opportunities for strengthening internal controls, improving operating efficiency and addressing compliance requirements. Our comments and suggestions regarding those matters are set forth below. We previously reported on the District Attorney's internal control in our report dated June 21, 2018. This letter does not affect our report on the financial statements of the District Attorney, dated June 21, 2018.

MLC 2017 – 001 Deteriorating Fund Balance

Observation:

We observed that the District Attorney has sustained deficient revenues over the past decade. Deficient revenues reported in the general fund during each of the years ending December 31, 2017, and 2016 were (\$259,050) and (\$117,123), respectively. The fund balance of the general fund as of December 31, 2007 was \$3,587,376. Fund balance as of December 31, 2017 was \$1,352,359. This represents an average annual decrease in fund balance of approximately \$223,500. It is generally recognized that an adequate level of fund balance is one that is maintained at approximately 7% to 15% of annual recurring expenditures. If these deficiencies continue at the average rate noted above, the fund balance of the general fund will be below 7% in less than 2 years.

Recommendation:

We recommend that the District Attorney consider the impact of the deteriorating fund balance of the general fund and strive to maintain the fund balance at the aforementioned range of 7% to 15% of annual expenditures.



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MLC 2017 – 001 Deteriorating Fund Balance (continued)

Management Response:

Since taking office in 2009, the District Attorney has maintained communications with the Mayor-President and the City-Parish Metropolitan Council about the growing net position deficit and deteriorating general fund, fund balance of his office. All parties understand that the City-Parish is responsible under State law for funding the reasonable and necessary expenses of the District Attorney’s office. In addition, all parties are well aware that the District Attorney has had to use his general fund balance to satisfy existing shortfalls between City-Parish financial contributions and the actual salary and benefit costs of the District Attorney employees. The City-Parish reimburses the District Attorney for salary and benefit costs paid by the general fund. However, when these reimbursements exceed the City Parish’s budgeted support for the District Attorney, the difference is repaid to the City-Parish. Table 1 below reflects a history of the amounts repaid to the City-Parish.

Table 1. Annual “shortfall” of support that was paid back to the City-Parish by year:

2008	\$893,961	2013	\$2,161,920
2009	\$1,249,092	2014	\$2,265,000
2010	\$1,791,763	2015	\$1,479,646
2011	\$1,863,000	2016	\$1,811,463
2012	\$2,014,384	2017	\$2,127,430

Annually, the District Attorney’s financial operations are reviewed as part of the City-Parish budget planning process. Since 2015, the District Attorney has provided the City-Parish with notice that the District Attorney’s general fund, fund balance is in danger of falling below \$1 million. As the District Attorney’s payroll, every two weeks, is approximately \$500,000, the general fund, fund balance falling below \$1 million would present immediate liquidity issues for the Office. The City-Parish has assured the District Attorney that they are monitoring the Office’s declining general fund balance and are committed to providing this Office with sufficient funding to ensure continued operation.



Postlethwaite & Netterville

MLC 2017 – 002 Federal Programs Internal Control and Procurement Policies

Observation:

The Federal Office of Management and Budget adopted the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards codified in Title 2 U.S. Code of Federal Regulations Part 200, commonly referred to as Uniform Guidance. The Uniform Guidance requires new requirements for expending federal funds for grants received after December 26, 2014. One set of new requirements is the Procurement Standards contained in Subpart D of the Uniform Guidance. These procurement rules differ from what is required in Louisiana State Law for purchasing. The implementation date for these new procurement standards was deferred so that entities can take the steps necessary to implement the needed procedures to comply with the requirements, and is effective January 1, 2018 for the District Attorney. As such, **written** policies and procedures should be in place to ensure purchases made with federal funds comply with these new requirements. In addition, the Uniform Guidance requires entities receiving federal awards to establish and maintain a system of internal controls over compliance with the federal awards.

Recommendation:

Written policies and procedures should be prepared and implemented to make sure the new federal procurement standards are being followed when purchases are made with federal grants. Additionally, a system of internal control over compliance with federal award requirements should be identified and established as required by Uniform Guidance.

Management Response:

Management is currently reviewing purchasing policies to determine what changes need to be made to be in compliance, and it expects these documents and procedures to be in full compliance during 2018.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with management. We will be pleased to discuss them in further detail at your convenience, to perform an additional study of these matters, or to assist you in implementing the recommendations.

This report is intended solely for the information and use of the District Attorney and the Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:313, this report is distributed by the Legislative Auditor as a public document.

Sincerely,

Postlethwaite & Netterville

**DISTRICT ATTORNEY OF THE NINETEENTH
JUDICIAL DISTRICT**

**LOUISIANA LEGISLATIVE AUDITOR – STATEWIDE
AGREED-UPON PROCEDURES REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2017



Postlethwaite & Netterville

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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the District Attorney of the
Nineteenth Judicial District
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated in Schedule A, which were agreed to by the District Attorney of the Nineteenth Judicial District (District Attorney) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The District Attorney's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures we performed and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

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

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

Postlethwaite & Netterville
Baton Rouge, Louisiana
June 21, 2018

**DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2017**

Schedule A

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read “*no exception noted*”. If not, then a description of the exception ensues.

Written Policies and Procedures

1. Obtain the entity’s written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

No exceptions noted.

b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

No exceptions noted.

c) ***Disbursements***, including processing, reviewing, and approving

No exceptions noted.

d) ***Receipts***, including receiving, recording, and preparing deposits

There is no policy referencing the receipts process for receiving, recording, preparing deposits, process to identify the completeness of collections, and frequency of deposits.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

**DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2017**

Schedule A

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

No exceptions noted.

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

No exceptions noted.

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

Not applicable. The District Attorney does not have long-term debt or debt service requirements.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The District Attorney's office is managed by a single elected official. Therefore, this procedure does not apply.

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

The District Attorney's office is managed by a single elected official. Therefore, this procedure does not apply.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

The District Attorney's office is managed by a single elected official. Therefore, this procedure does not apply.

**DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2017**

Schedule A

Bank Reconciliations

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

A listing of bank accounts was provided and included a total of ten bank accounts. A signed representation by management was obtained on the completeness of the listing provided.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

From the listing provided, P&N selected five accounts and obtained the bank reconciliations for each of the twelve months ending December 31, 2017, resulting in sixty bank reconciliations obtained and subjected to the below procedures.

- a) Bank reconciliations have been prepared;

No exceptions noted.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

Of the sixty bank reconciliations tested, forty-eight did not have evidence of management review. The Chief of Administration reviews monthly general ledger activity packets evidenced by his initials. The bank reconciliations are not initialed.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Of the five December bank reconciliations tested, three had reconciling items greater than six months old that did not have documentation that the items had been researched.

Collections

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

A listing of cash collection locations was provided and included a total of two cash collection locations. A signed representation by management was obtained on the completeness of the listing provided.

**DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT
 AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
 DECEMBER 31, 2017**

Schedule A

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

From the listing provided, P&N selected two locations and performed the procedures noted below.

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, (3) recording the related transaction, or (4) reconciling the related bank account (report if there are compensating controls performed by an outside party), and (5) not required to share the same cash register or drawer with another employee.

For the collection locations selected, P&N noted the individuals responsible for collecting cash and compliance with the criteria listed in procedure 6a) are as follows:

Collection Location	Person Responsible	Criteria Met				
		6a)(1)	6a)(2)	6a)(3)	6a)(4)	6a)(5)
City Hall – General Fund collections for: <ul style="list-style-type: none"> • Grants • fines and forfeitures • seizures • Victim Assistance • Check collection and restitution • Drop charge proceeds • Bond cancelation fees • Surety payments • Distinguishment fees • Expungement fees • Cost of prosecution 	Secretary-Asset Forfeiture	No	Yes	Yes	Yes	N/A
	ADA – Asset Forfeiture	No	Yes	Yes	Yes	N/A
	Grant Manager	No	Yes	Yes	Yes	N/A
	Secretary - Records	No	Yes	Yes	Yes	N/A
	Record Supervisor	Yes	Yes	Yes	Yes	N/A
	Receptionist on Duty	No	Yes	Yes	Yes	N/A
	Secretary - Bonds	No	Yes	Yes	Yes	N/A
	ADA - Bonds	No	Yes	Yes	Yes	N/A
	Secretary - Expungement	No	Yes	Yes	Yes	N/A
	Applicable ADA – Cost of Prosecution	No	Yes	Yes	Yes	N/A
Public Safety Building - PTI	PTI Coordinator	No	No	Yes	Yes	N/A
	PTI Coordinator	No	Yes	Yes	Yes	N/A

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

No exceptions noted.

**DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2017**

Schedule A

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

Of the seventeen transactions from the Public Safety Building – PTI, two were deposited in the bank more than one day after being collected. The delays ranged from three to sixteen days.

For the collection locations at City Hall, we were not able to determine the actual date of the collections. Management records the collections when they are deposited.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation of receipt number sequences, etc.) by a person who is not responsible for collections.

According to written documentation, the District Attorney does not have a process to determine completeness of all collections by a person who is not responsible for collections.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

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

The listing of general ledger activity for all disbursements during the fiscal period was provided. A signed representation by management was obtained on the completeness of the listing provided.

9. Using the disbursement population from #8 above, randomly select twenty-five disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than twenty-five transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

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- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Of the twenty-five disbursements tested, one did not have a Purchase Order or equivalent documentation.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Of the twenty-five disbursements tested, one was not approval by a person who did not initiate the purchase.

- c) Payments for purchases were not processed without an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Of the twenty-five disbursements tested, six did not have a signature of approval on the invoice. Those six disbursements were for recurring monthly charges. One disbursement did not have a receiving report evidencing the receipt of the goods purchased.

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

The Finance Director and the Chief of Administration are responsible for processing payments and, both have access to set up vendors in the accounting system. The financial policy stipulates that only the Finance Director sets up vendors in the accounting system.

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

Of the four people with signature authority (District Attorney, the First Assistant DA, a certain Assistant DA, and Chief of Administration) one can also initiate purchases (Chief of Administration). It should be noted that dual signatures are required for all checks disbursed.

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

No exceptions noted.

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

No exceptions noted.

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

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

A listing of cards was provided and included a total of thirty-two cards. A signed representation by management was obtained on the completeness of the listing provided.

15. Using the listing prepared by management, randomly select ten cards (or at least one-third of the cards if the entity has less than ten cards) that were used during the fiscal period, rotating cards each year. Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and perform the procedures below.

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

The statements for nine of the ten cards selected for testing were not initialed evidencing review. These nine cards were Fueltrac cards. P&N was informed that the Fleet Manager reviews the statements, which include odometer readings for each vehicle, but did not initial them evidencing his review.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

No exceptions noted.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the ten cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

Of the ten cards selected for testing, nine were Fueltrac cards used for fuel purchases. In accordance with the District Attorney's policy, fuel purchases do not require approval or receipt of individual purchases. However, the monthly statements include odometer readings that were entered by the card holder at the time of the purchase.

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- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

No exceptions noted.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

No exceptions noted.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

No exceptions noted.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

Travel and Expense Reimbursement

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

A listing of general ledger activity for all travel and related expense reimbursements, by person, during the fiscal period was provided. A signed representation by management was obtained on the completeness of the listing provided.

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

No exceptions noted.

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

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

No exceptions noted.

- b) Report whether each expense is supported by:
- An original itemized receipt that identifies precisely what was purchased.
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

A listing of all contracts in effect during the fiscal period was provided. A signed representation by management was obtained on the completeness of the listing provided.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

No exceptions were noted.

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- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code (bid law) and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

No contracts selected were subject to bid law.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

No exceptions noted.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

None of the five contracts selected for testing were amended. No exceptions noted.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

No exceptions noted.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrson Act or Home Rule Charter).

No exceptions noted.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

A listing of employees was provided and included a total of 167 employees. A signed representation by management was obtained on the completeness of the listing provided.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

No exceptions noted.

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- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

No exceptions noted.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select twenty-five employees/officials (or randomly select one-third of employees/officials if the entity had less than twenty-five employees during the fiscal period), and:

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

Of the twenty-five employees tested, one did not have documentation supporting daily attendance and leave. P&N noted that this was a part-time employee.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

Of the twenty-five employees tested, one did not have supervisor approval for daily attendance or leave. P&N noted that this was a part-time employee.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Of the twenty-five employees tested, one did not have documentation supporting daily attendance and leave. P&N noted that this was a part-time employee.

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

No exceptions noted.

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

No exceptions noted.

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Ethics (excluding nonprofits)

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

No exceptions noted.

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

No ethics violations reported. No exceptions noted.

Debt Service

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Not applicable.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Not applicable.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Not applicable.

Other

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

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Not applicable. There were no misappropriations noted.

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

No exceptions noted.

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

No exceptions noted.

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Schedule B

The District Attorney of the Nineteenth Judicial District (District Attorney) provided a response and corrective action plan for the exceptions noted in Schedule A and are set forth below.

Written Policies and Procedures

The District Attorney plans to develop/write new or amended policies and procedures where applicable to address the finding noted in this section by September 30, 2018.

Bank Reconciliations

The District Attorney will reemphasize existing controls and procedures and implement new documentation standards to address the findings noted in this section by September 30, 2018.

Collections

The District Attorney will develop/write new or amended policies and procedures as well as shift responsibilities where applicable to address the findings noted in this section by September 30, 2018.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

The District Attorney will develop/write new or amended policies and procedures where applicable to address the findings noted in this section by September 30, 2018.

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

The District Attorney will develop/write policies and procedures where applicable to address the findings noted in this section by September 30, 2018.

Payroll and Personnel

The District Attorney will develop/write new or amended policies and procedures as well as reemphasize existing policies and procedures where applicable to address the findings noted in this section by September 30, 2018.