

**DISTRICT ATTORNEY OF THE
SIXTEENTH JUDICIAL DISTRICT**
Parishes of Iberia, St. Martin and St. Mary, Louisiana

Financial Report

Year Ended December 31, 2017

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INDEPENDENT AUDITORS' REPORT

Honorable M. Bofill Duhé
District Attorney of the
Sixteenth Judicial District
Parishes of Iberia, St. Martin
and St. Mary, Louisiana
New Iberia, Louisiana 70560

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 Sixteenth Judicial District, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District Attorney of the Sixteenth Judicial District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 auditors' 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, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of funding progress, schedule of employer's share of net pension liability, schedule of employer's contributions, and notes to the required supplementary information on pages 52 through 59 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District Attorney of the Sixteenth Judicial District's basic financial statements. The budgetary comparison for the Probation Fund (nonmajor fund) is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The budgetary comparison for the Probation Fund (nonmajor fund) has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2018, on our consideration of the District Attorney of the Sixteenth Judicial District'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 of the Sixteenth Judicial District's internal control over financial reporting and compliance.

Champagne & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
June 18, 2018

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
Parishes of Iberia, St. Martin, and St. Mary, Louisiana

Statement of Net Position
December 31, 2017

ASSETS	
Current assets:	
Cash and interest-bearing deposits	\$ 2,746,741
Due from other governmental units	772,736
Prepaid items	<u>91,726</u>
Total current assets	<u>3,611,203</u>
Noncurrent assets:	
Capital assets, net	<u>168,511</u>
Total assets	<u>3,779,714</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>1,470,606</u>
LIABILITIES	
Current liabilities:	
Accounts payable	40,386
Due to other governments	193,603
Other liabilities	<u>171,367</u>
Total current liabilities	<u>405,356</u>
Noncurrent liabilities:	
OPEB Obligation	5,344,256
Net pension liability	<u>1,215,228</u>
Total noncurrent liabilities	<u>6,559,484</u>
Total liabilities	<u>6,964,840</u>
DEFERRED INFLOWS OF RESOURCES	<u>322,100</u>
NET POSITION	
Investment in capital assets	168,511
Unrestricted (deficit)	<u>(2,205,131)</u>
Total net position	<u>\$ (2,036,620)</u>

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

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
Parishes of Iberia, St. Martin and St. Mary, Louisiana

Statement of Activities
For the Year Ended December 31, 2017

Activities	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
General government	\$ 10,476,792	\$ 6,301,115	\$ 1,651,487	\$ (2,524,190)
	General revenues:			
	Interest income			25,366
	On-behalf payments			1,175,545
	Miscellaneous			193,188
	Total general revenues			<u>1,394,099</u>
	Change in net position			(1,130,091)
	Net position - January 1, 2017			<u>(906,529)</u>
	Net position - December 31, 2017			<u>\$ (2,036,620)</u>

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

FUND FINANCIAL STATEMENTS (FFS)

FUND DESCRIPTIONS - GOVERNMENTAL FUNDS

MAJOR FUNDS

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Title IV-D Fund - This special revenue fund account consists of reimbursement grants from the Louisiana Department of Social Services, authorized by Act 117 of 1975, to establish family and child support programs compatible with Title IV-D of the Social Security Act. The purpose of the fund is to establish the support obligations owed by absent parents to their families and children, to locate absent parents, to establish paternity, and to obtain family and child support.

Family Service Division Fund – This fund consists of federal and state grant funds received from the Louisiana Office of Juvenile Justice, the Louisiana Commission on Law Enforcement, and the U.S. Department of Justice. Local funding sources from the three parish school boards, parish government, and court costs also generate revenue. This fund was developed to accomplish two tasks: target troubled children at an early age through early intervention and reduce truancy through TASC. Case managers are assigned to designated high risk schools to assist children and their families in resolving problems that could lead to later delinquent behavior.

Criminal Court Clearing Fund – This fund was established by the Louisiana Revised Statute 15:571 and is funded by court costs revenue, fines and forfeitures imposed by the district court in criminal cases. Other sources of revenue include commissions on drug seizure cases. The only expenditures currently chosen to be paid out of this fund are salaries and related benefits of the District Attorney and district judges and transcription costs.

Nonmajor Special Revenue Fund

Probation Fund – The District Attorney's office assumed the responsibility of probation supervision services for all cases of two years or less, which were rendered by the Department of Public Safety and Corrections. The Probation Fund provides the Sixteenth Judicial District with probation officers to oversee defendants that the courts have placed on supervised probation. The revenues derived by this fund consist largely of probation fees. As a condition of supervised probation, the courts will order a monthly fee of up to sixty dollars to be paid to this fund by the defendants. These fees are used to fund the administrative costs of this system.

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
Parishes of Iberia, St. Martin, and St. Mary, Louisiana

Balance Sheet
Governmental Funds
December 31, 2017

	General Fund	Title IV-D Fund	Family Service Division Fund
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 1,958,065	\$ 208,226	\$ 448,647
Due from other funds	366,189	-	-
Due from other governmental units	160,478	59,802	54,976
Prepaid items	58,377	13,419	9,469
Total assets	\$ 2,543,109	\$ 281,447	\$ 513,092
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 38,439	\$ -	\$ 1,458
Due to other funds	2,427	-	-
Due to other governments	-	-	-
Other liabilities	48,839	21,001	19,637
Total liabilities	89,705	21,001	21,095
Fund balance:			
Nonspendable	58,377	13,419	9,469
Restricted	-	247,027	482,528
Committed	21,701	-	-
Assigned	-	-	-
Unassigned	2,373,326	-	-
Total fund balance	2,453,404	260,446	491,997
Total liabilities and fund balance	\$ 2,543,109	\$ 281,447	\$ 513,092

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

Criminal Court Clearing Fund	Nonmajor Fund Probation Fund	Totals
\$ 103,308	\$ 28,495	\$ 2,746,741
2,427	-	368,616
479,873	17,607	772,736
<u>-</u>	<u>10,461</u>	<u>91,726</u>
<u>\$ 585,608</u>	<u>\$ 56,563</u>	<u>\$ 3,979,819</u>

\$ -	\$ 489	\$ 40,386
331,350	34,839	368,616
193,603	-	193,603
<u>60,655</u>	<u>21,235</u>	<u>171,367</u>
<u>585,608</u>	<u>56,563</u>	<u>773,972</u>

-	10,461	91,726
-	-	729,555
-	-	21,701
-	-	-
<u>-</u>	<u>(10,461)</u>	<u>2,362,865</u>
<u>-</u>	<u>-</u>	<u>3,205,847</u>

<u>\$ 585,608</u>	<u>\$ 56,563</u>	<u>\$ 3,979,819</u>
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DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
Parishes of Iberia, St. Martin, and St. Mary, Louisiana

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2017

Total fund balance for governmental funds at December 31, 2017	\$ 3,205,847
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:	
Equipment, net of \$682,489 accumulated depreciation	\$ 131,124
Automobiles, net of \$229,846 accumulated depreciation	<u>37,387</u> 168,511
General long-term debt of governmental activities is not payable from current resources and, therefore, not reported in the funds. This debt is:	
Net OPEB obligation payable	(5,344,256)
Net pension liability	(1,215,228)
Deferred outflows of resources	1,470,606
Deferred inflows of resources	<u>(322,100)</u>
Total net position of governmental activities at December 31, 2017	<u>\$ (2,036,620)</u>

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

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
Parishes of Iberia, St. Martin, and St. Mary, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances-
Governmental Funds
For the Year Ended December 31, 2017

	General Fund	Title IV-D Fund	Family Service Division Fund
Revenues:			
Commissions on fines and forfeitures	\$ 1,948,423	\$ -	\$ 91,660
Drug seizure forfeitures	15,606	-	-
Bond premium fees	98,148	-	-
Collection fees	35,609	-	-
Probation fees	-	-	-
Grants	290,268	539,935	78,029
State funds	60,000	278,148	265,052
Local funds	-	-	140,055
Intergovernmental agreement	429,132	-	450,700
Interest income	19,843	1,556	3,607
On-behalf payments	1,175,545	-	-
Other	13,091	1,181	6,896
Total revenues	4,085,665	820,820	1,035,999
Expenditures:			
General government - judicial	4,225,254	828,598	1,024,616
Excess (deficiency) of revenues over expenditures	(139,589)	(7,778)	11,383
Other financing sources (uses):			
Operating transfers in	-	-	14,203
Operating transfers out	(76,454)	-	-
Total financing sources (uses)	(76,454)	-	14,203
Excess (deficiency) of revenues and other sources over expenditures and other uses	(216,043)	(7,778)	25,586
Fund balance, beginning	2,669,447	268,224	466,411
Fund balance, ending	\$ 2,453,404	\$ 260,446	\$ 491,997

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

Criminal Court Clearing Fund	Nonmajor Fund Probation Fund	Totals
\$ 1,203,735	\$ -	\$ 3,243,818
15,607	-	31,213
-	-	98,148
122,204	-	157,813
-	562,389	562,389
-	-	908,232
-	-	603,200
-	-	140,055
1,355,113	-	2,234,945
70	290	25,366
-	-	1,175,545
-	10,523	31,691
<u>2,696,729</u>	<u>573,202</u>	<u>9,212,415</u>
<u>2,699,155</u>	<u>770,115</u>	<u>9,547,738</u>
<u>(2,426)</u>	<u>(196,913)</u>	<u>(335,323)</u>
2,426	59,825	76,454
-	-	(76,454)
<u>2,426</u>	<u>59,825</u>	<u>-</u>
-	(137,088)	(335,323)
-	137,088	3,541,170
<u>-</u>	<u>137,088</u>	<u>3,541,170</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,205,847</u>

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
Parishes of Iberia, St. Martin, and St. Mary, Louisiana

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of the Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2017

Total net change in fund balances at December 31, 2017 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ (335,323)
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The change in net position reported for governmental activities in the statement of activities is different because:

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.

Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 90,679	
Depreciation expense for the year ended December 31, 2017	<u>(72,210)</u>	18,469

Governmental funds record long-term debt in the General Long-Term Debt Account Group as opposed to recording debt activity in the fund financial statements. However, in the statement of activities, the debt and related expenses are reported.

Net increase in OPEB obligation at December 31, 2017	(632,175)
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Effect of GASB 68 (revenue less expense)	(176,781)
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Because governmental funds do not record fixed assets and accumulated depreciation, any assets disposed of with no selling price does not affect the statement of revenues, expenditures, and changes in fund balances.

However, in the statement of activities, a gain or loss is shown on assets that are not fully depreciated.

	<u>(4,281)</u>
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Total changes in net position at December 31, 2017 per Statement of Activities	<u>\$ (1,130,091)</u>
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The accompanying notes are an integral part of the basic financial statements.

FUND DESCRIPTIONS - FIDUCIARY FUNDS

AGENCY FUNDS

All of these funds are reflected in the totals of the agency funds presented in the statement of fiduciary net position.

Special Asset Forfeiture Fund – This fund was established in compliance with Louisiana Revised Statute 40:2616, which provides that all monies obtained under the provisions of Revised Statute Chapter 26, “Seizure and Controlled Dangerous Substances Property Forfeiture Act of 1989,” shall be deposited in this fund.

The office of the District Attorney shall administer expenditures from this fund. The court shall ensure the equitable distribution of any forfeited property, or of monies, to the appropriate law enforcement agency so as to reflect the contribution of that agency’s participation in any of the activities that led to the seizure or forfeiture of the property or monies.

LSP Region II fund – The Louisiana State Police Region II Fund was created by court order on June 16, 1989, when a sum of forfeited money was placed into a special account to be monitored by the office of the District Attorney. The monies are disbursed at the discretion of the District Attorney and used for the payment of equipment or expenses for the Louisiana State Police, Region II and Troop I in connection with their investigation and apprehension of drug violators.

Special Fund – This fund was established by the District Attorney to serve as collection agency to account for the costs that are ordered to be paid to the Acadiana Crime Lab (ACL) and the Wildlife and Fisheries. The ACL has had a deficit over the past few years which is funded at year end by different entities using the lab (i.e. sheriff’s offices and local police departments.) The ACL monies collected through this fund will be used to cover the three parish’s sheriff’s office portion of the deficit. The fines paid to the Wildlife and Fisheries are disbursed at the discretion of the District Attorney and used for payment of equipment or expenses of the Wildlife and Fisheries.

Collections Clearing Account Fund – This fund was established by the District Attorney to serve as a clearing account for payments collected within Probation Services as ordered in court. The new processing of payments will allow defendants to make one money order or one credit card payment, payable to the District Attorney’s Office, rather than multiple money orders for various agencies. The District Attorney’s Office will then disburse the respective payments to the various agencies as required.

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
Parishes of Iberia, St. Martin, and St. Mary, Louisiana

Statement of Fiduciary Net Position - Agency Funds
December 31, 2017

Assets	
Cash and cash equivalents	\$ 791,413
Accounts Receivable	<u>624</u>
Total assets	<u>792,037</u>
Liabilities	
Assets forfeited - pending judicial disposition	734,070
Held for taxing bodies	<u>57,967</u>
Total liabilities	<u>\$ 792,037</u>

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

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
Parishes of Iberia, St. Martin and St. Mary, Louisiana

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the District Attorney of the Sixteenth Judicial District have been prepared in conformity with generally accepted accounting principles (GAAP) generally accepted in the United States of America as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

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

For financial reporting purposes, the District Attorney includes all funds, account groups, activities, et cetera, that are controlled by the District Attorney as an independently elected parish official. As an independently elected parish official, the District Attorney is solely responsible for the operations of his office, which include the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. The Parish Governments maintain and operate the parish courthouses in which the District Attorney's offices are located and provide funds for equipment and furniture of the District Attorney's office. Other than this and certain operating expenditures of the District Attorney's office that are paid or provided by the parish governments as required by Louisiana law, the District Attorney is financially independent.

Accordingly, the District Attorney is a separate governmental reporting entity. Certain units of local government, over which the District Attorney exercises no oversight responsibility, such as the parish governments, parish school boards, other independently elected parish officials, and municipalities within the parishes, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the District Attorney.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity, except the fiduciary funds. The District Attorney has no business-type activities.

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
Parishes of Iberia, St. Martin and St. Mary, Louisiana

Notes to Basic Financial Statements (continued)

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

Fund Financial Statements

The accounts of the District Attorney are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistently with legal and managerial requirements.

The various funds of the District Attorney are all classified as governmental. The emphasis on fund financial statements is on major governmental funds. A fund is considered major if it is the primary operating fund of the District Attorney, if management chooses to define a particular fund as major, or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds considered to be major are described below:

Governmental funds --

General fund

The General Fund, as provided by Louisiana Revised Statute 15:571.11, provides that twelve percent of the fines collected and bonds forfeited be transmitted to the District Attorney to defray the necessary expenses of his office. It is used to account for and report all financial resources not accounted for and reported in another fund. Other sources of revenue include commissions on drug seizure cases, which are to be used for, but not limited to, prosecution, rewards, support, and continuing legal education in furtherance of Louisiana Revised Statute 40:2616, pre-trial diversion fees, court costs, bond premium fees authorized by Louisiana Revised Statute 1065:1, and worthless check collection fees in accordance with Louisiana Revised Statute 16:15.

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
Parishes of Iberia, St. Martin and St. Mary, Louisiana

Notes to Basic Financial Statements (continued)

Special revenue funds

Special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The individual special revenue funds used by the District Attorney for the year ended December 31, 2017 are as follows:

Title IV-D Fund – This special revenue fund account consists of reimbursement grants from the Louisiana Department of Social Services, authorized by Act 117 of 1975, to establish family and child support programs compatible with Title IV-D of the Social Security Act. The purpose of the fund is to establish the support obligations owed by absent parents to their families and children, to locate absent parents, to establish paternity, and to obtain family and child support.

Family Service Division Fund – This fund consists of federal and state grant funds received from the Louisiana Department of Social Services, the Louisiana Commission on Law Enforcement, and the U.S. Department of Justice and court costs revenue as well as funds from local governmental agencies (schools and parishes), non-profit organizations and private foundations. This fund was developed to accomplish two tasks: target troubled children at an early age through early intervention and reduce truancy through TASC. Case managers are assigned to designated high risk schools to assist children and their families in resolving problems that could lead to later delinquent behavior.

Criminal Court Clearing Fund – This fund was established by the Louisiana Revised Statute 15:571 and is funded by court costs revenue, fines and forfeitures imposed by the district court in criminal cases. Other sources of revenue include commissions on drug seizure cases. The only expenditures currently chosen to be paid out of this fund are salaries and related benefits of the District Attorney and district judges and transcription costs.

The following are nonmajor funds:

Special Revenue Fund—

Probation Fund – The District Attorney’s office assumed the responsibility of probation supervision services for all cases of two years or less, under the authority of the judicial branch as set forth in the Louisiana Revised Statutes. The Probation Fund provides the Sixteenth Judicial District with probation officers to oversee defendants that the courts have placed on supervised probation. The revenues derived by this fund consist solely of probation fees. As a condition of supervised probation, the courts will order a monthly fee of up to sixty dollars to be paid to this fund by the defendants. These fees are used to fund the administrative costs of this system.

Agency Funds --

Fiduciary funds account for assets held on behalf of outside parties, including other governments. Agency funds account for assets held by the District Attorney in a custodial capacity (i.e., assets equal liabilities) and do not involve measurement of

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
Parishes of Iberia, St. Martin and St. Mary, Louisiana

Notes to Basic Financial Statements (continued)

operations. The individual agency funds used by the District Attorney for the year ended December 31, 2017 are as follows:

Special Asset Forfeiture Fund – This fund was established in compliance with Louisiana Revised Statute 40:2616, which provides that all monies obtained under the provisions of Revised Statute Chapter 26, “Seizure and Controlled Dangerous Substances Property Forfeiture Act of 1989,” shall be deposited in this fund.

The office of the District Attorney shall administer expenditures from this fund. The court shall ensure the equitable distribution of any forfeited property, or of monies, to the appropriate law enforcement agency so as to reflect the contribution of that agency’s participation in any of the activities that led to the seizure or forfeiture of the property or monies.

LSP Region II Fund – The Louisiana State Police Region II Fund was created by court order on June 16, 1989, when a sum of forfeited money was placed into a special account to be monitored by the office of the District Attorney. The monies are disbursed at the discretion of the District Attorney and used for the payment of equipment or expenses for the Louisiana State Police, Region II and Troop I in connection with their investigation and apprehension of drug violators.

Special Fund – This fund was established by the District Attorney to serve as collection agency to account for the costs that are ordered to be paid to the Acadiana Crime Lab (ACL) and the Wildlife and Fisheries. The ACL has had a deficit over the past few years which is funded at year end by various entities using the lab (i.e. sheriff’s offices and local police departments.) The ACL monies collected through this fund will be used to cover the three parish sheriff’s office portion of the deficit. The fines paid to the Wildlife and Fisheries are disbursed at the discretion of the District Attorney and used for payment of repairs to boats, purchasing new boats, etc.

Collections Clearing Account Fund – This fund was established by the District Attorney to serve as a clearing account for payments collected within Probation Services as ordered in court. The new processing of payments will allow defendants to make one money order, payable to the District Attorney’s Office, rather than multiple money orders for various agencies. The District Attorney’s Office will then disburse the respective payments to the various agencies as required.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and the statement of activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery) and financial position. All assets and liabilities (whether current or noncurrent) associated

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
Parishes of Iberia, St. Martin and St. Mary, Louisiana

Notes to Basic Financial Statements (continued)

with its activities are reported. Government-wide equity is classified as net position. In the fund financial statements, the current financial resources measurement focus is used. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide statement of net position and statement of activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within 60 days of the end of the fiscal year. Expenditures (including capital outlay) are recorded when the related fund liability is incurred. Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, debt extinguishment, long-term debt proceeds, et cetera) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

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

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

Cash and interest-bearing deposits

For purposes of the Statement of Net Position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the District Attorney.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
Parishes of Iberia, St. Martin and St. Mary, Louisiana

Notes to Basic Financial Statements (continued)

other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances include grant revenue and commissions.

Capital Assets

In the government-wide financial statements, capital assets (primarily equipment and automobiles) are capitalized at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. Interest costs are not capitalized as they relate to fixed assets. The District Attorney’s threshold for capitalization is \$1,000.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Equipment and automobiles	5-10 years
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In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Compensated Absences

All full-time employees earn from 7 to 21 days of vacation leave each year depending on length of service. Vacation leave cannot be accumulated. All full-time employees earn 15 days of sick leave each year. Sick leave may be accumulated but is not paid upon termination. At December 31, 2017, the District Attorney has no leave benefits required to be accrued and reported.

Deferred Outflows of Resources and Deferred Inflows of Resources

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

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
Parishes of Iberia, St. Martin and St. Mary, Louisiana

Notes to Basic Financial Statements (continued)

Equity Classifications

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use, either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The District Attorney has no restricted net position.
- c. Unrestricted net position – Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

In the fund statements, governmental fund equity is classified as fund balance. Fund balance of the governmental fund is classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the District Attorney. The District Attorney is the highest level of decision-making authority for the District Attorney's office. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the District Attorney.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District Attorney's adopted policy, only the District Attorney may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
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Notes to Basic Financial Statements (continued)

As of December 31, 2017, fund balances are composed of the following:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:			
Prepaid items	\$ 58,377	\$ 33,349	\$ 91,726
Restricted:			
Other purposes	-	729,555	729,555
Committed:			
Drug seizure 20%	21,701	-	21,701
Assigned:	-	-	-
Unassigned:	<u>2,373,326</u>	<u>(10,461)</u>	<u>2,362,865</u>
Total fund balances	<u>\$2,453,404</u>	<u>\$ 752,443</u>	<u>\$ 3,205,847</u>

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

E. Expenditures and Transfers

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function. In the fund financial statements, expenditures are classified by character. In the fund financial statements, governmental funds report expenditures of financial resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
Parishes of Iberia, St. Martin and St. Mary, Louisiana

Notes to Basic Financial Statements (continued)

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2017 are recorded as prepaid items. The only prepaid item that existed at December 31, 2017 was prepaid insurance.

G. Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities.

(2) Cash and Interest-Bearing Deposits

Under state law, the District Attorney may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District Attorney may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2017, the District Attorney has cash and interest-bearing deposits (book balances) totaling \$3,538,154 of which \$791,413 is attributable to fiduciary funds, which are not presented in the statement of net position.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District Attorney's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the pledging financial institution. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit within the financial institution. These securities are held in the name of the pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at December 31, 2017 are secured as follows:

Bank balances	<u>\$3,619,039</u>
At December 31, 2017 the deposits are secured as follows:	
Federal deposit insurance	\$ 353,298
Pledged securities	<u>3,265,741</u>
Total	<u>\$3,619,039</u>

Deposits in the amount of \$3,265,741 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the District Attorney's name. The District Attorney does not have a policy for custodial credit risk.

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
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Notes to Basic Financial Statements (continued)

(3) Interfund Transactions

A. Receivables and Payables

Interfund receivables and payables consisted of the following at December 31, 2017:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 366,189	\$ 2,427
Special Revenue Funds:		
Criminal Court Clearing Fund	2,427	331,350
Probation Fund	-	34,839
Totals	\$ 368,616	\$ 368,616

The receivables and payables noted above are basically caused by timing. All are expected to be paid within one year.

B. Interfund transfers

Interfund transfers consisted of the following at December 31, 2017 :

	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
General Fund	\$ -	\$ 76,454
Special Revenue Funds:		
Family Service Division Fund	14,203	-
Criminal Court Clearing Fund	2,426	-
Probation Fund	59,825	-
Totals	\$ 76,454	\$ 76,454

The transfer between the general fund and the family service division fund was due to the fact that when fines are collected through pre-trial diversion, a portion of these fees is allocated to the family service division fund. The transfers from the general fund to the criminal court clearing fund and probation fund were made to cover the deficit at year end in the criminal court clearing fund and probation fund.

(4) Due From Other Governments

The amount due from other governments of \$772,736 at December 31, 2017, consists of amounts due from various state and local departments for various appropriations and reimbursements of grant expenditures.

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
Parishes of Iberia, St. Martin and St. Mary, Louisiana

Notes to Basic Financial Statements (continued)

(5) Capital Assets

Capital asset activity for the year ended December 31, 2017 was as follows:

	<u>Balance</u> <u>01/01/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/17</u>
Governmental activities:				
Equipment	\$ 929,000	\$ 51,329	\$ (166,716)	\$ 813,613
Automobiles	<u>235,125</u>	<u>39,350</u>	<u>(7,242)</u>	<u>267,233</u>
Totals	<u>1,164,125</u>	<u>90,679</u>	<u>(173,958)</u>	<u>1,080,846</u>
Less accumulated depreciation				
Equipment	787,961	59,136	(164,608)	682,489
Automobiles	<u>221,841</u>	<u>13,074</u>	<u>(5,069)</u>	<u>229,846</u>
Total accumulated depreciation	<u>1,009,802</u>	<u>72,210</u>	<u>(169,677)</u>	<u>912,335</u>
Governmental activities, capital assets, net	<u>\$ 154,323</u>	<u>\$ 18,469</u>	<u>\$ (4,281)</u>	<u>\$ 168,511</u>

Depreciation expense of \$72,210 was charged to the general government function.

(6) Due To Other Governments

The amount due to other governments of \$193,603 at December 31, 2017, consists of amounts due to various state and local governments for various items.

(7) Changes in Agency Fund Balances

A summary of changes in agency fund balances due to others follows:

	Special Asset Forfeiture Fund	Louisiana State Police Region II Fund	Special Fund	Payroll Fund	Accounts Payable Fund	Collections Clearing Account Fund
Balances, December 31, 2016	\$ 633,056	\$ 42,404	\$ 60,974	\$ -	\$ -	\$ 16,113
Additions	173,235	393	329	2,991,166	6,396,539	16,465
Reductions	<u>(131,483)</u>	<u>(3,007)</u>	<u>(329)</u>	<u>(2,991,166)</u>	<u>(6,396,539)</u>	<u>(16,113)</u>
Balances, December 31, 2017	<u>\$ 674,808</u>	<u>\$ 39,790</u>	<u>\$ 60,974</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,465</u>

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
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Notes to Basic Financial Statements (continued)

(8) Expenditures of the District Attorney not included in the Financial Statements

The District Attorney's offices are located in the courthouses of Iberia, St. Mary and St. Martin Parishes. The respective parish governments pay for the upkeep and maintenance of the courthouses.

The accompanying financial statements do not include certain expenditures of the District Attorney paid out of the funds of the parish governing bodies or directly by the state.

(9) Risk Management

The District Attorney is exposed to risks of loss in the areas of general and auto liability, property hazards, and workers' compensation. Those risks are handled by purchasing commercial insurance. There have been no significant reductions in insurance coverage during the fiscal year. Settlements have not exceeded insurance coverage in any of the past three years.

(10) Litigation

There is no litigation pending against the District Attorney that required accrual or disclosure at December 31, 2017.

(11) On-behalf Payments for Fringe Benefits and Salaries

GASB Statement No. 24, Accounting and Financial Reporting for Certain Grants and Other Financial Assistance requires the District Attorney to report in the financial statements on-behalf salary and fringe benefit payments made by the State of Louisiana and by the parish governments of Iberia, St. Mary, and St. Martin to certain employees of the District Attorney's office.

Supplementary salary payments are made by the state and parish governments directly to the District Attorney and to the Assistant District Attorneys. The District Attorney's office is not legally responsible for these salaries. Therefore, the basis for recognizing the revenue and expenditure payments is the actual contributions made by the state and parish governments. On-behalf payments recorded as revenue and expenditures in the 2017 financial statements are as follows:

General Fund:	
State of Louisiana	\$ 956,924
Iberia Parish Government	72,450
St. Mary Parish Government	72,813
St. Martin Parish Government	56,550
Total On-behalf payments	<u>\$ 1,158,737</u>

On-behalf payments include benefit payments (pension and medicare) made on behalf of the District Attorney and the Assistant District Attorneys. The payments are made to the Louisiana District Attorneys' Retirement System as described in Note (14) and to the United States Treasury/Internal Revenue Service. The District Attorney's office is not legally responsible for these

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
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Notes to Basic Financial Statements (continued)

payments. Therefore, the basis for recognizing the revenue and expenditure payments is the actual contributions made by the state and parish governments.

General Fund:

State of Louisiana	\$ 13,829
Iberia Parish Government	1,104
St. Mary Parish Government	1,056
St. Martin Parish Government	<u>819</u>
Total On-behalf pension and medicare tax payments	<u>\$ 16,808</u>

(12) Federal Financial Assistance Programs

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the federal grantor agencies. No provision has been made in the financial statements for the reimbursement of any expenditures that may be disallowed as a result of such a review or audit.

(13) Post-employment Benefits

From an accrual accounting perspective, the cost of postemployment healthcare benefits should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Codification Section P50 during the year ended December 31, 2009, the District Attorney recognizes the cost of postemployment healthcare in the year when employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the District Attorney's future cash flows. Because the District Attorney is adopting the requirements of GASB Codification Section P50 prospectively, recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

Plan Description – The District Attorney's benefits are provided through a comprehensive medical plan and are made available to employees upon retirement. The plan is a single-employer defined benefit health care plan administered by the District Attorney. The District Attorney has the authority to establish and amend the benefit provisions of the plan. The plan does not issue a publicly available financial report.

Employees are covered by one of two systems. First, the Parochial Employees' Retirement System of Louisiana, whose retirement eligibility (DROP entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 10 years of service; or, age 65 and 7 years of service. For employees hired on and after January 1, 2007 retirement eligibility (DROP entry) provisions are as follows: age 55 and 30 years of service; age 62 and 10 years of service; or, age 67 and 7 years of service. Second, District Attorney and Assistant District Attorneys have retirement eligibility as follows: 30 years of service at any age; age 55 and 24 years of service; or, age 60 and 10 years of service.

The District Attorney covers 100% of employee's premium and 60% of premium for employee's family (spouse and/or children). Premiums for retired employees and their families are covered at the same percentages as active employees. The monthly premiums of these benefits for

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
Parishes of Iberia, St. Martin and St. Mary, Louisiana

Notes to Basic Financial Statements (continued)

retirees and similar benefits for active employees paid by the employee was approximately 14%. The portion paid by the District Attorney was approximately 86%.

Contribution Rates – Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Fund Policy – Until 2009, the District Attorney recognized the cost of providing post-employment medical benefits (the District Attorney’s portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2017 and 2016, the District Attorneys portion of health care funding cost for retired employees totaled \$222,169 and \$205,712, respectively.

Effective January 1, 2009, the District Attorney implemented Government Accounting Standards Board Codification Section P50, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB Codification Section P50). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

Annual Required Contribution – The District Attorney’s Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB Codification Section P50. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB Codification Section P50) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

Normal cost	\$ 381,675
30-year UAL amortization amount	<u>556,686</u>
Annual required contribution (ARC)	<u>\$ 938,361</u>

Net Post-employment Benefit Obligation (Asset) – The table below shows the District Attorney’s Net Other Post-employment Benefit (OPEB) Obligation for fiscal year ending December 31:

Annual required contribution (ARC)	\$ 938,361
Interest on net OPEB obligation	188,483
Adjustment to annual required contribution	<u>(272,500)</u>
Annual OPEB cost (expense)	854,344
Current year retiree premium	<u>(222,169)</u>
Increase in net OPEB obligation	632,175
Net OPEB obligation - beginning of year	<u>4,712,081</u>
Net OPEB obligation - end of year	<u>\$ 5,344,256</u>

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
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Notes to Basic Financial Statements (continued)

The following table shows the District Attorney's annual other post employment benefits (OPEB) cost, percentage of the cost contributed, and the net other post employment benefits (OPEB) liability:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Liability (Asset)</u>
December 31, 2017	\$ 854,344	26.00%	\$ 5,344,256
December 31, 2016	829,373	24.80%	4,712,081
December 31, 2015	919,962	23.26%	4,088,420

Funded Status and Funding Progress – In 2017, the District Attorney made no contributions to its post employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the January 1, 2016 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year December 31, 2017 was \$10,011,340 which is defined as that portion, as determined by a particular actuarial cost method (the District Attorney uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

Actuarial accrued liability (AAL)	\$ 10,011,340
Actuarial valuation of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 10,011,340</u>
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	3,243,050
UAAL as a percentage of covered payroll	308.70%

Actuarial Methods and Assumptions – Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the District Attorney and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the District Attorney and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the District Attorney and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method – The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected

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Notes to Basic Financial Statements (continued)

amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

Actuarial Value of Plan Assets – There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Codification Section P50.

Turnover Rate – An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 10%.

Post employment Benefit Plan Eligibility Requirements – Based on past experience, it has been assumed that entitlement will commence six years after eligibility to enter the DROP, as described above under “Plan Description”. The six years represents three years in the DROP plus an additional three years. Medical benefits are provided to employees upon actual retirement.

Investment Return Assumption (Discount Rate) – GASB Codification Section P50 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

Health Care Cost Trend Rate – The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten years out and later.

Mortality Rate – The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

Method of Determining Value of Benefits – The “value of benefits” has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays 100% of the cost of the medical insurance for the retirees and 60% for dependents, but it is based on the “blended” active and retired rates. Since GASB 45 mandates that “unblended” rates applicable to the coverage provided to retirees be used, we have estimated the total retiree rate before Medicare eligibility is 130% of the blended active/retired rate and that the retiree rate after Medicare eligibility is 80% of the blended premium.

Inflation Rate – Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases – This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-retirement Benefit Increases – The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
Parishes of Iberia, St. Martin and St. Mary, Louisiana

Notes to Basic Financial Statements (continued)

(14) Pension Plans / GASB 68

Substantially all employees of the District Attorney are members of one of the following statewide retirement systems: Louisiana District Attorneys' Retirement System and Parochial Employees' Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

Louisiana District Attorneys' Retirement System:

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

Summary of Significant Accounting Policies:

The Louisiana District Attorneys' Retirement System prepares its employer schedules in accordance with the standards established by the Governmental Accounting Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. GASB Statement No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses/expenditures. It provides methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. It also provides methods to calculate participating employer's proportionate share of net pension liability, deferred inflows, deferred outflows, pension expense, and amortization of deferred inflows and deferred outflows.

Basis of Accounting

The Louisiana District Attorneys' Retirement System's employer schedules are prepared using the accrual basis of accounting. Members' earnable compensation, for which the employer allocations are based, is recognized in the period in which the employee is compensated for services performed. The member's earnable compensation is attributed to the employer for which the member is employed as of June 30, 2017.

System Employees

The System is not allocated a proportionate share of the net pension liability related to its employees. The net pension liability attributed to the System's employees is allocated to the remaining employees based on their respective employer allocation percentage.

Plan Fiduciary Net Position

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues, and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
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Notes to Basic Financial Statements (continued)

accepted in the United States of America. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts.

Plan Description:

The Louisiana District Attorneys' Retirement System (System) is the administrator of a cost sharing multiple employer defined benefit pension plan. The System was established on the first day of August, nineteen hundred and fifty-six 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.

All persons who are district attorneys of the State of Louisiana, assistant district attorneys in any parish of the State of Louisiana, or employed by this retirement system and the Louisiana District Attorneys' Association except for elected or appointed officials who have retired from service under any publicly funded retirement system within the state and who are currently receiving benefits, shall become members as a condition of their employment; provided, however, that in the case of assistant district attorneys, they must be paid an amount not less than the minimum salary specified by the board for assistant district attorneys, currently \$18,000 per year. The projection of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with the benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

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

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

Members who joined the System after July 1, 1990, or who elected to be covered by the new provisions, are eligible to receive the normal retirement benefits if they are age 60 and have 10 years of service credit, are age 55 and have 24 years of service credit, or have 30 years of service credit regardless of age. The normal retirement benefit is equal to 3.5 percent of the member's final average compensation multiplied by years of membership service. A member is eligible for an early retirement if he is age 55 and has 18 years of service credit. The early retirement benefit is equal to the normal retirement benefit reduced 3 percent for each year the member retires in advance of normal retirement age. Benefits may not exceed 100 percent of average final compensation.

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Notes to Basic Financial Statements (continued)

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

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

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

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

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

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

Prior to January 1, 2009, eligible members could elect to participate in the Deferred Retirement Option Program (DROP) for up to thirty-six months in lieu of terminating employment

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
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Notes to Basic Financial Statements (continued)

and accepting a service benefit. During participation in the DROP, employer contributions were payable and employee contributions were reduced to half of one percent. The monthly retirement benefits that would have been payable to the member were paid into a DROP account, which did not earn interest while the member was participating in the DROP. Upon termination of participation, the participant in the plan received, at his option, a lump sum from the account equal to the payments into the account or systematic disbursements from his account in any manner approved by the Board of Trustees. The monthly benefits that were being paid into the DROP would then be paid to the retiree. All amounts which remain credited to the individual's sub-account after termination of participation in the plan were invested in liquid money market funds. Interest was credited thereon as actually earned.

Employer Contributions:

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2017, the actual employer contribution rate was 0.00%.

Non-Employer Contributions

In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities. Non-employer contributions were recognized as revenue in the amount of \$102,799 and excluded from pension expense for the year ended December 31, 2017.

Schedule of Employer Allocations:

The schedule of employer allocations reports the historical employer contributions in addition to the employer allocation percentage for each participating employer. The historical employer contributions are used to determine the proportionate relationship of each employer to all employers of the Louisiana District Attorneys' Retirement System. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts.

The allocation method used in determining each employer's proportion was based on each employer's contributions to the System during the fiscal year ended June 30, 2017, as compared to the total of all employers' contributions received by the System during the fiscal year ended June 30, 2017.

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

At December 31, 2017, the District Attorney reported a liability of \$337,338 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District Attorney's proportion of the net pension liability was based on a projection of the District Attorney's long-term share of contributions to the retirement system relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the District Attorney's proportion was 1.250690%, which was an increase of .066976% from its proportion measured as of June 30, 2016.

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
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Notes to Basic Financial Statements (continued)

For the year ended December 31, 2017, the District Attorney recognized pension expense of \$113,446 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$860.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ -	\$ 88,686
Changes of assumptions	151,242	39,810
Net difference between projected and actual earnings on pension plan investments	135,381	-
Change in proportion and differences between employer contributions and proportionate share of contributions	20,713	38,708
Employer contributions subsequent to the measurement date	<u>-</u>	<u>-</u>
Total	<u>\$ 307,336</u>	<u>\$ 167,204</u>

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

<u>Fiscal Year Ended</u>	
12/31/2018	\$ 1,203
12/31/2019	67,839
12/31/2020	28,131
12/31/2021	8,390
12/31/2022	14,632
12/31/2023	<u>19,937</u>
	<u>\$ 140,132</u>

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
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Notes to Basic Financial Statements (continued)

Actuarial Methods and Assumptions:

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

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

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal Cost
Actuarial Assumptions:	
Investment Rate of Return	6.75%, net of investment expense
Projected Salary Increases	5.50% (2.50% Inflation, 3.00% Merit)
Mortality Rates	RP-2000 Combined Healthy with White Collar Adjustment Sex Distinct Tables (set-back 1 year for females) for employees, annuitants, and beneficiaries. RP-2000 Disabled Lives Mortality Table (set back 5 years for males and 3 years for females) for disabled annuitants.
Expected Remaining Service Lives	7 years
Cost of Living Adjustments	Only those previously granted

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These 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 of 9.06% for the year ended June 30, 2017.

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Notes to Basic Financial Statements (continued)

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

Asset Class	Long-Term Target Asset Allocation	Rates of Return	
		Real	Nominal
Equities	61.72%	11.31%	
Fixed Income	28.95%	6.84%	
Alternatives	8.85%	10.50%	
Cash	0.48%	0.50%	
Totals	<u>100.00%</u>		6.56%
Inflation			<u>2.50%</u>
Expected Arithmetic Nominal Return			<u>9.06%</u>

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate:

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

	<u>Changes in Discount Rate</u>		
	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Employer's proportionate share of net pension liability / (asset)	<u>\$ 963,987</u>	<u>\$ 337,338</u>	<u>\$(195,162)</u>

Change in Net Pension Liability:

The changes in the net pension liability for the year ended June 30, 2017, were recognized in the current reporting period as pension expense except as follows:

1. Differences between expected and actual experience: Differences between expected and actual experience with regard to economic or demographic factors in the measurement of

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
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Notes to Basic Financial Statements (continued)

the total pension liability were recognized in pension expense using the straight-line amortization method over a close period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in deferred inflows of resources in the amount of \$88,686 for the year ended December 31, 2017.

2. Changes of assumptions or other inputs: Changes of assumptions about future economic or demographic factors or other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The changes of assumptions or other inputs resulted in deferred outflows of resources in the amount of \$151,242 and deferred inflows of resources in the amount of \$39,810 for the year ended December 31, 2017.
3. Differences between projected and actual investment earnings: Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in deferred outflows of resources in the amount of \$135,381 for the year ended December 31, 2017.
4. Changes in proportion: Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. The changes in proportion resulted in deferred outflows of resources in the amount of \$20,713 and deferred inflows of resources in the amount of \$38,708.

Contributions – Proportionate Share:

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

Estimates:

The process of preparing the schedule of employer allocations and schedule of pension amounts in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Accordingly, actual results may differ from estimated amounts.

Retirement System Audit Report:

The District Attorneys' Retirement System of Louisiana has issued a stand-alone audit report on their financial statements for the year ended June 30, 2017. Access to the report can be found on the Louisiana Legislative Auditor's website, www.lla.la.gov.

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
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Notes to Basic Financial Statements (continued)

Parochial Employees Retirement System of Louisiana

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

Summary of Significant Accounting Policies:

The Parochial Employees' Retirement System of Louisiana prepares its employer pension schedules in accordance with Governmental Accounting Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. GASB Statement No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses/expenditures. It provides methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. It also provides methods to calculate participating employer's proportionate share of net pension liability, deferred inflows, deferred outflows, pension expense, and amortization periods for deferred inflows and deferred outflows.

Basis of Accounting

The System's employer pension schedules are prepared using the accrual basis of accounting. Members' earnable compensation, for which the employer allocations are based, is recognized in the period in which the employee is compensated for services performed. The member's earnable compensation is attributed to the employer for which the member is employed as of December 31, 2016.

System Employees

The System is not allocated a proportionate share of the net pension liability related to its employees. The net pension liability attributed to the System's employees is allocated to the remaining employers based on their respective employer allocation percentage.

Plan Fiduciary Net Position

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts.

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
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Notes to Basic Financial Statements (continued)

Plan Description:

Parochial Employees' Retirement System of Louisiana is the administrator of a cost sharing multiple employer defined benefit pension plan. The System was established and provided for by R.S. 11:1901 of the Louisiana Revised Statute (LRS). The District Attorney participates in Plan A.

The System provides retirement benefits to employees of taxing districts of a parish or any branch or section of a parish within the State which does not have their own retirement system and which elects to become members of the System.

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

Eligibility Requirements

All permanent parish government employees (except those employed by Orleans, Lafourche and East Baton Rouge Parishes) who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate.

As of January 1997, elected officials, except coroners, justices of the peace, and parish presidents may no longer join the System.

Retirement Benefits

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

For employees hired prior to January 1, 2007:

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

For employees hired after January 1, 2007:

1. Age 55 with 30 years of service.
2. Age 62 with 10 years of service.
3. Age 67 with 7 years of service.

Generally, the monthly amount of the retirement allowance of any member shall consist of an amount equal to three percent of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits

Upon the death of any member with five (5) or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined in the statutes.

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
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Notes to Basic Financial Statements (continued)

Any member, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit, as outlined in the statutes.

A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

Deferred Retirement Option Plan

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for that member who is eligible for normal retirement.

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

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account.

Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

For individuals who become eligible to participate in the Deferred Retirement Option Plan (DROP) on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in DROP will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of the System, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of DROP must agree that the benefits payable to the participant are not the obligations of the state or the System, and that any returns and other rights of DROP are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

Disability Benefits

A member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member shall be paid a disability benefit equal to the lesser of an amount equal to three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or three percent multiplied by years of service assuming continued service to age sixty.

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
Parishes of Iberia, St. Martin and St. Mary, Louisiana

Notes to Basic Financial Statements (continued)

Cost of Living Increases

The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements.

In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

Employer Contributions:

According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2016, the actuarially determined contribution rate was 10.52% of member's compensation. However, the actual rate for the fiscal year ending December 31, 2016 was 13.00%.

According to state statute, the System also receives a fourth of one percent of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities. Non-employer contributions are recognized as revenue in the amount of \$31,487 and excluded from pension expense for the year ended December 31, 2017.

Schedule of Employer Allocations:

The schedule of employer allocations reports the historical employer contributions, in addition to the employer allocation percentage for each participating employer. The historical employer contributions are used to determine the proportionate relationship of each employer to all employers of Parochial Employees' Retirement System of Louisiana. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The resulting allocation percentages were used in calculating each employer's proportionate share of the pension amounts.

The allocation method used in determining each employer's proportion was based on the employer's contributions to the plan during the fiscal year ended December 31, 2016 as compared to the total of all employers' contributions received by the plan during the fiscal year ended December 31, 2016.

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

At December 31, 2017, the District Attorney reported a liability of \$877,890 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District Attorney's proportion of the net

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
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Notes to Basic Financial Statements (continued)

pension liability was based on a projection of the District Attorney's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2016, the District Attorney's proportion was 0.426261%, which was a decrease of 0.01639% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the District Attorney recognized pension expense of \$522,018 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$5,666.

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 experiences	\$ -	\$ 153,623
Changes of assumptions	166,672	-
Net difference between projected and actual earnings on pension plan investments	681,275	-
Change in proportion and differences between employer contributions and proportionate share of contributions	(4,270)	1,273
Employer contributions subsequent to the measurement date	<u>319,593</u>	<u>-</u>
Total	<u>\$ 1,163,270</u>	<u>\$ 154,896</u>

Deferred outflows of resources of \$319,593 related to pensions resulting from the District Attorney's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Fiscal Year Ended</u>	
12/31/2018	\$ 258,595
12/31/2019	270,790
12/31/2020	178,159
12/31/2021	<u>(18,763)</u>
	<u>\$ 688,781</u>

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
Parishes of Iberia, St. Martin and St. Mary, Louisiana

Notes to Basic Financial Statements (continued)

Actuarial Methods and Assumptions:

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2016, are as follows:

Valuation Date	December 31, 2016
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.00%, net of investment expense, including inflation
Expected Remaining Service Lives	4 years
Projected Salary Increases	5.25% (2.75% Merit / 2.50% Inflation)
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.
Mortality	RP-2000 Employee Sex Distinct Table was selected for employees. RP-2000 Healthy Annuitant Sex Distinct Tables were selected for annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
Parishes of Iberia, St. Martin and St. Mary, Louisiana

Notes to Basic Financial Statements (continued)

adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.66% for the year ended December 31, 2016.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2016 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed Income	35.00%	1.24%
Equity	52.00%	3.63%
Alternatives	11.00%	0.67%
Real Assets	2.00%	0.12%
Totals	100.00%	5.66%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.66%

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2010 through December 31, 2014. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The RP-2000 Healthy Annuitant Mortality Sex Distinct Tables (set forward two years for males and set forward one year for females) projected to 2031 using Scale AA was selected for annuitants and beneficiaries. For disabled annuitants, the RP-2000 Disabled Lives Mortality Table set back five years for males and three years for females was selected. For active employees, the RP-2000 Employee Sex Distinct Tables set back four years for males and three years for females was used.

Sensitivity to Changes in Discount Rate:

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.00%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.00% or one percentage point higher 8.00% than the current rate.

	Changes in Discount Rate		
	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Employer's proportionate share of net pension liability / (asset)	\$2,626,122	\$ 877,890	\$ (600,293)

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
Parishes of Iberia, St. Martin and St. Mary, Louisiana

Notes to Basic Financial Statements (continued)

Change in Net Pension Liability:

The changes in the net pension liability for the year ended December 31, 2016 were recognized in the current reporting period as pension expense except as follows:

1. Differences between expected and actual experience: Differences between expected and actual experience regarding economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in deferred inflows of resources in the amount of \$153,623 for the year ended December 31, 2017.
2. Changes of assumptions: The changes of assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The changes of assumptions or other inputs resulted in deferred outflows of resources in the amount of \$166,672 for the year ended December 31, 2017.
3. Differences between projected and actual investment earnings: Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in deferred outflows of resources in the amount of \$681,275 for the year ended December 31, 2017.
4. Change in proportion: Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. The changes in proportion resulted in deferred outflows of resources in the amount of \$(4,270) and deferred inflows of resources in the amount of \$1,273 for the year ended December 31, 2017.

Contributions – Proportionate Share:

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

Retirement System Audit Report:

Parochial Employees' Retirement System of Louisiana issued a stand-alone audit report on its financial statements for the year ended December 31, 2016. Access to the audit report can be found on the System's website: www.persla.org or on the Office of Louisiana Legislative Auditor's official website: www.la.state.la.us.

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
Parishes of Iberia, St. Martin and St. Mary, Louisiana

Notes to Basic Financial Statements (continued)

Estimates:

The process of preparing the schedule of employer allocations and schedule of pension amounts in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Accordingly, actual results may differ from estimated amounts.

(15) Act 706 – Schedule of Compensation, Reimbursements, Benefits and Other Payments to Entity Head

Under Act 706, the District Attorney is required to disclose the compensation, reimbursements, benefits, and other payments made to the district attorney, in which the payments are related to the position. The following is a schedule of payments made to the District Attorney for the year ended December 31, 2017.

Entity head: M. Bofill Duhé, District Attorney

Salary	\$	107,273
Benefits - insurance		13,310
Car allowance		12,000
Per diem		413
Reimbursements		132
Travel		5,746
		\$ 138,874

On-behalf payments for salaries and fringe benefits:

Salaries (as allowed by RS 16:10)		50,000
Salaries (as allowed by RS 16:351)		6,046
Salaries (as allowed by RS 16:351)		6,054
Salaries (as allowed by RS 16:351)		5,728
		67,828
Total		\$ 206,702

(16) New Accounting Pronouncements

In June 2015, the GASB approved Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. GASB Statement No. 75 replaces the requirements of GASB Statement No. 45 relating to accounting and financial reporting by employers for postemployment benefits other than pensions. The provisions of GASB Statement No. 75 must be implemented by the District Attorney for the year ending December 31, 2018. The effect of implementation on the District Attorney's financial statements has not yet been determined.

**REQUIRED
SUPPLEMENTARY INFORMATION**

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
Parishes of Iberia, St. Martin, and St. Mary, Louisiana
General Fund

Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Commissions on fines and forfeitures	\$ 1,956,845	\$ 1,883,857	\$ 1,948,423	\$ 64,566
Drug seizure forfeitures	31,000	18,352	15,606	(2,746)
Bond premium fees	130,000	102,525	98,148	(4,377)
Collection fees	62,000	36,206	35,609	(597)
Grants -				
Louisiana Commission on Law Enforcement	289,074	293,411	290,268	(3,143)
State Funds -				
Victims Assistance	60,000	60,000	60,000	-
Interest income	11,634	19,881	19,843	(38)
On-behalf payments	1,238,111	1,179,935	1,175,545	(4,390)
Intergovernmental agreement	594,327	429,142	429,132	(10)
Other	<u>12,416</u>	<u>11,415</u>	<u>13,091</u>	<u>1,676</u>
Total revenues	<u>4,385,407</u>	<u>4,034,724</u>	<u>4,085,665</u>	<u>50,941</u>
Expenditures:				
General government - judicial				
Salaries and related benefits	3,042,451	3,081,930	3,040,175	41,755
Operating services	308,995	320,354	328,471	(8,117)
Materials and supplies	186,656	160,463	166,259	(5,796)
Travel and other charges	74,812	60,082	63,259	(3,177)
Capital outlay	136,338	60,857	57,077	3,780
Professional fees	667,255	567,605	566,575	1,030
Intergovernmental agreement	<u>-</u>	<u>3,438</u>	<u>3,438</u>	<u>-</u>
Total expenditures	<u>4,416,507</u>	<u>4,254,729</u>	<u>4,225,254</u>	<u>29,475</u>
Deficiency of revenues over expenditures	<u>(31,100)</u>	<u>(220,005)</u>	<u>(139,589)</u>	<u>80,416</u>
Other financing uses:				
Operating transfers out	<u>(172,301)</u>	<u>(96,754)</u>	<u>(76,454)</u>	<u>20,300</u>
Deficiency of revenues over expenditures and other uses	<u>(203,401)</u>	<u>(316,759)</u>	<u>(216,043)</u>	<u>100,716</u>
Fund balances, beginning	<u>2,770,560</u>	<u>2,669,447</u>	<u>2,669,447</u>	<u>-</u>
Fund balances, ending	<u>\$ 2,567,159</u>	<u>\$ 2,352,688</u>	<u>\$ 2,453,404</u>	<u>\$ 100,716</u>

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
Parishes of Iberia, St. Martin, and St. Mary, Louisiana
Title IV-D Fund

Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Grants-				
Louisiana Department of Social Services	\$ 562,773	\$ 541,896	\$ 539,935	\$ (1,961)
State funds-				
Louisiana Department of Social Services	289,914	279,158	278,148	(1,010)
Interest income	625	1,477	1,556	79
Other	-	1,181	1,181	-
Total revenues	853,312	823,712	820,820	(2,892)
Expenditures:				
General government - judicial				
Salaries and related benefits	779,746	746,298	743,733	2,565
Operating services	36,220	37,485	36,622	863
Materials and supplies	21,000	24,272	24,676	(404)
Travel and other charges	6,000	7,383	7,987	(604)
Capital outlay	10,000	10,996	10,996	-
Professional fees	5,060	4,459	4,584	(125)
Total expenditures	858,026	830,893	828,598	2,295
Deficiency of revenues over expenditures	(4,714)	(7,181)	(7,778)	(597)
Fund balances, beginning	273,882	268,224	268,224	-
Fund balances, ending	\$ 269,168	\$ 261,043	\$ 260,446	\$ (597)

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
Parishes of Iberia, St. Martin, and St. Mary, Louisiana
Family Service Division Fund

Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Commissions on fines and forfeitures	\$ 115,000	\$ 91,034	\$ 91,660	\$ 626
Grants -				
Louisiana Commission on Law Enforcement	30,011	55,658	57,580	1,922
Louisiana Department of Children and Family Services	22,280	33,467	20,449	(13,018)
State Funds -				
FINS	74,076	81,474	79,808	(1,666)
TASC	181,000	185,692	185,244	(448)
Local Funds	110,000	140,055	140,055	-
Intergovernmental agreement	488,900	450,700	450,700	-
Interest income	1,500	3,529	3,607	78
Other	-	6,896	6,896	-
Total revenues	<u>1,022,767</u>	<u>1,048,505</u>	<u>1,035,999</u>	<u>(12,506)</u>
Expenditures:				
General government - judicial				
Salaries and related benefits	809,879	794,849	790,352	4,497
Operating services	23,607	38,345	38,613	(268)
Materials and supplies	16,786	50,808	51,535	(727)
Travel and other charges	29,441	30,315	30,240	75
Capital outlay	24,000	4,864	4,864	-
Professional fees	75,482	109,575	109,012	563
Total expenditures	<u>979,195</u>	<u>1,028,756</u>	<u>1,024,616</u>	<u>4,140</u>
Excess of revenues over expenditures	43,572	19,749	11,383	(8,366)
Other financing sources:				
Operating transfers in	<u>13,700</u>	<u>14,206</u>	<u>14,203</u>	<u>(3)</u>
Excess of revenues and other sources over expenditures	57,272	33,955	25,586	(8,369)
Fund balances, beginning	<u>465,410</u>	<u>466,411</u>	<u>466,411</u>	<u>-</u>
Fund balances, ending	<u>\$ 522,682</u>	<u>\$ 500,366</u>	<u>\$ 491,997</u>	<u>\$ (8,369)</u>

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
Parishes of Iberia, St. Martin, and St. Mary, Louisiana
Criminal Court Clearing Fund

Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Commissions on fines and forfeitures	\$ 1,293,800	\$ 1,154,285	\$ 1,203,735	\$ 49,450
Drug seizure forfeitures	31,000	18,208	15,607	(2,601)
Collection fees	133,000	115,805	122,204	6,399
Intergovernmental agreement	1,342,351	1,376,562	1,355,113	(21,449)
Interest income	100	74	70	(4)
Total revenues	2,800,251	2,664,934	2,696,729	31,795
Expenditures:				
General government - judicial				
Salaries and related benefits	2,879,057	2,644,815	2,667,619	(22,804)
Operating services	1,020	1,317	1,317	-
Professional fees	78,775	37,134	30,219	6,915
Total expenditures	2,958,852	2,683,266	2,699,155	(15,889)
Deficiency of revenues over expenditures	(158,601)	(18,332)	(2,426)	15,906
Other financing sources:				
Operating transfers in	158,601	18,332	2,426	(15,906)
Excess of revenues and other sources over expenditures	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ -	\$ -

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
Parishes of Iberia, St. Martin, and St. Mary, Louisiana

Schedule of Funding Progress
For the Year Ended December 31, 2017

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 2011	-	\$ 5,998,626	\$ 5,998,626	0.0%	\$ 3,554,447	168.8%
January 1, 2014	-	9,504,277	9,504,277	0.0%	3,568,753	266.3%
January 1, 2016	-	9,626,289	9,626,289	0.0%	3,112,201	309.3%

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
Parishes of Iberia, St. Martin, and St. Mary, Louisiana

Schedule of Employer's Share of Net Pension Liability
For the Year Ended December 31, 2017

Year Ended Dec 31,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll Obligation	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
DISTRICT ATTORNEYS' RETIREMENT SYSTEM					
2015	1.342869%	\$ 72,334	\$ 858,913	8.42%	98.56%
2016	1.183714%	226,571	551,157	41.11%	95.09%
2017	1.250690%	337,338	176,186	191.47%	93.57%
PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA					
2015	0.474641%	\$ 129,771	\$ 2,706,784	4.79%	99.15%
2016	0.442651%	1,165,185	2,406,952	48.41%	92.23%
2017	0.426261%	877,890	2,335,827	37.58%	94.15%

* The amounts presented have a measurement date of the previous fiscal year end.

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

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
Parishes of Iberia, St. Martin, and St. Mary, Louisiana

Schedule of Employer Contributions
For the Year Ended December 31, 2017

Year ended Dec 31,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
DISTRICT ATTORNEYS' RETIREMENT SYSTEM					
2015	\$ 38,581	\$ 38,581	\$ -	\$ 551,157	7.00%
2016	12,333	12,333	-	176,186	7.00%
2017	-	-	-	-	0.00%
PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA					
2015	\$ 349,008	\$ 349,008	\$ -	\$ 2,406,952	14.50%
2016	303,658	303,658	-	2,335,827	13.00%
2017	291,573	291,573	-	2,332,583	12.50%

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

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
Parishes of Iberia, St. Martin, and St. Mary, Louisiana

Notes to the Required Supplementary Information
For the Year Ended December 31, 2017

(1) Budget and Budgetary Accounting

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

1. The District Attorney prepares a proposed budget for the fiscal year prior to the beginning of each fiscal year.
2. A summary of the proposed budget is established in December and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget in December after publication of the call for a hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
5. The budget is prepared on a modified accrual basis, consistent with the basis of accounting, for comparability of budget to actual revenues and expenditures. Formal budgetary accounts are integrated into the accounting system during the year as a management control device.
6. The District Attorney is authorized to transfer amounts between line items within any fund. When actual revenues within the general fund or a special revenue fund are failing to meet estimated annual budgeted revenues by five percent or more and/or actual expenditures within the general fund or a special revenue fund are exceeding estimated budgeted expenditures by five percent or more, a budget amendment to reflect such change is adopted by the District Attorney.
7. All budgetary appropriations lapse at the end of each fiscal year.
8. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts included in the accompanying financial statements are as originally adopted or as finally amended by the District Attorney. Such amendments were not material in relation to the original appropriations.

(2) Pension Plan

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

**OTHER SUPPLEMENTARY
INFORMATION**

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
Parishes of Iberia, St. Martin, and St. Mary, Louisiana
Probation Fund

Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Probation fees	\$ 785,000	\$ 555,854	\$ 562,389	\$ 6,535
Intergovernmental agreement	9,000	9,000	-	(9,000)
Interest income	900	299	290	(9)
Miscellaneous income	-	2,044	10,523	8,479
Total revenues	794,900	567,197	573,202	6,005
Expenditures:				
General government - judicial				
Salaries and related benefits	810,731	651,914	657,006	(5,092)
Operating services	46,204	47,461	45,900	1,561
Materials and supplies	12,182	10,709	10,595	114
Travel and other charges	5,108	2,897	2,731	166
Capital outlay	32,500	19,242	17,742	1,500
Professional fees	39,788	36,278	36,141	137
Total expenditures	946,513	768,501	770,115	(1,614)
Deficiency of revenues over expenditures	(151,613)	(201,304)	(196,913)	7,619
Other financing sources:				
Operating transfers in	-	64,216	59,825	(4,391)
Deficiency of revenues and other sources over expenditures	(151,613)	(137,088)	(137,088)	3,228
Fund balances, beginning	152,613	137,088	137,088	-
Fund balances, ending	\$ 1,000	\$ -	\$ -	\$ 3,228

**INTERNAL CONTROL
AND
COMPLIANCE
AND
OTHER MATTERS**

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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*

Honorable M. Bofill Duhé
District Attorney of the
Sixteenth Judicial District
Parishes of Iberia, St. Martin
and St. Mary, Louisiana
New Iberia, Louisiana 70560

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 Sixteenth Judicial District, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District Attorney of the Sixteenth Judicial District's basic financial statements, and have issued our report thereon dated June 18, 2018.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the

entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Champagne & Company, LLC

Certified Public Accountants

Breaux Bridge, Louisiana
June 18, 2018

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Certified Public Accountants

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

Honorable M. Bofill Duhé
District Attorney of the
Sixteenth Judicial District
Parishes of Iberia, St. Martin
and St. Mary, Louisiana
New Iberia, Louisiana 70560

Report on Compliance for the Major Federal Program

We have audited the District Attorney of the Sixteenth Judicial District's 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 of the Sixteenth Judicial District's major federal program for the year ended December 31, 2017. The District Attorney of the Sixteenth Judicial District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings, questioned costs and management's corrective action plan.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the District Attorney of the Sixteenth Judicial District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit*

Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District Attorney of the Sixteenth Judicial District'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 the major federal program. However, our audit does not provide a legal determination of the District Attorney of the Sixteenth Judicial District's compliance.

Opinion on the Major Federal Program

In our opinion, the District Attorney of the Sixteenth Judicial District 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 of the Sixteenth Judicial District 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 of the Sixteenth Judicial District's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 of the Sixteenth Judicial District'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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

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Breaux Bridge, Louisiana
June 18, 2018

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
Parishes of Iberia, St. Martin, and St. Mary, Louisiana

Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2017

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the District Attorney of the Sixteenth Judicial District (District Attorney). The District Attorney's reporting entity is defined in Note 1 to the basic financial statements for the year ended December 31, 2017. All federal financial assistance received directly from federal agencies is included on the schedule as well as federal financial assistance passed through other government agencies. The major program is identified with an asterisk (*) on the schedule.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the District Attorney's basic financial statements for the year ended December 31, 2017.

(3) Relationship to Fund Financial Statements

Federal financial assistance revenues are reported in the District Attorney's fund financial statements as follows:

General Fund -	
Elderly Victims of Crime Program 8	\$ 262,864
Violence Against Women - Violence Tracking	27,404
Title IV-D Fund -	
Child Support Enforcement	539,935
Family Service Division Fund -	
Child Abuse Prevention	20,449
Child Abuse Program 4	17,684
Delinquency Prevention - Juvenile	26,965
Drug Court - Juvenile	<u>12,931</u>
Total	<u>\$ 908,232</u>

(4) Indirect Cost Rate

The District Attorney has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

(5) Relationship to Federal Financial Reports

Amounts reported in the Schedule of Expenditures of Federal Awards agree with the amounts reported in the related federal financial reports.

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
Parishes of Iberia, St. Martin and St. Mary, Louisiana

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017

Federal Grantor/Pass-Through Grantor/ Program Name	Federal CFDA Number	Pass-through Identifying Number	Federal Revenue Recognized	Federal Expenditures
<u>United States Department of Health and Human Services</u>				
Passed through Louisiana Department of Social Services Office of Family Support- Child Support Enforcement*	93.563	CFMS 722071 DOA 360-10024	\$ 539,935	\$ 539,935
Passed through Louisiana Department of Children and Family Services- Community-Based Family Resource Grant	93.590	2000202055	<u>20,449</u>	<u>20,449</u>
Total United States Department of Health and Human Services			<u>560,384</u>	<u>560,384</u>
<u>United States Department of Justice</u>				
Passed through Louisiana Commission on Law Enforcement-				
Title II - Juvenile Justice & Delinquency Prevention Program - Delinquency Prevention	16.540	2013-JF-03-2641	10,495	10,495
	16.540	2015-JF-04-3415	16,470	16,470
Edward Byrne Justice Assistance Grant Program - Drug Court - Juvenile	16.738	2016-DJ-01-3470	12,931	12,931
Victims of Crime Act - Victims Assistance - Elderly Victims of Crime Program 8	16.575	2015-VA-04-3204	262,864	262,864
Victims of Crime Act - Victims Assistance - Child Abuse Program 4	16.575	2016-VA-03-3731	17,684	17,684
STOP Violence Against Women - Violence Tracking	16.588	2016-WF-01-3665	<u>27,404</u>	<u>30,448</u>
Total United States Department of Justice			<u>347,848</u>	<u>350,892</u>
Total Expenditures of Federal Awards			<u>\$ 908,232</u>	<u>\$ 911,276</u>

*Denotes major federal program.

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
Parishes of Iberia, St. Martin and St. Mary, Louisiana

Schedule of Findings, Questioned Costs and
Management's Corrective Action Plan
Year Ended December 31, 2017

Part I: Summary of Auditors' Results:

1. An unmodified opinion was issued on the financial statements.
2. No significant deficiencies were disclosed by the audit of the financial statements.
3. There were no instances of material noncompliance disclosed.
4. No material weaknesses or significant deficiencies in internal control over the major program were disclosed by the audit of the financial statements.
5. An unmodified opinion was issued on compliance for the major program.
6. The audit disclosed no findings required to be reported in accordance with 2 CFR Section 200.516(a).
7. The major program was:

U.S. Department of Health and Human Services: Child Support Enforcement
8. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
9. The auditee did qualify as a low-risk auditee.

Part II: Findings which are required to be reported in accordance with generally accepted governmental auditing standards:

There are no findings mentioned under this section at December 31, 2017.

Part III: Findings and questioned costs for Federal awards which include audit findings as defined by Uniform Guidance (2 CFR 200.516 (a)):

There are no findings that are required to be reported under the above guidance.

Part IV: Management Letter Items:

There are no management letter items at December 31, 2017.

DISTRICT ATTORNEY OF THE SIXTEENTH JUDICIAL DISTRICT
Parishes of Iberia, St. Martin and St. Mary, Louisiana

Summary Schedule of Prior Audit Findings
Year Ended December 31, 2017

Section I: Findings which are required to be reported in accordance with generally accepted governmental auditing standards:

There were no findings mentioned under this section at December 31, 2016.

Section II: Findings and questioned costs for Federal awards which include audit findings as defined in Section 510(a) of Uniform Guidance:

There were no findings mentioned under this section at December 31, 2016.

Section III: Management Letter Items

There were no findings mentioned under this section at December 31, 2016.

**DISTRICT ATTORNEY OF THE
SIXTEENTH JUDICIAL DISTRICT**
Parishes of Iberia, St. Martin and St. Mary, Louisiana

Statewide Agreed-Upon Procedures Report

Year Ended December 31, 2017

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Management of the District Attorney of the Sixteenth Judicial District,

We have performed the procedures enumerated below, which were agreed to by the management of the District Attorney of the Sixteenth Judicial District and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the District Attorney of the Sixteenth Judicial District's compliance with certain laws, regulations and best practices during the year ended December 31, 2017. Management of the District Attorney of the Sixteenth Judicial District is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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

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

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

Written policies and procedures were obtained and address the functions above with the exception of how vendors are added to the vendor list.

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

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

- d) **Receipts**, including receiving, recording, and preparing deposits
Written policies and procedures were obtained and address the functions noted above.
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
Written policies and procedures were obtained and address the functions noted above.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
Written policies and procedures were obtained and address the functions noted above.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
Written policies and procedures were obtained and address the functions noted above.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
Written policies and procedures were obtained and address the functions noted above.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
Written policies and procedures were obtained and address the functions noted above.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
Written policies and procedures were obtained and do not address the functions noted above. This is because the District Attorney of the Sixteenth Judicial District does not have debt nor do they anticipate issuing debt.

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 of the Sixteenth Judicial District is not required to maintain minutes; therefore, this step is not applicable.

Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

The District Attorney of the Sixteenth Judicial District is not required to maintain minutes; therefore, this step is not applicable.

- b) 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 of the Sixteenth Judicial District is not required to maintain minutes; therefore, this step is not applicable.

Bank Reconciliations

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

Obtained listing of client bank accounts from management and management's representation that listing is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Obtained bank statements and reconciliations for all months in the fiscal period noting that reconciliations have been prepared for all months.

- 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

Obtained bank statements and reconciliations for all months in the fiscal period noting evidence of management review.

- 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.

Obtained bank statements and reconciliations for all months in the fiscal period noting that no outstanding items greater than 6 months existed; therefore, no items were required to be researched.

Collections

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

Obtained listing of cash collection locations and management's representation that listing is complete.

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). If there is a change in practitioners, the new practitioner is not bound to follow the

rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

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

Written documentation was obtained and address the functions noted above with the exception that the same person who collects cash reconciles the bank statement. However, independent review takes place of all bank reconciliations by an individual who is not involved in the cash collection process. In addition, employees that collect cash are not bonded, since no "physical" cash is collected. They do, however, have an errors & omission insurance policy in place. The District Attorney only collects money orders, cashier's checks, and checks from governmental entities.

- 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.

- 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.

Collection documentation was obtained and address the functions noted above. We tested 71 transactions. We noted 66 instances where deposits were not made within one day of collection (29 were 2 days late, 36 were 3 days late, and 1 was 5 days late). The District Attorney's office usually makes deposits on a weekly basis.

- 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.

No exceptions noted.

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

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

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.

Listing of disbursements and management's representation that the listing is complete was obtained.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

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

The District Attorney does not use a purchase order system to initiate purchases; therefore, this test is not applicable to the 25 disbursements.

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

The District Attorney does not use a purchase order system; all invoices were approved by a person who did not initiate the purchase.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Examined supporting documentation for each of the 25 disbursements and found all payments were processed with receiving report and approved invoice. Purchase orders are not used as noted above.

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 person responsible for processing payments is not prohibited from adding vendors to the entity's purchasing/disbursement 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.

Written policies and procedures do not prohibit the person with authority over disbursements from initiating or recording purchases.

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

documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

No exceptions noted.

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.

Neither a signature stamp nor signature machine is used.

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.

Listing of active credit cards, bank debit cards, fuel cards and name of person who maintain possession of cards and management's representation that the listing is complete was obtained.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Listing was obtained and randomly selected 10 cards.

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

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

No exceptions noted.

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

There were no finance charges and/or late fees assessed.

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

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

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

No exceptions noted.

- 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.

Listing of travel and expense reimbursements by person and management's representation that the listing is complete was obtained.

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.

Policies were obtained. No amounts listed exceed GSA rates.

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

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

Expenses were paid in accordance with written policy.

b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

No exceptions noted.

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

No exceptions noted.

- 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.

Of the 3 individuals tested, 2 of the individuals did not have written approval on some of the transactions by someone other than the person receiving the reimbursement.

Contracts

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

Listing of all contracts in effect and management's representation that the listing is complete was obtained.

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 noted.

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

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

None of the contracts were subject to Louisiana Public Bid Law or Procurement Code.

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

For two of the contracts tested, quotes were not solicited as a best practice.

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

No contract amendments were 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. Lawrason Act or Home Rule Charter).

The District Attorney's office does not maintain minutes nor does it have a board. Therefore, this step is not applicable.

Payroll and Personnel

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

Listing of employees with their related salaries and management's representation that the listing is complete was obtained.

- 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.

- 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 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

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

earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions noted.

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

No exceptions noted.

- 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.

No exceptions noted.

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

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.

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.

Management asserted that they have received no allegations during the fiscal period.

Debt Service (excluding nonprofits)

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

The District Attorney does not have debt; therefore, this test was 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.

Management has asserted that the entity did not have any misappropriations of public funds or assets.

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.

Required notices were posted on the entity's premises and website.

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.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of District Attorney of the Sixteenth Judicial District and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Champagne & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
June 18, 2018

Management's Response to Statewide Agreed-upon Procedures

For the Year Ended December 31, 2017

16th Judicial District Attorney

Management Response to Item:

Written Policies and Procedures

- 1b The Written Policies and Procedures will be amended to include the process and maintenance of our vendor file.

Collections

- 6a A limited staff restricts the ability to completely segregate all duties in relation to cash collections. The assignment of duties is disbursed to adequately separate the function of collecting checks and money orders:
- 1 employee receives the check; later reconciles the bank statement
 - 1 employee is responsible for making the deposit
 - 1 employee is responsible for bringing the deposit to the bank
 - No CASH is accepted; only checks or money orders
- 6c Receipts are deposited weekly, unless an excessive amount is on hand. Due to the limited number of staff, collections will be deposited in as timely of a manner as possible; but should not exceed a week.

Disbursements

- 10 The process and maintenance of the vendor file will be reformed to assign the Financial Officer as the authorized user of the Vendor File Maintenance.
- 11 The District Attorney has signatory authority and has appointed signatory authority to five management staff members. All authorized signers are management level and have the authority to initiate or approve purchases. Due to a limited staff and lack of a purchasing department, we are unable to realistically segregate this process. Authorized signers are presented with accounts payable checks that contain an average of 100 A/P checks each time. Our standard policy is that an authorized signer may not sign a check made payable to themselves, however to identify all disbursements whereby they may have initiated or authorized purchases would be unreasonable.

Travel and Expense Reimbursement

- 19d Expense reports for management level personnel will be addressed and properly enforced according to our written procedures.

Contracts

- 21b In our opinion, as it relates to contracting vendors for providing a service, the District Attorney considers obtaining quotes as a best practice when necessary. As an exception, service providers may be contracted at the District Attorney's discretion. The two contracts tested were informal contracts; therefore, no quotes were obtained.

The 16th Judicial District Attorney's Office maintains a limited number of staff in the accounting department. As a result, every effort is made to segregate duties within this area to the best of our ability.