

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

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

DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the District Attorney of the Orleans Judicial District, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District Attorney of the Orleans Judicial District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 7–12), budgetary comparison information (page 50), schedule of proportionate share of the net pension liability (page 51), and the schedule of pension contributions (page 52) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated July 30, 2019, on our consideration of the District Attorney of the Orleans Judicial District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the District Attorney of the Orleans Judicial District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District Attorney of the Orleans Judicial District's internal control over financial reporting and compliance.

LeBlanc & Associates CPAs, L.L.C.

Metairie, Louisiana
July 30, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

The District Attorney of the Orleans Judicial District (the "District Attorney") management's discussion and analysis is intended to assist the reader in focusing on significant financial issues, provide an overview of the District Attorney's financial activity, and identify changes in the District Attorney's financial position and its ability to address the next and subsequent year challenges. It also identifies any material deviations from the financial plan and identifies individual fund issues or concerns. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and is intended to provide the financial results for the fiscal year ending December 31, 2018.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

FUND FINANCIAL STATEMENTS

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

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

Governmental Funds

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

Fiduciary Funds

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

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

FINANCIAL ANALYSIS OF THE DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT

	<u>2018</u>	<u>2017</u>
ASSETS		
Current assets	\$ 799,903	\$ 1,066,251
Capital assets, net	<u>96,145</u>	<u>96,236</u>
Total assets	<u>896,048</u>	<u>1,162,487</u>
Deferred outflows of resources	<u>3,908,536</u>	<u>4,802,043</u>
LIABILITIES		
Current liabilities	1,344,289	1,259,435
Notes Payable - State of Louisiana	1,500,000	1,500,000
Net Pension Liability	<u>9,145,930</u>	<u>9,729,566</u>
Total liabilities	<u>11,990,219</u>	<u>12,489,001</u>
Deferred inflows of resources	<u>607,792</u>	<u>717,921</u>
NET POSITION		
Invested in capital assets	96,145	96,237
Restricted	305,849	113,114
Unrestricted (deficit), (see the Statement of Activities and Note 5)	<u>(8,195,421)</u>	<u>(7,451,743)</u>
Total net position	<u>\$ (7,793,427)</u>	<u>\$ (7,242,392)</u>

As indicated by the statement above, total net position as of December 31, 2018 and 2017 was \$(7,793,427) and \$(7,242,392), respectively. The decrease in net position is a result of the current period change in net position, the recording of entries in accordance with GASB 68 & 71 including the recording of the net pension liability, and deferred outflows/inflows (see the analysis of the Statement of Activities on page 15). Net position can be separated into three categories: invested in capital assets, restricted, and unrestricted net position.

Net position invested in capital assets is a combination of capital assets at original cost less accumulated depreciation. The original cost of capital assets as of December 31, 2018 and 2017 is \$923,984 and \$891,206, respectively, which is an accumulation of capital assets year after year less any capital disposals. The accumulated depreciation is the accumulation of depreciation expense since acquisition. In accordance with accounting principles generally accepted in the United States of America, depreciation expense is recorded on the original cost of the asset, less an estimated salvage value, expensed over the estimated useful life of the asset. Total accumulated depreciation as of December 31, 2018 and 2017 is \$827,839 and \$794,970, respectively.

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Restricted net position is an accumulation of operating results from the Title IV-D Fund as well as funds received from the U.S. Department of Justice equitable sharing program. As of December 31, 2018 and 2017 the restricted net position was \$305,849 and \$113,114, respectively.

The remaining unrestricted net position (deficit) as of December 31, 2018 and 2017 is \$(8,195,421) and \$(7,451,743), respectively. The unrestricted net position (deficit) is an accumulation of prior years' operating results. This balance is directly affected each year by the District Attorney's operating results.

CHANGES IN NET POSITION

	2018	2017
Changes In Net Position:		
Program Revenue		
Fees, Fines & Charges for Services	\$ 1,061,074	\$ 1,089,087
Operating Grants & Contributions	<u>12,777,798</u>	<u>12,725,005</u>
Total Program Revenue	<u>13,838,872</u>	<u>13,814,092</u>
General Revenues		
Interest & Miscellaneous Income	<u>307,836</u>	<u>331,249</u>
Total Revenues	<u>14,146,708</u>	<u>14,145,341</u>
Expenses		
General Governmental	<u>14,697,744</u>	<u>12,731,923</u>
Change in Net Position	(551,036)	1,413,418
Net Position (Deficit) January 1,	<u>(7,242,391)</u>	<u>(8,655,810)</u>
Net Position (Deficit) December 31,	<u>\$ (7,793,427)</u>	<u>\$ (7,242,392)</u>

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

ORIGINAL VS. REVISED BUDGET

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

REVENUE BUDGET

In 2018, the District Attorney's actual general fund revenues of \$11,700,877 were more than the \$11,661,982 budget by \$38,895, a variance of approximately 0.3%. In 2018 the District Attorney's Office actual Title IV-D Fund revenues of \$2,205,179 were less than the budget amount of \$2,397,088 by \$191,909, a variance of approximately 8%.

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

EXPENDITURE BUDGET

In 2018, the District Attorney's actual general fund expenditures of \$11,969,124 were less than the \$12,110,416 budget by \$141,292, a variance of approximately 1%. In 2018 the District Attorney's Office actual Title IV-D Fund expenditures of \$2,287,391 were less than the budget amount of \$2,397,088 by \$109,697, a variance of approximately 5%.

In 2017, the District Attorney's actual general fund expenditures of \$11,462,957 were more than the \$11,424,744 budget by \$38,213, a variance of approximately 0.3%. In 2017 the District Attorney's Office actual Title IV-D Fund expenditures of \$2,256,559 were less than the budget amount of \$2,397,087 by \$140,528, a variance of approximately 6%.

CAPITAL ASSETS

The District Attorney's investment in capital assets, net of accumulated depreciation as of December 31, 2018 and 2017, was \$96,145 and \$96,236, respectively. Depreciation expense for 2018 and 2017 is \$32,869 and \$40,904, respectively. See footnotes to the financial statements for additional information about changes in capital assets during the current year. The following table provides a summary of capital asset activity:

	2018	2017
Furniture and equipment	\$ 923,984	\$ 891,206
Less: accumulated depreciation	<u>(827,839)</u>	<u>(794,970)</u>
Net capital assets	<u>\$ 96,145</u>	<u>\$ 96,236</u>

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTES PAYABLE

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

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

CONTACTING THE DISTRICT ATTORNEY'S FINANCIAL MANAGEMENT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
STATEMENT OF NET POSITION
DECEMBER 31, 2018**

	2018
ASSETS	
Cash and Cash Equivalents	\$ 528,634
Receivables	263,297
Prepaid Expenses	7,972
Capital Assets, Net	96,145
Total Assets	896,048
Total Deferred Outflows of Resources	3,908,536
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 145,181
Accrued Salaries and Benefits	343,427
Current Portion of Note Payable	100,000
Accrued Compensated Absences	755,681
Total Current Liabilities	1,344,289
Long-term Liabilities:	
Note Payable - State of Louisiana	1,500,000
Net Pension Liability	9,145,930
Total Long-term Liabilities	10,645,930
Total Liabilities	11,990,219
Total Deferred Inflows of Resources	607,792
NET POSITION	
Invested in Capital Assets	\$ 96,145
Restricted	305,849
Unrestricted (Deficit)	(8,195,421)
Total Net Position (Deficit)	\$ (7,793,427)

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

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

Activities	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Net Revenue and Changes in Net Position
Governmental Activities:				
General - Governmental	\$ 14,697,744	\$ 1,061,074	\$ 12,777,798	\$ (858,872)
Total	<u>14,697,744</u>	<u>1,061,074</u>	<u>12,777,798</u>	<u>(858,872)</u>
General Revenues:				
Interest and Miscellaneous Income				<u>307,836</u>
Total General Revenues				<u>307,836</u>
Change in Net Position				(551,036)
Net Position (deficit) - January 1,				<u>(7,242,391)</u>
Net Position (deficit) - December 31,				<u>\$ (7,793,427)</u>

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

FUND FINANCIAL STATEMENTS
GOVERNMENTAL FUNDS

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
GOVERNMENTAL FUND
BALANCE SHEET
DECEMBER 31, 2018**

	General Fund	Title IV-D Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 518,991	\$ 9,643	\$ 528,634
Receivables	159,362	103,935	263,297
Prepaid Expenses	7,972	-	7,972
Total Assets	\$ 686,325	\$ 113,578	\$ 799,903
 LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 110,418	\$ 34,763	\$ 145,181
Accrued Salaries and Benefits	328,841	14,585	343,426
Current Portion of Note Payable	100,000	-	100,000
Note Payable - State of Louisiana	1,500,000	-	1,500,000
Total Liabilities	2,039,259	49,348	2,088,607
 Fund Balance			
Nonspendable	7,972	-	7,972
Restricted	301,550	64,230	365,780
Unassigned (Deficit)	(1,662,456)	-	(1,662,456)
Total Fund Balance	(1,352,934)	64,230	(1,288,704)
Total Liabilities and Fund Balance	\$ 686,325	\$ 113,578	\$ 799,903

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

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2018

	2018
Total Fund Balance (Deficit) - governmental fund at December 31,	\$ (1,288,704)
Amounts reported for governmental activities in the statement of net position are different because of:	
Compensated Absences	(755,682)
Cost of capital assets at December 31,	923,984
Less: Accumulated depreciation as of December 31,	(827,839)
Deferred Outflows of Resources	3,908,536
Net Pension Liability	(9,145,930)
Deferred Inflow of Resources	(607,792)
Net Position (Deficit) - governmental activities at December 31,	\$ (7,793,427)

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

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>General Fund</u>	<u>Title IV-D Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
On-Behalf Payments	\$ 3,704,106	\$ -	\$ 3,704,106
City Appropriations	6,078,029	-	6,078,029
Grants and Contributions	790,484	2,205,179	2,995,663
Fees, Fines and Charges for Services	1,061,074	-	1,061,074
Miscellaneous Income	65,076	-	65,076
Interest	2,108	-	2,108
Total Revenues	<u>11,700,877</u>	<u>2,205,179</u>	<u>13,906,056</u>
EXPENDITURES			
Salaries and Fringe Benefits	10,758,002	1,801,178	12,559,180
Operating Services	1,024,789	453,789	1,478,578
Professional Fees	156,429	29,550	185,979
Capital Outlay	29,904	2,874	32,778
Total Expenditures	<u>11,969,124</u>	<u>2,287,391</u>	<u>14,256,515</u>
Net Change in Fund Balances	(268,247)	(82,212)	(350,459)
Fund Balances (deficit) - January 1,			<u>(938,245)</u>
Fund Balances (deficit)- December 31,			<u>\$ (1,288,704)</u>

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

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018
Net Change in Fund Balance - Governmental Fund (Statement E)	\$ (350,459)
<p>Amounts Reported for governmental activities in the Statement of Activities are different because:</p>	
<p>The change in compensated absences reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.</p>	(743)
<p>Capital outlays are reported in governmental funds as expenditures; however, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the current period:</p>	
Depreciation expense	(32,869)
Capital outlays	32,777
<p>Governmental funds report employer contributions to its pension plans as expenditures; however, in the Statement of Activities, pension expense represents the Clerk's proportionate share of the Clerks' change in net pension liability</p>	(440,394)
<p>Revenue reported in the Statement of Activities for the Clerks' proportionate share of non-employer contributions to the pension plans does not provide current financial resources and, therefore, is not reported as revenue in the governmental funds.</p>	240,652
Change in net position of governmental activities (Statement B)	\$ (551,036)

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

FUND FINANCIAL STATEMENTS
AGENCY FUND

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
STATEMENT OF FIDUCIARY NET POSITION - AGENCY FUND
DECEMBER 31, 2018**

	<u>2018</u>
ASSETS	
Cash and Cash Equivalents	\$ <u>808,053</u>
TOTAL ASSETS	\$ <u>808,053</u>
LIABILITIES	
Bonds Forfeitures	\$ 137,243
Seizures	619,363
ECU Collectors	4,935
Bail Postings	<u>46,512</u>
TOTAL LIABILITIES	\$ <u>808,053</u>

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

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

INTRODUCTION

As provided by Article V, Section 26 of the Louisiana Constitution of 1974, the District Attorney of the Orleans Judicial District (District Attorney) has charge of every criminal prosecution by the State in his or her district, is the representative of the State before the grand jury in his district, and is the legal advisor to the grand jury. The District Attorney performs other duties as provided by law. The District Attorney is elected by the qualified electors of the judicial district for a term of six years. The Orleans Judicial District encompasses the entire Parish of Orleans.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

Basis of Presentation

The accompanying basic financial statements of the District Attorney have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

Government-Wide and Fund Financial Statements

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

Government-Wide Financial Statements

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

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

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

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

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

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

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

Basic Financial Statements - Fund Financial Statements

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

A. **Governmental**

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

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Special Revenue Funds

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

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

C. Fiduciary

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

Asset Forfeiture Agency Funds

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

Bond Forfeiture Agency Funds

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

Bail Posting Agency Funds

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ECU Collection Agency Funds

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

Measurement Focus / Basis of Accounting

Fund Financial Statements (FFS)

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

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

Revenues

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

Expenditures

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

Other Financing Sources (Uses)

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Revenues

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

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the District Attorney as a whole. These statements included all the financial activities of the District Attorney. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*.

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

Cash and Cash Equivalents

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

Investments

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

Budgets

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

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

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

Fund Balance / Net Position

Fund Balance

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

- (a) Nonspendable fund balance - amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- (b) Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- (c) Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- (d) Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- (e) Unassigned fund balance - amounts that are available for any purpose that have not been restricted, committed or assigned to specific purposes within the general fund.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

In the fund financial statements, governmental funds report restrictions of fund balance amounts that are not available for appropriation or are legally restricted by outside parties to use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change. At December 31, 2018, the governmental fund's restricted fund balance amounted to \$365,780.

Net Position

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

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

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

Estimates

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

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
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2. CASH AND EQUIVALENTS

Concentration of Credit Risk: The District Attorney maintains their cash in demand deposit accounts at various local banks. The District Attorney maintained cash balances in excess of the FDIC Insurance by \$804,331 as of December 31, 2018.

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

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

As of December 31, 2018 the total bank balance, including fiduciary funds, of \$1,343,244 was secured from risk by \$538,913 of FDIC coverage and by a pledge of securities owned by the fiscal agent bank in the amount of \$804,331.

At December 31, 2018, the District Attorney has cash and cash equivalents (book balances) totaling \$528,635, as follows:

	2018
Cash and Cash Equivalents (book balances)	\$ 1,336,688
Less: Agency Funds	(808,053)
Cash and Cash Equivalents (Statement of Net Position)	\$ 528,635

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
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3. CAPITAL ASSETS

Depreciation expense during 2018 was \$32,869. Capital assets and depreciation activity as of and for the year ended December 31, 2018, are as follows:

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
<u>Government Activities</u>				
Computer Equipment	\$ 530,757	\$ 29,904	\$ -	\$ 560,661
Vehicles	264,096	-	-	264,096
Furniture, fixtures and equipment	<u>96,353</u>	<u>2,874</u>	-	<u>99,227</u>
Total	<u>891,206</u>	<u>32,778</u>	-	<u>923,984</u>
Less accumulated depreciation:				
Computer Equipment	462,433	23,581	-	486,014
Vehicles	254,792	4,787	-	259,579
Furniture, fixtures and equipment	<u>77,745</u>	<u>4,501</u>	-	<u>\$ 82,246</u>
	<u>794,970</u>	<u>32,869</u>	-	<u>827,839</u>
 Capital assets, net	 <u>\$ 96,236</u>			 <u>\$ 96,145</u>

4. COMPENSATED ABSENCES

Employees can accrue unused vacation days on a yearly basis. Upon termination or resignation, an employee shall be paid unused vacation days up to a maximum of 30 days (232.50 hours) plus that current years unused vacation days. Each employee accumulates 10 days per year of paid medical leave which can be carried over from year to year. At no time will employees be paid for unused medical leave. Accrued sick time is not available to terminated employees.

At December 31, 2018, employees of the District Attorney had accumulated and vested \$755,681 of employee leave benefits, which was computed in accordance with the provision of GASB No. 16, *Accounting for Compensated Absences*.

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
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5. PENSION PLANS

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

Plan Description:

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

District Attorney's Retirement System

Plan Description

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

Benefits Provided

Retirement benefits

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

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

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
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5. PENSION PLANS (continued)

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

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

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

Disability benefits

A member is eligible to receive disability benefits if he has at least ten years of creditable service and is found to be totally disabled as a result of injuries incurred while in active service. The member receives a benefit equal to 3% (3.5% for members covered under the new retirement benefit provisions) of his final average compensation multiplied by the lesser of his actual service (not to be less than fifteen years) or projected continued service to age sixty.

Survivor benefits

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

Withdrawal from Service

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

Back Deferred Retirement Option Plan (Back-DROP)

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

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
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5. PENSION PLANS (continued)

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

Cost of Living Adjustments

The board of trustees of DARS are authorized to grant retired members and surviving beneficiaries of members who have retired, an annual cost of living increase of 3% of their original benefit (not to exceed \$60 per month), and all retired members and surviving beneficiaries who are sixty-five years of age and older a 2% increase in their original benefit. In lieu of other cost of living increases the board may grant an increase to retirees in the form of "Xx(A&B)" where "A" is equal to the number of years of credited service accrued at retirement or death of the member or retiree and "B" is equal to the number of years since death of the member or retiree to June 30 of the initial year of increase and "X" is equal to any amount available for funding such increase up to a maximum of \$1.00. In order for the board of trustees to grant any of these increases, DARS must meet certain criteria detailed in the statute related to funding status and interest earnings.

Contributions (Employer and Non-employer)

According to state statute, contribution requirements for all employers are actuarially determined each year. The District Attorney was required to contribute 0% from July 1, 2017 through June 30, 2018, and 1.25% from July 1, 2018 through June 30, 2019 of annual covered payroll. Employees are required to contribute 8% of their annual pay. In addition, DARS also receives non-employer contributions including ad valorem taxes and state revenue sharing funds. The District Attorney's allocation percentage of these additional sources of income, which are not considered special funding situations, are recognized as revenue and excluded from pension expense.

The District Attorney's proportionate share of employer contributions for the measurement period (July 1, 2017 through June 30, 2018) was \$0 and the proportionate share of non-employer contributions was \$240,652.

The District Attorney had \$10,270 of contributions to the DARS pension for the year ended December 31, 2018.

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
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5. PENSION PLANS (continued)

The Employees' Retirement System of the City of New Orleans

Plan Description

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

Benefits Provided

Retirement benefits

Members who became eligible for membership on or before January 1, 2018:

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

Members who became eligible for membership after January 1, 2018:

Normal Retirement Age:	5 years of service and age 65
	20 years of service and age 62
	30 years of service, regardless of age

Retirement benefits consist of the following:

1. An annuity, which is the actuarial equivalent of the employee's accumulated contribution; plus
2. For active members who commenced employment after January 1, 2018, the retirement allowance shall equal 1.9% of pensionable compensation multiplied by the member's creditable service.
3. For active members who commenced employment before January 1, 2018, the retirement allowance shall equal to 2.5% of pensionable compensation times the first twenty-five years, plus 4% of pensionable compensation times creditable service over twenty-five years.
4. Effective for members retiring before December 31, 2017, but on or after January 1, 2002, an annual pension, which together with the above annuity, provides total retirement allowance equal to 2.5% of pensionable compensation times the first twenty-five years, plus 4% of average compensation times creditable service over twenty-five years.

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5. PENSION PLANS (continued)

5. Effective for members retiring before 2002, but on or after January 1, 1983, an annual pension, which, together with above annuity, provides total retirement allowance equal to 2% of pensionable compensation times the first ten years, plus 2.5% of pensionable compensation times the next ten years, plus 3% of pensionable compensation times the next ten years, plus 4% of pensionable compensation times creditable service over thirty years.
6. Effective January 1, 1983, additional pension equal to 2% of \$1,200 times first ten years, plus 2 1/2% of \$1,200 times next ten years, plus 3% of \$1,200 times next ten years, plus 4% of \$1,200 times service over thirty years. Ceases at sixty-two or at eligibility for Social Security, whichever comes first. Effective January 1, 2002, the \$1,200 exclusion will not apply.
7. Additional pension for member who reaches age sixty-five with twenty or more years and the retirement allowance under (1) and (2) above is less than \$1,200 per year; to produce total retirement allowance of \$1,200 per year.
8. Effective January 1, 1982, for service retirement prior to age sixty-two with less than thirty years of service, (3) and (4) above are reduced by 3% for each year below sixty-two. However, effective January 1, 1996, this reduction is not made if the employee has at least thirty years of service. Effective January 1, 2002 no reduction if age and service total at least eighty.
9. Maximum benefit may not be greater than 100% of average compensation.
10. Effective June 1, 1999, minimum benefit of \$300 per month for retirees with ten years of service at retirement.

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

Pensionable compensation for any calendar year cannot exceed \$200,000 or the greater limit then permitted under Tax Code Section 401 (a)(17). For members employed after January 1, 2018, pensionable compensation for any calendar year cannot exceed \$100,000, adjusted for inflation as determined by the trustees from time to time.

Disability benefits

Ordinary disability retirement benefits are awarded to active members with ten or more years of creditable service if a physician nominated by the board of trustees certifies that the member is mentally or physically totally incapacitated and that such is likely to be permanent.

The member receives a service retirement allowance, if eligible; otherwise the member will receive a disability retirement allowance which will consist of:

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

Accidental disability retirement benefits are awarded to members whom the board of trustees finds has been totally and permanently incapacitated as a result of an accident sustained in service as a member and occurring while in performance of his duty if a physician nominated by the board certifies that the member is mentally or physically totally incapacitated and that such is likely to be permanent.

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
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5. PENSION PLANS (continued)

The member receives a service retirement allowance, if eligible; otherwise the member will receive an accidental disability retirement allowance which will consist of:

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

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

Survivor benefits

Upon the death of a member during active service, the member's accumulated plan contributions are paid to the member's beneficiary. In addition, if a member has three years of creditable service, an additional lump sum benefit equal to 25% of earnable compensation for the year preceding death, plus 5% of such earnable compensation for each additional year of creditable service (benefit not to exceed compensation made before death) is paid. Also, if at the date of death, the member was eligible for retirement and leaves a surviving spouse, the surviving spouse shall be eligible to elect either Option 2 or Lump Sum refund of employee's contributions. If, at date of death, the member was ineligible for retirement, but was at least fifty-five years of age and had ten or more years of creditable service or was under age fifty-five and had at least twenty years of creditable service, then the surviving spouse may elect to receive benefits equal to an actuarially reduced amount based upon the members' age and years of creditable service. The benefit will cease when surviving spouse reaches age of eligibility for Social Security. Any death benefit will be offset by Worker's Compensation benefits.

Optional forms of benefits

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

Withdrawal from Service

Upon withdrawal from service, members are entitled to:

1. Effective January 1, 2002, a member who separates with five years of creditable service may allow his accumulated contributions to remain on deposit and service retirement allowance to begin as early as age sixty-five.
2. Prior to January 1, 2002, withdrawal with ten years of creditable service prior to withdrawal from service, member may allow accumulated contributions to remain on deposit and service retirement allowance to begin as early as age sixty (subject to reduction if retirement is elected before age sixty-two). If death occurs before retirement, return of accumulated contributions with interest.

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

5. PENSION PLANS (continued)

3. Upon withdrawal without five years of creditable service, employee is entitled to return of his accumulated contributions with interest or may allow contributions to remain on deposit for maximum of five years. In the case of employee's death, then accumulated contribution plus interest are paid to their beneficiary.
4. If employee re-enters after receipt of refund and continues service thereafter for at least six months, they may repay the amount of refund plus the amount of employer contributions, with compound interest, to receive prior creditable service again.

Deferred Retirement Option Plan (DROP)

In lieu of receiving a service retirement allowance, any member of the Retirement System who has more than sufficient service for a regular service retirement may elect to participate in the DROP program. However, members who commenced employment after January 1, 2018 and members with less than ten years of service as of January 1, 2018 cannot exceed three years. Other members may participate for up to five years. When a member joins DROP, he stops contributing to and earning benefits in the system. Employer contributions also stop and the retirement benefit begins being paid into his DROP account.

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

Cost of Living Adjustments

Cost of living provisions for the Retirement System allows the board of trustees to provide an annual cost of living increase. The board of trustees retains trust earnings or gains in excess of an average 3.5% to provide cost of living increases in benefits to retirees (past or future) not to exceed 3% of the initial benefit per each year of retirement, provided that the Retirement System's funded ratio is at least 95%. Such benefit shall be awarded and paid only when funds are available from this source as determined by the board of trustees.

Contributions (Employer)

Contribution requirements for all employers are determined on the basis of regular interest and mortality tables adopted by the board of trustees, and additional percentage of earnable compensation, known as "Accrued Liability Contributions," determined by an actuary on basis of the amortization period adopted by the board of trustees. The District Attorney was required to contribute 23.252% from January 1, 2018 through December 31, 2018 of annual covered payroll. Employees are required to contribute 6% of their annual pay. The Retirement System does not receive non-employer contributions.

The District Attorney's proportionate share of employer contributions for the measurement period (January 1, 2017 through December 31, 2017) was \$943,178.

The District Attorney's contributions to the Retirement System for the year ended December 31, 2018 were \$1,095,070.

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

5. PENSION PLANS (continued)

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

At December 31, 2018, the District Attorney's net pension liability is comprised of its proportional share of the net pension liabilities of the District Attorneys' Retirement System and the Employees' Retirement System of the City of New Orleans as follows:

	<u>DARS</u>	<u>Retirement System CNO</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	886,097	8,259,833	9,145,930
Measurement Date	6/30/2018	12/31/2017	
Proportion (%) of Net Pension Liability	2.75 %	3.47 %	
Prior Year Proportionate Share of Net Pension Liability	861,164	8,868,401	9,729,565
Increase (Decrease) From Prior Measurement Date	24,933	(608,568)	(583,635)
Proportion of Net Pension Liability	3.19 %	3.47 %	
Increase (Decrease in Proportion (%) of the Net Pension Liability	(0.44)%	- %	
Pension Expense	294,472	1,251,262	1,545,734

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

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

5. PENSION PLANS (continued)

At December 31, 2018, the District Attorney reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

District Attorneys' Retirement System:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 4,759	\$ 128,723
Changes of Assumptions	537,475	58,434
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	74,195	-
Changes in Proportion and Differences Between District Attorney's Contributions and Proportionate Share of Contributions	24,223	118,288
Contributions Made Subsequent to the Measurement Date	<u>10,270</u>	<u>-</u>
	<u>\$ 650,922</u>	<u>\$ 305,445</u>

Employees' Retirement System of the City of New Orleans:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 1,998,568	\$ 162,157
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	140,190
Changes in Proportion and Differences Between District Attorney's Contributions and Proportionate Share of Contributions	163,976	-
Contributions Made Subsequent to the Measurement Date	<u>1,095,070</u>	<u>-</u>
	<u>\$ 3,257,614</u>	<u>\$ 302,347</u>

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

5. PENSION PLANS (continued)

Total All Pension Plans:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 2,003,327	\$ 290,880
Changes of Assumptions	537,475	58,434
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	74,195	140,190
Changes in Proportion and Differences Between District Attorney's Contributions and Proportionate Share of Contributions	188,199	118,288
Contributions Made Subsequent to the Measurement Date	<u>1,105,340</u>	<u>-</u>
	<u>\$ 3,908,536</u>	<u>\$ 607,792</u>

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

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

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

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

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

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

5. PENSION PLANS (continued)

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

Deferred outflows of resources related to pensions resulting from the District Attorney's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31st	Amount
2019	\$ 663,241
2020	474,509
2021	128,340
2022	167,713
2023	438,713
Thereafter	322,888
	\$ 2,195,404

Actuarial Assumptions

District Attorneys' Retirement System

The total net pension liability in the June 30, 2018 actuarial valuation of DARS was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.50% Net of Investment Expense
Projected Salary Increases	5.50% (2.4% inflation, 3.1% merit)
Mortality Rates	RP-2000 Combined Healthy with White Collar Adjustment Sex District Tables (set back 1 year for females) RP-2000 Disabled Lives Mortality Table (set back 5 years for males and 3 years for females) for disabled annuitants
Expected Remaining Service Lives	6 years (7 years for periods ended June 30, 2017 and 2016)
Cost of Living Adjustment	Only those previously granted

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

5. PENSION PLANS (continued)

The mortality rate assumptions used in the June 30, 2018 valuations were set after reviewing an experience study performed over the period of July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of DARS's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables used.

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

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

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

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates taking into consideration the recommendation of the DARS's actuary. Based on these assumptions DARS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liability.

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

5. PENSION PLANS (continued)

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

The following presents the District Attorney's proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what the District Attorney's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
\$ 2,385,752	\$ 886,097	\$ (389,718)

Pension plan fiduciary net position

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

Employees' Retirement System of the City of New Orleans

The total net pension liability in the January 1, 2018 actuarial valuation of the Retirement System were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5% net of Investment Expense
Projected Salary Increases	5.00%
Mortality Rates	RP-2000 Combined Healthy Mortality Table (Sex District) without Projection, with ages set forward six years below age 70 for males and four years below age 65 for females RP-2000 Disability Mortality Table (Sex District) without Projection
Retirement Age Assumptions	Based on Results of 2006-2010 Periodic Actuarial Experience Study
Expected Remaining Service Lives	8 years
Cost of Living Adjustment	The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the board of trustees as they were deemed not to be substantively automatic.

The long-term expected rates of return on the Retirement System's investments were 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) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

5. PENSION PLANS (continued)

The best estimates of arithmetic real rates of return for each major asset class based on the Retirement Systems' target asset allocation as of December 31, 2017 were as follows:

Asset Class	Target Asset Allocation	Expected Portfolio Real Rate of Return
Cash Equivalents	2.00 %	1.41 %
Equity Securities	58.00 %	6.79 %
Fixed Income	25.00 %	2.65 %
Real Estate	5.00 %	4.08 %
Other Alternative Investments	10.00 %	7.37 %
Total	<u>100.00 %</u>	-

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates taking into consideration the recommendation of the Retirement System's actuary. Based on these assumptions the Retirement Systems's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
<u>\$ 10,468,974</u>	<u>\$ 8,259,833</u>	<u>\$ 6,410,957</u>

Pension plan fiduciary net position

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

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

6. NOTES PAYABLE

Note Payable - State of Louisiana

On June 27, 2005 the District Attorney received an adverse judgment awarding a total of \$3,300,000 to their previous employees. The District Attorney received a stay until the Judgment continued through the appeals process. As of October 1, 2007, the District Attorney reached a settlement agreement with the plaintiffs and agreed to pay a sum of \$3,300,000. As a result of the agreement, the District Attorney received proceeds from the State of Louisiana for \$1,600,000 in order to pay a portion of the judgment to the plaintiffs. Per the agreement with the State of Louisiana, the District Attorney agreed to pay \$100,000 for 16 years; however, the initial payment continues to be deferred on an annual basis. As of December 31, 2018, the note payable to the State of Louisiana was \$1,600,000.

7. LEASES

The District Attorney is committed under various leases for equipment and office space. Many of these leases are on a month-to-month basis and can be cancelled by either party at any time. All of these leases are considered, for accounting purposes, to be operating leases. The lease payments for 2018 were \$306,746. Future minimum lease payments for the leases are as follows:

	2019		\$ 286,548
	2020		275,094
	2021		267,609
	2022		247,250
	2023		124,992
	Thereafter		-
	Total		<u>\$ 1,201,493</u>

8. LITIGATION AND CLAIMS

The District Attorney is a defendant in various lawsuits filed for unspecified damages. Outside counsel for the District Attorney continues to defend these lawsuits in an attempt to obtain the most favorable outcome. In the opinion of the District Attorney's legal counsel, all but one of the the lawsuits are not presently determinable. On May 20, 2019, a judgment of \$11,228 was issued against the District Attorney. The petitioner is currently trying to execute/collect on the judgment.

9. ON-BEHALF PAYMENTS

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

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

9. ON-BEHALF PAYMENTS (continued)

In accordance with GASB No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, the amount of state warrants paid directly to Assistant District Attorneys, as well as the related benefits, should be recognized by the District Attorney as expenditures. During 2018, the District Attorney has recognized \$3,704,106 from the State for On-Behalf Payments.

10. CITY APPROPRIATIONS

In accordance with GASB No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, the District Attorney has recognized \$6,078,029 during 2018 for appropriations from the City of New Orleans.

11. GRANTS AND COOPERATIVE ENDEAVOR AGREEMENT

All grants received by the District Attorney are received on a reimbursable basis. As a result, income associated with the specific grants is not recognized until the expenditures have occurred. At that point, a request is submitted to the appropriate agency in order to be reimbursed for the expended funds. In some instances, an advance is requested on the grant income in order to obtain the necessary purchases. During 2018, the District Attorney requested reimbursements from the Louisiana Commission on Law Enforcement, Office of Children and Family Services, the Gulf Coast HIDTA program, and the Multi-Agency Gang Unit Cooperative Endeavor Agreement totaling \$3,045,663. Of this amount, \$2,995,663 is included in Grants and Contributions on the statement of revenues, expenditures and changes in fund balances during 2018; and during the same period, \$50,000, is included in Miscellaneous Income on the statement of revenues, expenditures and changes in fund balances. As of December 2018, grants receivable amounted to \$159,222, and is included in Accrued Receivables on the balance sheet.

12. DEFICIT REDUCTION PLAN

For the year ended December 31, 2018, the District Attorney's deficit increased by \$268,247. Management plans to reduce the deficit by continuing to review and monitor expenditures as well as apply for all possible grants available and increase requests for funding through the City of New Orleans budget process.

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

13. SUBSEQUENT EVENTS

FASB Accounting Standards Codification Topic 855, "Subsequent Events" addresses events which occur after the balance sheet date but before the issuance of financial statements. An entity must record the effects of subsequent events that provide evidence about conditions that existed at the balance sheet date and must disclose but not record the effects of subsequent events which provide evidence about conditions that existed after the balance sheet date. Additionally, Topic 855 requires disclosure relative to the date through which subsequent events have been evaluated and whether that is the date on which the financial statements were issued or were available to be issued. Management evaluated the activity of District Attorney of the Orleans Judicial District through July 30, 2019, the date the financial statements were issued, and concluded that no subsequent events have occurred that would require recognition in the Financial Statements or disclosure in the Notes to the Financial Statements.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND & TITLE IV-D FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

<u>GENERAL FUND</u>	Original Budget	Final Budget	Actual GAAP Basis	Variance With Final Budget Positive (Negative)
Total Salaries and Related Expenses	\$ 10,538,457	\$ 10,929,527	\$ 10,758,002	\$ 171,525
Total Operating Expenditures	1,146,482	1,180,889	1,181,218	(329)
Capital Outlay	-	-	29,904	(29,904)
Total Expenditures	<u>\$ 11,684,939</u>	<u>\$ 12,110,416</u>	<u>\$ 11,969,124</u>	<u>\$ 141,292</u>
Revenues	<u>\$ 11,774,826</u>	<u>\$ 11,661,982</u>	<u>\$ 11,700,877</u>	<u>\$ 38,895</u>
Total Revenues	<u>\$ 11,774,826</u>	<u>\$ 11,661,982</u>	<u>\$ 11,700,877</u>	<u>\$ 38,895</u>
<u>TITLE IV-D FUND</u>	Original Budget	Final Budget	Actual GAAP Basis	Variance With Final Budget Positive (Negative)
Total Salaries and Related Expenses	\$ 1,884,798	\$ 1,884,798	\$ 1,801,178	\$ 83,620
Total Operating Expenditures	512,290	512,290	483,339	28,951
Other Expenditures	-	-	2,874	(2,874)
Total Expenditures	<u>\$ 2,397,088</u>	<u>\$ 2,397,088</u>	<u>\$ 2,287,391</u>	<u>\$ 109,697</u>
Revenues	<u>\$ 2,397,088</u>	<u>\$ 2,397,088</u>	<u>\$ 2,205,179</u>	<u>\$ (191,909)</u>
Total Revenues	<u>\$ 2,397,088</u>	<u>\$ 2,397,088</u>	<u>\$ 2,205,179</u>	<u>\$ (191,909)</u>

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

**DISTRICT ATTORNEY OF THE ORLEAS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
SCHEDULE OF THE DISTRICT ATTORNEY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District Attorneys' Retirement System				
Proportion of the net pension liability	2.753629 %	3.192785 %	3.284849 %	3.783886 %
Proportionate share of the net pension liability	886,097	861,164	628,744	203,820
Covered-employee payroll during measurement period	1,827,502	1,823,379	2,134,086	2,241,957
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	48.49 %	47.23 %	29.46 %	9.09 %
Plan fiduciary net position as a percentage of the total pension liability	92.92 %	93.57 %	95.09 %	98.56 %
Employees' Retirement System of the City of New Orleans				
Proportion of the net pension liability	3.471406 %	3.471406 %	4.434200 %	4.434202 %
Proportionate share of the net pension liability	8,259,833	8,868,401	9,914,329	7,512,673
Covered-employee payroll during measurement period	4,410,656	4,622,490	4,614,293	4,676,366
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	187.27 %	191.85 %	214.86 %	160.65 %
Plan fiduciary net position as a percentage of the total pension liability	62.22 %	58.06 %	60.26 %	68.64 %

Notes:

Changes in Assumptions:

Effective measurement period ended June 30, 2018, the actuarial valuation of the District Attorney's Retirement System assumed six years as the expected remaining service lives. For periods ended June 30, 2017 and 2016, seven years was assumed. Prior to that time six years was assumed.

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

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

See independent auditor's report

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
SCHEDULE OF THE DISTRICT ATTORNEY'S PENSION CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>District Attorneys' Retirement System</u>					
Statutorily required contributions	\$ 10,270	\$ -	\$ 35,912	\$ 118,094	\$ 191,621
Contributions in relation to the statutorily required contributions	<u>(10,270)</u>	<u>-</u>	<u>(35,912)</u>	<u>(118,094)</u>	<u>(191,621)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll during calendar year	1,817,525	1,717,100	2,052,114	2,241,071	2,278,118
Contributions as a percentage of covered-employee payroll	0.57 %	0.00 %	1.75 %	5.27 %	8.41 %
<u>Employees' Retirement System of the City of New Orleans</u>					
Statutorily required contributions	\$ 943,178	\$ 947,850	\$ 1,040,615	\$ 1,041,815	\$ 1,018,419
Contributions in relation to the statutorily required contributions	<u>(943,178)</u>	<u>(947,850)</u>	<u>(1,040,615)</u>	<u>(1,041,815)</u>	<u>(1,018,419)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll during calendar year	4,056,331	4,410,656	4,622,490	4,614,293	4,676,366
Contributions as a percentage of covered-employee payroll	23.252 %	21.490 %	22.512 %	22.578 %	21.778 %

Notes:

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

Information related to 2013 through 2008 is not available.

See independent auditor's report

OTHER SUPPLEMENTARY INFORMATION

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 150,000
Benefits - Retirement	\$ 938
Benefits - Other	\$ 2,207
Vehicle Provided by Government	\$ 2,208
Registration Fees	\$ 325
Conference Travel	\$ 1,035

See independent auditor's report

OTHER GOVERNMENTAL REPORTING

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District Attorney of the Orleans Judicial District (District Attorney) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District Attorney's basic financial statements, and have issued our report thereon dated July 30, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District Attorney's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* (see Finding # 2018-001).

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 25:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

LeBlanc & Associates CPAs, L.L.C.

Metairie, Louisiana
July 30, 2019

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

SECTION I –SUMMARY OF AUDITOR’S RESULTS

Financial Statements

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

Federal Awards

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

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

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

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018

SECTION II – FINANCIAL STATEMENT AUDIT FINDINGS

2018-001. Audit reporting package not submitted by the due date of June 30, 2019

Statement of Condition: The audit reporting package was not timely filed on June 30, 2019.

Criteria: According to R.S. 24:513 an audit is to be completed within six months of the close of the entity's fiscal year.

Cause: The information to prepare the adjusting journal entries, related disclosures and supplemental information regarding the New Orleans Municipal Employees Retirement System (NOMERS) in accordance with GASB 68 was not available in time to prepare the financial reporting package by the due date of June 30, 2019.

Effect or Potential Effect: The financial reporting package was submitted to the Louisiana Legislative Auditor late.

Recommendations: Management should begin the process of gathering the applicable information needed to correctly report in accordance with GASB 68 well in advance of the reporting deadline. Management should be in contact with those charged with the administration of the pension plan to determine whether the information will be provided to the plan participants in a timely fashion.

Management's Corrective Action Plan:

See page 65 of this report.

SECTION III – MAJOR FEDERAL AWARD PROGRAMS FINDINGS AND QUESTIONED COSTS

None

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS & QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

FINANCIAL STATEMENT FINDINGS:

None

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Federal Grantor / Pass-through Grantor Program Title	CFDA Number	Project Number	Current Year Expenditures
<u>U.S. Department of Justice</u>			
Sexual Assault Kit Initiative	16.833	2017-AK-BX-0004	312,636
Equitable Sharing Program (Asset Forfeiture Program)	16.560	LA036015A	21,296
Passed through - Louisiana Commission on Law Enforcement and Administration of Criminal Justice			
Victim Assistance Program	16.575	2016-VA-02/03-3870	38,930
Victim Assistance Program	16.575	2017-VA-03/02-4229	37,231
Domestic Violence Program	16.588	2016-WF-02-3637	1,758
Domestic Violence Program	16.588	2017-WF-02-4192	38,955
Pre-trial Intervention	16.738	2016-DJ-03-3540	1,087
<u>U.S. Department of Health and Human Services</u>			
Passed through the Louisiana Department of Children and Family Services			
Child Support Enforcement (Title IV-D)	16.560	1304LA4004	2,205,179
<u>Executive Office of the President</u>			
Passed through the Gulf Coast HIDTA Program			
High Intensity Drug Trafficking Areas Program	95.001	G18GC0001A-51827	<u>89,887</u>
Total Federal and State Expenditures			<u>\$ 2,746,959</u>

See accompanying notes to schedule of expenditures of federal awards.

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal grant activity for the District Attorney of the Orleans Judicial District under programs of the federal government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note B - Summary of Significant Accounting Policies

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

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

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

Total Federal Expenditures	\$ 2,746,959
Victims Assistant Coordinator - State Warrant	120,000
City Reimbursement for Multi-Agency Gang Unit Cooperative Endeavor Agreement	150,000
Equitable Sharing Program (Asset Forfeiture Program)	<u>(21,296)</u>
Total Grants and Contributions Revenue (page 19)	<u>\$ 2,995,663</u>

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

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

LeBlanc & Associates CPAs, L.L.C.

Metairie, Louisiana
July 30, 2019



Leon A. Cannizzaro, Jr.
DISTRICT ATTORNEY

July 24, 2019

LeBlanc & Associates
Certified Public Accountants, LLC

RE: District Attorney for the Orleans Judicial District
Orleans Parish, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2018

Management's Response/Corrective Action Plan

In response to the finding that information from the New Orleans Municipal Employee Retirement System was not available in time to allow a timely filing of the District Attorney's audit reporting package, the District Attorney submits the following corrective action plan.

Corrective Action Plan

The District Attorney's Lead Accountant and Chief Operating Officer will contact the management officials of the New Orleans Municipal Employee's Retirement System (NOMERS) during January of each calendar year to begin the process of collection of the data necessary to timely complete the District Attorney's audit. The District Attorney's representatives will notify the NOMERS officials in writing as well as verbally of the request for data. The written request will also stress the importance of NOMERS providing the necessary data in a timely fashion. The District Attorney's Lead Accountant will periodically notify the District Attorney's independent auditors of the status of the availability of the NOMERS data.

Respectfully submitted,


Val M. Solino
Chief Operating Officer

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

**Statewide Agreed-Upon Procedures Report
For the period January 1, 2018 through December 31, 2018**

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

For the Period of January 1, 2018 – December 31, 2018

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

and to the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the District Attorney of the Orleans Judicial District (hereafter "Agency"), and the Louisiana Legislative Auditor (hereafter "LLA") on the control and compliance (hereafter "C/C") areas identified in the LLA's Statewide Agreed-Upon Procedures (hereafter "SAUPs") for the period January 1, 2018 through December 31, 2018. The Agency's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

WRITTEN POLICIES AND PROCEDURES

- 1) Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

WRITTEN POLICIES AND PROCEDURES (CONTINUED)

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements..

Results: *The above testwork did not result in any exceptions.*

BOARD OR FINANCE COMMITTEE

- 2) Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

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

COLLECTIONS (CONTINUED)

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

Results: *The above testwork found that none of the employees who handle cash are bonded.*

Management's Response:

See attached letter from the Agency dated July 22, 2019.

- 7) Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Results: *The above testwork found that 1 out of the 8 deposits selected did not have evidence of the collection date and therefore, the procedure for measuring the time from collection to deposit could not be performed. Of the remaining 7 deposits, 5 deposits contained receipts that were not deposited within one business day of receipt.*

Management's Response:

See attached letter from the Agency dated July 22, 2019.

NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES/PAYMENTS, TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES)

- 8) Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5)
- 9) For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.

BANK RECONCILIATIONS

- 3) Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: *The above testwork showed that the bank reconciliations for the five selected accounts were reviewed by someone who handles cash.*

Management's Response:

See attached letter from the Agency dated July 22, 2019.

COLLECTIONS

- 4) Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- 5) For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
- a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Results: *The above testwork did not result in any exceptions.*

NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES/PAYMENTS, TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES) (CONTINUED)

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Results: The above testwork did not result in any exceptions.

- 10) For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: The above testwork did not result in any exceptions.

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

- 11) Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- 12) Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

Results: The above testwork did not result in any exceptions.

- 13) Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Results: The above testwork did not result in any exceptions.

TRAVEL AND TRAVEL-RELATED EXPENSE REIMBURSEMENTS (EXCLUDING CARD TRANSACTIONS)

- 14) Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: The above testwork did not result in any exceptions.

CONTRACTS

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

Results: The above testwork did not result in any exceptions.

PAYROLL AND PERSONNEL

16) Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results: The above testwork did not result in any exceptions.

17) Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Results: The above testwork did not result in any exceptions.

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

Results: The above testwork did not result in any exceptions.

19) Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Results: Per management's representation, not all retirement contributions were filed by the required deadlines.

Management Response:

See attached letter from the Agency dated July 22, 2019.

ETHICS

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

Results: *There was no documentation of the employees' signature verification during the fiscal period. The Agency was able to provide the employees' signature verifications for 2019, showing the policy has since been implemented.*

Management Response:

See attached letter from the Agency dated July 22, 2019.

DEBT SERVICE

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

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

OTHER

- 23) Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Results: *The above testwork did not result in any exceptions.*

- 24) Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: *The above testwork did not result in any exceptions.*

CONCLUSION

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

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

LeBlanc & Associates CPAs, L.L.C.

Metairie, Louisiana
July 30, 2019



July 22, 2019

LeBlanc & Associates, LLC
Certified Public Accountants

RE: District Attorney of the Orleans Judicial District
Response to Independent Accountants Report On
Applying Statewide Agreed-Upon Procedures
Period: January 1, 2018 – December 31, 2018

In response to the Independent Auditor's Report regarding applying Statewide Agreed - Upon Procedures for the period January 1, 2018 through December 31, 2018, the District Attorney for the Orleans Judicial District submits the following acknowledgements and corrective action measures.

(3) BANK RECONCILIATIONS – Results

Testwork showed that the bank reconciliations for the five selected accounts were reviewed by someone who handles cash.

Management's Response

The District Attorney's established policy prohibits an employee who handles cash from reviewing/reconciling bank accounts. The Accountant responsible for handling cash, and all District Attorney accountants will be counseled regarding this policy and reminded of the importance of compliance.

(6) COLLECTIONS – Results

Testwork found that none of the employees who handles cash are bonded.

Management's Response

Due to the relatively small dollar value of cash handled by employees, it would be a disproportionate financial burden to require bonding. Accordingly, the District Attorney does not require employees who handle cash to be bonded.

(7) COLLECTIONS – Response

Testwork found that 1 out of the 8 deposits selected did not have evidence of the collection date and therefore, the procedure for measuring the time from collection to deposit could not be performed. Of the remaining 7 deposits, 5 deposits contained receipts that were not deposited within one business day of receipt.

Management's Response

Official District Attorney policy requires that collection dates be recorded and that deposits be made within one business day of receipt. The District Attorney acknowledges that due to inadvertence employees occasionally fail to record collection dates; and that deposits are not always made within one business day as a result of staffing issues and the small dollar value of potential deposits. As a result of this finding all staff involved in collections, and their supervisors, will be counseled verbally and in writing regarding the importance of adherence to this policy, and efforts will be made to establish a backup rotation of staff members to be on call to make deposits when the regular courier is unavailable.

(19) PAYROLL AND PERSONNEL –Results

Not all retirement contributions were filed by the required deadlines.

Management's Response

Due to a lack of funding the District Attorney does not have a contingency fund. Accordingly, due to cash flow issues -- the late receipt of funds due to the District Attorney, and the fact that grant reimbursements for the fourth quarter do not reach the District Attorney until January, retirement contributions for November and December were not made until January 2019. The District Attorney attaches the highest priority to retirement contributions and in the future every effort will be made to manage funds to ensure retirement payments are made timely.

(20) ETHICS –Results

There was no documentation of the employees' signature verification during the fiscal period. The agency was able to provide the employees' signature verifications for 2019, showing the policy has since been implemented.

Management's Response

Due to a misunderstanding of the timing regarding the implementation of this policy, District Attorney management failed to implement this policy during 2018. Management incorrectly assumed prospective implementation was sufficient and delayed distributing the information and obtaining the verification signatures until 2019. Management apologizes for the confusion.

Respectfully submitted,



Val M. Solino
Chief Operating Officer