

**District Attorney of the First
Judicial District**
(a component unit of Caddo Parish Commission)
Caddo Parish, Louisiana

Financial Report

December 31, 2019



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

CRIcpa.com

REPORT

Independent Auditors' Report	1
------------------------------	---

REQUIRED SUPPLEMENTARY INFORMATION (PART I)

Management's Discussion and Analysis	4
--------------------------------------	---

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements:

Statement of Net Position	12
Statement of Activities	13

Fund Financial Statements:

Balance Sheet	14
Reconciliation of the Balance Sheet to the Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balance	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	17

Agency Funds:

Statement of Fiduciary Net Position	18
Notes to the Financial Statements	19

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

General Fund Budgetary Comparison Schedule	
Schedule of Proportionate Share of the Net Pension Liability	48
Schedule of Contributions to the Funds	49
Schedule of Changes in Net OPEB Liability and Related Ratios	50

SINGLE AUDIT INFORMATION

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	52
Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by Uniform Guidance	54
Schedule of Expenditures and Federal Awards	57
Notes to the Schedule of Expenditures and Federal Awards	58
Schedule of Findings and Questioned Costs	59

OTHER SUPPLEMENTARY INFORMATION

Schedule of Compensation, Benefits, and Other Payments to Agency Head	61
---	----

OTHER INFORMATION

Management Letter	62
-------------------	----



Carr, Riggs & Ingram, LLC
1000 East Preston Avenue
Suite 200
Shreveport, LA 71105

Mailing Address:
P.O. Box 4278
Shreveport, LA 71134-0278

(318) 222-2222
(318) 226-7150 (fax)
CRLcpa.com

INDEPENDENT AUDITORS' REPORT

The Honorable James Stewart
District Attorney of the First Judicial District
Caddo Parish, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District Attorney of the First Judicial District (District Attorney), a component unit of the Caddo Parish Commission, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District Attorney's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District Attorney as of December 31, 2019, and the respective changes in financial position for the year then ended in conformity 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*, *General Fund Budgetary Comparison Schedule*, the *Schedule of Funding Progress for Other Post-Employment Benefit Plan*, the *Schedule of District Attorney's Proportionate Share of Net Pension Liability*, and *Schedule of the District Attorney's Contributions to the Plans*, on pages 4 through 11, and 48 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District Attorney's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. In addition, the Schedule of Compensation, Benefits, and Other Payments to Agency Head, is presented in accordance with Louisiana Revised Statutes (LRS) 24:513(A)(3). Both of these schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Schedule of Compensation, Benefits, and Other Payments to Agency Head are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2020, on our consideration of the District Attorney's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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'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's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS, & INGRAM, LLC
Shreveport, Louisiana
June 18, 2020

REQUIRED SUPPLEMENTARY INFORMATION (PART I)
Management's Discussion and Analysis

This section of the District Attorney of the First Judicial District's (District Attorney) annual financial report presents our discussion and analysis of the District Attorney's financial performance during the fiscal year that ended on December 31, 2019. Please read it in conjunction with the District Attorney's financial statements, which follow this section.

Financial Highlights

The following exhibits some of the more important highlights of the financial results for the government-wide financial statements for the year ended December 31, 2019:

- The District Attorney's total net position from governmental activities decreased \$754,783 from the beginning of the fiscal year as a result of operations during the year;
- During the year ended December 31, 2019, the District Attorney's expenses were \$1,419,414 more than the \$9,675,935 recognized as revenue from charges for services and operating grants;
- The cost of operating the programs of the District Attorney was \$11,095,349, which represents an increase in the costs of operations over the prior year of \$1,201,446 or a 12% (percent) increase; and
- The District Attorney reported unrestricted net deficit of (\$2,736,978).

Overview of the Financial Statements

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

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

The financial statements also include notes that explain some of the information in the financial statements and provide more data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

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

District Attorney of the First Judicial District
Management's Discussion and Analysis (unaudited)
December 31, 2019

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

Government-Wide Statements

The government-wide statements are designed to provide readers with a broad overview of the District Attorney's finances, in a manner similar to a private sector business.

The statement of net position presents all of the District Attorney's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Net position represents the difference between all elements in a statement of financial position and is displayed in three components: net investment in capital assets, restricted, and unrestricted. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District Attorney is improving or deteriorating.

The statement of activities presents information showing how the District Attorney's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave). The statement of net position and the statement of activities distinguish functions of the District Attorney that are principally supported by intergovernmental revenues and charges for services. The District Attorney's governmental activities include basic services such as public safety, the IV-D program and general administration.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District Attorney, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the District Attorney can be divided into two categories: governmental funds and fiduciary funds.

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

Financial Analysis of the District Attorney as a Whole

Net Position

The District Attorney's combined net deficit increased during 2019 by \$754,783 or 42.77% (percent), from the net deficit of (\$1,764,717), at December 31, 2018, as shown in the following table.

	2019	2018	Change
Current and other assets	\$ 3,202,020	\$ 3,059,886	
Capital assets	217,478	278,947	
Total assets	<u>3,419,498</u>	<u>3,338,833</u>	
Deferred outflows of resources	3,376,772	1,515,195	
Current liabilities	227,931	290,421	
Noncurrent liabilities	8,262,074	4,714,835	
Total liabilities	<u>8,490,005</u>	<u>5,005,256</u>	
Deferred inflows of resources	825,765	1,613,489	
Net position (deficit)			
Invested in capital assets	217,478	278,947	
Unrestricted	(2,736,978)	(2,043,664)	
Total net position (deficit)	\$ <u>(2,519,500)</u>	\$ <u>(1,764,717)</u>	\$ <u>754,783</u>

District Attorney of the First Judicial District
Management's Discussion and Analysis (unaudited)
December 31, 2019

Changes in Net Position

The following condensed government-wide governmental activity statement illustrates the major changes in operations for the District Attorney in 2019 as compared to 2018:

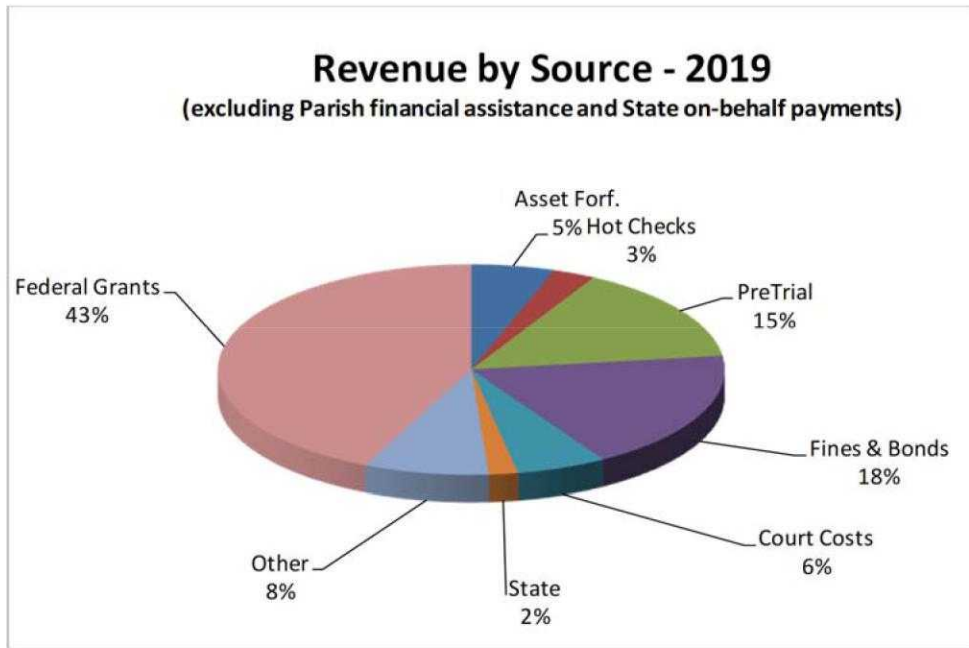
	2019	2018	Increase (decrease)	Percent change
Revenue	\$ 10,340,566	\$ 9,785,048	\$ 555,517	
Expenses	11,095,349	9,893,903	1,201,446	
Excess (deficiency) of revenue over (under) expenditures	\$ (754,783)	\$ (108,855)	\$ (626,716)	42.77%

Governmental Activities

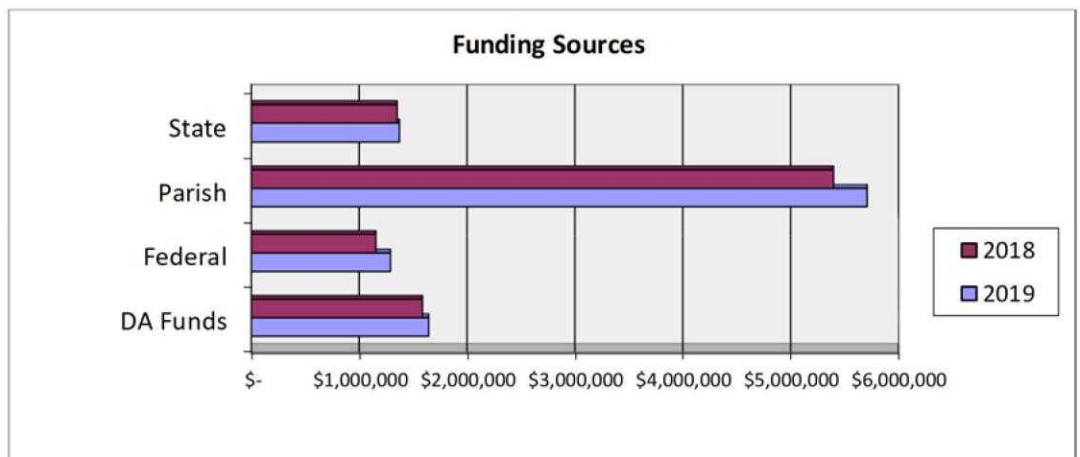
The District Attorney's total governmental revenue increased from 2018 by \$525,284 or 5.53% (percent), while expenses increased by \$400,382 or 4.25% (percent), as compared to 2018. The increase in revenue is mainly due an increase in financial assistance from the Caddo Parish Commission (primary government) and an increase in federal financial assistance. The increase in expenses is mainly due to personnel and professional services.

	2019	2018	Increase (decrease)	Percent change
Revenue				
Charges for services	\$ 1,406,333	\$ 1,260,027	\$ 146,306	11.61%
Grants and contributions and parish support	8,269,602	7,905,144	364,458	4.61%
Other	341,350	326,830	14,520	4.44%
Total revenues	10,017,285	9,492,001	525,284	5.53%
Expenses				
Personnel services	8,144,751	7,736,920	407,831	5.27%
Other costs to deliver governmental programs	1,637,510	1,518,319	119,191	7.85%
Capital outlay	30,400	157,040	(126,640)	(80.64%)
Total expenses	9,812,661	9,412,279	400,382	4.25%
Excess (deficiency) of revenue over expenditures	\$ 204,624	\$ 79,722	\$ 124,902	

There were no significant changes to the make-up of revenue between 2019 and 2018. The following chart shows all of the 2019 revenue by sources excluding the budget allocation and additional support from the Caddo Parish Commission of \$5,709,830 and the on-behalf payments from the State of Louisiana of \$1,318,190.



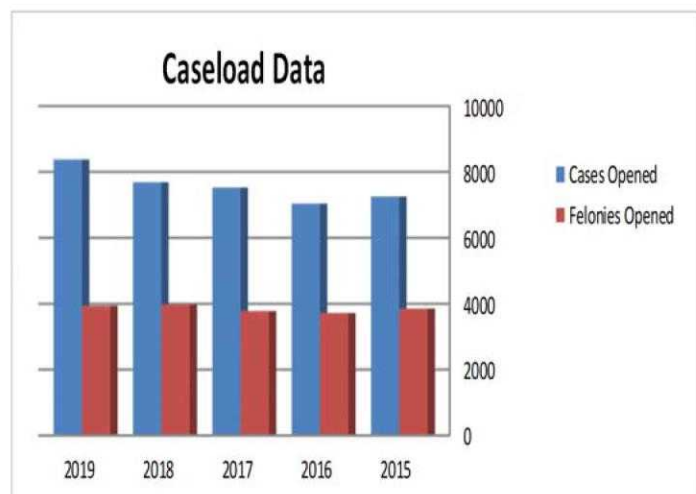
The chart to the right reflects changes in funding sources. There were increases in funding from Caddo Parish and federal grants.



Financial Analysis of the District Attorney's Funds

At the end of 2019, the District Attorney's governmental funds reported a fund balance of \$2,974,089, which included an increase of \$204,624 from prior year fund balance of \$2,974,089. The prior year operations showed a decrease in fund balance of \$79,722. Prudent use of available funds and a gradual increase in funding will ensure that this office continues to be the leading prosecuting office in the State of Louisiana.

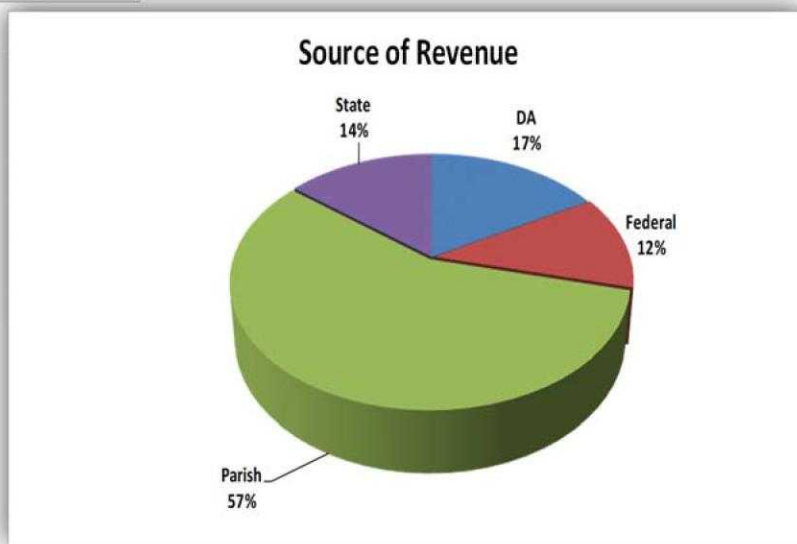
It is extremely difficult to operate an office of this size and scope without some degree of financial flexibility. It is also of the utmost importance that this office be an independent protector of the citizens of Caddo Parish who have been the victims of criminal acts.



The chart to the left reflects the caseload in the District Attorney's Office. Resources are sometimes strained when trying to manage this kind of caseload. However, this office will continue to spend in a wise manner while also representing the citizens of Caddo Parish in the professional manner that they demand and deserve.

Economic Factors and Next Year's Budget

The District Attorney relies on the State of Louisiana (14%) and the Caddo Parish Commission (57%) for approximately 71% of its funding. Any particular year's economic climate can affect the financial picture of this office. What is known is that when both of these sources become stagnant for a period of time it dramatically affects the ability of this office to provide the expected services and the level of professionalism that is required.

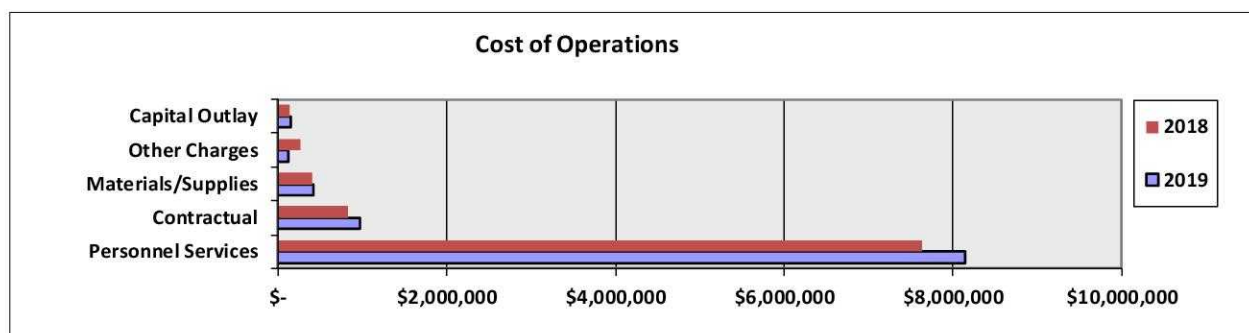


This office has maintained a conservative path in spending. In 2019, revenue exceeded expenses by \$204,624 resulting in a fund balance of approximately \$3 million. The cost to operate this office for 2018 was over nine million, including State Assistant District Attorney (ADA) pay. In the type of emergency where this office would have to rely on its reserve funding for normal operations, those funds would carry this office for three months of operations.

As with any company, the cost of business continues to rise. This office has taken steps to minimize those increases; however, some, such as the employer contribution to the retirement systems, are mandated by law.

**District Attorney of the First Judicial District
Management's Discussion and Analysis (unaudited)
December 31, 2019**

This office has done a good job of maximizing the funds that are generated through fines and costs and has steadily picked up an increasing share of the annual expenses.



Managing a more complex caseload requires attorneys and support staff that are experienced in handling criminal matters. To avoid (as much as possible) a high employee turnover rate, it is important that this office offer a competitive employment package.

General Fund Budgetary Highlights

The District Attorney has prepared and published budgets that cover its governmental activities in the General Fund. Included in this financial report are comparison schedules that illustrate the actual results of these funds compared to the original and revised budgets.

Capital Assets

At the end of 2019, the District Attorney had invested \$1,559,835 in capital assets, as follows:

	2019	2018
Furniture, fixtures and equipment	\$ 1,094,701	\$ 1,064,301
Vehicles	465,134	465,134
Total capital assets at cost	1,559,835	1,529,435
Less accumulated depreciation	1,342,357	1,250,488
Capital assets, net	\$ 217,478	\$ 278,947

Deferred Outflows and Inflows of Resources

Deferred outflows of resources, although similar to "assets," is set apart because these items do not meet the technical definition of being an asset of the District Attorney on the date of these financial statements. In other words, these amounts are not available to pay liabilities in the way assets are available. When all the recognition criteria are met, the deferred outflow of resources will become an expense/expenditure. The deferred outflow of resources reported for the District Attorney relates to pensions and other post-employment benefits (OPEB).

Deferred inflows of resources are the counterpart to deferred outflows of resources on the Statement of Net Position. Deferred inflows of resources are not technically liabilities of the District Attorney as of the date of the financial statements. When all the recognition criteria are met, the deferred inflow of resources will become revenue or an increase to net position. Deferred inflows of resources reported represent a net amount attributable to the various components that impact pension changes, and can include investment changes amortization, changes due to actuarial assumptions, and differences between expected or actual experience.

Contacting the District Attorney's Financial Management

This financial report is designed to provide the citizens, taxpayers, and creditors with a general overview of the District Attorney's finances and to demonstrate the District Attorney's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Gary Gaskins, Administrator, 501 Texas Street, Shreveport, LA 71101.

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements

District Attorney of the First Judicial District
Statement of Net Position

December 31,	2019
Assets	
Cash and cash equivalents	\$ 2,525,699
Investments	100,000
Receivables	
Fines, fees, forfeitures and costs	52,113
Due from Caddo Parish Commission	128,409
Due from State of Louisiana	
Title IV-D reimbursement	247,479
Other funds	33,353
Other receivables	114,967
Total receivables	576,321
Capital assets, net of accumulated depreciation	217,478
Total assets	3,419,498
Deferred Outflows of Resources	
Deferred other postemployment benefits	794,599
Deferred pensions	2,582,173
Total deferred outflows of resources	3,376,772
Liabilities	
Current liabilities	
Accounts payable	71,378
Payable to Caddo Parish Commission	2,771
Accrued payroll	147,635
Other accrued expenses	6,147
Total current liabilities	227,931
Long-term liabilities	
Portion due within one year	
Accrued compensated absences	229,223
Portion due after one year	
Accrued compensated absences	396,918
Net pension liability	3,081,354
Other post-employment benefit liability	4,554,579
Total long-term liabilities	8,262,074
Total liabilities	8,490,005
Deferred Inflows of Resources	
Deferred other post-employment benefit liability	342,548
Deferred pensions	483,217
Total deferred inflows of resources	825,765
Net Position	
Invested in capital assets	217,478
Unrestricted (deficit)	(2,736,978)
Total net position (deficit)	\$ (2,519,500)

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

District Attorney of the First Judicial District
Statement of Activities

For the Year Ended December 31, 2019	Expenses	Program Revenues		Net (expense) revenue and changes in net position
		Charges for services	Operating grants and contributions	
Functions/programs				
Governmental activities				
Public safety and judicial prosecution	\$ 11,095,349	\$ 1,406,333	\$ 8,269,602	\$ (1,419,414)
Total governmental activities	<u>\$ 11,095,349</u>	<u>\$ 1,406,333</u>	<u>\$ 8,269,602</u>	<u>(1,419,414)</u>
General revenues				
Interest and investment earnings				46,939
Non-employer pension contributions				323,281
Miscellaneous				294,411
Total general revenues				<u>664,631</u>
Change in net position				(754,783)
Net position (deficit), January 1, 2019				<u>(1,764,717)</u>
Net position (deficit), December 31, 2019				<u>\$ (2,519,500)</u>

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

Fund Financial Statements

**District Attorney of the First Judicial District
Balance Sheet**

December 31, 2019

	<u>General Fund</u>
Assets	
Cash and cash equivalents	\$ 2,525,699
Investments	100,000
Receivables	
Fines, fees, forfeitures and costs	52,113
Due from Caddo Parish Commission	128,409
Due from State of Louisiana	
Title IV-D reimbursement	247,479
Other funds	33,353
Other receivables	114,967
Total assets	\$ 3,202,020

Liabilities and Fund Balances	
Liabilities	
Accounts payable	\$ 71,378
Payable to Caddo Parish Commission	2,771
Accrued payroll	147,635
Other accrued expenses	6,147
Total liabilities	227,931
Fund balances	
Unassigned	2,974,089
Total fund balances	2,974,089
Total liabilities and fund balances	\$ 3,202,020

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

District Attorney of the First Judicial District
Reconciliation of the Balance Sheet to the Statement of Net Position

Fund balances - total governmental funds		\$ 2,974,089
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		
Governmental capital assets	1,559,835	
Less accumulated depreciation	<u>(1,342,357)</u>	217,478
Deferred outflows of resources reported in the Statement of Net Position		3,376,772
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Compensated absences	(626,141)	
Net pension liability	(3,081,354)	
Net OPEB obligation	<u>(4,554,579)</u>	(8,262,074)
Deferred inflows of resources reported in the Statement of Net Position		<u>(825,765)</u>
Net position of governmental activities		<u><u>\$ (2,519,500)</u></u>

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

District Attorney of the First Judicial District
Statement of Revenues, Expenditures, and Changes in Fund Balance

For the year ended December 31, 2019

	General Fund
Revenue	
Fines, fees and bond forfeitures	\$ 549,420
Court cost fees	171,781
Interest income	46,939
Intergovernmental revenue	
Federal financial assistance	1,290,008
Parish financial assistance	5,606,404
State of Louisiana	1,373,190
Drug asset forfeiture	158,847
Collection fees	526,285
Other	294,411
Total revenue	10,017,285
Expenditures	
General government	
Current operating	
Personnel services	8,144,751
Contractual charges	966,788
Materials and supplies	413,974
Other charges	256,748
Capital outlay	30,400
Total expenditures	9,812,661
Net change in fund balance	204,624
Fund balance at beginning of year	2,769,465
Fund balance at end of year	\$ 2,974,089

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

District Attorney of the First Judicial District
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance to the Statement of Activities

Net change in fund balances - total governmental funds \$ 204,624

Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay	30,399	
Depreciation expense	<u>(91,868)</u>	<u>(61,469)</u>

Deferred inflows for pensions and OPEB that are not reported in the governmental funds but are reported in the government wide statements

Pensions	767,574	
OPEB	<u>20,150</u>	<u>787,724</u>

Deferred outflows for pensions and OPEB that are not reported in the governmental funds but are reported in the government wide statements

Pensions	1,066,978	
OPEB	<u>794,599</u>	<u>1,861,577</u>

The net OPEB liability is not susceptible to accrual and therefore is not reported in the funds. This amount represents the change in the net OPEB liability. (1,048,434)

The recognition of pension expense in the Statement of Activities is based on projected benefit payments discounted to actuarial present value and attributed to periods of employee service. Pension expenditures in the fund financial statements are the amounts actually paid. (2,477,642)

Compensated absences increase in current year (21,163)

Change in net position of governmental activities \$ (754,783)

District Attorney of the First Judicial District
Statement of Fiduciary Net Position

December 31,	2019
	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 562,705
Seized property	172,550
	<hr/>
Total assets	\$ 735,255
	<hr/>
Liabilities	
Due to other governmental funds	\$ 33,353
Amounts due on settlement of fiduciary assets	701,902
	<hr/>
Total liabilities	\$ 735,255
	<hr/>

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

INTRODUCTION

The Louisiana Constitution of 1974, Article V, Section 14 created the Judicial Districts of the State, among them the First Judicial District. Article V, Section 26 created the Office of the District Attorney for each of the Judicial Districts and sets forth the duties of the office. Louisiana Revised Statute 16:1 establishes a District Attorney for each of the Judicial District Attorney's offices. The First Judicial District Attorney exists and operates in accordance with the authorities cited.

As provided by Article V, Section 26 of the Louisiana Constitution of 1974, the District Attorney has charge of every criminal prosecution by the State in his district, is the representative of the State before the grand jury in his district, and is the legal advisor to the grand jury. He performs other duties as provided by law. The District Attorney is elected by the qualified electors of the judicial district for a term of six years. The District Attorney of the First Judicial District is a component unit of the Caddo Parish Commission. The First Judicial District Attorney's office is located in Shreveport, Louisiana, in Caddo Parish.

At December 31, 2019, the First Judicial District Attorney's office employed 102 persons. Thirty-five (35) of these employees are attorneys, including the district attorney himself. Thirteen (13) of these employees are investigators, and the other fifty-four (54) are administrative and clerical personnel.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This financial report has been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, issued in June 1999. Component units are required to initially adopt GASB Statement No. 34 for the same reporting period as the primary government. The District Attorney's primary government, the Caddo Parish Commission, has adopted the provisions of GASB 34.

The government-wide financial statements (GWFS) include the Statement of Net Position and the Statement of Activities. These statements report information on all of the governmental activities of the District Attorney. Fiduciary activities of the District Attorney are not included in these statements.

A. BASIS OF PRESENTATION

The accompanying basic financial statements of the District Attorney of the First Judicial District (District Attorney) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units.

The schedule of expenditures of federal awards includes the federal grant activity of the District Attorney and is presented on the accrual basis. The information in this schedule is presented in accordance with the requirements of the 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 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. REPORTING ENTITY

The basic criterion for determining whether a governmental organization should be included in a primary government's basic financial statements is financial accountability. The financial reporting entity consists of the primary government, the Caddo Parish Commission, organizations for which the primary government is financial accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Because the Caddo Parish Commission has (a) a fiscal responsibility to the District Attorney, and (b) the potential for the District Attorney to provide specific financial benefits to, or impose specific financial burdens on, the Caddo Parish Commission, the District Attorney was determined to be a component unit of the Caddo Parish Commission, the financial reporting entity.

The accompanying basic financial statements present information only on the funds maintained by the District Attorney and do not present information on the Caddo Parish Commission, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

The District Attorney organizes its accounts on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues, and expenditures. The District Attorney uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

Funds of the District Attorney are classified as governmental funds. Governmental funds account for the District Attorney's general activities, including the collection and disbursement of specific or legally restricted monies, and the acquisition of general fixed assets. Governmental funds of the District Attorney include:

Governmental Fund Type

General Fund

The General Fund was established in compliance with Louisiana Revised Statute 15:571.11, which provides that twelve percent (12%) of the fines collected and bonds forfeited be transmitted to the District Attorney to defray the necessary expenses of that office. Louisiana Revised Statute 16:16, which became effective August 30, 1986, provides that a court cost of \$10.00 be collected to defray expenses of the District Attorney, in addition to all other fines, costs or forfeitures lawfully imposed. Louisiana Revised Statute 16:16.1, which became effective in 1997, provides that an additional court cost of \$10.00 be collected to defray expenses of the District Attorney, in addition to all other fines, costs or forfeitures lawfully imposed.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As of September 1, 1994, the Louisiana Revised Statute 15:571.11 provided that all judgments of bond forfeiture will be paid to the District Attorney. The District Attorney will distribute these funds, thirty percent (30%) of which the District Attorney will retain, to be used in the general operating account.

As of August 15, 2003, the Louisiana Revised Statute 15:85.1 provided for a \$15.00 fee to be assessed in connection with every criminal bond posted within each parish. Of this \$15.00 fee, the District Attorney receives \$7.00.

As of June 22, 1993, the Louisiana Revised Statute 22:1065.1 provided that there shall be a premium on all commercial surety underwriters who write criminal bail bonds in the State of Louisiana. The District Attorney receives twenty-five percent (25%) of the amounts collected, to be used in the general operating account.

As of August 15, 2003, the Louisiana Revised Statute 32:57.2 provided that each person seeking renewal or reissuance of a suspended driver's license pay an additional fee of \$25.00 to the office of the prosecuting authority for purposes of defraying the administrative cost for renewal or reissuance of the suspended driver's license.

The District Attorney also has the following programs, which are included in the General Fund:

Title IV-D

Title IV-D consists of reimbursement grants from the Louisiana Department of Social Services, authorized by Act 117 of 1975, to establish family and child support programs compatible with Title IV-D of the Social Security Act. The purpose of the program 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.

Hot Checks

Hot Checks consists of fees collected in accordance with Louisiana Revised Statute 16:15, which provides for a specific fee whenever the District Attorney's office collects and processes a worthless check. Expenditures for this program are at the sole discretion of the District Attorney and may be used to defray the salaries and the expenses of the office of the District Attorney, but may not be used to supplement the salary of the district attorney himself.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Fund Type

Drug and Asset Forfeiture - Agency Fund

Louisiana Revised Statute Title 40 Chapter 26 "Seizure and Controlled Dangerous Substances Property Forfeiture Act of 1989" was implemented January 1, 1990. The Drug and Asset Forfeiture Fund was established for the allocation and disposition of property obtained under the provisions of the above chapter. The District Attorney may (1) retain property for official use or transfer the custody to any local, state, or federal agency; (2) destroy or use for investigative purposes, any illegal or controlled substances or other contraband, upon the written approval of the District Attorney after not less than twenty days after seizure, and (3) authorize a public sale without appraisal of that which is not required by law to be destroyed and which is not harmful to the public.

Property is distributed by court order first to satisfy any security interest or lien; second to reimburse expenses of seizure, and the balance shall be allocated as follows:

- 60% to law enforcement agency making the seizure,
- 20% to the criminal court fund,
- 20% to District Attorney's general fund

These proceeds are to be used to further and enhance drug law enforcement. The District Attorney is required to make an annual report to the Governor, the President of the Senate, and the Speaker of the House of Representatives. This fund is subject to public audit.

Sex crimes forfeitures are also included in the Drug and Asset Forfeiture fund. According to Louisiana Revised Statute 15539.1, the District Attorney shall authorize a public sale or public auction and any currency, instruments, or securities shall be distributed or disposed. Proceeds pay the costs of the public sale or public auction, court costs, and fees related to the seizure and storage of the property and any remaining proceeds shall be distributed as follows: 60% to the seizing agency or agencies in an equitable manner, 20% to the prosecuting agency, and 20% to the criminal court fund of the parish in which the offender was prosecuted.

Also included in the Drug and Asset Forfeiture fund is noncontraband unclaimed property seized in a criminal investigation. According to Article 228.4, if the property remains unclaimed for more than one year after its seizure and is not needed in any criminal proceeding, the District Attorney can petition any court to dispose of the property in a lawful manner. Funds should be disposed of as follows: 30% to the District Attorney and the remaining 70% to the investigative agency that stored and maintained the property.

Agency funds have no equity, assets are equal to liabilities, and do not include revenues and expenditures for general operations.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Court Escrow, Bond Forfeiture, and Victim Restitution - Agency Funds

The District Attorney holds other funds in escrow for the court and recipients. These funds arise from forfeitures and fines under appeal, restitution payments to victims, and other similar situations. None of these funds has drug related origins, and, thus, are not a part of the drug and asset forfeiture fund. The District Attorney maintains these funds in escrow until the courts provide orders for their disposition, forfeiture or otherwise directed for victim restitution.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements were prepared using 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 parties outside the District Attorney's taxpayers or citizenry, as a whole. Program revenues reduce the costs of the function to be financed from the District Attorney's general revenues.

Revenues represented by reimbursements and incentives under the Title IV-D program are recognized and recorded when program expenditures are incurred in accordance with program guidelines. Forfeited drug assets are recorded when the court ordered Judgment of Forfeiture is received. Court costs and fees provided for in Louisiana Statutes are recorded as received in cash. Collection fees for worthless checks are recorded as received in cash, as are the collection fees for the prosecution of unemployment insurance and food stamp fraud cases. Investment earnings are recorded as earned since they are measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental and agency funds are accounted for on the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized in the accounting period in which they become susceptible to accrual – that is, when they become measurable and available to pay current liabilities. Commissions on fines and bonds forfeitures are reported in the year they are collected by the tax collector. Grants and state appropriations are recorded when the District Attorney is entitled to the funds. Interest income on investments is recorded when earned. Substantially all other revenues are recorded when received.

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

Operating transfers between funds - Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses). These transactions are recorded as they occur. In those cases where repayment is expected, the transfers are accounted for through the various due from and due to accounts. Generally, these transfers are to pay operating costs of the District Attorney borne by one or the other of the District Attorney's funds.

E. CAPITAL ASSETS

All capital assets are capitalized at historical cost, or estimated historical cost for assets where actual cost is not available. Donated assets, if any, are recorded as capital assets at their estimated fair market value at the date of donation. The District Attorney uses \$5,000 and greater as the threshold for capitalizing assets.

Capital assets are recorded in the government-wide financial statements but are not recorded in the fund financial statements. All capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed by the District Attorney, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 3 to 7 years.

F. BUDGET PRACTICES

The District Attorney utilizes the following budgetary practices:

The budgetary process begins with the administrator estimating the revenues expected to be received during the fiscal year. These revenue estimates are then used by the District Attorney and administrator to set budgetary guidelines in preparing appropriations. Proposed budgets are then prepared for publication and eventual adoption.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The proposed budgets for the calendar year 2019 were published on December 13, 2018. The proposed budgets were available for inspection by the public during normal business hours on December 28, 2018, when a public hearing was held. At the conclusion of the public hearing, the proposed budgets were adopted. On January 3, 2019, the District Attorney's Certificate of Compliance and implementation of the budgets were published. The budgets were approved January 3, 2019. The budgets were not amended. Once the budgets are approved, they can only be amended by the District Attorney. The District Attorney's administrator is authorized to make minor changes within line items. All budget appropriations lapse at year-end.

The entire budgetary process is governed by, and conforms to, Louisiana Revised Statute 39:1308.

The budgets are adopted on a modified accrual basis, which is consistent with U.S. generally accepted accounting principles. An annual appropriated budgets are adopted for the general fund. All annual appropriations lapse at fiscal year end.

G. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Under state law, the District Attorney may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

State statutes authorize the District Attorney to invest in U. S. bonds, Treasury notes, and bills, or certificates or time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool Inc. (LAMP), a nonprofit corporation, formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. Investments of the District Attorney are stated at fair value. The balance of cash in LAMP is classified as cash equivalents. A separate financial report for LAMP can be located at the LAMP website, www.lamppool.com.

H. COMPENSATED ABSENCES

The District Attorney has a formal policy relating to vacation (annual leave) and sick leave. All employees appointed to full-time positions may earn from 12.5 to 25 days of annual leave and from 13 to 24.38 days of sick leave per year, depending on length of service. Vacation leave accrual is not limited for members of the Parochial Retirement System hired prior to January 1, 2007. All other employees will be limited to 520 total hours. Employees are eligible to be paid for unused vacation leave up to the previously specified maximum hours. A lump-sum payment is based on the hourly rate of the employee at the time of separation. For this purpose, the rate of pay for all attorneys shall be calculated as their total pay less the amount paid by the State of Louisiana (regardless of whether the attorney is on a state warrant). State pay for attorneys is specifically excluded from any payment calculations. Sick leave may be accumulated without limit; however, employees will not be paid for any unused sick leave balance upon leaving the employ of the office.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. RISKS AND UNCERTANTIES

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

J. PENSIONS

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

K. NET POSITION CLASSIFICATIONS

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

- Invested in capital assets – Consists of capital assets, net of accumulated depreciation and related debt.
- Restricted net position – Consists of components of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position – Consists of all other components of net position that do not meet the definition of "restricted" or "invested in capital assets".

The District Attorney applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

L. FUND BALANCE CLASSIFICATION

Fund balance classifications make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending restraints:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District Attorney did not have any nonspendable fund balances as of December 31, 2019.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District Attorney did not have any restricted resources as of December 31, 2019.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District Attorney. These amounts cannot be used for any other purpose unless the District Attorney removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. As of December 31, 2019, the District Attorney did not have any committed resources.

Assigned: This classification includes amounts that are constrained by the District Attorney's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the District Attorney or by an official or body to which the District Attorney delegates the authority. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District Attorney did not have any assigned resources as of December 31, 2019, in the General Fund.

Unassigned: This classification includes the residual fund balance for the General Fund and also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. The General Fund, at December 31, 2019, had \$2,974,089 classified as unassigned.

The District Attorney would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

M. DEFERRED OUTFLOWS AND 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 and so will not be recognized as an expense or expenditure until then. The District Attorney has two items that meet the criterion for this category; deferred outflows related to pensions and deferred outflows related to other post-employment benefits. 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 and so will not be recognized as revenue until then. The District Attorney has two items that meet the criterion for this category; deferred inflows related to pensions and deferred inflows related to other post-employment benefit liability.

N. ADOPTION OF NEW FINANCIAL ACCOUNTING STANDARDS

The District Attorney adopted GASB Statement No. 84, *Fiduciary Activities*, during the current fiscal year ended December 31, 2019. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship. The adoption had no impact on the financial statements. Note disclosures reflect any required changes.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District Attorney adopted GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, during the current fiscal year ended December 31, 2019. The objective of this statement is to improve the information disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing debt. The District Attorney had no direct borrowings or direct placements. The adoption had no impact on the financial statements. Note disclosures reflect any required changes.

O. FUTURE ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued several pronouncements that have effective dates that may impact future presentations. The District Attorney is currently evaluating the potential impacts of the following GASB statements on its accounting practices and financial statements.

- GASB Statement No. 87 – *Leases*
- GASB Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period*.

NOTE 2: CASH AND INVESTMENTS

Cash and Cash Equivalents

Cash deposits (including demand deposit accounts and certificates of deposit) at December 31, 2019, had a carrying amount of \$1,071,103 (book balance) in the governmental funds and \$132,583 (book balance) in agency funds and a bank balance of \$1,793,871 with local depositories.

The District Attorney's bank balance of deposits at December 31, 2019, is not exposed to any custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the District Attorney's deposits may not be returned. All District Attorney's deposits are covered by FDIC insurance or pledged securities.

At December 31, 2019, the District Attorney had a \$150,092 ninety-day certificate of deposit (considered cash equivalents). The certificate of deposit matured in March 2020.

The District Attorney invests in the Louisiana Asset Management Pool ("LAMP"), a public investment pool for Louisiana governmental units, administered by LAMP, Inc., a non-profit corporation. LAMP investments are restricted to securities issued or backed by the U.S. Treasury, the U.S. government, or one of its agencies, enterprises, instrumentalities, as well as repurchase agreements collateralized by those securities. LAMP may also invest in commercial paper of domestic United States Corporations rated A-1 or A-1+ by Standard and Poor's. Balances included in LAMP investments as of December 31, 2019, total \$1,884,718 (\$1,454,595 in the governmental funds and \$430,122 in the agency funds). LAMP paid \$41,266 in interest income, which was reinvested into the investment pools. The balance of cash in LAMP is classified as cash equivalents because the accounts operate as or similar to a money market fund. The investments with LAMP (2-1-7 investment pool) are not categorized by fair value level.

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments

The investments with original maturities of three months or more are classified as investments. At December 31, 2019, the District Attorney held one certificate of deposit of \$100,000, with hundred eighty-day (180) maturity. It matured in June 2020.

Fair Value Measurements

GASB Statement No. 72, establishes a hierarchy of inputs to valuation techniques used to measure fair value. The District Attorney categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The implementation of this new statement did not change the method of measuring the fair value of the District Attorney's assets. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1—Investments reflect prices quoted in active markets.
- Level 2—Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3—Investments reflect prices based upon unobservable sources.

The District Attorney's total investments consist of one certificate of deposit, which bears a specific maturity in excess of 90 days. At December 31, 2019, the value of the certificates of deposit is \$100,000. Valuation is determined using a market value pricing model (Level 2 inputs).

NOTE 3: PENSION PLANS

Substantially all employees of the District Attorney are members of the Parochial Employees' Retirement System of Louisiana ("PERS") or the District Attorneys' Retirement System ("DARS"). These systems are cost-sharing multiple-employer, defined benefit pension plans administered by separate boards of trustees.

Each plan issues a separate financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing or calling the plan.

Louisiana District Attorney's Retirement System (DARS)
1645 Nicholson Drive
Baton Rouge, LA 70802-8143
(225) 267-4824

Parochial Employees' Retirement System of Louisiana (PERS)
P.O. Box 14619
Baton Rouge, LA 70808
(225) 928-1361

NOTE 3: PENSION PLANS (Continued)

General Information About the Pension Plans

Plan Descriptions

PERS

Parochial Employees' Retirement System of Louisiana is the administrator of a cost sharing multiple employer defined benefit pension plan. The System was established and provided for by R.S.11:1901 of the Louisiana Revised Statute (LRS), through 2025.

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

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

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

DARS

The District Attorneys' Retirement System, State of Louisiana is the administrator of a cost sharing multiple employer defined benefit pension plan. The System was established on April 1, 1956 and was placed under the management of the board of trustees for the purpose of providing retirement allowances and other benefits as stated under the provisions of R.S. 11, Chapter 3 for district attorneys and their assistants in each parish.

All persons who are district attorneys of the State of Louisiana, assistant district attorneys in any parish of the State of Louisiana, or employed by this retirement system and the Louisiana District Attorneys' Association except for elected or appointed officials who have retired from service under any publicly funded retirement system within the state and who are currently receiving benefits, shall become members as a condition of their employment; provided, however, that in the case of assistant district attorneys, they must be paid an amount not less than the minimum salary specified by the board for assistant district attorneys.

The projection of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with the benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

NOTE 3: PENSION PLANS (Continued)

Benefits Provided

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

PERS

Any member of Plan A can retire providing they meet one of the following criteria:

For employees hired prior to January 1, 2007:

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

For employees hired after January 1, 2007:

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

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

DARS

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

Members who joined DARS after July 1, 1990, of who elected to be covered by the new provisions, are eligible to receive normal retirement benefits if they are age 60 and have 10 years of service credit, are age 55 and have 24 years of service credit, or have 30 years of service credit regardless of age. The normal retirement benefit is equal to 3.5% of the member's final average compensation multiplied by years of membership service. A member is eligible for an early retirement benefit if he is age 55 and has 18 years of service credit.

NOTE 3: PENSION PLANS (Continued)

The early retirement benefit is equal to the normal retirement benefit reduced 3% for each year the member retires in advance of normal retirement age. Benefits may not exceed 100% of average final compensation.

Disability Benefits

PERS

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

DARS

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

Survivor Benefits

PERS

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

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

DARS

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

NOTE 3: PENSION PLANS (Continued)

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

Deferred Retirement Option Plan (DROP) benefits

PERS

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

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

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

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

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

DARS

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

The Back-DROP benefit is based upon the Back-DROP period selected and the final average compensation prior to the period selected. The Back-DROP period is the lesser of three years or the service accrued between the time a member first becomes eligible for retirement and his actual date of retirement.

NOTE 3: PENSION PLANS (Continued)

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

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

Cost of Living Adjustments

PERS

The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

DARS

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

NOTE 3: PENSION PLANS (Continued)

Contributions

PERS

Contributions for all members are established by statute at 9.50% of compensation for Plan A members. The contributions are deducted from the member's salary and remitted by the participating employer.

According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2018, the actuarially determined contribution rate was 9.99% of member's compensation for Plan A. The actual contribution rate for the fiscal year ending December 31, 2018, was 11.5% for Plan A.

According to state statute, the System also receives $\frac{1}{4}$ of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities. Contributions to the pension plan from the District Attorney were \$355,008 for the year ended December 31, 2019. The actual contribution rate for the fiscal year ending December 31, 2019, was 11.5% for Plan A.

Administrative costs of the System are financed through employer contributions.

DARS

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended June 30, 2019, the actual employer contribution rate was 1.25%. Then, starting July 1, 2019, the employer contribution rate was increased to 4.0%. In accordance with state statute, DARS receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities. Non-employer contributions are recognized as revenue and excluded from pension expense for the year ended June 30, 2019. Contributions to the pension plan from the District Attorney were \$48,632 for the year ended December 31, 2019.

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

At December 31, 2019, the District Attorney reported a combined liability of \$3,081,354 its proportionate share of the Net Pension Liabilities (NPL) of PERS and DARS. The amount for each plan was a net pension liability of \$2,097,511 for PERS and a net pension liability of \$983,843 for DARS. The NPL for each system was measured as of December 31, 2018 and June 30, 2019, respectively, and the total pension liability used to calculate the NPL was determined based on an actuarial valuation as of that date. The District Attorney's proportion of the NPL was based on a projection of the District Attorney's long-term share of contributions to the pension plans relative to the projected contribution of all participating employers, actuarially determined.

NOTE 3: PENSION PLANS (Continued)

As of the most recent measurement date, the District Attorney's proportionate share for each system was:

	PERS	DARS
DA's proportionate share	0.472587%	3.058233%
Increase (Decrease) from prior year	0.004762%	0.103054%

For the year ended December 31, 2019, the District Attorney recognized a total pension expense of \$1,020,915, with \$486,278 related to PERS and \$534,637 related to DARS. These amounts are made up of the following:

Components of Pension Expense (Benefit)	PERS	DARS
DA's pension expenses per the pension plan	\$ 818,667	\$ 558,224
DA's amortization of its change in proportionate share	240	134
DA's amortization of actual contributions over its proportionate share of contributions	(332,629)	(23,721)
Total pension expense recognized by DA	\$ 486,278	\$ 534,637

At year-end, the District Attorney reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>PERS</u>		
Differences between expected and actual experience.	\$ -	\$ 127,786
Net difference between projected and actual earnings on pension plan investments.	1,004,085	-
Changes in assumptions.	524,446	-
Changes in proportion to NPL.	20,188	8,556
The District Attorney's contributions subsequent to the December 31, 2018 measurement date.	355,008	-
Total PERS	\$ 1,903,727	\$ 136,342

District Attorney of the First Judicial District
Notes to the Financial Statements

NOTE 3: PENSION PLANS (Continued)

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>DARS</u>		
Differences between expected and actual experience.	\$ 4,228	\$ 307,074
Net difference between projected and actual earnings on pension plan investments.	137,975	-
Changes in assumptions.	448,102	32,449
Differences between the District Attorney's contributions and its proportionate share of contributions.	48,167	7,352
The District Attorney's contributions subsequent to the June 30, 2019, measurement date.	39,974	-
Total DARS	678,446	346,875
Total retirement systems	\$ 2,582,173	\$ 483,217

Deferred outflows of resources related to pensions resulting from the District Attorney's contributions subsequent to the measurement date totaled \$394,982 (\$355,008 for PERS and \$39,974 for DARS). This amount will be recognized as a reduction of the NPL in the year ending 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 Ending December 31,	Amount of Amortization	
	PERS	DARS
2020	\$ 491,418	\$ 110,241
2021	\$ 264,314	\$ 45,022
2022	\$ 213,094	\$ 60,289
2023	\$ 443,551	\$ 120,790
2024	\$ -	\$ (44,745)

NOTE 3: PENSION PLANS (Continued)

Actuarial Assumptions

PERS

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2018, are as follows:

Valuation Date	December 31, 2018
Actuarial Cost Method	Entry age normal cost
Investment rate of return	6.50% (net of investment expense)
Expected remaining service lives	4 years
Projected salary increases	4.75%
Cost of Living adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.
Mortality rates	Pub-2010 Public Ret Mortality Table for Healthy Retirees, General Employees, and General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale.
Inflation rate	2.40%

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.43% for the year ended December 31, 2018.

NOTE 3: PENSION PLANS (Continued)

Best estimates of the arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2018, is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Fixed Income	35%	1.22%
Equity	52%	3.45%
Alternatives	11%	0.65%
Real assets	2%	0.11%
Totals	100%	5.43%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.43%

DARS

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2019, are as follows:

Valuation date	June 30, 2019
Actuarial cost method	Entry age normal cost
Investment rate of return	6.50% net of investment expense, including inflation
Salary increases	5.50% (2.40% Inflation, 3.10% Merit)
Mortality rates	The RP 2000 Combined Healthy with White Collar Adjustment Sex Distinct Tables (set back 1 year for females) projected to 2032 using Scale AA were selected for employee, annuitant, and beneficiary mortality. The RP 2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females was selected for disable annuitants. Setbacks in these tables were used to approximate mortality improvement.
Expected remaining service lives	6 years
Cost of Living adjustments	Only those previously granted

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014, and review of similar law enforcement mortality. 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 set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

NOTE 3: PENSION PLANS (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The resulting long-term rate of return is 7.56% for the year ended June 30, 2019.

Best estimates of real rates of return for each major asset class included in DARS's target asset allocation as of June 30, 2018, are summarized in the following table:

Asset Class	Target Asset Allocation	Rates of Return Real	Rates of Return Nominal
Equities	48.42%	5.13%	
Fixed income	40.10%	1.65%	
Alternatives	10.99%	0.78%	
Real Estate	0.49%	0.00%	
Totals	100.00%		5.07%
Inflation			2.49%
Expected real rate of return			7.56%

Discount Rate

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

NOTE 3: PENSION PLANS (Continued)

Sensitivity of the Proportionate Share of the NPL to Changes in the Discount Rate

The following presents the District Attorney's proportionate share of the Net Pension Liability (Asset) using the discount rate, as well as what the District Attorney's proportionate share of the Net Pension Liability (Asset) would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	1.0% Decrease	Current Discount Rate	1.0% Increase
PERS - DA's proportionate share of the net pension liability (asset)	\$ 4,454,550	\$ 2,097,511	\$ 127,230
DARS - DA's proportionate share of the net pension liability (asset)	\$ 2,679,896	\$ 983,843	\$ (460,346)

Support of Non-employer Contributing Entities

Contributions received by a pension plan from non-employer contributing entities and are not in a special funding situation are recorded as revenue by the respective pension plan. The District Attorney recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended December 31, 2019, the District Attorney recognized revenue as a result of support received from non-employer contributing entities of \$323,281. PERS and DARS received \$36,113 and \$287,168, respectively, for their participation in the District Attorney's retirement plans.

Payables to the Pension Plan

At December 31, 2019, the District Attorney had no payables to the pension plans for the December 2019 employee and employer legally required contributions.

NOTE 4: LONG TERM LIABILITIES

The long-term liabilities of the District Attorney, which are due to governmental activities, consist of liabilities for accrued compensated absences.

Balance, January 1, 2019	\$ 604,977
Additions for earned compensated absences	250,387
Less use of accrued amounts	(229,223)
Balance, December 31, 2019	626,141
Less current portion	(229,223)
Long-term portion	\$ 396,918

NOTE 5: OTHER POSTEMPLOYMENT BENEFITS

General Information about the OPEB Plan

Plan Description – The District Attorney provides certain continuing health care and life insurance benefits for its retired employees through the Caddo Parish Commission’s OPEB Plan (the OPEB Plan). The OPEB Plan is a single-employer defined benefit OPEB plan administered by the Caddo Parish Commission. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the Caddo Parish Commission. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

Benefits Provided – Medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement. Most employees are covered by the Parochial Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 10 years of service; or, age 65 and 7 years of service. For employees hired on and after January 1, 2007, retirement eligibility (D.R.O.P. entry) provisions are as follows: age 55 and 30 years of service; age 62 and 10 years of service; or, age 67 and 7 years of service.

Life insurance coverage of a flat amount of \$4,000 is provided to all retirees except in the DA department. The employer pays 100% of the "cost" of the retiree life insurance, but it is based on blended rates (active and retired).

Employees covered by benefit terms – At December 31, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	18
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	86
	<u>104</u>

Total OPEB Liability

The District Attorney’s total OPEB liability of \$4,554,579 was measured as of December 31, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs – The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	4.00%, including inflation
Discount rate	4.10% annually (Beginning of Year to Determine ADC)
	2.74% annually (As of End of Year Measurement Date)
Healthcare cost trend rates	5.50% annually

NOTE 5: OTHER POSTEMPLOYMENT BENEFITS (Continued)

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of December 31, 2019, the end of the applicable measurement period.

Mortality rates were based on the RP-2000 Table without projection with 50%/50% unisex blend.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of ongoing evaluations of the assumptions from January 1, 2009 to December 31, 2019.

Changes in the Total OPEB Liability

Balance at December 31, 2018	\$ 3,506,145
Changes for the year:	
Service cost	72,113
Interest	143,517
Differences between expected and actual experience	11,206
Changes in assumptions	833,055
Benefit payments and net transfers	(11,457)
Net changes	1,048,434
Balance at December 31, 2019	\$ 4,554,579

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the District Attorney, as well as what the District Attorney's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.74%) or 1-percentage-point higher (3.74%) than the current discount rate:

	1.0% Decrease (1.74%)	Current Discount Rate (2.74%)	1.0% Increase (3.74%)
Total OPEB liability	\$ 5,386,900	\$ 4,554,579	\$ 3,898,639

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the District Attorney, as well as what the District Attorney's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current healthcare trend rates:

	1.0% Decrease (4.5%)	Current Trend (5.5%)	1.0% Increase (6.5%)
Total OPEB liability	\$ 4,109,515	\$ 4,554,579	\$ 5,559,226

NOTE 5: OTHER POSTEMPLOYMENT BENEFITS (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2019, the District Attorney recognized OPEB expense of \$245,142. At December 31, 2019, the District Attorney reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,547	\$ 25,321
Changes in assumptions	784,052	317,227
Total	\$ 794,599	\$ 342,548

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending December 31:	
2020	\$ 29,512
2021	\$ 29,512
2022	\$ 29,512
2023	\$ 29,512
2024	\$ 29,512
Thereafter	\$ 304,482

NOTE 6: CAPITAL ASSETS

A summary of changes in general fixed assets is as follows:

	Balance January 1, 2019	Additions	Disposals and Retirements	Balance December 31, 2019
Furniture, fixtures and equipment	\$ 1,064,301	\$ 30,400	\$ -	\$ 1,094,701
Vehicles	465,134	-	-	465,134
Totals	\$ 1,529,435	\$ 30,400	\$ -	\$ 1,559,835
Accumulated depreciation	\$ 1,250,488	\$ 91,869	\$ -	\$ 1,342,357
Capital assets, net of accumulated depreciation	\$ 278,947			\$ 217,478

District Attorney of the First Judicial District
Notes to the Financial Statements

NOTE 7: AGENCY FUNDS

A summary of the changes in the District Attorney's agency funds is as follows:

	Balance January 1, 2019	Additions	Distributions	Balance December 31, 2019
Drug and asset forfeiture	\$ 826,270	\$ 650,455	\$ 796,065	\$ 680,660
Bond forfeiture	3,397	205,416	189,371	19,441
Pre-trial and victim restitution	20,367	589,782	574,995	35,154
Total	\$ 850,034	\$ 1,445,652	\$ 1,560,431	\$ 735,255

NOTE 8: LIABILITIES AND INTERFUND ASSETS

The composition of interfund balances as of December 31, 2019, is as follows:

Receivable Fund	Amount	Payable Fund	Amount
General	\$ 33,353	Asset Forfeiture	\$ 33,353

NOTE 9: RELATED PARTY TRANSACTIONS

The Caddo Parish Commission (the Commission) funds the District Attorney's office in its general fund budget. This funding includes salaries, related fringe benefit costs and other costs of housing, supplies, and administration. The funding is a direct monthly amount from the Commission and is reflected in the accompanying financial statements.

Payments received in the current year from the Commission were as follows: Budget appropriation payments of \$5,534,130; \$72,274 in reimbursements for capital outlay; \$103,426 to provide an Investigator and Victim Assistance Coordinator per contract related to the Commission's Improving Criminal Justice Responses Program; \$183,170 to reimburse the District Attorney for Criminal Court expenses; and additional reimbursements of \$475 were received from the Commission.

At December 31, 2019, there was \$128,408 due from the Caddo Parish Commission for assistance with legal expenses, a contract payment related to the Improving Criminal Justice Response Program, and Criminal Court fund reimbursements.

During 2019, the District Attorney's office reimbursed the Commission \$1,399,216 for various expenses, notably health insurance. At December 31, 2019, the District Attorney carries amounts due to the Caddo Parish Commission (included in the caption Payable to Caddo Parish Commission) of \$2,771 for miscellaneous reimbursements.

NOTE 10: ON-BEHALF PAYMENTS FOR SALARIES

The State of Louisiana pays a portion of the salaries and Medicare tax payments of the District Attorney's office. On-behalf payments, for the year ended December 31, 2019, have been recorded in the accompanying financial statements, in accordance with Governmental Accounting Standards Board Statement 24, as intergovernmental revenues and expenditures as follows:

Salaries	\$ 1,266,558
Retirement contributions	33,267
Medicare tax payments	18,365
Total on-behalf payments	\$ 1,318,190

NOTE 11: EXPENDITURES OF THE DISTRICT ATTORNEY NOT INCLUDED IN THE FINANCIAL STATEMENTS

The accompanying financial statements do not include certain expenditures of the District Attorney paid out of the criminal court funds. Those expenditures are summarized as follows: The Criminal Court Fund is controlled and expended jointly between the District Attorney and the First Judicial Court. The District Attorney normally expends funds for transcripts, witness fees and expert witness fees; the balance is utilized by the First Judicial Court.

NOTE 12: FEDERAL FINANCIAL ASSISTANCE PROGRAMS

The District Attorney participates in the United States Department of Health and Human Services Support Enforcement, Title IV-D Program, Catalog of Federal Domestic Assistance Number 93.563. This program is funded by indirect assistance payments in the form of reimbursements for related expenditures, received from the Louisiana Department of Social Services. For the year ended December 31, 2019, the District Attorney for the First Judicial District expended \$1,038,511 for the program. The reimbursement payments are restricted by a formal agreement between the District Attorney and the Department of Social Services and includes a budget of expected expenditures for each fiscal year ending June 30. The District Attorney submits reimbursement requests to the Department of Social Services on a monthly basis.

The District Attorney also received federal funding from the United States Department of Justice, which passed through the Louisiana Commission on Law Enforcement for Crime Victim Assistance. For the year ended December 31, 2019, the District Attorney for the First Judicial District expended \$251,497 for this grant.

Grant reimbursements may be subjected to further review and audit by the federal grantor agency. No provision has been made in the financial statements for the reimbursement of any expenditure that may be disallowed as a result of such a review or audit. Based on prior experience, the District Attorney feels such disallowances, if any, will be immaterial.

NOTE 13: CONTINGENCIES

Litigation - The District Attorney is a defendant in several lawsuits, which are partially covered by insurance. The estimates of the ultimate liability of the District Attorney cannot be determined. Resolution of these cases could involve liability to the District Attorney in excess of insurance limits, if the courts find in favor of the various plaintiffs. The District Attorney evaluates the existing litigation and accrues appropriate amounts in accordance with Financial Accounting Standards Board Statement (FASB) ASC Topic 450 as liabilities become probable and can be estimated. In the opinion of legal counsel, the District Attorney's ultimate exposure is unknown at this time.

Grant Disallowances - The District Attorney participates in two federally assisted grant programs. The programs are subject to various compliance audits. Such audits could lead to requests for reimbursement by the grantor agencies for expenditures disallowed under the terms of the grants. The District Attorney's management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

NOTE 14: RISK MANAGEMENT

The District Attorney is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District Attorney is a component unit of the Caddo Parish Commission (the Commission). Employee and retiree health benefits for the District Attorney are provided through the Commission's self-insurance program. The District Attorney pays a monthly premium based on the number of District Attorney's employees participating in the plan and does not retain any risk of loss for employee health claims, but is obligated to pay the premiums established by the Commission to fund the plan. For the year ended December 31, 2019, the District Attorney paid the Commission employee and retiree health premiums of \$1,301,620 (which included both the employee and employer portions) for 81 active and 18 nonactive participants. The District Attorney's portion/cost of the health premiums was \$957,986 and expensed to personnel services.

NOTE 15: SUBSEQUENT EVENT DISCLOSURE

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the District Attorney. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

District Attorney of the First Judicial District
General Fund Budgetary Comparison Schedule
For the year ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
Budgetary Fund Balances, beginning	\$ 2,669,265	\$ 2,669,265	\$ 2,769,465	\$ 100,200
Resources (inflows)				
Fines, fees and bond forfeitures	473,823	473,823	549,420	75,597
Court cost fees	166,661	166,661	171,781	5,120
Interest income	33,342	33,342	46,939	13,597
Intergovernmental revenue				
Federal financial assistance	1,290,957	1,290,957	1,290,008	(949)
Parish financial assistance	5,672,619	5,672,619	5,606,404	(66,215)
State of Louisiana	1,325,000	1,325,000	1,373,190	48,190
Drug asset forfeiture	145,000	145,000	158,847	13,847
Collection fees	574,795	574,795	526,285	(48,510)
Other	100,000	100,000	294,411	194,411
Amounts available for appropriations	<u>12,451,462</u>	<u>12,451,462</u>	<u>12,786,750</u>	<u>335,288</u>
Charges to appropriations (outflows)				
General government				
Current operating				
Personnel services	8,112,410	8,112,410	8,144,751	(32,341)
Contractual charges	870,257	870,257	966,788	(96,531)
Materials and supplies	359,344	359,344	413,974	(54,630)
Other charges	410,251	410,251	130,108	280,143
Capital outlay	-	-	157,040	(157,040)
Total charges to appropriations	<u>9,752,262</u>	<u>9,752,262</u>	<u>9,812,661</u>	<u>(60,399)</u>
Budgetary Fund Balances, ending	<u>\$ 2,699,200</u>	<u>\$ 2,699,200</u>	<u>\$ 2,974,089</u>	<u>\$ 274,889</u>

District Attorney of the First Judicial District
Schedule of Proportionate Share of the Net Pension Liability

Plan Year Ended	Agency's proportion of the net pension liability (asset)	Agency's proportionate share of the net pension liability (asset)	Agency's covered payroll	Agency's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
<i>Parochial Employees' Retirement System (PERS)</i>					
* 2018	0.47259%	\$ 2,097,511	\$ 2,892,422	73%	88.90%
* 2017	0.46783%	\$ (347,241)	\$ 2,838,831	-12%	101.98%
* 2016	0.44141%	\$ 909,088	\$ 2,595,373	35%	94.2%
* 2015	0.40957%	\$ 1,078,096	\$ 2,354,657	46%	92.2%
* 2014	0.40219%	\$ 109,963	\$ 2,319,767	5%	99.2%
* 2013	0.40736%	\$ 28,948	\$ 2,181,666	1%	99.8%
<i>Louisiana District Attorneys' Retirement System (DARS)</i>					
** 2019	3.05823%	\$ 983,843	\$ 1,856,960	53%	93.1%
** 2018	2.95518%	\$ 950,953	\$ 1,797,083	53%	92.9%
** 2017	2.76259%	\$ 745,132	\$ 1,678,817	44%	93.6%
** 2016	2.56186%	\$ 490,358	\$ 1,550,283	32%	95.1%
** 2015	2.56158%	\$ 137,980	\$ 1,509,423	9%	98.6%
** 2014	2.72194%	\$ 54,283	\$ 1,534,352	4%	99.5%

* Amounts presented were determined as of the measurement date (fiscal year ended December 31).

** Amounts presented were determined as of the measurement date (fiscal year ended June 30).

This schedule is intended to show information for 10 years.

**District Attorney of the First Judicial District
Schedule of Contributions to the Funds**

Fiscal Year	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll	Contributions as a % of Required Contributions
<i>Parochial Employees' Retirement System of Louisiana (PERS)</i>						
2019	\$ 334,107	\$ 334,107	\$ -	\$ 3,087,027	10.82%	100.00%
2018	\$ 332,629	\$ 332,629	\$ -	\$ 2,892,422	11.50%	100.00%
2017	\$ 354,854	\$ 354,854	\$ -	\$ 2,838,831	12.50%	100.00%
2016	\$ 337,398	\$ 337,398	\$ -	\$ 2,595,373	13.00%	100.00%
2015	\$ 341,425	\$ 341,425	\$ -	\$ 2,354,657	14.50%	100.00%
2014	\$ 371,162	\$ 371,162	\$ -	\$ 2,319,767	16.00%	100.00%

Louisiana District Attorney's Retirement System (DARS)

2019	\$ 22,477	\$ 22,477	\$ -	\$ 1,856,960	1.21%	100.00%
2018	\$ 10,819	\$ 10,819	\$ -	\$ 1,789,414	0.60%	100.00%
2017	\$ -	\$ -	\$ -	\$ 1,740,667	0.00%	0.00%
2016	\$ 27,446	\$ 27,446	\$ -	\$ 1,678,817	1.63%	100.00%
2015	\$ 76,521	\$ 76,521	\$ -	\$ 1,468,067	5.21%	100.00%
2014	\$ 132,585	\$ 132,585	\$ -	\$ 1,587,590	8.35%	100.00%

Amounts presented were determined as of the end of the fiscal year (December 31).

This schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

Notes to Schedule:

Benefit Changes: There were no changes of benefit terms for the year ended December 31, 2019.

Changes of Assumptions: For the Parochial Employees' Retirement System for the valuation year ended December 31, 2018, the investment rate of return decreased from 6.75% to 6.5%, projected salary increases were changed from 5.25% to 4.75% and inflation decreased from 2.50% to 2.40%.

For District Attorneys' Retirement System, the assumed rate of return of 6.50% remained the same for June 30, 2018 and June 30, 2019.

District Attorney of the First Judicial District
Schedule of Changes in Net OPEB Liability and Related Ratios

For the year ended December 31,	2018	2019
The District Attorney's proportionate share of total OPEB liability		
Service cost	\$ 78,539	\$ 72,113
Interest	128,993	143,517
Changes of benefit terms	-	-
Differences between expected and actual experience	(28,301)	11,206
Changes of assumptions	(354,547)	833,055
Benefit payments	(136,652)	(11,457)
Net change in District Attorney's proportionate share of total OPEB liability	(311,968)	1,048,434
District Attorney's proportionate share of total OPEB liability - beginning	3,818,113	3,506,145
District Attorney's proportionate share of total OPEB liability - ending (a)	\$ 3,506,145	\$ 4,554,579

Covered-employee payroll	\$ 5,266,404	\$ 5,477,060
--------------------------	--------------	--------------

District Attorney's proportionate share of the net OPEB liability as a percentage of covered-employee payroll	66.58%	83.16%
---	--------	--------

Notes to Schedule:

<i>Benefit Changes:</i>	None	None
-------------------------	------	------

<i>Changes of Assumptions:</i>	None	None
--------------------------------	------	------

<i>Discount Rate:</i>	4.100%	2.740%
-----------------------	--------	--------

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

SINGLE AUDIT INFORMATION

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

The Honorable James Stewart
District Attorney of the First Judicial District
Caddo Parish, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the District Attorney of the First Judicial District, a component unit of the Caddo Parish Commission, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District Attorney of the First Judicial District's basic financial statements, and have issued our report thereon dated June 18, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a material weakness.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the District Attorney, in a separate letter dated June 18, 2020.

District Attorney's Response to Findings

District Attorney's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. District Attorney's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS, & INGRAM, LLC

Shreveport, Louisiana
June 18, 2020

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

The Honorable James Stewart
District Attorney of the First Judicial District
Caddo Parish, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the District Attorney of the First Judicial District's (District Attorney), a component unit of the Caddo Parish Commission, 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, 2019. The District Attorney's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' 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, 2019.

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.

We noted certain matters that we reported to management of the District Attorney, in a separate letter dated June 18, 2020.

Purpose of this Report

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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS, & INGRAM, LLC

Shreveport, Louisiana

June 18, 2020

**District Attorney of the First Judicial District
Schedule of Expenditures and Federal Awards
For the year ended December 31, 2019**

Federal Agency/Pass Through Grantor/Program Title	CFDA Number	Contract/Grant Number	Federal Expenditures	Payments to Subrecipients
Federal Awards				
United States Department of Justice				
Passed through the Louisiana Commission on Law Enforcement				
Crime Victim Assistance	16.575	2017-VA-02/01/03/04-4441	\$ 251,497	\$ -
Total United States Department of Justice			251,497	-
United States Department of Health and Human Services				
Passed through the Louisiana Department of Children and Family Services				
Title IV-D, Child Support Enforcement	93.563	1304LA4004/2000347616	1,038,511	-
Total United States Department of Health and Human Services			1,038,511	-
Total Expenditures of Federal Awards			\$ 1,290,008	\$ -

See accompanying notes to the financial statements.

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal spending of the District Attorney of the First Judicial District (the District Attorney) and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. Because the schedule presents only a selected portion of the operations of the District Attorney, it is not intended to and does not represent the financial position of the District Attorney.

NOTE 2: INDIRECT COST RATE

The Uniform Guidance allows an organization to elect a 10% de minimis indirect cost rate. For the year ended December 31, 2019, the District Attorney did not elect to use this rate.

NOTE 3: LOANS AND LOAN GUARANTEES

The District Attorney did not expend federal awards related to loans or loan guarantees during the year ended December 31, 2019.

NOTE 4: SUB-RECIPIENTS

During the year ended December 31, 2019, the District Attorney had no sub-recipients.

NOTE 5: NONCASH ASSISTANCE AND OTHER

The District Attorney did not receive any assistance or federally funded insurance during the year ended December 31, 2019.

NOTE 6: CONTINGENCIES

Grant monies received and disbursed by the District Attorneys are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon experience, the District Attorney does not believe that such disallowance, if any, would have a material effect on the financial position of the District Attorney.

NOTE 7: FEDERAL PASS-THROUGH FUNDS

The District Attorney is also the sub-recipient of federal funds that have been subjected to testing and are reported as expenditures and listed as federal pass-through funds. Federal awards other than those indicated as pass-through are considered to be direct.

Section I - Summary of Auditors' Results

A. Financial Statements

- | | |
|--|-------------------|
| 1. Type of Auditors' report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| • Material weakness(es) identified? | Yes |
| • Significant deficiency(es) identified? | None noted |
| 3. Noncompliance material to financial statements noted? | No |

B. Federal Awards

- | | |
|---|---|
| 1. Internal control over major federal programs: | |
| • Material weakness(es) identified? | No |
| • Significant deficiency(es) identified? | None noted |
| 2. Type of auditors' report issued on compliance for major programs: | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200.516(a)? | None noted |
| 4. Identification of major federal programs: | |
| <u>CFDA number</u> | <u>Name of federal program or cluster</u> |
| 93.563 | Title IV-D, Child Support Enforcement |
| 5. The dollar threshold used to distinguish type A and B programs was \$750,000 for major federal programs. | |
| 6. Auditee qualified as a low-risk auditee for federal purposes? | Yes |

Section II – Financial Statement Findings

A. Current Year Findings and Responses

2019-001 Preparation of Financial Statements

Criteria: Liability accounts should be reconciled and payments should be recorded as debits to the same account the liability was recorded.

Condition: During our audit, we noted that significant adjustments to the payroll accrual and expense accounts were necessary. Payroll accrual and expense accounts were materially overstated and required material adjusting entries.

Cause: Bi-weekly payroll accruals were not reversed when paid. Cafeteria Plan cash account was inappropriately recorded on the general ledger. Federal income taxes on fringe benefits were not appropriately withheld by the third-party payroll processor (ADP) and when corrected, the general ledger entry provided by ADP did not appropriately set up an employee receivable for taxes paid by the District Attorney in advance.

Effect: Financial statements were materially misstated.

Recommendation: We recommend staff responsible for QuickBooks under-go specific training on recording payroll liabilities and payments of payroll liabilities to avoid potentially material misstatements of the financial statements in the future. We further recommend all payroll liability accounts be reconciled routinely throughout the year and at year-end to ensure the liability and expense accounts are properly stated.

Management's Response and Corrective Action Plan: We agree with the comment and have hired an experienced accountant in early 2020.

Anticipated completion date: N/A

Person responsible for corrective actions:

Gary Gaskins, Administrator

Telephone: 318-226-6960

B. Prior Year Findings and Responses

None

Section III – Federal Award Findings and Responses

A. Current Year Findings and Responses

None

B. Prior Year Findings and Responses

None

OTHER SUPPLEMENTARY INFORMATION

District Attorney of the First Judicial District
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the year ended December 31, 2019

Agency Head Name: Honorable James Stewart

Purpose	Amount
Salary	\$ 149,569
Benefits-insurance (life insurance premiums)	\$ 597
Benefits-retirement	\$ 3,926
Vehicle provided by government	\$ 3,312
Fuel for vehicle provided by government	\$ 1,619
Cell phone	\$ 533
Dues	\$ 1,485
Travel	\$ 3,715
Conference travel	\$ 4,058
Other (including payments made by other parties on behalf of the agency head)	\$ 50,488

OTHER INFORMATION

Management Letter

The Honorable James Stewart
District Attorney of the First Judicial District
Caddo Parish, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the District Attorney of the First Judicial District, a component unit of the Caddo Parish Commission, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District Attorney of the First Judicial District's basic financial statements, and have issued our report thereon dated June 18, 2020.

As a part of our examination, we have issued our report on the financial statements, dated June 18, 2020, and our reports on internal control and compliance with laws, regulations, contracts, and grants, and on compliance for each major program and internal control over compliance required the Uniform Guidance dated June 18, 2020.

During the course of our examination, we became aware of the following matters which represent immaterial deviations of compliance or suggestions for improved internal controls.

MLC 2019 – Louisiana Budget Act

Year of Origination – December 31, 2019

Observation: The District Attorney did not comply with certain requirements of the Louisiana Local Government Budget Act. The budget was not published in accordance with required timeframe. The annual budget for district attorneys shall be completed and made available for public inspection as provided for in R.S. 39:1308 no later than 15 days prior to the beginning of each fiscal year. The budget was published December 13, 2018, and the public inspection was conducted on December 28, 2018.

Recommendation: We recommend implementing controls to monitor the publications and document in real time when the budget is published.

Views of responsible officials and corrective actions: We concur with the finding and will implement controls to ensure that future budgets are published and available for inspection according to the required timeframe.

MLC 2019-002 Segregation of Duties

Repeat Comment: Year of Origination – December 31, 2017

Observation: Because of a small number of people involved in the accounting operations, the District Attorney had a lack of segregation of duties in certain areas. We noted that certain employees collect money orders, record collection transactions, and deposit cash in the bank. We also noted that reimbursement requests for grants are not reviewed for accuracy by anyone other than the preparer.

Recommendation: The District Attorney has a limited amount of resources in its accounting department. While implementing additional controls may not be cost beneficial or practical, the District Attorney should remain cognizant of the lack of segregation of duties and implement procedures to mitigate the risk.

Views of responsible officials and corrective actions: We concur with the comment and will strive to improve internal controls and segregate duties as necessary. We have recently hired an accountant. We will anticipate that this will strengthen controls by being able to segregate certain duties.

MLC 2019-003 Agency Fund Liabilities

Year of Origination – December 31, 2019

Observation: Agency Fund liabilities on the general ledger are not reconciled to amounts actually due. We noted while testing asset forfeiture accounts, the “due to” sub-accounts balances in Quickbooks were inaccurately stated. The balances in prostitution, RICCO, and unclaimed property are old liabilities that have all been paid as of December 31, 2019, with exception to one human trafficking case with a remaining balance due of \$370,775 (which should be the balance in the asset forfeiture sub-account 2211 – Human Trafficking). As the total of the sub-accounts for Asset Forfeiture are presented on the audited financials, an audit reclassification was not necessary.

Recommendation: We recommend staff responsible for QuickBooks undergo specific training on recording agency fund liabilities and disbursements of agency fund liabilities to avoid potentially material misstatements of the financial statements in the future. We further recommend all agency fund accounts be reconciled routinely throughout the year and at year-end to ensure the liability and asset accounts are properly stated.

Views of responsible officials and corrective actions: We agree with the comment and have hired an experienced accountant in early 2020.

This report is intended solely for the information and use of the District Attorney, Members of Caddo Parish, management, the Louisiana Legislative Auditor, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana

June 18, 2020

**District Attorney of the First Judicial District
Shreveport, Louisiana**

AGREED-UPON PROCEDURES REPORT

December 31, 2019



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

CRIcpa.com



Carr, Riggs & Ingram, LLC
1000 East Preston Avenue
Suite 200
Shreveport, LA 71105

Mailing Address:
P.O. Box 4278
Shreveport, LA 71134-0278

(318) 222-2222
(318) 226-7150 (fax)
CRlcpa.com

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the District Attorney of the First Judicial District (District Attorney) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures Year 3 (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. The District Attorney's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described 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. Obtained and inspected the entity's written policies and procedures and observed that they address each of the following categories and subcategories:

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

Results: District Attorney has no written policies and procedures for budgeting.

- 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.

Results: District Attorney has no written policies and procedures for purchasing.

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

Results: District Attorney has no written policies and procedures for disbursements.

- 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).

Results: District Attorney has no written policies and procedures for receipts.

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

Results: District Attorney has no written policies and procedures for payroll/personnel.

- 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.

Results: District Attorney has no written policies and procedures for contracting.

- 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).

Results: District Attorney has no written policies and procedures for credit cards.

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

Results: The travel and expense policy does not include a dollar threshold by the category of expense.

- 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.

Results: The ethics policy does not include actions to be taken if ethics violations take place nor does it address a system to monitor possible ethics violations.

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

Results: District Attorney has no written policies and procedures for debt service.

- k) ***Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results: District Attorney has no written policies and procedures for disaster recovery/business continuity.

Bank Reconciliations

2. Obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Asked management to identify the entity's main operating account. Selected the entity's main operating account and randomly selected 4 additional accounts (or all accounts if less than 5). Randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for each selected account, and observed that:

Results: Obtained a listing and management's representation as to completeness.

- 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);

Results: No exceptions were found as a result of applying the procedure.

- 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);

Results: The Administrator, a member of management, reviews the bank reconciliations but can also post to the ledger, initiate wire transfers, receive checks, and write checks, for the bank accounts.

- 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: No exceptions were found as a result of applying the procedure.

Collections

3. Obtained 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 selected 5 deposit sites (or all deposit sites if less than 5).

Results: Obtained a listing and management's representation as to completeness. Only two deposit sites were listed. Both of these deposit sites were selected for applying procedures below.

4. For each deposit site selected, obtained a listing of collection locations and management's representation that the listing is complete. Randomly selected one collection location for each deposit site, obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures – inquired of employees about their job duties) at each collection location, and observed that job duties are properly segregated at each collection location such that:

Results: Obtained a listing and management's representation as to completeness.

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

Results: No exceptions were found as a result of applying the procedure.

- 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.

Results: In the Hot Check location, a cash collector prepares bank deposits as well as reconciles collection documentation 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.

Results: No exceptions were found as a result of applying the procedure.

- 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 verified the reconciliation.

Results: No exceptions were found as a result of applying the procedure.

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

Results: The employees are covered by an insurance policy for theft.

- 6. Randomly selected two deposit dates for each of the five bank accounts selected for procedure #2 under "Bank Reconciliations" above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected 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.* Obtained supporting documentation for each of the 10 deposits and:

Results: One of the five bank accounts selected for procedure #2 was a payroll account which had no cash deposits. Therefore, only eight deposits were tested for the remaining four bank accounts. Obtained supporting documentation for each of the deposits.

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

Results: Of the eight deposits subject to procedure, there were six instances of collections without a receipt.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

- d) Observed 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).

Results: Of the eight deposits subject to procedure, there were six instances where the collection dates were not determinable. There were two instances of a deposit being made more than one business day after collection.

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

Results: No exceptions were found as a result of applying the procedure.

Travel and Travel-Related Expense Reimbursements

7. Obtained 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 selected 5 reimbursements, obtained 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:

Results: Obtained a listing and management's representation as to completeness.

- a) If reimbursed using a per diem, agreed the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Results: No exceptions were found as a result of applying the procedure.

- b) If reimbursed using actual costs, observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Results: No exceptions were found as a result of applying the procedure.

- c) Observed that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observed that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

Results: No exceptions were found as a result of applying the procedure.

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

Results: Of the five transactions subject to procedure, three reimbursements did not include evidence they were reviewed and approved in writing.

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.

Carr, Riggs & Ingram, LLC

CARR, RIGGS, & INGRAM, LLC
Shreveport, Louisiana
June 18, 2020