
**DISTRICT ATTORNEY OF THE NINETEENTH
JUDICIAL DISTRICT**

EAST BATON ROUGE PARISH, LOUISIANA

FINANCIAL REPORT

DECEMBER 31, 2014



A Professional Accounting Corporation

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DISTRICT ATTORNEY OF THE NINETEENTH
JUDICIAL DISTRICT

EAST BATON ROUGE PARISH, LOUISIANA

FINANCIAL REPORT

DECEMBER 31, 2014

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District Attorney of the Nineteenth Judicial District (the "District Attorney"), a component unit of the City of Baton Rouge/Parish of East Baton Rouge, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the District Attorney's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District Attorney, as of December 31, 2014, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-9 and budgetary comparison information on pages 30-31 and the schedule of funding progress and employer contributions on page 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District Attorney's basic financial statements. The Schedule of Compensation, Benefits and Other Payments to the Agency Head on page 33 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards on page 38 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.

The Schedule of Compensation, Benefits and Other Payments to the Agency Head and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits and Other Payments to the Agency Head and the schedule of expenditures of federal awards is 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 16, 2015, on our consideration of the District Attorney's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District Attorney's internal control over financial reporting and compliance.

Postlethwait & McNeill

Baton Rouge, Louisiana
June 16, 2015

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2014

This section of District Attorney's annual financial report presents a discussion and analysis of the District Attorney's financial performance during the fiscal year that ended on December 31, 2014. Please read it in conjunction with the District Attorney's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District Attorney's total net position decreased by \$1,773,502 over the course of this year's operations. During the year, the District Attorney's expenses exceeded revenues by that amount.
- The General Fund reported an excess of expenditures when compared to revenue of \$747,855.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2014

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

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2014

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

The District Attorney has two kinds of funds:

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

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2014

FINANCIAL ANALYSIS OF THE DISTRICT ATTORNEY AS A WHOLE

Governmental Activities

Net position. The District Attorney's combined net position decreased from approximately \$3.2 million to \$5.0 million during the year.

**Table A-1
District Attorney's Net Position**

	Governmental Activities	
	2014	2013
Current and other assets	\$ 1,713,674	\$ 2,810,432
Capital assets, net of depreciation	560,348	612,497
Total assets	2,274,022	3,422,929
Current liabilities	349,273	702,863
Non-current liabilities	6,897,123	5,918,938
Total liabilities	7,246,396	6,621,801
Net position		
Net investment in capital assets	560,348	612,497
Restricted	208,552	203,865
Unrestricted	(5,741,274)	(4,015,234)
Total net position	\$ (4,972,374)	\$ (3,198,872)

Changes in net position. The District Attorney's total revenues increased by approximately 2.4 percent to approximately \$12.6 million (See Table A-2). Approximately \$4.3 million or 34 percent of the District Attorney's revenue comes from payments made on behalf of the District Attorney by the State of Louisiana and the City of Baton Rouge/Parish of East Baton Rouge (City-Parish) for payroll related costs.

The total cost of all programs and services increased approximately \$546,000 or 4 percent. This is primarily due to increased retirement costs.

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014**

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

	Governmental Activities	
	2014	2013
Revenues		
Program revenues		
Charges for services	\$ 2,979,279	\$ 2,911,865
State grants and entitlements	9,521,699	9,293,506
General revenues	101,361	100,264
Total revenues	12,602,339	12,305,635
Expenses		
Governmental activities	14,375,841	13,829,366
Total expenses	14,375,841	13,829,366
Decrease in net position	\$(1,773,502)	\$(1,523,731)

The decrease in net position is primarily due to the cost of post-employment healthcare benefits and salary costs exceeding the support received from the City-Parish and State governments.

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

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

	Total Cost of Services		Net of Program Revenues	
	2014	2013	2014	2013
Public safety	\$ 13,124,605	\$ 12,619,016	(\$ 1,861,388)	(\$ 1,642,942)
Health and Welfare	1,251,236	1,210,350	(13,475)	18,947
	\$ 14,375,841	\$ 13,829,366	(\$ 1,874,863)	(\$ 1,623,955)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District Attorney completed the year, its governmental funds reported a combined fund balance of approximately \$1.4 million, a decrease of approximately \$743,000 from last year. This is primarily due to salary costs exceeding the support received from the City-Parish and State governments.

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014**

General Fund Budgetary Highlights

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

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

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Difference</u>
Revenue	\$ 11,127,522	\$ 11,164,800	\$ 37,278
Expenditures	<u>11,652,050</u>	<u>11,818,250</u>	<u>(166,200)</u>
Net expenditures	<u>\$ (524,528)</u>	<u>\$ (653,450)</u>	<u>\$ (128,922)</u>

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

**Table A-5
Original Budget Comparison
General Fund**

	<u>Original Budget</u>	<u>Actual Budget Results</u>	<u>Difference</u>
Revenue	\$ 11,127,522	\$ 11,358,953	\$ 231,431
Expenditures	<u>11,652,050</u>	<u>12,106,808</u>	<u>(454,758)</u>
Net expenditures	<u>\$ (524,528)</u>	<u>\$ (747,855)</u>	<u>\$ (223,327)</u>

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2014

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2014, the District Attorney had invested \$560,348 in capital assets. (See Table A-6.)

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

	Governmental Activities	
	2014	2013
Furniture and equipment	\$ 389,222	\$ 452,401
Vehicles	171,126	160,096
Total	\$ 560,348	\$ 612,497

The decrease was primarily due to the recognition of depreciation.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District Attorney is dependent on the State of Louisiana and the City of Baton Rouge for approximately 64 percent of its revenues. These entities receive a substantial part of their revenues from taxes. The economy is not expected to generate any significant growth. Therefore, the District Attorney's future revenues are expected to be consistent with the current years. With little change in the District Attorney's operational costs, the budgeted expenditures for the 2015 year will be consistent with expenditures recognized in 2014.

CONTACTING THE DISTRICT ATTORNEY'S FINANCIAL MANAGEMENT

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

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

STATEMENT OF NET POSITION

DECEMBER 31, 2014

<u>ASSETS</u>	<u>Governmental Activities</u>
Cash and cash equivalents	\$ 1,352,237
Receivables	361,437
Capital assets, net of accumulated depreciation	560,348
TOTAL ASSETS	<u>2,274,022</u>
<u>LIABILITIES</u>	
Accounts payable	74,474
Accrued compensated absences	215,715
Other liabilities	59,084
Post-employment benefit liability	6,897,123
TOTAL LIABILITIES	<u>7,246,396</u>
<u>NET POSITION</u>	
Net investment in capital assets	560,348
Restricted	208,552
Unrestricted (deficit)	<u>(5,741,274)</u>
TOTAL NET POSITION	<u>\$ (4,972,374)</u>

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

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Program Revenues</u>		<u>Net (Expense)</u>	
		<u>Operating</u>	<u>Revenue and</u>	
	<u>Expenses</u>	<u>Charges for</u>	<u>Changes in</u>	
		<u>Services</u>	<u>Net Position</u>	
		<u>Grants and</u>	<u>Governmental</u>	
		<u>Contributions</u>	<u>Unit</u>	
<u>FUNCTIONS/PROGRAMS</u>				
Governmental activities:				
Public safety	\$ 13,124,605	2,979,279	8,283,938	\$ (1,861,388)
Health and welfare	<u>1,251,236</u>	<u>-</u>	<u>1,237,761</u>	<u>(13,475)</u>
Total governmental activities	<u>\$ 14,375,841</u>	<u>\$ 2,979,279</u>	<u>\$ 9,521,699</u>	<u>(1,874,863)</u>
General Revenues:				
Interest and investment earnings				13,206
Miscellaneous				<u>88,155</u>
Total general revenues				<u>101,361</u>
Change in net position				(1,773,502)
Net position - January 1, 2014				<u>(3,198,872)</u>
Net position - December 31, 2014				<u>\$ (4,972,374)</u>

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

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2014

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
<u>ASSETS AND DEFERRED OUTFLOWS</u>			
Assets:			
Cash and cash equivalents	\$ 1,270,436	\$ 81,801	\$ 1,352,237
Accounts receivable	209,303	152,134	361,437
TOTAL ASSETS	<u>1,479,739</u>	<u>233,935</u>	<u>1,713,674</u>
Deferred Outflows:			
	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 1,479,739</u>	<u>\$ 233,935</u>	<u>\$ 1,713,674</u>
<u>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE</u>			
Liabilities:			
Accounts payable	\$ 72,638	\$ 1,836	\$ 74,474
Accrued compensated absences	192,168	23,547	215,715
Other liabilities	59,084	-	59,084
TOTAL LIABILITIES	<u>323,890</u>	<u>25,383</u>	<u>349,273</u>
Deferred Inflows:			
	-	-	-
Fund balances:			
Spendable:			
Restricted	-	208,552	208,552
Unassigned	1,155,849	-	1,155,849
TOTAL FUND BALANCES	<u>1,155,849</u>	<u>208,552</u>	<u>1,364,401</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	<u>\$ 1,479,739</u>	<u>\$ 233,935</u>	<u>\$ 1,713,674</u>

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

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2014

Total fund balances - Governmental Funds			\$ 1,364,401
Total Net Position reported for governmental activities in the Statement of Net Position is different because:			
Net post employment benefits obligation recorded in accordance with GASB 45			
Post-employment benefit liability			(6,897,123)
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.			
Cost of capital assets at December 31, 2014	\$ 1,988,051		
Less: accumulated depreciation as of December 31, 2014	<u>(1,427,703)</u>	<u>560,348</u>	
Total net assets at December 31, 2014 - Governmental Activities			<u><u>\$ (4,972,374)</u></u>

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

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue Fund</u>	<u>Total</u>
<u>REVENUES</u>			
Fines and forfeitures	\$ 1,140,964	\$ -	\$ 1,140,964
Interest	12,725	481	13,206
Intergovernmental revenue:			
Federal grants	128,644	1,237,761	1,366,405
City of Baton Rouge	5,475,100	-	5,475,100
State of Louisiana - supplemental salaries	2,436,754	-	2,436,754
State of Louisiana - victim assistance	120,000	-	120,000
Check collection fees	23,798	-	23,798
Narcotic seizure fees	184,108	-	184,108
Pre-trial program fees	1,428,185	-	1,428,185
Other fees	202,224	-	202,224
Other local support	123,440	-	123,440
Other	83,011	5,144	88,155
TOTAL REVENUES	<u>11,358,953</u>	<u>1,243,386</u>	<u>12,602,339</u>
<u>EXPENDITURES</u>			
General government:			
Current operating:			
Personnel service	10,061,163	1,187,638	11,248,801
Auto and equipment	224,712	11,267	235,979
Supplies and office	474,214	11,941	486,155
Professional services	329,970	13,934	343,904
Sexual trauma support services	200,000	-	200,000
Truancy center	116,670	-	116,670
Other	422,001	13,919	435,920
Capital outlay	278,078	-	278,078
TOTAL EXPENDITURES	<u>12,106,808</u>	<u>1,238,699</u>	<u>13,345,507</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER</u>			
<u>EXPENDITURES</u>	<u>(747,855)</u>	<u>4,687</u>	<u>(743,168)</u>
Fund balances - beginning of year	<u>1,903,704</u>	<u>203,865</u>	<u>2,107,569</u>
Fund balances - end of year	<u>\$ 1,155,849</u>	<u>\$ 208,552</u>	<u>\$ 1,364,401</u>

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

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

Deficiency of Revenues over
Expenditures \$ (743,168)

The change in net position reported for governmental activities in the Statement of
Activities is different because:

Increase in net post employment benefits obligation recorded in accordance with
GASB 45

Post-retirement benefit expense in excess of contributions paid (978,185)

Governmental funds report capital asset purchases as expenditures. However, in the
Statement of Activities, the cost of those assets is allocated over their estimated useful
lives and reported as depreciation expense.

Capital Assets:

Capital outlay capitalized	\$ 278,078	
Depreciation expense for year ended December 31, 2014	<u>(330,227)</u>	<u>(52,149)</u>

Change in Net Assets - Governmental Activities \$ (1,773,502)

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

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2014

	<u>Narcotic Seizure Fund</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 129,475
TOTAL ASSETS	<u>\$ 129,475</u>
<u>LIABILITIES</u>	
Due to other agencies	\$ 108,828
Narcotics seizure - pending forfeitures	<u>20,647</u>
TOTAL LIABILITIES	<u>\$ 129,475</u>

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

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The District Attorney's basic financial statements consist of the government-wide statements and the fund financial statements. The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units and promulgated by the Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*. The entity-wide financial statements follow the guidance included in GASB Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained In Pre-November 30, 1989 FASB and AICPA Pronouncements*.

The District Attorney adopted Governmental Accounting Standards Board Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*. Collectively, these statements changed the government-wide statement of net assets from three elements to five, adding deferred outflows and deferred inflows and renamed it to the statement of net position. Certain items previously reported as assets and liabilities such as loan organization fees and non-exchange revenue for future periods are reclassified to deferred outflows or inflows, or are no longer carried on the statement of net position.

B. Financial Reporting Entity

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

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

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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

C. **Fund Accounting**

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

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

C. **Fund Accounting** (continued)

Governmental Funds

Governmental funds account for all of the District Attorney's taxpayer funded activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the District Attorney. The following are the District Attorney's governmental funds:

General Fund

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

Special Revenue Fund

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

Fiduciary Fund Type Agency Fund

Agency Funds are used to account for assets held by the Office of the District Attorney as an agent for other governments and/or other funds. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The District Attorney has established the following agency fund:

Narcotic Seizure Account

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

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

D. Basis of Accounting / Measurement Focus

Government Wide Financial Statements (GWFS)

The GWFS were prepared using the economic resources measurement focus and the full 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 resulting from non-exchange transactions, such as grants, are recognized when all applicable eligibility requirements are met.

Fund Financial Statements (FFS)

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

Governmental 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 period liabilities. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period or 60 days. Commissions on fines and bond forfeitures are reported in the year they are collected by the tax collector. Revenues resulting from non-exchange transactions, such as grants, are recognized when all applicable eligibility requirements are met and the resources are measurable and available. Interest income on investments is recorded when earned. Substantially all other revenues are recorded when received.

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

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

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

E. **Budgets and Budgetary Accounting**

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

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

F. **Compensated Absences**

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

G. **Cash and Cash Equivalents**

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

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

H. **Capital Assets**

All capital assets are capitalized at historical cost, or estimated historical costs for assets where actual cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District Attorney maintains a capitalization threshold level of \$500 or more.

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

I. **Operating Transfers In and Out**

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

J. **Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

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

L. **Fund Balance**

Accounting standards require governmental fund balances to be reported in as many as five classifications as listed below in accordance with Governmental Accounting Standards Statement:

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

Spendable

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

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

L. **Fund Balance** (continued)

Committed – represent balances where constraints have been established by formal action of the District Attorney. A simple majority vote in a public meeting is required to establish, modify, or rescind a fund balance commitment.

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

Unassigned – represent balances for which there are no constraints.

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

2. **CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended December 31, 2014 are as follows:

	<u>Furniture and Equipment</u>	<u>Vehicles</u>	<u>Total</u>
Cost of capital assets, December 31, 2013	\$ 1,254,133	\$ 721,565	\$ 1,975,698
Additions	183,107	94,971	278,078
Deletions	<u>-</u>	<u>(265,725)</u>	<u>(265,725)</u>
Cost of capital assets, December 31, 2014	<u>1,437,240</u>	<u>550,811</u>	<u>1,988,051</u>
Accumulated depreciation, December 31, 2013	801,732	561,469	1,363,201
Additions	246,286	83,941	330,227
Deletions	<u>-</u>	<u>(265,725)</u>	<u>(265,725)</u>
Accumulated depreciation, December 31, 2014	<u>1,048,018</u>	<u>379,685</u>	<u>1,427,703</u>
Capital assets, net of accumulated depreciation, at December 31, 2014	<u>\$ 389,222</u>	<u>\$ 171,126</u>	<u>\$ 560,348</u>

Certain amounts in the beginning balances were reclassified to conform to the current year presentation.

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

2. **CAPITAL ASSETS** (continued)

Depreciation expense of \$330,227 for the year ended December 31, 2014 was charged to the following governmental functions:

Public service	\$ 317,690
Health and welfare	<u>12,537</u>
	<u>\$ 330,227</u>

3. **ON-BEHALF PAYMENTS FOR SALARIES AND FRINGE BENEFITS**

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

For the year ended December 31, 2014, the District Attorney recorded on-behalf payments from the following sources:

City-Parish of East Baton Rouge	
Pensions	\$ 651,210
Insurance	733,791
Postemployment benefits	405,550
Communications expense	<u>84,952</u>
Total	<u>\$ 1,875,503</u>
State of Louisiana	
Salaries	\$ 2,218,655
Payroll taxes	32,170
Pension	<u>185,929</u>
Total	<u>\$ 2,436,754</u>

4. **CASH AND CASH EQUIVALENTS, AND INVESTMENTS**

Cash and cash equivalents include demand deposits at local financial institutions with a carrying value of \$1,481,712 at December 31, 2014. Deposits in financial institutions can be exposed to custodial credit risk. Custodial credit risk is the risk that in the event of a financial institution failure, the District Attorney's deposits may not be returned to them. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. As of December 31, 2014, the District Attorney's bank balances of these deposits totaled \$1,594,993 and were fully collateralized or FDIC insured and therefore was not exposed to custodial credit risk.

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

5. DEFINED-BENEFIT PENSION PLANS

The District Attorney and assistant attorneys, whose salaries are paid by the State of Louisiana and the Office of the District Attorney, are members of the Louisiana District Attorneys' Retirement System. This retirement system is a multiple employer cost sharing, defined-benefit, statewide public employee retirement system administered and controlled by a separate board of trustees.

The Louisiana District Attorneys' Retirement System (LDARS) provides retirement benefits as well as disability and survivor benefits. Benefits are established and amended by the state statute. The LDARS issues a publicly available financial report that includes financial statements and required supplementary information for the LDARS. That report may be obtained by writing to the District Attorneys' Retirement System, 1645 Nicholson Drive, Baton Rouge, Louisiana 70802, or by calling (225) 267-4824.

Plan members are required to contribute 8.0% of their annual covered salary during 2014 and the District Attorney is required to contribute an actuarially determined rate, which was 7.00% beginning July 2014. Employer Contributions for 2014, 2013, and 2012 totaled \$200,118, \$216,224, and \$193,953 respectively. Member contributions and employer contributions for the LDARS are established by state law and rates are established by the Public Retirement Systems' Actuarial Committee.

Certain other employees, whose salaries are paid by the Office of the District Attorney, are members of the City of Baton Rouge and the East Baton Rouge Employees' Retirement System. The system administers a cost-sharing multiple-employer defined benefit pension plan. Pertinent information relative to the plan follows:

Plan Description. Any person who becomes a regular full-time employee, excluding commissioned law enforcement officers, becomes a member of the Retirement System as a condition of employment. An employee's benefit rights vest after the employee has been a member of the Retirement System for 10 years. There are two categories of benefit payments. Full retirement benefits are granted with 25 years of service, regardless of age. Minimum eligibility requirements are granted with 20 years of service regardless of age; or at age 55 with 10 years of service. Benefits are established and amended by an approved plan document under the authority of a board of trustees appointed by City Parish officials and employees. The Retirement System issues a publicly available financial report that includes financial statements and required supplementary information, which includes the regular account and the police guaranty trust account. Both trust accounts are administered by the CPERS Board. The financial report may be obtained by writing to the Employees' Retirement System, Post Office Box 1471, Baton Rouge, Louisiana 70821-1471.

Funding Policy. The plan requires that the Retirement System be funded on an actuarially sound basis. Under the current plan, both employee and employer contributions are set by the CPERS board on an annual basis to properly fund the system. In 2014, employees made a mandatory contribution of 9.5% of gross earnings, while the employer contributed 29.70% of active payroll. The total contributions made by the District Attorney to CPERS for the years ended December 31, 2014, 2013, and 2012, were approximately \$815,000, \$839,000, and \$694,000, respectively. This was equal to the statutorily required contributions.

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

6. FEDERAL FINANCIAL ASSISTANCE PROGRAM

The District Attorney participates in the United States Department of Health and Human Services Support Enforcement, Title IV-D Program, Catalog of Federal Domestic Assistance No. 93.563. This program is funded by indirect assistance payments, in the form of both incentive payments and reimbursements of a portion of certain expenditures, received from the Louisiana Department of Social Services. Beginning July 1998, the State eliminated incentive payments and began paying 100% of reimbursement requests. For the year ended December 31, 2014, the District Attorney expended \$1,237,761 in reimbursement payments.

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

Other programs are funded by the U. S. Department of Justice totaling \$128,644, which are passed through the Louisiana Commission of Law Enforcement. These programs are funded by reimbursements with certain matching requirements ranging from 0% to 25% to be funded by the District Attorney.

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

Plan description of the City-Parish:

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

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

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

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

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Current Funding policy:

The contribution requirements of the employees/retirees and the participating City-Parish employers are established in the annual operating budget and may be amended in subsequent years. During 2014, the dental plan was funded with employees and retirees contributing 48% of the dental premium and the City-Parish contributing 52% of the dental premium. One hundred percent of required premiums on the \$5,000 retiree life insurance policy are funded by the employer. The health plan is a self-insured program with a third party administrator. During 2014, employees and retirees contributed 12%-42% of the annually adopted premium base, dependent on the type of coverage chosen and the number of family members covered. The government contributed the corresponding 58%-88% of the premium base. Effective January 1, 2003, the employer portion of pay-as-you-go OPEB insurance premiums are allocated over all employers and funds that participate in the OPEB Plan.

The employer contribution to the OPEB plan for 2014 totaled \$20,207,165; or approximately 12% of gross payroll as approved by the Metropolitan Council in the 2014 operating budget. There is no retiree contribution to the OPEB plan other than the retiree share of health insurance premiums paid monthly which totaled \$6,392,533 for 2014. Approximately 3,800 active employees and 2,300 retirees along with applicable dependents were covered by the plan in 2014.

Annual OPEB Cost and Net OPEB Obligation:

The City-Parish's annual OPEB cost (expense) was calculated based on the *annual required contribution* of the employer (ARC), an amount actuarially determined in accordance with the parameters of Section P50 of the GASB *Codification of Government Accounting and Financial Reporting Standards*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over the actuarial amortization period. The ARC was calculated as part of the January 1, 2013, biannual actuarial valuation performed by an outside actuary consultant. These components of OPEB were allocated to the District Attorney based on its proportionate share of total contributions made in the previous year.

The following table shows the components of the District Attorney's allocated share of the City-Parish's annual OPEB cost for the year ended December 31, 2014 and the amount actually contributed to the plan during the year:

Annual required contribution (ARC)	\$ 1,388,700
Interest on net OPEB obligation	268,662
Adjustment to ARC	<u>(266,922)</u>
Annual OPEB cost (expense)	1,390,440
Less: Contributions made	<u>(412,255)</u>
Increase in net OPEB obligation	978,185
Net OPEB obligation-beginning of year	<u>5,918,938</u>
Net OPEB obligation-end of year	<u>\$ 6,897,123</u>

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Trend Information for OPEB Plan:

Fiscal Year <u>End</u>	Annual <u>OPEB Cost</u>	Percentage of Annual OPEB <u>Cost Contributed</u>	Net OPEB <u>Obligation</u>
12/31/14	1,390,440	29.6%	6,897,123
12/31/13	1,269,370	28.1%	5,918,938
12/31/12	1,263,114	27.8%	5,006,143

Funding status and funding progress:

As of January 1, 2013, the most recent actuarial valuation date, the plan was zero percent funded. The District Attorney's allocated portion of the actuarial accrued liability for benefits was approximately \$19.3 million with no valued assets, resulting in an unfunded actuarial accrued liability (UAAL) of the same amount. The ratio of UAAL to the covered payroll amount of \$5.2 million was 375.48%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision and actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and assumptions:

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

The projected unit credit actuarial cost method was used for the January 1, 2013, actuarial valuation. Because the government currently finances OPEB using a pay-as-you-go approach, the discount rate is based on the historical (and expected investment that are expected to be used in financing the payment of benefits). The actuarial assumptions included a four percent investment rate of return, compounded annually. Life expectancies were based on the Sex Distinct 2000 Combined Healthy Mortality Table set projected to 2014 using Scale AA. Turnover rates were based on the government's historical data and modified based on years of employment. Probabilities of disability, retirement rates, and withdrawal rates are based on the government's historical data using probabilities from the government's retirement systems.

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Actuarial methods and assumptions: (continued)

Both historical retiree claim costs and year 2013 retiree health insurance premiums were used as the basis for calculation of the present value of total benefits to be paid. In addition to a general inflation rate of 2.5 percent, the plan assumes a medical inflation rate of 5.6% beginning in 2013, decreasing to a rate of 4.5% in 2088. The actuarial valuation also assumes that (1) seventy-five to eighty-five percent of members are assumed to be married at retirement; (2) female spouses are assumed to be three years younger than males; (3) fifty-five percent of members are assumed to be married at retirement will elect spouse's coverage; (4) zero percent of members will have dependent children at retirement; and (5) one hundred percent of members will elect Medicare coverage when they are first eligible, and (6) ten percent of participants hired prior to April 1, 1986, are assumed to be ineligible for Medicare upon reaching age sixty-five. However, all spouses of retirees are assumed to be Medicare eligible upon reaching age sixty-five.

The amortization method for the plan is a level percentage of payroll with a thirty year open amortization. The expected long-term payroll growth rate was estimated at 3.0 percent, compounded annually. The remaining amortization period at January 1, 2013, was thirty years.

8. CONTINGENCIES

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

9. RISK MANAGEMENT

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

10. SUBSEQUENT EVENTS

The District Attorney has evaluated subsequent events through the date that the financial statements were available to be issued, June 16, 2015, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<u>REVENUES</u>				
Fines and forfeitures	1,120,000	1,075,000	\$ 1,140,964	\$ 65,964
Interest	8,000	6,000	12,725	6,725
Intergovernmental revenue:				
City of Baton Rouge	5,350,100	5,350,100	5,475,100	125,000
State of Louisiana	2,574,422	2,604,500	2,556,754	(47,746)
Federal grants	145,000	120,000	128,644	8,644
Check collection fees	35,000	25,000	23,798	(1,202)
Narcotic seizure fees	125,000	180,000	184,108	4,108
Pre-trial intervention program fees	1,550,000	1,420,000	1,428,185	8,185
Other	220,000	384,200	408,675	24,475
Total Revenues	<u>11,127,522</u>	<u>11,164,800</u>	<u>11,358,953</u>	<u>194,153</u>
<u>EXPENDITURES</u>				
General Government:				
Current operating:				
Personnel service	9,905,550	10,049,250	10,061,163	(11,913)
Auto and equipment	310,000	258,000	224,712	33,288
Supplies and office	416,000	428,000	474,214	(46,214)
Professional services	268,000	326,000	329,970	(3,970)
Other	587,500	617,000	738,671	(121,671)
Capital outlay	165,000	140,000	278,078	(138,078)
Total Expenditures	<u>11,652,050</u>	<u>11,818,250</u>	<u>12,106,808</u>	<u>(288,558)</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>	<u>(524,528)</u>	<u>(653,450)</u>	<u>(747,855)</u>	<u>(94,405)</u>
<u>FUND BALANCE</u>				
Beginning of year	<u>2,230,789</u>	<u>1,903,704</u>	<u>1,903,704</u>	<u>-</u>
End of year	<u>\$ 1,706,261</u>	<u>\$ 1,250,254</u>	<u>\$ 1,155,849</u>	<u>\$ (94,405)</u>

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

CHILD SUPPORT ENFORCEMENT FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<u>REVENUES</u>				
Interest	\$ 500	\$ 500	\$ 481	\$ (19)
Intergovernmental revenue:				
Louisiana Department of Social Services	1,263,041	1,263,041	1,237,761	(25,280)
Other	-	-	5,144	5,144
Total Revenues	<u>1,263,541</u>	<u>1,263,541</u>	<u>1,243,386</u>	<u>(20,155)</u>
<u>EXPENDITURES</u>				
General Government:				
Current operating:				
Personnel service	1,249,976	1,200,541	1,187,638	12,903
Auto and equipment	38,665	19,000	11,267	7,733
Supplies and office	26,400	11,000	11,941	(941)
Professional services	-	13,000	13,934	(934)
Other	-	20,000	13,919	6,081
Total Expenditures	<u>1,315,041</u>	<u>1,263,541</u>	<u>1,238,699</u>	<u>24,842</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>	<u>(51,500)</u>	<u>-</u>	<u>4,687</u>	<u>4,687</u>
<u>FUND BALANCE</u>				
Beginning of year	<u>113,675</u>	<u>203,865</u>	<u>203,865</u>	<u>-</u>
End of year	<u>\$ 62,175</u>	<u>\$ 203,865</u>	<u>\$ 208,552</u>	<u>\$ 4,687</u>

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

OTHER POST EMPLOYMENT BENEFITS PLAN
RETIREE HEALTH AND DENTAL LIFE INSURANCE PROGRAMS
YEAR ENDED DECEMBER 31, 2014

SCHEDULE OF FUNDING PROGRESS

<u>Year Ended</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
12/31/2014	1/1/2014	\$ -	\$ 19,349,615	\$ 19,349,615	0.00%	\$ 5,153,274	375.48%
12/31/2013	1/1/2013	-	17,669,298	17,669,298	0.00%	4,875,454	362.41%
12/31/2012	1/1/2011	-	19,222,580	19,222,580	0.00%	4,676,943	411.01%
12/31/2011	1/1/2011	-	19,174,909	19,174,909	0.00%	4,446,779	431.21%
12/31/2010	1/1/2009	-	15,309,437	15,309,437	0.00%	4,685,617	326.73%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Amount Contributed</u>	<u>Percentage of Annual OPEB Costs Contributed</u>	<u>Increase (Decrease) to Net OPEB Obligation</u>	<u>Net OPEB Obligation</u>
12/31/2014	\$ 1,390,440	\$ 412,255	29.65%	\$ 978,185	\$ 6,897,123
12/31/2013	1,269,370	356,575	28.09%	912,795	5,918,938
12/31/2012	1,263,114	350,813	27.77%	912,301	5,006,143
12/31/2011	1,259,750	366,163	29.07%	893,587	4,093,842
12/31/2010	1,055,135	347,501	32.93%	707,634	3,200,255

SUPPLEMENTAL INFORMATION

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2014

District Attorney Hillar Moore

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 160,000
Benefits-insurance	10,728
Benefits-retirement	7,791
Phone allowance	1,300
Vehicle provided by government	7,356
Per diem	2,420
	<u>\$ 189,595</u>

OTHER REPORTS REQUIRED BY (GOVERNMENT AUDITING STANDARDS) AND BY
THE U.S. OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR A-133

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the District Attorney of the Nineteenth Judicial District (the "District Attorney"), a component unit of the City-Parish of Baton Rouge, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the District Attorney's basic financial statements, and have issued our report thereon dated June 16, 2015.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District Attorney's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness, identified as 2014-001.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency, identified as 2014-002.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District Attorney's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District Attorney's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite & Metterville

Baton Rouge, Louisiana
June 16, 2015

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited the District Attorney of the Nineteenth Judicial District's (the "District Attorney"), a component unit of the City-Parish of Baton Rouge, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the District Attorney's major federal program for the year ended December 31, 2014. The District Attorney's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District Attorney's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District Attorney's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Major Federal Program

In our opinion, the District Attorney complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2014.

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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District Attorney's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Posttithwait & Mottenville

Baton Rouge, Louisiana
June 16, 2015

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>Federal Grantor Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity's Identifying Number</u>	<u>Federal Expenditures</u>
<u>U. S. Department of Health and Human Services Passed Through the Louisiana Department of Social Services</u>			
Child Support Enforcement Title IV-D	93.563	DSS #723533	\$ 1,237,761
<u>U.S. Department of Justice Passed Through Louisiana Commission of Law Enforcement</u>			
Juvenile Justice and Delinquency Prevention	16.540	J11-5-001	19,731
Crime Victim Assistance	16.575	1552	58,723
Violence Against Women Formula Grant	16.588	1742	24,910
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	1387	<u>25,280</u>
			<u>128,644</u>
Total Federal Expenditures			<u>\$ 1,366,405</u>

Note A – Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of District Attorney of the Nineteenth Judicial District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Note B – Reconciliation to Financial Statements

The expenditures for the Title IV-D program are reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances as expenditures of \$1,237,761 in the Special Revenue Fund and the remaining law enforcement grant expenditures totaling \$128,644 are reflected as expenditures in the General Fund.

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014

A. Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal Control over Financial Reporting:

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

Noncompliance material to financial
statements noted?

yes no

Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required
to be reported in accordance with section 510(a)
of Circular A-133?

yes no

Identification of major programs:

CFDA Numbers
93.563

Name of Federal Program or Cluster
Title IV-D

The threshold for distinguishing types A & B programs was program expenditures exceeding \$300,000.

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

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014

B. Findings – Financial Statement Audit

2014-001 Recognition and Recordation of Payroll Expense and Grant Revenue

Criteria:

Expenditures for payroll costs should be recognized when the related fund liability is incurred. Grant revenue should be recognized when the respective eligible expenditures are incurred.

Condition:

Payroll and payroll related expenditures were not recorded for pay periods 03/15/2014 and 03/31/2014 totaling approximately \$88,000, resulting in an understatement of payroll and payroll related expenditures on the general ledger and not appropriately reducing the cash balance for the expenditure. Grant revenue for the month of August 2014 totaling approximately \$45,000 was not recognized but instead recorded as a credit to payroll, resulting in an understatement of revenue and an understatement of payroll on the general ledger.

Effect:

These balances were not reconciled. These balances were corrected in the financial statements.

Cause:

There was turn over in accounting personnel resulting in a lapse of time for which established accounting procedures were followed for the special revenue fund. The errors referred to above occurred during this time.

Recommendation:

For all funds, payroll and payroll related expenses recognized on the general ledger should be reconciled to payroll reports monthly. For all funds, grant revenue recognized on the general ledger should be reconciled to reimbursement requests submitted to the granting agency. Payments made by other governmental agencies on behalf of the District Attorney recognized as intergovernmental revenue on the general ledger should be reconciled to statements from those governmental agencies monthly or as frequent as the information is available.

Management's Response and Corrective Plan:

Management agrees and will implement the recommendation immediately.

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014

B. Findings – Financial Statement Audit (Continued)

2014-002 Agency Fund - Narcotics Seizure

Criteria:

A system of internal controls should be in place to provide reasonable assurance as to the safeguarding of assets against loss from unauthorized use or disposition and for maintaining accountability for assets. Subsidiary records and logs should be maintained and reconciled to agency fund cash balances and amounts due to other agencies.

Condition:

Cash received as part of narcotics seizures is deposited in a separate bank account specifically for these seizures. After the judgment, the court will issue a court order instructing the District Attorney to distribute the seized cash to other agencies and the District Attorney's general fund. The District Attorney maintains a subsidiary log of judgments tracking the initial deposit and the distributions. This log should be reconciled to the narcotic seizure cash balance, amounts due to other agencies and the seizure revenue recognized. These reconciliations are not being performed.

Effect:

These balances were not reconciled. These balances were corrected in the financial statements.

Cause:

The narcotic seizure log was implemented during the year and adequately maintains a record of narcotic seizure receipts and distributions and amounts due to be distributed at any given point in time. However, there was turn over in accounting personnel resulting in accounting duties being shifted. As a result the log was not reconciled to the general ledger.

Recommendation:

The narcotic seizure log should be reconciled to the cash balance, amounts due to other agencies and the seizure revenue recognized in the general ledger.

Management's Response and Corrective Plan:

Management agrees and will implement the recommendation immediately.

C. Findings and Questioned Costs – Major Federal Award Programs

None.

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Findings – Financial Statement Audit

None.

Findings and Questioned Costs – Major Federal Award Programs

None.

OTHER REPORTS

June 16, 2015

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

In planning and performing our audit of the financial statements of the District Attorney of the Nineteenth Judicial District (District Attorney), for the year ended December 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the District Attorney's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District Attorney's internal control.

However, during the course of our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. Our comments and suggestions regarding those matters are set forth below. We previously reported on the District Attorney's internal control in our report dated June 16, 2015. This letter does not affect our report dated June 16, 2015, on the financial statements of the District Attorney.

2014 – 003 Deficit Net Position and Deteriorating Fund Balance

Observation:

We observed that the District Attorney has sustained deficient revenues during each of the five years ending December 31, 2014, 2013, 2012, 2011 and 2010. Net position is depleted. Historical and projected changes in net position are presented in the attached Schedule A.

Note that the projected amounts were based on the 2015 budget with adjustments for the City of Baton Rouge's allocation of its other post employment benefit cost (OPEB) allocation to the District Attorney. The OPEB used in the projection were based on the OPEB allocation in 2014 adjusted for an average inflation of 5.00%.

We further observed that the general fund has had trend of deficient revenues, deteriorating its fund balance as follows:

Year	Revenues in Excess of Expenditures	Beginning Fund Balance	Ending Fund Balance
2012	\$ (438,411)	\$ 3,026,789	\$ 2,588,379
2013	(684,675)	2,588,379	1,903,704
2014	(747,855)	1,903,704	1,155,849
2015 (Budgeted)	(655,870)	1,155,849	499,979

Recommendation:

We recommend that the District Attorney consider the impact of the growing net position deficit and the deteriorating fund balance of the general fund.

Management Response:

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

Table 1. Annual "shortfall" payments from District Attorney general fund to the City-Parish by year

2008	\$893,961
2009	\$1,249,092
2010	\$1,791,763
2011	\$1,863,000
2012	\$2,014,384
2013	\$2,161,920
2014	\$2,265,000

2014 – 1 Deficit Net Position and Deteriorating Fund Balance (Continued)

Annually the District Attorney's financial operations are reviewed as part of the City-Parish budget planning process. For the 2015 budget the District Attorney has provided the City-Parish with a letter specifically noting that the projected decrease in District Attorney general funds to \$594 thousand by year-end 2015 that would result in liquidity issues for his office. The City-Parish has assured the District Attorney that they are monitoring the office's declining general fund balance and are committed to providing this office with sufficient funding to ensure continued operation.

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

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

Sincerely,

Postlethwait & Metterick

District Attorney of the Nineteenth Judicial District
Five Year Schedule of Historical Changes and Projected Changes in Net Position
(Unaudited)

Schedule A

Historical Changes in Net Position
As of December 31

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Revenues	\$ 10,950,596	\$ 12,251,854	\$ 12,179,139	\$ 12,305,635	\$ 12,602,340
Expenses	<u>11,920,853</u>	<u>12,839,426</u>	<u>13,604,714</u>	<u>13,829,366</u>	<u>14,375,842</u>
Deficiency	(970,257)	(587,572)	(1,425,575)	(1,523,731)	(1,773,502)
Beginning Net Position	<u>1,308,263</u>	<u>338,006</u>	<u>(249,566)</u>	<u>(1,675,141)</u>	<u>(3,198,872)</u>
Ending Net Position	<u>\$ 338,006</u>	<u>\$ (249,566)</u>	<u>\$ (1,675,141)</u>	<u>\$ (3,198,872)</u>	<u>\$ (4,972,374)</u>

Projected Changes in Net Position
As of December 31

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues	\$ 12,531,471	\$ 12,531,471	\$ 12,531,471	\$ 12,531,471	\$ 12,531,471
Expenses	<u>14,145,341</u>	<u>14,193,341</u>	<u>14,244,341</u>	<u>14,297,341</u>	<u>14,352,341</u>
Deficiency	(1,613,870)	(1,661,870)	(1,712,870)	(1,765,870)	(1,820,870)
Beginning Net Position	<u>(4,972,374)</u>	<u>(6,586,244)</u>	<u>(8,248,114)</u>	<u>(9,960,984)</u>	<u>(11,726,854)</u>
Ending Net Position	<u>\$ (6,586,244)</u>	<u>\$ (8,248,114)</u>	<u>\$ (9,960,984)</u>	<u>\$ (11,726,854)</u>	<u>\$ (13,547,724)</u>