

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

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

DECEMBER 31, 2012 AND 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **AUG 21 2013**

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PAILET, MEUNIER and LeBLANC, L.L.P.

Certified Public Accountants

Management Consultants

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the District Attorney of the Orleans Judicial District (DA's Office), a component unit of the City of New Orleans, as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the DA's Office's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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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, the major fund and the remaining fund information of the District Attorney of the Orleans Judicial District (DA's Office), a component unit of the City of New Orleans, as of and for the years ended December 31, 2012 and 2011, and the respective changes in financial position, and, where applicable, cash flows thereof 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 and budgetary comparison information on pages 5–8 and 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 of the Orleans Judicial District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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 combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated June 20, 2013, on our consideration of the DA's Office's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulation, contracts, 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 DA's Office's internal control over financial reporting and compliance.

Paillet, Meunier and LeBlanc, LLP

New Orleans, Louisiana
June 20, 2013

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012

The District Attorney of the Orleans Judicial District (DA's Office) management's discussion and analysis is intended to assist the reader in focusing on significant financial issues, provide an overview of the DA's Office's financial activity, and identify changes in the DA's Office's financial position and its ability to address the next and subsequent year challenges. It also identifies any material deviations from the financial plan and identifies individual fund issues or concerns. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and is intended to provide the financial results for the fiscal year ending December 31, 2012.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- Management's Discussion and Analysis
- Basic Financial Statements
 - Government-Wide Financial Statements
 - Fund Financial Statements
 - Notes to the Financial Statements
- Other Required Supplementary Information
- Required Supplementary Information

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The Statements of Net Position, combines and consolidates governmental funds' current financial resources (short-term expendable resources) with capital assets and long-term obligations, regardless if they are currently available or not.

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

FUND FINANCIAL STATEMENTS

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

The DA's Office has two types of funds: Governmental Funds and Fiduciary Funds.

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012

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

Fiduciary fund reporting focuses on net position and changes in net position. The funds accounted for in this category by the DA's Office are the Asset Forfeiture Agency Funds, Bond Forfeiture Agency Funds, and ECU Collections Agency Funds.

FINANCIAL ANALYSIS OF THE DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT

	<u>2012</u>	<u>2011</u>
ASSETS		
Current assets	\$ 1,696,550	\$ 1,575,348
Capital assets, net	<u>259,759</u>	<u>309,471</u>
Total assets	<u>\$ 1,956,309</u>	<u>\$ 1,884,819</u>
LIABILITIES		
Current liabilities	\$ 824,635	\$ 776,675
Notes Payables	<u>1,567,593</u>	<u>1,597,593</u>
Total liabilities	<u>2,392,228</u>	<u>2,374,268</u>
NET POSITION		
Invested in capital assets	259,759	309,471
Restricted Title IV-D	71,266	67,396
Unassigned (deficit)	<u>(766,944)</u>	<u>(866,316)</u>
Total net position	<u>(435,919)</u>	<u>(489,449)</u>
Total liabilities and net position	<u>\$ 1,956,309</u>	<u>\$ 1,884,819</u>

As indicated by the statement above, total net position is \$(435,919). Net position can be separated into three categories: invested in capital assets, restricted for Title IV-D Fund, and unassigned net position.

Net position invested in capital assets are a combination of capital assets at original cost less accumulated depreciation. The original cost of capital assets is \$769,617, which is an accumulation of capital assets year after year less any capital disposals. The accumulated depreciation is the accumulation of depreciation expense since acquisition. In accordance with accounting principles generally accepted in the United States of America, depreciation expense is recorded on the original cost of the asset, less an estimated salvage value, expensed over the estimated useful life of the asset. Total accumulated depreciation is \$509,858.

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012

Restricted Title IV-D are an accumulation of prior years' operating results from the Title IV-D Fund. As of December 31, 2012 the Restricted Title IV-D net asset balance was \$71,266.

The remaining unassigned net position (deficit) is \$(766,944). The unassigned net position (deficit) is an accumulation of prior years' operating results. This balance is directly affected each year by the DA's Office's operating results.

RESULTS OF OPERATIONS

	<u>2012</u>	<u>2011</u>
Program revenues	\$14,509,718	\$ 14,927,080
Program expenses	<u>14,456,188</u>	<u>14,840,052</u>
Increase in net position	<u>\$ 53,530</u>	<u>\$ 87,028</u>

ORIGINAL VS. REVISED BUDGET

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

REVENUE BUDGET

In 2012, the DA's Office actual general fund revenues of \$12,292,392 were less than the \$12,326,997 budget by \$34,605, a variance of approximately 0.3%.

EXPENDITURE BUDGET

In 2012, the DA's Office's actual general fund expenditures of \$12,193,021 were less than the \$12,279,125 budget by \$86,104, a variance of approximately 0.7%.

CAPITAL ASSETS

The DA's Office's investment in capital assets, net of accumulated depreciation as of December 31, 2012, was \$259,759. Depreciation expense for the year is \$69,510. See footnotes to the financial statements for additional information about changes in capital assets during the current year. The following table provides a summary of capital asset activity:

	<u>2012</u>	<u>2011</u>
Furniture and equipment	\$ 769,617	\$ 749,819
Less: accumulated depreciation	<u>509,858</u>	<u>440,348</u>
Net capital assets	<u>\$ 259,759</u>	<u>\$ 309,471</u>

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTES PAYABLE

As a result of prior litigation, the DA's Office was required to obtain funds from the State of Louisiana and the City of New Orleans. Details to the agreements with the State and the City are outlined in the footnotes.

CONTACTING THE DISTRICT ATTORNEY'S FINANCIAL MANAGEMENT

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

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
STATEMENTS OF NET POSITION
DECEMBER 31,

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash and cash equivalents	\$ 1,065,930	\$ 1,165,214
Accrued Receivables	630,620	409,512
Prepaid Expenses	-	622
Capital assets, net	<u>259,759</u>	<u>309,471</u>
Total Assets	<u>\$ 1,956,309</u>	<u>\$ 1,884,819</u>
LIABILITIES		
Accounts Payable	\$ 42,676	\$ 48,715
Payroll Liability	651,959	597,960
Current Portion of Notes Payable	130,000	130,000
Note Payable - Legal	67,593	97,593
Note Payable - State of Louisiana	<u>1,500,000</u>	<u>1,500,000</u>
Total Liabilities	<u>2,392,228</u>	<u>2,374,268</u>
NET POSITION		
Invested in capital assets	259,759	309,471
Restricted Title IV-D	71,266	67,396
Unassigned (deficit)	<u>(766,944)</u>	<u>(866,316)</u>
Total Net Position (deficit)	<u>(435,919)</u>	<u>(489,449)</u>
Total Liabilities and Net Position	<u>\$ 1,956,309</u>	<u>\$ 1,884,819</u>

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

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

Activities	2012				2011			
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Net Revenue and Changes in Net Position	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Net Revenue and Changes in Net Position
Governmental Activities:								
General - Governmental	\$14,456,188	\$ 1,607,404	\$ 12,846,769	\$ (2,015)	\$14,840,052	\$ 1,385,195	\$ 13,486,902	\$ 32,045
Total	<u>14,456,188</u>	<u>1,607,404</u>	<u>12,846,769</u>	<u>(2,015)</u>	<u>14,840,052</u>	<u>1,385,195</u>	<u>13,486,902</u>	<u>32,045</u>
General Revenues:								
Interest and Bank Charges				55,545				55,510
Total General Revenues				<u>55,545</u>				<u>55,510</u>
Operating Income				53,530				87,555
Non-Operating Revenues								
Gain (Loss) on Disposal of Assets				-				(527)
Gain on Extinguishments of Debt Obligation				-				-
Non-Operating Revenues				<u>-</u>				<u>(527)</u>
Changes in Net Position				53,530				87,028
Net Position (deficit) - January 1,				<u>(489,449)</u>				<u>(576,477)</u>
Net Position (deficit) - December 31,				<u>\$ (435,919)</u>				<u>\$ (489,449)</u>

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

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
GOVERNMENTAL FUND
Balance Sheets
December 31,

	2012			2011		
	General Fund	Title IV-D Fund	Total Governmental Funds	General Fund	Title IV-D Fund	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 1,108,270	\$ (42,340)	\$ 1,065,930	\$ 1,231,240	\$ (66,026)	\$ 1,165,214
Accrued Receivables	436,324	194,296	630,620	218,891	190,621	409,512
Prepaid Expense	-	-	-	-	622	622
Total Assets	\$ 1,544,594	\$ 151,956	\$ 1,696,550	\$ 1,450,131	\$ 125,217	\$ 1,575,348
LIABILITIES AND FUND BALANCE						
Liabilities						
Accounts Payable	\$ 42,676	\$ -	\$ 42,676	\$ 46,277	\$ 2,438	\$ 48,715
Payroll Liability	586,269	65,690	651,959	542,577	55,383	597,960
Current Portion of Notes Payable	130,000	-	130,000	130,000	-	130,000
Note Payable - Attorney	67,593	-	67,593	97,593	-	97,593
Note Payable - State of Louisiana	1,500,000	-	1,500,000	1,500,000	-	1,500,000
Total Liabilities	2,326,538	65,690	2,392,228	2,316,447	57,821	2,374,268
Fund Balance						
Restricted Title IV-D	-	71,266	71,266	-	67,396	67,396
Unassigned (deficit)	(766,944)	-	(766,944)	(866,316)	-	(866,316)
Total Fund Balance	(766,944)	71,266	(695,678)	(866,316)	67,396	(798,920)
Total Liabilities and Fund Balance	\$ 1,559,594	\$ 136,956	\$ 1,696,550	\$ 1,450,131	\$ 125,217	\$ 1,575,348
Interfund Transfers, See Note 8	\$ 15,000	\$ (15,000)		\$ -	\$ -	

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

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
Reconciliation of the Governmental Fund Balance Sheets
to the Statements of Net Position
December 31,

	<u>2012</u>	<u>2011</u>
Total Fund Balance (deficit) - governmental fund at December 31,	\$ (695,678)	\$ (798,920)
Amounts reported for governmental activities in the statement of net position are different because of:		
Cost of capital assets at December 31,	769,617	749,819
Less: Accumulated depreciation as of December 31,	<u>(509,858)</u>	<u>(440,348)</u>
Net Position (deficit) - governmental activities at December 31,	<u>\$ (435,919)</u>	<u>\$ (489,449)</u>

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

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
GOVERNMENTAL FUND
Statements of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31,

	<u>2012</u>			<u>2011</u>		
	General Fund	Title IV-D Fund	Total Governmental Funds	General Fund	Title IV-D Fund	Total Governmental Funds
REVENUES						
Grants and Contributions	\$ 10,629,443	\$ 2,217,326	\$ 12,846,769	\$ 11,008,770	\$ 2,478,132	\$ 13,486,902
Fees, Fines and Charges for Services	1,607,404	-	1,607,404	1,385,195	-	1,385,195
Miscellaneous Income	54,120	-	54,120	53,995	-	53,995
Interest	1,425	-	1,425	1,515	-	1,515
Total Revenues	12,292,392	2,217,326	14,509,718	12,449,475	2,478,132	14,927,607
EXPENDITURES						
Salaries and fringe benefits	10,576,436	1,663,791	12,240,227	10,607,162	1,846,550	12,453,712
Operating Services	1,469,044	513,589	1,982,633	1,561,480	616,740	2,178,220
Professional Fees	127,743	36,075	163,818	67,238	11,150	78,388
Capital Outlay	19,798	-	19,798	124,870	-	124,870
Total Expenditures	12,193,021	2,213,455	14,406,476	12,360,750	2,474,440	14,835,190
Operating Income	99,371	3,871	103,242	88,725	3,692	92,417
Non-Operating Revenues						
Gain on Extinguishments of Debt Obligation	-	-	-	-	-	-
Net Change in Fund Balance	99,371	3,871	103,242	88,725	3,692	92,417
Fund Balance (deficit) - January 1, 2012			<u>(798,920)</u>			<u>(891,337)</u>
Fund Balance (deficit)- December 31, 2012			<u>\$ (695,678)</u>			<u>\$ (798,920)</u>

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

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
Reconciliation of the Governmental Fund
Statements of Revenues, Expenditures and Changes in Fund Balance
to the Statements of Activities
For the Year Ended December 31,

	2012	2011
Net Change in Fund Balance - Governmental Fund (Statement E)	\$ 103,242	\$ 92,417
<p>Amounts Reported for governmental activities in the Statement of Activities are different because:</p> <p>Capital outlays are reported in governmental funds as expenditures; however, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the current period:</p>		
Depreciation expense	69,510	129,732
Gain (Loss) on Disposal of Assets	-	(527)
Capital outlays	19,798	124,870
Change in net position of governmental activities (Statement B)	\$ 53,530	\$ 87,028

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

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
Balance Sheets - Agency Fund
December 31,

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash and Cash Equivalents	\$ <u>747,966</u>	\$ <u>217,726</u>
TOTAL ASSETS	\$ <u>747,966</u>	\$ <u>217,726</u>
LIABILITIES		
Bonds Forfeitures	\$ 709,742	\$ 55,839
Seizures	15,998	137,171
ECU Collectors	19,226	18,716
Restitution	<u>3,000</u>	<u>6,000</u>
TOTAL LIABILITIES	\$ <u>747,966</u>	\$ <u>217,726</u>

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

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
Statements of Changes in Assets and Liabilities - Agency Fund
December 31,

	<u>2012</u>	<u>2011</u>
Balance, December 31,	\$ 217,726	\$ 786,178
Additions:		
Forfeitures	655,175	440,512
Seizures	2,856,374	586,204
ECU Collectors	17,846	66,061
Restitution	13,500	25,555
Interest	-	-
Total Additions	<u>3,542,895</u>	<u>1,118,332</u>
Reductions	<u>3,012,655</u>	<u>1,686,784</u>
Balance, December 31,	<u>\$ 747,966</u>	<u>\$ 217,726</u>

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

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

INTRODUCTION

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

For financial reporting purposes, the DA's Office includes all funds, activities, etc., that are controlled by the District Attorney as an independently elected parish official. There are no component units included or required to be included as part of the financial reporting entity. The DA's Office is solely responsible for the operations of his office, which include the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursements of funds. Other than certain operating expenditures of the DA's Office that are paid or provided by the City Council as required by Louisiana law, the DA's Office is financially independent. Accordingly, the DA's Office is a separate governmental reporting entity. Certain units of the local government, over which the DA's Office exercises no oversight responsibility; such as, the City Council, Parish School Board, or other independently elected parish officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the DA's Office.

B. BASIS OF PRESENTATION

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

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

In the government-wide Statements of Net Position, the governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The DA's Office's net position is reported in three parts - invested in capital assets, net of related debt; restricted for Title IV-D Fund, and unassigned net position.

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ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

The government-wide Statements of Activities reports both the gross and net cost of each of the DA's Office's functions and activities (judicial). These functions are also supported by general government revenues (interest earned). The Statements of Activities reduces gross expenses (including depreciation) by related program revenues and operating and capital grants. Program revenues must be directly associated with the function (judicial). Operating grants include operating-specific and discretionary (either operating or capital) grants.

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

D. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

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

1. Governmental

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

2. Special Revenue Funds

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

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

3. Fiduciary

Fiduciary fund reporting focuses on net position and changes in net position. The funds accounted for in this category by the DA's Office are the Asset Forfeiture Agency Funds, Bond Forfeiture Agency Funds, and ECU Collections Agency Funds.

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NOTES TO THE FINANCIAL STATEMENTS
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
- D. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS (continued)
 3. Fiduciary (continued)

Asset Forfeiture Agency Funds

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

Bond Forfeiture Agency Funds

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

ECU Collectors Agency Funds

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

E. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Fund Financial Statements (FFS)

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

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
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NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (continued)

Fund Financial Statements (FFS) (continued)

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

Revenues

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

Expenditures

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

Other Financing Sources (Uses)

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

Deferred Revenues

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

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NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (continued)

Government-Wide Financial Statements (GWFS)

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

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

F. CASH AND CASH EQUIVALENTS

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

G. INVESTMENTS

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

H. BUDGETS

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

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NOTES TO THE FINANCIAL STATEMENTS
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. CAPITAL ASSETS

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The DA's Office maintains a threshold level of \$1,000 or more for capitalizing capital assets. Capital assets are recorded in the GWFS, but are not reported in the FFS. Since surplus assets are sold for an immaterial amount when declared as no longer needed or public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful life:

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

J. NET POSITION

For 2011, the DA's Office implemented the requirements of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. In accordance with this statement, in the fund financial statements, fund balances of the governmental fund types are now categorized into one of five categories - Non-spendable, Restricted, Committed, Assigned or Unassigned.

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

The DA's Office's net position is classified and displayed in three categories:

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

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NOTES TO THE FINANCIAL STATEMENTS
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. FUND BALANCE

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change. At December 31, 2012 and 2011, there were no fund balance reservations or designations in the fund financial statements.

L. ESTIMATES

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

2. CASH AND EQUIVALENTS

The DA's Office maintained their cash in demand deposit accounts at various local banks. At two of the financial institutions, the DA's Office maintained cash balances in excess of the FDIC Insurance by \$437,614 as of December 31, 2012 and \$639,558 as of 2011. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 day of being notified by the DA's Office that the fiscal agent has failed to pay deposited funds upon demand.

At December 31, 2012 and 2011, the DA's Office has cash and cash equivalents (book balances) totaling \$1,813,896 and \$1,382,940, respectively, as follows:

	2012	2011
Cash and Cash Equivalents (book balances)	\$ 1,813,896	\$ 1,382,940
Less Agency Funds	747,966	217,726
Cash and Cash Equivalents (Statements of Net Position)	\$ 1,065,930	\$ 1,165,214

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
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NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

3. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2012, are as follows:

Government Activities	Balance January 1, 2012	Additions	Deletions	Balance December 31, 2012
Computer Equipment	\$ 417,256	\$ 15,977	\$ -	\$ 433,233
Vehicles	265,355	-	-	265,355
Furniture, fixtures and equipment	67,208	3,821	-	71,029
Total	<u>749,819</u>	<u>19,798</u>	<u>-</u>	<u>769,617</u>
Less accumulated depreciation:				
Computer Equipment	201,130	46,310	-	247,440
Vehicles	189,858	8,926	-	198,784
Furniture, fixtures and equipment	49,360	14,274	-	\$ 63,634
	<u>440,348</u>	<u>69,510</u>	<u>-</u>	<u>509,858</u>
Capital assets, net	<u>\$ 309,471</u>			<u>\$ 259,759</u>

Capital assets and depreciation activity as of and for the year ended December 31, 2011, are as follows:

Government Activities	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011
Computer Equipment	\$ 536,700	\$ 99,139	\$ 218,583	\$ 417,256
Vehicles	240,522	24,833	-	265,355
Furniture, fixtures and equipment	331,003	898	264,693	67,208
Total	<u>1,108,225</u>	<u>124,870</u>	<u>483,276</u>	<u>749,819</u>
Less accumulated depreciation:				
Computer Equipment	372,863	92,433	264,166	201,130
Vehicles	158,581	31,277	-	189,858
Furniture, fixtures and equipment	261,921	6,022	\$ 218,583	\$ 49,360
	<u>793,365</u>	<u>129,732</u>	<u>482,749</u>	<u>440,348</u>
Capital assets, net	<u>\$ 314,860</u>		<u>\$ 527</u>	<u>\$ 309,471</u>

4. COMPENSATED ABSENCES

At December 31, 2012 and 2011, employees of the DA's Office had accumulated and vested \$579,429 and \$542,657, respectively, of employee leave benefits, which was computed in accordance with the provision of GASB No. 16, *Accounting for Compensated Absences*.

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NOTES TO THE FINANCIAL STATEMENTS
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5. PENSION PLAN

DISTRICT ATTORNEY'S CLERICAL AND ADMINISTRATIVE EMPLOYEES RETIREMENT PLAN AND TRUST

The DA's Office established a Clerical and Administrative Retirement Plan and Trust (the Clerical and Administrative Plan) on January 1, 1982, and the IRS made a favorable determination in a letter dated June 10, 1982 based on Section 1.401-l(b)(3) of the Income Tax Regulations. Voluntary contributions up to 3% to 5.5% of annual salaries are allowed. The maximum contribution an employee can make is 8%. No office match is made on the voluntary contributions. However, the Clerical and Administrative Plan is no longer available for employees to enroll after 2003, employees that were already enrolled prior to termination of the plan may continue to contribute.

The District Attorney and the Assistant District Attorneys are members of the Louisiana District Attorney's Retirement System (DARS). The Louisiana District Attorney's Retirement System (the Plan) is multiple-employer, defined benefit pension plan that is administered and controlled by a board of trustees. It provides retirement, disability and death benefits to plan members and beneficiaries. The Louisiana District Attorney's Retirement System issues a publicly available financial report that includes statements and required supplementary information. The employer's portion is 100% vested after ten years of service. Other than the annual contributions made to the system, and recorded as expenditures, the DA's Office does not guarantee any of the benefits granted by DARS.

Plan members are required to contribute 7% of their annual covered salary and the DA's Office was required to contribute 9.75% for the six months period of July 01, 2011 through June 30, 2012, and 10.25% from July 01, 2012 through June 30, 2013. For the six months period of January 1, 2012 through June 30, 2012, there were employee contributions of \$60,929 and employer contributions of \$84,867 to the Plan. From July 1, 2012 through December 31, 2012, there were employee contributions of \$60,905 and employer contributions of \$89,183. In addition, for the six months period of January 1, 2011 through June 30, 2011, there were employee contributions of \$70,993 and employer contributions of \$91,278 to the Plan. From July 1, 2011 through December 31, 2011, there were employee contributions of \$66,402 and employer contributions of \$92,490. The contribution requirements of plan members, and the District Attorney's Office is established by the Plan's Board of Trustees. The Plan also receives revenue sharing as appropriated by the legislature and Ad Valorem taxes as determined by the Public Retirement Systems' Actuarial Committee up to a maximum of .2% of the Ad Valorem taxes shown to be collected.

Member contributions to the Plan are based on their total salary from all sources - salary paid by the State of Louisiana, paid by the parish(es), or any other governing body of a parish or political subdivision of the State of Louisiana, etc.

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

5. PENSION PLAN (continued)

DISTRICT ATTORNEY'S CLERICAL AND ADMINISTRATIVE EMPLOYEES RETIREMENT PLAN AND TRUST (continued)

In 1990, substantial changes were made to the DARS. The changes to survivors' benefits are effective for everyone. Other changes are effective by election to be under the new provisions as amended by R.S. 16:1042.1.

Employees can retire providing they meet one of the following criteria:

RETIREMENT PROVISIONS UNDER R.S. 16:1042.1

- (1) Accrual Rate 3.5% per year of service
- (2) Normal Retirement 30 years of service regardless of age
 24 years of service and age 55
 10 years of service and age 60
- (3) Early Retirement 18 years of service and age 55 with benefits reduced 3% for
 each year received in advance of normal retirement age.

Disability Benefits

Disability benefits are awarded to active contributing members with at least ten years of service who are found to be totally disabled as a result of injuries incurred while in active service. The member receives benefits equal to 3.5% of his final compensation multiplied by the lesser of his actual service (not to be less than 15 years) or projected continued service to age 60.

Survivor Benefits

Upon the death of a member with less than five years of creditable service, the member's accumulated contributions and interest thereon are paid to the member's spouse or designated beneficiary. Upon the death of any active, contributing member with more than five years of service or any member with twenty-three years of service who is not retired, reduced benefits are payable to the surviving spouse or designated beneficiary. These benefits are based on the retirement benefits accrued at the member's date of death with option factors used as if the member had continued in service to earliest retirement age. 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.

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NOTES TO THE FINANCIAL STATEMENTS
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5. PENSION PLAN (continued)

CITY OF NEW ORLEANS EMPLOYEES' RETIREMENT SYSTEM

During 1997, clerical and administrative employees of the DA's Office, who were not already receiving benefits from any of the other retirement plans sponsored by the City of New Orleans, became members of the Employees' Retirement System of the City of New Orleans (the Retirement System). The City Charter provided that the Retirement Ordinance (Chapter 114 of the Code) continues to govern and control the Retirement System under the management of a board of trustees. The Retirement System is a combination Defined Benefit and Defined Contribution Pension plan established under the laws of the State of Louisiana. The general administration has the responsibility for the proper operation of the Retirement System and for making effective the Retirement System. The Employees' Retirement System of the City of New Orleans issues a publicly available financial report that includes financial statements and required supplementary information.

For the fiscal year, employees participating in the Retirement System are required to contribute 5% of their salary in excess of \$1,200 per year, and the employer is required to contribute 20.655%. Employer contributions to the Retirement System are based upon the amount necessary to fund normal cost and amortization of past service costs over a period of thirty years beginning July 1, 1974, using the level percentage of payroll method. The contribution requirements of Retirement System members and the DA's Office are established and may be amended by the Retirement System's board of trustees. As of December 31, 2012 the employees contributed \$169,357 and the DA's Office's contributed \$699,611; and as of 2011 the employees contributed \$130,879 and the DA's Office's contributed \$779,195. However, the DA's Office does not guarantee any of the benefits granted by the plan.

Employees with thirty years of service, or who attain age 60 with ten years of service, or age 65, irrespective of length of service, are entitled to a retirement allowance. The retirement allowance consists of an annuity, which is the actuarial equivalent of the employee's accumulated contribution, plus an annual pension, which, together with the annuity, provides a total retirement allowance equal to 2.5% to 4% of average compensation times the number of years of service. The maximum pension may not exceed 100% of average compensation. Pension amounts are reduced for service retirement prior to age 62. Average compensation is defined as average annual earned compensation for the highest thirty-six successive months of service, less \$1,200.

Disability Benefits

Disability benefits are awarded to active members with 10 or more years of creditable service if a physician nominated by the board certifies that the member is totally incapacitated and that such incapability is likely to be permanent. The member receives an annuity, which is the actuarial equivalent to the employee's accumulated contribution, plus an annual pension, which, together with the annuity, shall be 75% of the service allowance that would have been payable upon service retirement at age 65, had the member continued in service to the age of 65. Such allowance is to be computed on the average compensation, plus the sum \$ 1,200 provided, however, that the minimum annual retirement allowance will be \$300 per year.

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

6. NOTES PAYABLE

On June 27, 2005 the DA's Office received an adverse judgment awarding a total of \$3,300,000 to their previous employees. The DA's Office received a stay until the Judgment continued through the Appeals process. As of October 1, 2007 the DA's Office reached a settlement agreement with the plaintiffs and agreed to pay a sum of \$3,300,000. As a result of the agreement, the DA's Office paid \$600,000 of the judgment in 2007 and received a proceeds from the State of Louisiana and the City of New Orleans for \$1,600,000 and \$1,100,000 respectively in order to pay the remainder of the judgment to the plaintiffs.

Per the agreement with The City of New Orleans, the DA's Office originally agreed to pay \$100,000 for 10 years beginning on December 31, 2009; however, as of February 28, 2011 the remaining balance of the note has been forgiven by the City of New Orleans. Per the agreement with the State of Louisiana, the DA's Office agreed to pay \$100,000 for 16 years; however, the initial payment continues to be deferred on an annual basis.

In addition, the DA's Office settled an outstanding liability in regards to a previously mentioned lawsuit. Per the agreement, the DA's Office has agreed to begin paying \$2,500 at the beginning of each month. Per the settlement agreement, the outstanding portion of this balance will be long-term liability except for the portion due within the next 12 months, \$30,000.

7. LEASES

The DA's Office is committed under various leases for equipment, research, cleaning, and office space. Many of these leases are on a month-to-month basis and can be cancelled by either party at any time. All of these leases are considered, for accounting purposes, to be operating leases. The lease payments for December 31, 2012 were \$418,307, and for 2011 were \$526,745. Future minimum lease payments for the leases follows:

	2013	\$ 412,558
	2014	412,558
	2015	206,786
	2016	2,377
	2017	-
	Thereafter	-
Total		<u>\$ 1,034,279</u>

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
 ORLEANS PARISH, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2012 AND 2011

8. INTERFUND TRANSFERS

During the course of operations, various transactions occur between individual funds. These receivable and payables are classified as "due to(from) other funds". In preparing the consolidated balance sheets, the gross amount of the intercompany, if any, receivable/payables are reflected on the balance sheet.

As of December 31, 2012 and 2011 the outstanding balance(s) for the intercompany transfers were as follows:

	<u>2012</u>	<u>2011</u>
Due to General Fund	\$ 15,000	\$ -
Due from Title IV-D Fund	<u>(15,000)</u>	<u>-</u>
Total	<u>\$ -</u>	<u>\$ -</u>

9. LITIGATION AND CLAIMS

The DA's Office is a defendant in various lawsuits filed for unspecified damages. Outside counsel for the DA's Office continues to defend these lawsuits in an attempt to obtain the most favorable outcome.

10. ON-BEHALF PAYMENTS

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

In accordance with GASB No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, the amount of state warrants paid directly to Assistant District Attorneys, as well as the related benefits, should be recognized by the DA's Office as expenditures. As of December 31, 2012, the DA's Office has recognized \$5,902,754 from the State and \$6,412,947 from the City of New Orleans in the financial statements for On-Behalf Payments. As of December 31, 2011, the DA's Office recognized \$6,236,099 and \$6,166,265, respectively

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

11. GRANTS

All grants received by the DA's Office are received on a reimbursable basis. As a result, they do not recognize the income associated with the specific grants until the expenditures have occurred. At that point, they submit a request to the appropriate agency in order to request the necessary funds. In some instances, they are able to request an advance on the grant income in order to obtain the necessary purchases. As of December 31, 2012, the DA's Office requested reimbursements from the Louisiana Commission on Law Enforcement, Office of Family Support, District Attorneys & Assistant, Office of Homeland Security and Emergency Preparedness totaling \$2,981,010, of which \$2,713,091 was received. As of December 31, 2011, the DA's Office had requested \$3,379,831, of which \$3,032,291 was received. The proceeds were received as follows:

	2012	2011
Office of Homeland Security and Emergency Preparedness (111)	\$ -	\$ 53,386
Louisiana Commission on Law Enforcement (129)	320,062	385,786
Office of Family Support (355)	-	-
Office for Children/ Family Services (360)	2,210,529	2,393,119
District Attorneys & Assistant (906)	182,500	200,000
Total	\$ 2,713,091	\$ 3,032,291

12. DEFICIT REDUCTION PLAN

For the years ended December 31, 2012 and 2011, the DA's Office reduced the deficit by \$99,371 and \$88,725, respectively. Management plans to further reduce the deficit by continuing to review and monitor expenditures.

13. SUBSEQUENT EVENTS

FASB Accounting Standards Codification Topic 855, "Subsequent Events" addresses events which occur after the balance sheet date but before the issuance of financial statements. An entity must record the effects of subsequent events that provide evidence about conditions that existed at the balance sheet date and must disclose but not record the effects of subsequent events which provide evidence about conditions that existed after the balance sheet date. Additionally, Topic 855 requires disclosure relative to the date through which subsequent events have been evaluated and whether that is the date on which the financial statements were issued or were available to be issued. Management evaluated the activity of District Attorney of the Orleans Judicial District through June 20, 2013, the date the financial statements were issued, and concluded that no subsequent events have occurred that would require recognition in the Financial Statements or disclosure in the Notes to the Financial Statements.

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
 ORLEANS PARISH, LOUISIANA
 GENERAL FUND
 Budgetary Comparison Schedule
 For the Year Ended December 31, 2012

	Budget	Actual GAAP BASIS	Variance With Final Budget Positive (Negative)
Total Salaries and Related Expenses	\$ 10,625,939	\$ 10,576,436	\$ (49,503)
Total Operating Expenditures	1,653,186	1,596,787	(56,399)
Other Expenditures	-	19,798	19,798
Total Expenditures	<u>\$ 12,279,125</u>	<u>\$ 12,193,021</u>	<u>\$ (86,104)</u>
Revenues	<u>\$ 12,326,997</u>	<u>\$ 12,292,392</u>	<u>\$ (34,605)</u>
Total Revenues	<u>\$ 12,326,997</u>	<u>\$ 12,292,392</u>	<u>\$ (34,605)</u>

PAILET, MEUNIER and LeBLANC, L.L.P.

Certified Public Accountants

Management Consultants

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District Attorney of the Orleans Judicial District (DA's Office) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the DA's Office's basic financial statements, and have issued our report thereon dated June 20, 2013.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

Paillet, Meunier and LeBlanc, LLP

New Orleans, Louisiana
June 20, 2013

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

SECTION I – SUMMARY OF AUDITOR’S RESULTS

- A. Control deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements: No. Material weaknesses: No.
- B. Noncompliance which is material to the financial statements: No
- C. Control deficiencies in internal control over major programs: No
Material weaknesses: No.
- D. The type of report issued on compliance for major programs: Unqualified
- E. Any audit findings which are required to be reported under section 510(a) of OMB Circular A-133:
No
- F. Major programs:

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

- G. Dollar threshold used to distinguish between Type A and Type B programs: \$500,000.
- H. Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133: Yes.
- I. A management letter was issued: No

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Federal Grantor Pass-through Grantor	CFDA Number	Program Title	Project Number	Grant Period	Current Year Expenditures	Prior Year Expenditures
<u>U.S. Department of Justice</u>						
<u>Office of Justice Program</u>						
Passed through - State of Louisiana Commission on Law Enforcement and Administration of Criminal Justice						
	16.575	Victim Assistance Program	C09-09-011	01/01/10 - 01/31/11	-	2,623
	16.575	Victim Assistance Program	C10-09-013	02/01/11 - 01/31/12	3,844	33,156
	16.575	Victim Assistance Program	C11-09-013	02/01/12 - 01/31/13	33,145	-
	16.575	Louisiana Supreme Court	Y07-8-002	01/01/10 - 01/31/11	-	24,584
	16.523	Records Management	A-09-8-023	10/01/10 - 01/31/12	2,030	25,865
	16.523	Records Management	A-10-8-023	2/01/12 - 01/31/13	24,495	-
	16.741	New Orleans Police and Justice Foundation, Inc.	2009-DN-BX-K245	03/01/10 - 01/31/12	5,771	44,400
	16.741	New Orleans Police and Justice Foundation, Inc.	2011-DY-BX-K003	02/01/12 - 12/31/12	52,971	-
	16.753	New Orleans Police and Justice Foundation, Inc.	2010-DD-BX-0628	01/01/11 - 2/29/12	39,655	247,845
Drug Control and System Improvement - Formula Grant						
	16.580	Pretrial Diversion	2009-SB-B9-3167	11/01/09 - 12/31/11	-	40,776
	16.580	Pretrial Intervention	B82-8-072	06/01/09 - 03/31/11	-	32,444
	16.580	Criminal Justice Technology	B010-9-002	10/01/10 - 09/30/11	-	45,593
	16.580	Info Data Sharing Innovative Proj	2010-DJ-BX-1664	10/01/09 - 09/30/13	-	90,764
Violence Against Women Formula Grant						
	16.588	Anti Stalking Program	M09-9-002	11/01/10 - 05/30/11	-	70,306
	16.588	Domestic Violence Program	M10-9-002	06/01/11 - 01/31/12	8,543	100,009
	16.588	Domestic Violence Program	M11-9-002	02/01/12 - 01/31/13	97,628	-
	16.590	Violence Against Women		01/01/11 - 12/31/11	2,491	132,590
	16.588	Sexual Assault Investigation	M82-8-064	09/01/09 - 03/31/11	-	9,591
	16.590	Domestic Violence On Call	2010-WE-AX-0021	11/01/11 - 10/31/12	25,939	-
	16.590	Domestic Violence On Call	2010-WE-AX-0021	11/01/12 - 05/23/13	7,155	-

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

U.S. Department of Justice - Continued

Juvenile Accountability Block Grants

16.523	Juvenile Prosecutors	A-08-8-024	08/01/10 - 04/30/11	-	18,635
16.523	Juvenile Diversion	A-09-8-036	08/01/12 - 10/31/12	10,042	-
16.738	Pretrial Intervention	B-11-9-003	01/01/12 - 12/31/12	41,140	-
16.523	Juvenile Diversion	J-09-9-001	02/16/10 - 01/31/11	-	4,231
16.540	Diversion Program	J-10-9-002	09/01/11 - 05/31/13	25,931	-

U.S. Department of Health and Human Services

Passed through the Louisiana Department of Social Services

93.563	Child Support Enforcement (Title IV-D)		07/01/10 - 06/30/11	-	1,313,976
93.563	Child Support Enforcement (Title IV-D)		07/01/11 - 06/30/12	1,034,438	1,164,156
93.563	Child Support Enforcement (Title IV-D)		07/01/12 - 06/30/13	1,179,766	-

U.S. Department of Federal Emergency Management Agency

97.036	FEMA Infrastructure Grant	PW19272	2006-2010	<u>-</u>	<u>5,938</u>
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TOTAL FEDERAL & STATE EXPENDITURES \$ 2,594,984 \$ 3,407,482

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2012

SECTION I – INTERNAL CONTROL AND COMPLIANCE
MATERIAL TO THE FINANCIAL STATEMENTS

Not Applicable

PAILET, MEUNIER and LeBLANC, L.L.P.

Certified Public Accountants

Management Consultants

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

Report on Compliance for Each Major Federal Program

We have audited the District Attorney of the Orleans Judicial District (DA's Office) 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 each of the DA's Office's major federal programs for the year ended December 31, 2012. The DA's Office's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with 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 DA's Office'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 DA's Office'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. Our audit does not provide a legal determination of the DA's Office's compliance with those requirements. However, our audit does not provide a legal determination of the DA's Office's compliance.

Opinion on Each Major Federal Program

In our opinion, the DA's Office 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, 2012.

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Report on Internal Control Over Compliance

Management of the DA's Office 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 DA's Office'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 DA's Office'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.

Paillet, Mennier and LeBlanc, LLP

New Orleans, Louisiana
June 20, 2013