

DISTRICT ATTORNEY OF THE FOURTH
JUDICIAL DISTRICT
Parishes of Ouachita and Morehouse, Louisiana

Financial Statements
For the Year Ended December 31, 2017

District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

INDEX

	<u>Statement</u>	
Independent Auditor’s Report		1-3
REQUIRED SUPPLEMENTARY INFORMATION PART A		
Management’s Discussion and Analysis		4-10
BASIC FINANCIAL STATEMENTS		
Government-Wide Financial Statements:		
Statement of Net Position	A	11
Statement of Activities	B	12
Fund Financial Statements:		
Balance Sheet	C	13
Reconciliation of the Governmental Funds Balance Sheet to The Statement of Net Position	D	14
Statement of Revenues, Expenditures and Changes in Fund Balances	E	15
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to The Statement of Activities	F	16
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	G	17
Notes to the Financial Statements		18-34
REQUIRED SUPPLEMENTARY INFORMATION PART B		
	<u>Schedule</u>	
Budget Comparison Schedules		
General Fund	I	35
Special Revenue Fund – Title IV-D	II	36
Schedule of Proportionate Share of the Net Pension Liability	III	37
Schedule of Employer Contributions to Pension Plan	IV	37
Notes to Budgetary Comparison Schedules		38

District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

INDEX

Schedule

SUPPLEMENTARY INFORMATION

Agency Funds	V	39
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	VI	40

**OTHER REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS* AND
BY OFFICE OF MANAGEMENT AND BUDGET *UNIFORM GUIDANCE***

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		41-42
Report on Compliance For Each Major Federal Program; and Report on Internal Control Over Compliance Required by Uniform Guidance		43-44
Schedule of Expenditures of Federal Awards		45
Notes to the Schedule of Expenditures of Federal Awards		46
Schedule of Findings and Questioned Costs		47
Schedule of Prior Year Findings		48
Independent Accountant's Report on Agreed Upon Procedures		49-58

INDEPENDENT AUDITOR'S REPORT

Honorable Steve Tew
District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

I 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 Fourth Judicial District (District Attorney), a component unit of Ouachita Parish Police Jury, as of and for the year ended December 31, 2017, 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.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Employer Contributions to Pension Plan and the Budgetary Comparison Schedules, as listed in the table of contents, 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. I 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. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District Attorney's basic financial statements. The accompanying supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the other information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the accompanying supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying other information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2018, on my consideration of the District Attorney's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

David M. Nard, CPA (APAC)

West Monroe, Louisiana
April 29, 2018

REQUIRED SUPPLEMENTAL INFORMATION (PART A)
MANAGEMENT'S DISCUSSION AND ANALYSIS

District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

Management's Discussion and Analysis (MD&A)
December 31, 2017

This section of the annual financial report of the District Attorney of the Fourth Judicial District (District Attorney), presents management's discussion and analysis of the District Attorney's financial performance during the fiscal year that ended on December 31, 2017. Please read this in conjunction with the District Attorney's financial statements, which follow this section.

In fiscal year 2016, the District Attorney adopted three new statements of financial accounting standards issued by the Governmental Accounting Standards Board:

- *Statement No. 72-Fair Value Measurement and Application.* This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- *Statement No. 73-Accounting and Financial reporting for Pensions and Related Assets That Are Not Within the Scope of GASE 68, and Amendment to Certain Provision of GASE Statements 67 and 68:* This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement 68, as well as for the assets accumulated for purposes of providing those pensions. It also amends certain provisions of Statement 67 and 68 that are within their respective scopes. This statement also clarifies the application of certain provisions of Statements 67 and 68.
- *Statement No. 77- Tax Abatement Disclosures* establishes standards of accounting and financial reporting for tax abatements. Financial statement users need information about certain limitations on a government's ability to raise resources. This includes limitations on revenue-raising capacity resulting from government programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens. Tax abatements are widely used by state and local governments, particularly to encourage economic development. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

The adoption of these standards had no impact on the government-wide or the governmental fund financial statements, but provide for guidance, clarification and/or additional disclosures in the notes to the financial statements and required supplementary information related to pensions. The District Attorney currently does not collect any ad valorem taxes that would be subject to Statement No. 77.

Financial Highlights

The following table exhibits some of the more important highlights of the financial results from the year ended December 31, 2017:

The District Attorney's total net position from governmental activities increased \$1,240,944 from the beginning of the fiscal year as a result of additional expenses incurred in operations of the District Attorney's office in the areas of computer expenses and traffic diversion costs and revenues being greater than expected. Also, the areas of fines and fees and drug asset forfeiture fees increased.

District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

Management's Discussion and Analysis (MD&A)
December 31, 2017

During the year ended December 31, 2017 the District Attorney's revenue increased \$1,087,126 from the prior year as a result of revenue increases in the traffic diversion and reinstatement fees. Expenses increased \$65,292 from the prior year as a result of increases in LACE program costs and computer expenses. The governmental activities reported unrestricted net position of \$5,283,184, which was an increase of \$1,240,944 from the prior year.

Title IV-D is a cost reimbursement grant and does not report a fund balance.

Overview of the Financial Statements

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

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 next set of statements are fund financial statements that focus on individual parts of the District Attorney's governmental operations, reporting the District Attorney's operations in more detail than the government-wide statements. The District Attorney's most significant funds are the general fund and the Title IV-D fund.

The remaining statement is a statement of fiduciary assets and liabilities and presents financial information about activities for which the District Attorney acts solely as an agent for the benefit of others.

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 an 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.

Our auditor has provided assurance in the independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance is being provided by the auditor regarding the Required Supplementary Information and the Supplementary Information identified below. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of the Financial Section.

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

District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

Management's Discussion and Analysis (MD&A)
December 31, 2017

Exhibit 1			
Major Features of District Attorney's Government-wide and Fund Financial Statements			
	GOVERNMENT-WIDE STATEMENTS	FUND STATEMENTS	
		Governmental Funds	Fiduciary Funds (Agency)
Scope	The entire District Attorney governmental unit (excluding fiduciary funds)	The activities of the District Attorney that are not proprietary or fiduciary, such as public safety and the IV-D program	Instances in which the District Attorney is the trustee or agent for someone else's resources, such as seized drug assets awaiting forfeiture
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenue, expenditures and changes in fund balances	Statements of fiduciary assets and liabilities
Accounting basis and measurement 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 and deferred inflows/outflows	All assets, liabilities and deferred inflows/outflows both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets are included	All assets and liabilities, both short-term and long-term; the District Attorney's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year regardless of when cash is paid or received	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payments are due during the year or soon thereafter	No revenues or expenses recorded for agency funds

District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

Management's Discussion and Analysis (MD&A)
December 31, 2017

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 presents information on all Assets, *Deferred Outflows of Resources*, *Liabilities*, and *Deferred Inflows of Resources* with the difference reported as Net Position. All of the current year's revenues and expense 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 how they have changed. Net position (the difference between the District Attorney's total assets plus deferred outflows of resources and total liabilities plus deferred inflows of resources) is one way to measure the District Attorney's financial health, or position.

For instance:

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

To assess the overall health of the District Attorney, one needs to consider additional financial factors such as changes in the finances of the State of Louisiana and the Morehouse and Ouachita Parish Police Juries.

The government-wide financial statements of the District Attorney consist of:

Governmental activities- all of the District Attorney's basic services are included here, such as public safety, the IV-D program and general administration.

Fund Financial Statements

The fund financial statements provide more detailed information about the District Attorney's most significant funds, the General Fund and the Title IV-D fund, not the District Attorney as a whole. Funds are accounting devices that the District Attorney used to keep track of specific sources of funding and spending for particular purposes.

Some funds are required by State law or 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 can be readily converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District Attorney's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements, or on the subsequent page that explains the relationships between them.

District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

Management's Discussion and Analysis (MD&A)
December 31, 2017

Fiduciary funds - The activity in these funds are excluded from the District Attorney's government-wide financial statements because the District Attorney cannot use these assets to finance its operations.

Financial Analysis of the District Attorney as a Whole

Net Position - The District Attorney's combined net position increased during 2017 by \$1,240,944 or 28%, from the net position of \$4,380,942 at December 31, 2016, as shown in the following table.

	2017	2016	Variance
Assets			
Other Assets	\$ 5,410,432	\$ 4,463,355	\$ 947,077
Capital Assets	<u>338,702</u>	<u>343,808</u>	<u>(5,106)</u>
Total Assets	<u>5,749,134</u>	<u>4,807,163</u>	<u>(941,971)</u>
Deferred Outflows	<u>433,661</u>	<u>228,722</u>	<u>204,939</u>
Liabilities			
Other Liabilities	291,053	246,228	44,825
Long-term Liabilities	<u>244,259</u>	<u>232,635</u>	<u>11,624</u>
Total Liabilities	<u>535,312</u>	<u>478,863</u>	<u>56,449</u>
Deferred Inflows	<u>25,597</u>	<u>176,080</u>	<u>(150,483)</u>
Net Position			
Invested in Capital Assets	338,702	343,808	(5,106)
Unrestricted (Restated)	<u>5,283,184</u>	<u>4,037,134</u>	<u>1,246,050</u>
Total Net Position	<u>\$ 5,621,886</u>	<u>\$ 4,380,942</u>	<u>\$ 1,240,944</u>

Changes in Net Position - The following condensed government-wide governmental activity statement illustrates the major changes in operations for the District Attorney as compared to 2016. The difference between the increase below and the increase in the preceding table is a prior period adjustment related to the pension disclosure.

	2017	2016
Revenue	\$ 5,359,669	\$ 4,272,543
Expenses	<u>(4,458,574)</u>	<u>(4,393,282)</u>
Increase (Decrease)	<u>\$ 901,095</u>	<u>\$ (120,739)</u>

District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

Management's Discussion and Analysis (MD&A)
December 31, 2017

The District Attorney's total governmental revenue increased in 2017 by \$1,087,126 or 25.4%, and expenses increased by \$65,292 or 1.4%, as compared to 2016.

	Governmental Activities		
	2017	2016	Variance
Revenues:			
Program Revenues			
Charges for services	\$ 4,341,085	\$ 3,049,331	\$ 1,291,754
Operating grants and contributions	979,452	991,414	(11,962)
General Revenues			
Local support	4,662	176,561	(171,899)
Interest and investment earnings	14,355	15,462	(1,107)
Miscellaneous	10,115	39,775	(29,660)
Total revenues	<u>\$ 5,359,669</u>	<u>\$ 4,272,543</u>	<u>\$ 1,087,126</u>
Expenses			
Public safety and judicial prosecution	4,458,574	4,393,282	65,292
Total expenses	<u>4,458,574</u>	<u>4,393,282</u>	<u>65,292</u>
Increase (decrease) in net position	901,095	(120,739)	1,021,834
Net position- beginning (restated)	<u>4,720,791</u>	<u>4,501,681</u>	<u>219,110</u>
Net position- ending	<u>\$ 5,621,886</u>	<u>\$ 4,380,942</u>	<u>\$ 1,240,944</u>

Financial Analysis of the District Attorney's Funds

At the end of 2017, the District Attorney's governmental funds reported a combined fund balance of \$5,119,379 which was an increase of \$902,252 from the 2016 balance. The increase in fund balance is due to additional revenues incurred in the traffic diversion programs and expenses remained relatively unchanged in operating the District Attorney's office.

General Fund Budgetary Highlights

The District Attorney revises its budget during the year, as it attempts to deal with unexpected changes in revenues and expenditures. (A schedule showing the District Attorney's original and final budgets, compared with actual results, is provided in the required supplementary information section of this report.) In the current year, changes between the original and revised budget were due to unexpected changes in revenues and expenditures.

The General Fund's actual revenues were less than projected budgeted revenue amounts by \$111,261 due to a reduction in fines and fee revenue and drug asset forfeiture fees from expected amounts. The original budget was increased by \$1,120,519 mainly due to increased estimated revenue from the traffic diversion programs.

The General Fund's actual expenditures were less than projected budgeted expenditure amounts by \$29,609, due to capital outlays being more than expected offset by a reduction in materials and supplies expenses. The original budget was increased by \$105,042 mainly due to an increase in the need for supplies and related expenses.

District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

Management's Discussion and Analysis (MD&A)
December 31, 2017

Capital Assets

At the end of 2017, the District Attorney had \$338,702 invested in a broad range of capital assets. This amount represents a net decrease (including additions, deductions, and depreciation) of \$5,106, or approximately 1.5%, from last year. For further detailed information, please refer to Note 6 in the Notes to the Financial Statement.

	December 31,	
	2017	2016
Furniture, Fixtures and Equipment	\$ 208,074	\$ 267,862
Vehicles	<u>130,628</u>	<u>75,946</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 338,702</u>	<u>\$ 343,808</u>

Economic Factors and Next Year's Budget

The District Attorney is dependent on the State of Louisiana and the Morehouse and Ouachita Parish Police Juries for partial payment of the attorney's salaries, a portion of its overhead as well as some administrative costs. The Morehouse and Ouachita Parish Police Juries also pay the clerical salaries. These entities receive a substantial part of their revenues from taxes. The economy is not expected to generate any significant growth or reversals. The budget for 2018 is slightly less than the 2017 operating budget.

Contacting the District Attorney's Financial Management

This financial report is designed to provide the citizens, taxpayers and creditors with a general overview of the District Attorney's finances and to demonstrate the District Attorney's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jennifer H. Johnson, Administrator, 400 St. John Street, Suite 301, Monroe, Louisiana 71201.

BASIC FINANCIAL STATEMENTS

District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

Statement of Net Position
December 31, 2017

	Governmental Activities
<i><u>Assets</u></i>	
Cash and Cash Equivalents	\$ 1,880,113
Investments	3,289,941
Accounts Receivable	240,378
Capital Assets:	
Depreciable	338,702
Total Assets	5,749,134
<i><u>Deferred Outflows of Resources</u></i>	
Resources Related to Pensions	433,661
<i><u>Liabilities</u></i>	
Accounts Payable	\$ 291,053
Net Pension Liability	244,259
Total Liabilities	535,312
<i><u>Deferred Inflows of Resources</u></i>	
Resources Related to Pensions	25,597
<i><u>Net Position</u></i>	
Net Investment in Capital Assets	338,702
Net Position - Unrestricted	5,283,184
Total Net Position	\$ 5,621,886

The accompanying notes are an integral part of this financial statement.

District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

Statement of Activities
For the Year Ended December 31, 2017

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
Governmental Activities: Public Safety & Judicial Prosecution	<u>\$ 4,458,574</u>	<u>\$ 4,351,085</u>	<u>\$ 979,452</u>	<u>\$ -</u>	\$ 871,963

General Revenues:

Local Support	4,662
Interest Earnings	14,355
Miscellaneous	<u>10,115</u>
Total General Revenues	29,132

Changes in Net Position 901,095

Net Position - Beginning (Restated) 4,720,791

NET POSITION - ENDING \$ 5,621,886

The accompanying notes are an integral part of this financial statement.

District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

Balance Sheet, Governmental Funds
December 31, 2017

	<u>Major Funds</u>		<u>Non-Major Fund</u>	<u>Total</u>
	<u>General Fund</u>	<u>Title IV-D</u>	<u>Worthless Check Collection Fee</u>	
<u>Assets</u>				
Cash and Cash Equivalents	\$ 1,880,113	\$ -	\$ -	\$ 1,880,113
Investments	3,289,941	-	-	3,289,941
Accounts Receivable	153,501	84,811	2,066	240,378
Interfund Receivables	57,362	-	-	57,362
<u>Total Assets</u>	<u>\$ 5,380,917</u>	<u>\$ 84,811</u>	<u>\$ 2,066</u>	<u>\$ 5,467,794</u>
<u>LIABILITIES AND FUND BALANCE</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 261,538	\$ 29,515	\$ -	\$ 291,053
Interfund Payables	-	55,296	2,066	57,362
<u>Total Liabilities</u>	261,538	84,811	2,066	348,415
<u>Fund Balance</u>				
Unassigned	5,119,379	-	-	5,119,379
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$ 5,380,917</u>	<u>\$ 84,811</u>	<u>\$ 2,066</u>	<u>\$ 5,467,794</u>

The accompanying notes are an integral part of this financial statement.

District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

Balance Sheet, Governmental Funds
December 31, 2017

**Reconciliation of the Balance Sheet of the Governmental Funds
to the Statement of Net Position**

*Amounts reported for governmental activities in the Statement of Net Position are
different because:*

Fund Balance, Governmental Funds:	\$	5,119,379
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		338,702
Net pension liability does not require the use of current financial resources and therefore is not reported in the funds.		(244,259)
The net effect of deferred outflows of resources and deferred inflows of resources related to pensions do not require the use of current financial resources and therefore are not reported in the funds.		<u>408,064</u>
Net Position of Governmental Activities	\$	<u><u>5,621,886</u></u>

The accompanying notes are an integral part of this financial statement.

District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2017

	<u>Major Funds</u>		<u>Non-Major Fund</u>	<u>Total</u>
	<u>General</u>		<u>Worthless Check</u>	
	<u>Fund</u>	<u>Title IV-D</u>	<u>Collection Fee</u>	
<u>Operating Revenue</u>				
Fines, Fees and Bond Forfeitures	\$ 3,737,455	\$ -	\$ 48,899	\$ 3,786,354
Court Cost Fees	328,140	-	-	328,140
Interest Income	14,355	-	-	14,355
Intergovernmental Revenue				
Federal	194,432	585,973	-	780,405
State	103,826	-	-	103,826
Local	95,221	-	-	95,221
Drug Asset Forfeiture	162,157	-	-	162,157
Collection Fees	4,662	-	-	4,662
Other	10,115	-	-	10,115
Total Operating Revenue	<u>4,650,363</u>	<u>585,973</u>	<u>48,899</u>	<u>5,285,235</u>
<u>Operating Expenditures</u>				
Current:				
General Government				
Personnel Services	2,046,755	461,986	48,899	2,557,640
Contractual Charges	1,212,439	73,883	-	1,286,322
Materials and Supplies	315,263	48,550	-	363,813
Other Charges	106,378	1,554	-	107,932
Capital Outlay	100,448	-	-	100,448
Total Operating Expenditures	<u>3,781,283</u>	<u>585,973</u>	<u>48,899</u>	<u>4,416,155</u>
<u>Excess (Deficiency) of Revenues Over</u>				
<u>Expenditures</u>	869,080	-	-	869,080
<u>Fund Balance - Beginning of the Year (Restated)</u>	<u>4,250,299</u>	<u>-</u>	<u>-</u>	<u>4,250,299</u>
<u>FUND BALANCE - END OF THE YEAR</u>	<u>\$ 5,119,379</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,119,379</u>

The accompanying notes are an integral part of this financial statement.

District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2017

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
To the Statement of Activities**

*Amounts reported for governmental activities in the Statement of Activities
are different because:*

Net change in fund balances - total governmental funds		\$ 869,080
<p>Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.</p>		
Expenditures for capital assets	117,912	
Less current year depreciation	(123,018)	(5,106)
<p>Governmental funds report current year pension contributions as expenditures. However, in the statement of activities, these contributions are reported as deferred inflows of resources and the District's proportionate share of the plans pension expense is reported as pension expense.</p>		
		(37,313)
<p>The District's proportionate share of non-employer contributions to the pension plans do not provide current financial resources and are not reported in the governmental funds.</p>		
		74,434
Changes in net position of governmental activities		\$ 901,095

The accompanying notes are an integral part of this financial statement.

District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

Statement of Fiduciary Assets and Liabilities
December 31, 2017

ASSETS

Cash and Cash Equivalents \$ 865,372

TOTAL ASSETS 865,372

LIABILITIES

Deposits Due Others 865,372

TOTAL LIABILITIES \$ 865,372

The accompanying notes are an integral part of this financial statement.

District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

Notes to the Financial Statements
December 31, 2017

INTRODUCTION

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

As provided by Article V, Section 26 of the Louisiana Constitution of 1974, the District Attorney has charge of every criminal prosecution by the State in his district, is the representative of the State before the grand jury in his district and is the legal advisor to the grand jury. He performs other duties as provided by law. The District Attorney is elected by the qualified electors of the judicial district for a term of six years. The Fourth Judicial District encompasses the parishes of Morehouse and Ouachita and their offices are located in Bastrop and Monroe.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION The accompanying basic financial statements of the District Attorney of the Fourth Judicial District have been prepared in conformity with United States Generally Accepted Accounting Principles (GAAP) as applied to governmental units.

The schedule of expenditures of federal awards includes the federal grant activity of the District Attorney and is presented on the accrual basis. The information in this schedule is presented in accordance with the requirements of Uniform Grant Guidance, Audits of State, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

B. REPORTING ENTITY The District Attorney is an independent elected official; however, the district attorney is fiscally dependent on the Morehouse and Ouachita Parish Police Juries. The police juries maintain and operate the parish courthouse in which the district attorney's office is located and provides funds for equipment and furniture of the district attorney's office.

For these reasons, the district attorney was determined to be a component unit of the Ouachita Parish Police Jury, the financial reporting entity, inasmuch as it provides significantly more support to the reporting entity than does the Morehouse Parish Police Jury.

As the governing authority of the parish, for reporting purposes, the Ouachita Parish Police Jury is the financial reporting entity for Ouachita Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which 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.

Governmental Accounting Standards Board established criteria for determining which component units should be considered part of the Ouachita Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASE has set forth criteria to be considered in determining financial accountability. This criteria includes:

District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

Notes to the Financial Statements
December 31, 2017

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

Because the District Attorney is fiscally dependent on the police jury, the District Attorney was determined to be a component unit of the Ouachita Parish Police Jury, 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 police jury, 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.

Funds of the District Attorney are classified into two categories; governmental and fiduciary. In turn each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds Governmental funds account for all or most of the district attorney's general activities. These funds focus on the sources, uses, and balances of current financial resources. The following are the district attorney's governmental funds:

General Fund - The General Fund is the primary operating fund of the district attorney and it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund was established in compliance with Louisiana Revised Statute 15:571.11, which provides that twelve percent (12%) of the fines and forfeitures collected be transmitted to the District Attorney to defray the necessary expenses of that office.

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

Worthless Check Collection Fee - The Worthless Check Collection Fee Fund consists of fees collected in accordance with Louisiana Revised Statute 16:15, which provides for a specific fee whenever the District

District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

Notes to the Financial Statements
December 31, 2017

Attorney's office collects and processes a worthless check. Expenditures from this fund are at the sole discretion of the District Attorney and may be used to defray the salaries and the expenses of the office of the District Attorney but may not be used to supplement the salary of the district attorney.

Fiduciary Funds Fiduciary funds account for assets held by the district attorney in a trustee capacity or as an agent on behalf of outside parties.

Agency funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. These funds are used to account for assets that the district attorney holds for others in an agency capacity. The district attorney reports the following agency funds:

Asset Forfeiture Fund - The Asset Forfeiture Fund was established for the allocation and disposition of property obtained under the provisions of Louisiana Revised Statute 40:2616. The District Attorney may (1) retain property for official use or transfer the custody to any local, state or federal agency; (2) destroy or use for investigative purposes, any illegal or controlled substances or other contraband, upon the written approval of the District Attorney after not less than twenty days after seizure; and (3) authorize a public sale without appraisal of that which is not required by law to be destroyed and which is not harmful to the public.

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

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

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

Bond Forfeiture Fund - The Bond Forfeiture Fund was established for the allocation and disposition of bonds forfeited to the District Attorney's office. Upon order of the district court, these funds are either refunded to the litigants or distributed to the appropriate recipient, in accordance with applicable laws.

Victim Restitution - The District Attorney holds these funds in escrow for the Court. These funds arise from restitution payments to victims. None of these funds have drug related origins, and thus are not a part of the drug asset forfeiture fund. The District Attorney maintains these funds in escrow until the courts provide orders for their disposition or otherwise directed for victim restitution.

Check Collection Fund - The Check Collection fund is used as a depository for funds collected from payments made on worthless checks. The funds are disbursed to the related merchants upon collection.

District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

Notes to the Financial Statements
December 31, 2017

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Government- Wide Financial Statements

The statement of net position and the statement of activities display information about the reporting government as a whole. The government-wide financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, liabilities and deferred outflows/inflows of resources 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, liabilities and deferred outflows/inflows of resources resulting from non-exchange transactions are recognized in accordance with the requirements of GASB No. 33, *Accounting and Financial Reporting for Non - exchange transactions*. Fiduciary funds are not included in the government-wide financial statements.

Program Revenues - Program revenues included in the Statement of Activities derive directly from parties outside the District Attorney's taxpayers or citizenry, as a whole. Program revenues reduce the costs of the function to be financed from the District Attorney's general revenues.

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

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

Fund Financial Statements (FFS)

The amounts reflected in the Governmental funds statements are accounted for using a current financial resources measurement focus and a modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

The amounts reflected in the General Fund and Other Funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

The District Attorney considers all revenues 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 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:

District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

Notes to the Financial Statements
December 31, 2017

The agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting.

Revenues

Commissions on fines and bond forfeitures are recorded in the year they are collected by the parish tax collectors.

Grants are recorded when the District Attorney of the Fourth Judicial District is entitled to the funds. Interest earned on investments is recorded when the investment has matured and the income is available. Substantially all other revenues are recorded when received.

Expenditures

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

E. BUDGETS The District Attorney uses the following budget practices:

An annual operating budget is adopted each year for the General Fund and the modified accrual basis of accounting is used to reflect actual revenues and expenditures, which is consistent with accounting principles generally accepted in the United States of America.

All appropriations lapse at year-end and any unexpended fund balance is carried forward into subsequent years. Formal budget integration is not employed as a management control device, and the District Attorney of the Fourth Judicial District does not use encumbrance accounting.

F. CASH AND CASH EQUIVALENTS Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. The District Attorney considers all short-term, highly liquid investments with original maturities of 90 days or less to be treated as cash equivalents. Under state law, the district attorney may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

G. INVESTMENTS Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the district attorney's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments in non-participating interest-earning contracts, such as non-negotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.

H. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES (FUND FINANCIAL STATEMENTS)

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as interfund receivables/payables on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

In the process of aggregating data for the statement of net position interfund payables and receivables were eliminated to minimize the "grossing up" effect of assets and liabilities within the governmental activities column.

District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

Notes to the Financial Statements
December 31, 2017

I. CAPITAL ASSETS Capital assets are capitalized at historical cost or estimated historical costs for assets where actual cost is not available. Donated assets, if any, are recorded as capital assets at their estimated fair market value at the date of donation. The District Attorney maintains a threshold level of \$1,000 or more for capitalizing capital assets.

All capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture and office equipment	5 years
Computer hardware	5-10 years
Telephone equipment	10 years
Vehicles	5 years

J. COMPENSATED ABSENCES The District Attorney does not have a formal leave and sick policy. Employees working within the District Attorney's office are entitled to paid vacations, paid sick days and personal days off, depending on job classification, length of service and the applicable policies of Morehouse Parish Police Jury or Ouachita Parish Police Jury. Compensated Absences balances are monitored and paid by the applicable Parish Police Jury; therefore, no liability is established for the District Attorney.

K. RESTRICTED NET POSITION

For the government-wide statement of net position, net position is reported as restricted when constraints placed on net position use are either:

- Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations other governments;
- Imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, the unrestricted resource as needed.

L. FUND BALANCE OF FUND FINANCIAL STATEMENTS

Fund balance amounts are reported within the fund balance categories as follows:

Non-spendable: Fund balance that is not in spendable form or legally or contractually required to be maintained intact.

Restricted: Fund balance that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed: Fund balance that can only be used for specific purposes determined by the District Attorney. Committed amounts cannot be used for any other purpose unless the District Attorney removes or changes the specified use by taking the same type of action it employed to previously commit the funds.

District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

Notes to the Financial Statements
December 31, 2017

Assigned: Fund balance that is constrained by the District Attorney's intent to be used for specific purposes but are neither restricted nor committed. Intent should be expressed by the District Attorney.

Unassigned: Fund balance that is the residual classification for the general fund or a deficit fund balance in other funds.

The District Attorney reduces committed amounts, followed by assigned amounts and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. The District Attorney considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available.

M. ENCUMBRANCES Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is generally used in government funds.

Based on the size of the accounts and the methods used for payments, the District Attorney does not employ encumbrance accounting.

N. INTERFUND TRANSACTIONS Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transactions are reported as transfers.

O. 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.

P. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow or resources (expense/expenditure) until then. The District Attorney has one item, deferred outflows related to pensions that qualifies in this category and is reported only in the governmental activities.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time. The District Attorney has one item, deferred inflows related to pensions that qualifies in this category and is reported only in the governmental activities.

For purposes measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems and additions to/deductions from the retirements systems fiduciary net position have been determined on the same

basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

Notes to the Financial Statements
December 31, 2017

NOTE 2 - STEWARDSHIP AND ACCOUNTABILITY

Excess of Actual Expenditures Over Budgeted Expenditures in Individual Funds The following fund had actual expenditures which exceeded budgeted expenditures for the year ended December 31, 2017:

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Title IV-D	\$ 494,245	\$ 585,973	\$(91,728)

NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

Deposits are stated at cost, which approximate fair value. 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 bank. These securities are held in the name of the pledging fiscal agent bank in the holding or custodial bank that is mutually acceptable to both parties.

Interest Rate Risk: The District Attorney's policy does not address interest rate risk.

Credit Risk: The District Attorney's investments are in Certificates of Deposits which do not have credit ratings; however, the District Attorney's policy does not address credit rate risk.

Custodial Credit Risk: At year-end the District Attorney's carrying amount of deposits was \$6,035,426 and the bank balance was \$6,157,242, which includes \$3,289,941 in certificate of deposits classified as investments.

These deposits are reported as follows: Statement A - cash and cash equivalents, \$1,880,113, Statement A investments \$3,289,941, Statement G - cash and cash equivalents \$865,372. Of the bank balance, \$1,750,000 was covered by federal depository insurance. The remaining balance was collateralized with securities held by the pledging financial institution's trust department or agent but not in the District Attorney's name. The District Attorney's policy does not address custodial credit risk. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District Attorney that the fiscal agent has failed to pay deposited funds upon demand.

District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

Notes to the Financial Statements
December 31, 2017

NOTE 4 -RECEIVABLES

The following is a summary of receivables at December 31, 2017:

	General Fund	Title IV-D	Worthless Check Collection	Total
Fines, Fees and Bond Forfeitures	\$ 91,035	\$ -	\$ 2,066	\$ 93,101
Intergovernmental				
Federal	32,289	84,811	-	117,100
State	<u>30,177</u>	<u>-</u>	<u>-</u>	<u>30,177</u>
Total	<u>\$ 153,501</u>	<u>\$ 84,811</u>	<u>\$ 2,066</u>	<u>\$ 240,378</u>

The balance of accounts receivable is expected to be collected in full so no allowance for doubtful accounts has been established.

NOTE 5 - INTERFUND RECEIVABLES/PAYABLES

The following is a summary of interfund receivables and payables at December 31, 2017:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 57,362	\$ -
Title IV-D	-	52,587
Worthless Check Fee	<u>-</u>	<u>2,066</u>
Total	<u>\$ 57,362</u>	<u>\$ 57,362</u>

The purpose of the interfund payable from the Title IV-D fund was to cover current-year expenditures for the cost reimbursement program until the reimbursement request is received. The purpose of the interfund payable from the worthless check fund is to cover general operating expenditures for the District Attorney's office until the collection fee is received.

District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

Notes to the Financial Statements
December 31, 2017

NOTE 6 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2017, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Furniture & Equipment	\$ 1,278,145	\$ 26,615	\$ 628,258	\$ 676,502
Vehicles	<u>540,450</u>	<u>91,297</u>	<u>112,246</u>	<u>519,501</u>
Total	<u>1,818,595</u>	<u>117,912</u>	<u>740,504</u>	<u>1,196,003</u>
Less Accumulated Depreciation				
Furniture & Fixtures	1,010,283	86,403	628,258	\$ 468,428
Vehicles	<u>464,504</u>	<u>36,615</u>	<u>112,246</u>	<u>388,873</u>
Total	<u>1,474,787</u>	<u>123,018</u>	<u>740,504</u>	<u>857,301</u>
Capital Assets, Net	<u>\$ 343,808</u>	<u>\$ (5,106)</u>	<u>\$ _____</u>	<u>\$ 338,702</u>

Depreciation expense of \$123,018 was charged to the public safety and judicial prosecution function.

The District Attorney has an operating lease with the Ouachita Parish Police Jury for the rental of office space to operate the Title IV-D Program. The lease is renewed on an annual basis and the current year lease payments paid to the Police Jury totaled \$21,896.

NOTE 7 - PENSION PLAN

District Attorney's Retirement System of Louisiana (System)

Plan Description

The 4th Judicial District Attorney contributes to the District Attorneys' Retirement System of Louisiana (System) which is a cost sharing multiple employer defined benefit pension plan. The System was established on August 1, 1956 and was placed under the management of the board of trustees for the purpose of providing retirement allowances and other benefits as stated under the provisions of Louisiana R.S. 11, Chapter 3 for district attorneys and their assistants in each parish. All persons who are district attorneys of the State of Louisiana or assistant district attorneys in any parish shall become members as a condition of their employment, provided in the case of assistant district attorneys, they must be paid an amount not less than the minimum salary specified by the board for assistant district attorneys.

Any member of the Plan who was hired prior to July 1, 1990, and who have elected not to be covered under the new provisions, are eligible to receive normal retirement benefit if one of the following criteria is met:

1. Age 62 after 10 or more years of creditable service.
2. Age 60 after 18 or more years of creditable service.

District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

Notes to the Financial Statements
December 31, 2017

3. Age 55 after 23 or more years of creditable service.
4. Any age after 30 or more years of creditable service.

Generally, the monthly amount of the retirement allowance of any member of the Plan shall consist of an amount equal to three percent of the employee's final compensation for each year of creditable service.

However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. Retirement benefits may not exceed 100% of final average compensation.

Any member of the Plan who was hired after to July 1, 1990, or who have elected to be covered under the new provisions, are eligible to receive normal retirement benefit if one of the following criteria is met:

1. Age 60 after 10 or more years of creditable service.
2. Age 55 after 24 or more years of creditable service.
3. Any age after 30 or more years of creditable service.

Generally, the monthly amount of the retirement allowance of any member of the Plan shall consist of an amount equal to 3.5% of the employee's final compensation multiplied by years of membership service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. Retirement benefits may not exceed 100% of final average compensation.

The System also provides death and disability benefits. Benefits are established or amended by state statute.

For the year ended December 31, 2017, the 4th Judicial District Attorney's total payroll for all employees was \$527,569. Total covered payroll was \$71,340. Covered payroll refers to all compensation paid by the 4th Judicial District Attorney to active employees covered by the Plan.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the District Attorneys' Retirement System of Louisiana, 1645 Nicholson Drive, Baton Rouge, Louisiana 70802, or by calling (225) 267-4824, or by visiting the System's website www.ladars.org.

Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended December 31, 2017, the actual employer contribution rate was 0%, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

Members are required by state statute to contribute 8.00% of their annual covered salary. The contributions are deducted from the employee's wages or salary and remitted by the 4th Judicial District Attorney to the System monthly. The 4th Judicial District Attorney's contributions to the System for the year ending December 31, 2017 were \$0.

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

District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

Notes to the Financial Statements
December 31, 2017

At December 31, 2017, the Employer reported a liability of \$244,259 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2017 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The 4th Judicial District Attorney's proportion of the Net Pension Liability was based on a projection of the Police Jury's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2017, the 4th Judicial District Attorney's proportion was 0.905595%, which was a decrease of 0.309800% from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the 4th Judicial District Attorney recognized pension expense of \$88,193 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, which was (\$50,880). Total pension expense for the 4th Judicial District Attorney for the year ended December 31, 2017 was \$37,313.

At December 31, 2017, the 4th Judicial District Attorney reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	64,215
Changes in assumptions	109,511	28,826
Net difference between projected and actual earnings on pension plan	98,026	-
Changes in employer's proportion of beginning net pension liability	222,052	(67,444)
Differences between employer and proportionate share of contributions	4,072	-
Subsequent measurement contributions	-	-
Total	433,661	25,597

The \$1,774 reported as deferred outflows of resources related to pensions resulting from the 4th Judicial District Attorney contributions subsequent to the measurement date will be recognized as a reduction of Net Pension Liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended June 30,	
2018	58,295
2019	58,295
2020	58,295
2021	58,295
2022	58,295
2023	58,295
2024	58,295

District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

Notes to the Financial Statements
December 31, 2017

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017, are as follows:

Valuation Date	June 30, 2017
Actuarial Cost Method	Aggregate Actuarial Cost Method with allocation based on earnings
Actuarial Assumptions:	
Investment Rate of Return	6.75%, net of investment expense
Salary increases	5.50% (2.50% inflation, 3.00% merit)
Mortality rates	RP-2000 Combined Healthy with White Collar Adjustment Sex Distinct Tables (setback 1 year for females) for employees, annuitants, and beneficiaries. RP-2000 Disabled Lives Mortality Table (setback 5 years for males and 3 years for females) for disabled annuitants.
Expected remaining service lives	7 years
Cost of Living Adjustments	Only those previously granted

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

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

The resulting long-term rate of return is 9.06% for the year ended June 30, 2017. The best estimates of arithmetic real rates of return for each major asset class based on the System's target asset allocation as of June 30, 2017, were as follows:

Asset Class	Target Allocation	Rates of Return	
		Real	Nominal
Equities	61.72%	11.31%	
Fixed income	28.95%	6.84%	
Alternatives	8.85%	10.50%	
Real estate	0.48%	0.50%	
Totals	100%	4.50%	6.56%
Inflation			2.50%
Expected arithmetic nominal return			9.06%

District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

Notes to the Financial Statements
December 31, 2017

Discount Rate

The discount rate used to measure the total pension liability was 6.75 %. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from participating employers will be made at actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System’s actuary.

Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Sensitivity of the 4th Judicial District Attorney's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the 4th Judicial District Attorney’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Police Jury’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.00%) or one percentage-point higher (8.00%) than the current rate:

	1.0% Decrease (5.75%)	Current Discount Rate (6.75 %)	1.0% Increase (7.75%)
Employer’s proportionate share of net pension liability	698,000	244,259	(141,312)

Payables to the Pension Plan

These financial statements include a payable to the pension plan of \$0, which is the legally required contribution due at December 31, 2017. This amount is recorded in accrued expenses.

Plan Fiduciary Net Position

Detailed information about the System’s fiduciary net position is available in the separately issued District Attorneys’ Retirement System of Louisiana Audit Report at www.ladars.org.

NOTE 8 - AGENCY FUNDS A summary of the changes in the District Attorney's agency funds is as follows:

	Balance at Beginning of Year	Additions	Reductions	Balance at End of Year
Asset Forfeiture Fund	\$ 660,869	\$ 486,846	\$ 473,194	\$ 674,521
Bond Forfeiture Fund	12,520	121,684	133,272	932
Victim Restitution Fund	145,997	141,741	165,519	122,219
Check Collection Fund	62,291	335,526	330,117	67,700
Total	<u>\$ 881,677</u>	<u>\$1,085,797</u>	<u>\$1,102,102</u>	<u>\$ 865,372</u>

Of the \$122,219 recorded for victim restitution fund, approximately \$121,000 is considered to be unreconciled as the District Attorney is unable to identify the individual payees because of the number of years that have elapsed.

District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

Notes to the Financial Statements
December 31, 2017

NOTE 9 - LITIGATION AND CLAIMS

Litigation The District Attorney is involved in various legal actions and claims rising in the normal course of business. After taking into consideration the District Attorney's evaluation of such actions, it is of the opinion that their outcome will not materially affect the financial statements.

Grant Disallowances The District Attorney participates in a number of state and federally assisted programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under the terms of the grant.

NOTE 10 - EXPENDITURES OF THE DISTRICT ATTORNEY NOT INCLUDED IN THE FINANCIAL STATEMENTS

The accompanying financial statements do not include certain expenditures of the District Attorney paid out of the criminal court funds, the Morehouse Parish Police Jury, the Ouachita Parish Police Jury, or directly by the State. Those expenditures are summarized as follows:

The Morehouse Parish Police Jury, the Ouachita Parish Police Jury and the state fund a majority portion of the attorneys and support staffs' salaries and benefits.

The Criminal Court Fund is controlled and expended jointly between the District Attorney and the Fourth Judicial Court. The District Attorney normally expends funds for transcripts, witness fees and expert witness fees; the balance is utilized by the Fourth Judicial Court.

NOTE 11 - 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 Number 93.563. This program is funded by indirect assistance payments in the form of reimbursements for related expenditures, received from the Louisiana Department of Children and Family Services.

For the year ended December 31, 2017, the District Attorney for the Fourth Judicial District expended \$585,973 for the program.

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

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

District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

Notes to the Financial Statements
December 31, 2017

NOTE 12 - NEW GASB STANDARDS In fiscal year 2016, the District Attorney adopted three new statements of financial accounting standards issued by the Governmental Accounting Standards Board:

- *Statement No. 72-Fair Value Measurement and Application.* This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- *Statement No. 73 -Accounting and Financial reporting for Pensions and Related Assets That Are Not Within the Scope of GASE 68, and Amendment to Certain Provision of GASE Statements 67 and 68:* This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement 68, as well as for the assets accumulated for purposes of providing those pensions. It also amends certain provisions of Statement 67 and 68 that are within their respective scopes. This statement also clarifies the application of certain provisions of Statements 67 and 68.
- *Statement No. 77- Tax Abatement Disclosures* establishes standards of accounting and financial reporting for tax abatements. Financial statement users need information about certain limitations on a government's ability to raise resources. This includes limitations on revenue-raising capacity resulting from government programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens.

Tax abatements are widely used by state and local governments, particularly to encourage economic development. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

The adoption of these standards had no impact on the government-wide or the governmental fund financial statements, but provide for guidance, clarification and/or additional disclosures in the notes to the financial statements and required supplementary information related to pensions. The District Attorney currently does not collect any ad valorem taxes that would be subject to Statement No. 77.

NOTE 13 – PRIOR PERIOD ADJUSTMENT

In the past two years the District Attorney booked the GASB 34 adjustments for fixed assets and the GASB 68 adjustments for pension liability on their general ledger. Removing these items from the general ledger resulted in a net prior period adjustment of \$24,190 decrease to beginning fund balance in the fund financial statements. There also was a change in prior period pension calculation causing a restatement and increase of beginning net assets on the government wide financial statements of \$327,646 in the deferred outflows related to pensions.

District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

Notes to the Financial Statements
December 31, 2017

NOTE 14 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 29, 2018, which is the day the financial statements were available to be issued, and it has been determined that no significant events have occurred for disclosure.

REQUIRED SUPPLEMENTAL INFORMATION (PART B)
BUDGETARY COMPARISON SCHEDULES

District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

**Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget to Actual
General Fund
For the Year Ended December 31, 2017**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over(Under)
	Original	Final		
<u>Operating Revenue</u>				
Fines, Fees and Bond Forfeitures	2,891,500	3,916,050	\$3,737,455	\$ (178,595)
Court Cost Fees	342,500	380,700	328,140	(52,560)
Interest Income	15,600	13,050	14,355	1,305
Intergovernmental Revenue				
Federal	144,355	203,624	194,432	(9,192)
State	99,950	114,050	103,826	(10,224)
Local	71,200	71,200	95,221	24,021
Drug Asset Forfeiture	50,000	50,000	162,157	112,157
Collection Fees	20,000	5,250	4,662	(588)
Other Revenues	6,000	7,700	10,115	2,415
Total Operating Revenues	<u>\$3,641,105</u>	<u>\$4,761,624</u>	<u>\$4,650,363</u>	<u>(\$111,261)</u>
<u>Operating Expenditures</u>				
General Government				
Personnel Services	2,213,500	1,937,500	2,046,755	(109,255)
Contractual Charges	1,087,550	1,243,955	1,212,439	31,516
Materials and Supplies	281,250	426,817	315,263	111,554
Other Charges	73,550	102,070	106,378	(4,308)
Capital Outlay	50,000	100,550	100,448	102
Total Expenditures	<u>3,705,850</u>	<u>3,810,892</u>	<u>3,781,283</u>	<u>29,609</u>
<u>Excess (Deficiency) of Revenues Over Expenditures</u>				
	(64,745)	950,732	869,080	(81,652)
<u>Fund Balance - Beginning of the Year (Restated)</u>				
	4,250,299	4,250,299	4,250,299	-
<u>FUND BALANCE - END OF THE YEAR</u>				
	<u>\$ 4,185,554</u>	<u>\$ 5,201,031</u>	<u>\$ 5,119,379</u>	<u>\$ (81,652)</u>

The accompanying notes are an integral part of this financial statement.

District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

**Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget to Actual
Special Revenue - Title IV-D
For the Year Ended December 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>Budgetary Basis</u>	<u>Variance With</u> <u>Final Budget</u> <u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Operating Revenue</u>				
Intergovernmental Revenue				
Federal	\$ 550,000	\$ 608,000	\$ 585,973	\$ (22,027)
Total Operating Revenues	<u>550,000</u>	<u>608,000</u>	<u>585,973</u>	<u>(22,027)</u>
<u>Operating Expenditures</u>				
General Government				
Personnel Services	360,000	375,000	461,986	(86,986)
Contractual Charges	88,000	119,245	73,883	45,362
Materials and Supplies			48,550	(48,550)
Other Charges			1,554	(1,554)
Total Expenditures	<u>448,000</u>	<u>494,245</u>	<u>585,973</u>	<u>(91,728)</u>
<u>Excess (Deficiency) of Revenues Over</u> <u>Expenditures</u>	102,000	113,755	-	(113,755)
<u>Fund Balance - Beginning of the Year</u>	-	-	-	-
<u>FUND BALANCE - END OF THE YEAR</u>	<u>\$ 102,000</u>	<u>\$ 113,755</u>	<u>\$ -</u>	<u>\$ (113,755)</u>

The accompanying notes are an integral part of this financial statement.

Schedule III

**District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana**

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

	6/30/2017 2017	6/30/2016 2016	6/30/2015 2015	6/30/2014 2014
Employer's proportion of the net pension liability (asset)	9.055950%	1.215395%	1.117222%	0.876201%
Employer's proportionate share of the net pension liability (asset)	244,259	232,635	60,180	17,473
Employer's covered employee payroll	511,630	735,264	655,193	554,718
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	47.74%	31.64%	9.19%	0.00%
Plan fiduciary net pension as a percentage of the total pension liability	93.57%	95.09%	98.56%	99.45%

The amounts presented have a measurement date of June 30.

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

Schedule IV

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

	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Contractually required contribution	-	11,323	40,740	47,570
Contributions in relation to contractually required contribution	-	11,323	40,740	47,570
Contribution deficiency (excess)	-	-	-	-
Employer's covered employee payroll	481,190	600,567	787,934	566,645
Contributions as a percentage of covered employee payroll	0.00%	1.89%	5.17%	8.40%

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

District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

Notes to the Budgetary Comparison Schedules
For the Year Ended December 31, 2017

A. BUDGETS

General Budget Practices The District Attorney follows these procedures in establishing the budgetary data reflected in the combined financial statements:

State statute requires budgets to be adopted for the general fund and all special revenue funds.

Each year in December, the accountant prepares and submits a proposed budget to the District Attorney for review. Public hearings are conducted to obtain taxpayer comments, prior to the adoption of the budget. The operating budgets include proposed expenditures and the means of financing them.

Appropriations (unexpended budget balances) lapse at year-end.

Formal budget integration (within the accounting records) is employed as a management control device. All budgets are controlled at the function level. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

Encumbrances Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed.

Budget Basis of Accounting All governmental funds' budgets are prepared on the modified accrual basis of accounting, a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgeted amounts are originally adopted or amended by the District Attorney. Legally, the District Attorney must adopt a balanced budget; that is, total budgeted revenues and other financing sources including fund balance must equal or exceed total budgeted expenditures and other financing uses. State statutes require the District Attorney to amend its budgets when revenues plus projected revenues within a fund are expected to be less than budgeted revenues by five percent or more and/or expenditures within a fund are expected to exceed budgeted expenditures by five percent or more.

B. UNFAVORABLE BUDGET VARIANCE

Actual expenditures greater than budgeted expenditures:

	<u>Final Budget</u>	<u>Annual</u>	<u>Unfavorable Variance</u>
Title IV-D	\$ 494,245	\$ 585,973	\$(91,728)

SUPPLEMENTARY INFORMATION

District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

AGENCY FUNDS
Combining Schedule of Fiduciary Assets and Liabilities
For the Year Ended December 31, 2017

	Asset Forfeiture Agency Fund	Bond Forfeiture Agency Fund	Victim Restitution Agency Fund	Check Collection Agency Fund	Total
Assets					
Cash and Cash Equivalents	\$ 674,521	\$ 932	\$ 122,219	\$ 67,700	\$ 865,372
TOTAL ASSETS	<u>674,521</u>	<u>932</u>	<u>122,219</u>	<u>67,700</u>	<u>865,372</u>
Liabilities					
Deposits Due Others	674,521	932	122,219	67,700	865,372
TOTAL LIABILITIES	<u>\$ 674,521</u>	<u>\$ 932</u>	<u>\$ 122,219</u>	<u>\$ 67,700</u>	<u>\$ 865,372</u>

District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

**Schedule of Compensation, Reimbursements, Benefits
and Other Payments to Agency Head
Political Subdivision Head, or Chief Executive Officer
For the Year Ended December 31, 2017**

Agency Head: Robert S. Tew, District Attorney

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 172,751
Benefits - Insurance	4,840
Travel	5,765

OTHER REPORTS REQUIRED BY *GOVERNMENT AUDITING*
STANDARDS AND BY OFFICE OF MANAGEMENT AND BUDGET
UNIFORM GUIDANCE

**Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Honorable Steve Tew
District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

I 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 Fourth Judicial District (District Attorney), a component unit of Ouachita Parish Police Jury, as of and for the year ended December 31, 2017, 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 April 29, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District Attorney's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

David M. Hartl, CPA (APAC)

West Monroe, Louisiana
April 29, 2018

**Report on Compliance For Each Major Federal Program;
and Report on Internal Control Over Compliance
Required by the Uniform Guidance**

Honorable Steve Tew
District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

Report on Compliance for Each Major Federal Program

I have audited the District Attorney of the Fourth Judicial District (District Attorney), a component unit of Ouachita Parish Police Jury, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District Attorney's major federal programs for the year ended December 31, 2017. The District Attorney's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the District Attorney's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I 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 I considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In my opinion, the District Attorney complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

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 my audit of compliance, I considered the District Attorney's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I 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.

My 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. I did not identify any deficiencies in internal control over compliance that I 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 my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

David M. Hartl, CPA (APAC)

West Monroe, Louisiana
April 29, 2018

District Attorney of the Fourth Judicial District
 Parishes of Ouachita and Morehouse, Louisiana

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

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	<u>Federal CFDA#</u>	<u>Grantor/Pass Through#</u>	<u>Expenditures</u>
United States Department of Health and Human Services			
Passed Through Louisiana Department of Children & Family Services			
Title IV-D, Child Support Enforcement	93.563	2000203101	\$ 585,973
Total United States Department of Health and Humm Services			585,973
United States Department of Justice			
Passed Through Louisiana Commission on Law Enforcement & Administration of Criminal Justice			
Domestic Violence Prosecution	16.588	2016-WF-02-3619	58,140
Adolescent Diversion Program	16.540	2016-JF-22-3689	5,556
Victim Assistance Program 2	16.575	2016-VA-02-3849	76,047
Total United States Department of Justice			139,743
United States Department of Transportation			
Passed Through Louisiana Department of Public Safety and Corrections- Louisiana Highway Safety Commission			
4th Judicial District DWI Court	20.616	2017-10-22, 2018-10-22	60,245
Total United States Department of Transportation			60,245
Total Federal Awards			\$ 785,961

District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

Notes to the Schedule of Expenditures of Federal Awards

NOTE 1 - GENERAL The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the District Attorney of The Fourth Judicial District, (the "District Attorney") for the year ended December 31, 2017. The District Attorney reporting entity is defined in Note 1 to the District Attorney's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District Attorney, it is not intended to and does not present the financial position or change in net position of the District Attorney.

NOTE 2 - BASIS OF ACCOUNTING The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the District Attorney's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS Federal awards revenues are reported in the District Attorney's basic financial statements as follows:

	<u>Federal Sources</u>
Major Funds:	
General Fund	\$ 199,988
Title IV-D	<u>585,973</u>
	<u>\$785,961</u>

NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

NOTE 5 - MATCHING REVENUES For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures.

NOTE 6 - DE MINIMIS INDIRECT COST RATE The District Attorney has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2017

PART I-SUMMARY OF AUDITOR'S RESULTS

Financial Statement Audit

- i. The type of audit report was unmodified.
- ii. There was one significant deficiency required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States of America. The significant deficiency was not considered to be a material weakness.
- iii. There were no instances of noncompliance, as defined by the Government Auditing Standards, to the financial statements.

Audit of Federal Awards

- iv. There were no significant deficiencies required to be disclosed by the Uniform Guidance (2 CFR 200).
- v. The type of report the auditor issued on compliance for the major program was unmodified.
- vi. The audit disclosed no findings which the auditor is required to report under the Uniform Guidance.
- vii. The major federal program was:
Title IV-D, Child Support Enforcement CFDA #93.563
- viii. The dollar threshold used to identify between Type A and Type B programs as described in the Uniform Guidance was \$750,000.
- ix. The auditee does qualify as a low-risk auditee under the Uniform Guidance.

Part II - Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards generally accepted in the United States of America

No findings were reported under this section.

Part III – Management Letter

No management letter was issued.

District Attorney of the Fourth Judicial District
Parishes of Ouachita and Morehouse, Louisiana

Status of Prior Year Findings and Questioned Costs
For the Year Ended December 31, 2017

Reference# and title: **2016-001** **Internal Controls Over Financial**

Reporting Entity-Wide or program /department specific: This finding is entity-wide.

Criteria or specific requirement: Proper internal controls over financial reporting requires that accounting records contain up-to-date, accurate, and complete information to ensure that the financial data can be relied upon to monitor the financial condition of the District Attorney's office. Financial records should be reviewed timely to supporting documentation to ensure that the transactions are properly recorded and classified in the appropriate accounting period.

Condition found:

- When performing a search for unrecorded receivables at year-end, there were four exceptions noted where the deposit tested related to the audit period and was not accrued at year-end and there was one exception noted where the amount accrued at year-end was overstated in error.
- When reviewing a sample of 14 significant journal entries posted during the audit period, there were seven exceptions noted where the entry reviewed did not agree to supporting documentation and seven exceptions noted where the entry was not considered to be valid, appropriate and properly posted.
- When reviewing the bank reconciliation as of year-end for one bank account, it was noted that the reconciliation did not include a listing of checks included in the outstanding check balance on the reconciliation. Alternative audit procedures were needed to obtain assurance related to the completeness and accuracy of the reconciliation.
- When reviewing the year-end agency fund liability related to drug asset forfeitures, it was noted that the ending balance did not include interest earned on the CD's from the date of purchase. An audit adjustment was proposed to correct.
- When reviewing the year-end agency fund liability related to bond forfeitures, it was noted that three disbursements were underpaid during the year; therefore the ending liability was understated by \$7,959. An audit adjustment was proposed to correct.
- Throughout the audit process, various adjustments were proposed to correct ending balances for interfund receivables and payables, grant receivables, local revenue, agency fund accounts and forfeiture revenue.

Possible asserted effect (cause and effect):

Cause: The auditor was unable to determine the cause.

Effect: The internal controls over accounting are weakened.

Recommendations to prevent future occurrences: The District Attorney should continue to strengthen internal controls over accounting within the District Attorney's office. Furthermore, the District Attorney should work with their contract fee accountant to establish monthly and year-end close out procedures.

Corrective Action Taken: During 2016 we installed a new accounting software package and had some errors made in the transition process. In addition, we were implementing several recommendations made by our auditors in 2016 after the 2015 audit and in the process to complete them, we made some minor bookkeeping errors.

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

I have performed the procedures enumerated below, which were agreed to by the District Attorney of the Fourth Judicial District (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving
 - d) **Receipts**, including receiving, recording, and preparing deposits
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
 - g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
 - h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

- Budgeting – The District Attorney has written policies and procedures regarding budget preparation, adoption, monitoring and amending.
- Purchasing – The District Attorney has written policies and procedures for purchasing regarding the following:

Initiation of purchases – Purchasing agent

Addition of vendors – the accountant adds vendors

Preparation and approval of check requests

Controls ensuring compliance with public bid laws – required per the Title IV-D, Child Support Enforcement agreement for Title IV-D expenditures

Bids and price quotes are required to be maintained – required per the Title IV_D, Child Support Enforcement agreement for Title IV-D expenditures. When major purchases are needed for the District Attorney, his office usually gathers bids via email, fax or phone.

- Disbursements – The District Attorney has written policies and procedures regarding disbursement processing, reviewing and approving.
- Receipts – The District Attorney has written policies and procedures regarding receiving, recording and preparation of deposits for all receipts.
- Payroll & Personnel – The District Attorney has written policies and procedures regarding payroll processing and reviewing and approving time and attendance.
- Contracting – The District Attorney has written policies and procedures regarding the types of services that require contracts, terms and condition, legal review and approval.
- Credit Cards – The District Attorney has written policies and procedures regarding the control of credit cards, allowable business usage, documentation requirements, required approvers and monitoring process.
- Travel & Expense Reimbursement – The District Attorney has written policies and procedures regarding what's allowable, dollar amount by expense category, documentation requirements and required approvers.
- Ethics – The District has written policies and procedures regarding ethics.
- Debt Service – This is not applicable for this not for profit entity.

2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
 - c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

The District Attorney does not have a Board or Committee

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.
4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 - a) Bank reconciliations have been prepared;
 - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
 - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

The District Attorney has ten bank accounts that it operates. Bank reconciliations are prepared monthly and the Assistant District Attorney examines them along with the bank statement each month checking outstanding check amounts. The Assistant District Attorney currently does sign off on the reconciliations and bank statements.

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.
6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
 - b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
 - c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.
7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Cash is received by the individual bringing the money to the office or by mail. There is a policy on procedures regarding cash collections, but the persons receiving the payments are not bonded. There is no formal process to reconcile cash collections to the general ledger or subsidiary. I selected the highest (dollar) week of cash collections from the general ledger and traced daily collections to the deposit date on the bank statement noting their timely deposit. All cash collections are completely supported by documentation without any exceptions. Currently, the District Attorney does have written documentation on the processes to determine completeness of all collections.

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

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
 - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.
10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.
 11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.
 12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.
 13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

A listing of disbursements was obtained from the District Attorney and 40 disbursements were selected for testing, and no exceptions were noted. There currently is no policy or procedure prohibiting the person responsible for processing payments from adding vendors to the District Attorney's purchasing system. There is a segregation of duties policy which covers who has signatory authority and authorization for disbursements do not initiate or record purchases. Unused checks are maintained in a locked location with restricted access. A signature stamp is used and signed checks are maintained by the signer until ready to be mailed.

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

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

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
 - b) Report whether finance charges and/or late fees were assessed on the selected statements.
16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).
- a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
 - b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
 - c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

A list of all credit and debit cards was obtained from the District Attorney. 4 cards were selected for testing with the monthly statements without any exceptions. No finance charges were paid on any of the statements.

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.
18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.
19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

- b) Report whether each expense is supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

A listing of all travel and related expense reimbursements during the fiscal year was obtained from the District Attorney. The District Attorney has written policies and procedures regarding travel and expense reimbursements. Three travel payments were selected and tested without exception. All travel and expense, and expense reimbursements were documented as to the business purpose and all were reviewed and approved by someone other than the person receiving the reimbursement.

- 20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.
- 21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
 - a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
 - b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
 - c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

A list of contracts was obtained from the District Attorney, four contracts paid the most money were selected for testing without exception.

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
 - a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
 - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.
- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee.

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

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
 - c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.
- 24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete.

If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.
 - 25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

A listing of employees was obtained from the District Attorney. All full-time employees do not fill out a time sheet, but they turn in leave slips. Their hours are recapped on a time recap that is approved by the personnel director and sent to the Police Jury. The attorneys are paid by the Police Jury, state warrant and the rest is supplemented by the District Attorney, who makes the decision on the amount to supplement. The non-attorney full-time employees are paid by the Police Jury. Part-time employees are required to fill out a time sheet, but do not have leave slips. They are not paid if they do not work. There were no terminated employees during the year. All payroll taxes and reports for the amounts paid to the attorneys from the District Attorney were paid and filed during the year without exception.

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.
27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Five employees were tested for their ethics compliance documentation without exception. There were no ethics violations during the year and there were not allegations received during the year.

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.
29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.
30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

This is not applicable for this entity.

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.
33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Inquired of management whether the District Attorney's office had any misappropriations of public funds or assets and there was none. The notice concerning the reporting of misappropriation, fraud, waste, or abuse of public funds is posted on its premises, which is the notice required by R.S. 24:523.1.

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

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

David M. Hartt, CPA (APAC)

West Monroe, Louisiana
April 29, 2018