

**DISTRICT ATTORNEY
OF THE THIRD JUDICIAL DISTRICT
PARISHES OF
LINCOLN AND UNION, LOUISIANA**

**FINANCIAL STATEMENTS
DECEMBER 31, 2017**

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA**

**FINANCIAL STATEMENTS
DECEMBER 31, 2017**

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 6
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements	
Balance Sheet - Governmental Funds	11
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	12
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	13
Statement of Fiduciary Net Position	14
Notes to the Financial Statements	15 - 31
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund	33
Budgetary Comparison Schedule - Title IV-D	34
Budgetary Comparison Schedule - PHSAC	35
OTHER REPORTS AND SCHEDULES	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	37 - 38
Schedule of Findings and Questioned Costs	39
Schedule of Prior Year Findings	40
Management's Corrective Action Plan	41
Schedule of Compensation, Benefits and Other Payments to the District Attorney	42

DON M. MCGEHEE
(A Professional Accounting Corporation)

P.O. Box 1344
205 E. Reynolds Drive, Suite A
Ruston, Louisiana 71273-1344

INDEPENDENT AUDITOR'S REPORT

Honorable John Belton
District Attorney of the Third Judicial District
100 West Texas, 2nd Floor
Ruston, Louisiana 71270

Report on the Financial Statements

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on the pages indicated 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 my inquiries, the basic financial statements, and other knowledge I obtained during my 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.

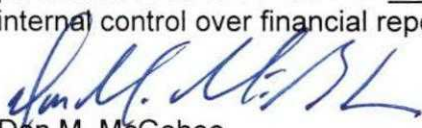
Other Information

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 supplemental schedule of compensation, benefits, and other payments is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental schedule of compensation, benefits and other payments 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 supplemental schedule of compensation, benefits and other payments is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated June 26, 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 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.


Don M. McGehee
Certified Public Accountant
June 26, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

John F. K. Belton, District Attorney

Third Judicial District of Louisiana
Parishes of Lincoln and Union

Lincoln Parish Office
100 West Texas Ave.
2nd Floor
Ruston, LA 71270-4474
Ph: (318) 513-6350
Fax: (318) 251-5103

Union Parish Office
100 E. Bayou St.
Farmerville, LA 71241
Ph: (318) 368-2201
Fax: (318) 368-3717

**MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017**

Our discussion and analysis of the District Attorney's financial performance provides an overview of the financial activities for the year ended December 31, 2017. It is based upon currently known facts, decisions, and conditions. Please read it in conjunction with the financial statements which begin on page 8.

Basic Financial Statements

The basic financial statements include government-wide and fund financial statements. The government-wide statements consist of a Statement of Net Position and a Statement of Activities and provide information about the financial activities of our Office as a whole. The government-wide statements present a long-term view of our finances. Fund financial statements consist of the respective fund's balance sheet and the fund's statement of revenues, expenditures and changes in fund balance, if applicable. The fund statements tell how our services were financed in the short-term and what remains for future spending. The primary difference between the fund and government-wide statement presentation methods is that expenditures for capital assets are expensed in the fund financial statements but capitalized and depreciated in the government-wide statements.

Our office reports information about monies we hold as an agent for others in the fiduciary fund. We are responsible for ensuring that all assets held for others are distributed as ordered by the court. We cannot use the assets held for others to finance our operations.

Statement of Net Position and Statement of Activities

One of the most important questions asked about our finances is, "Is the District Attorney's Office as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about our Office as a whole and about our activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is a method similar to accounting used by most private-sector companies. All revenues and expenses of the current year are reported under this method regardless of when cash is received or disbursed.

These two statements report our Office's net position and the changes in the position. You can think of net position - the difference between assets and liabilities - as one way to measure the financial health, or financial position, of our Office. Increases/(decreases) in our net position are one indicator of whether our financial health is improving/(deteriorating).

We report the financial activity of all services provided by us in the Statement of Net Position and Statement of Activities. Expenses primarily include salaries, related benefits, and office expenses. Fees received from defendants, funds from grants and other assistance, and on-behalf payments from the State of Louisiana finance most of our activities.

Government-Wide Financial Analysis

As noted above, net position may serve as a useful indicator of an entity's financial position. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the governmental activities of our Office.

Table 1
Total Net Position

	<u>2017</u>	<u>2016</u>
Current Assets	\$ 1,985,945	\$ 1,562,719
Capital Assets	<u>44,958</u>	<u>37,389</u>
Total Assets	<u>2,030,903</u>	<u>1,600,108</u>
Total Deferred Outflows	<u>316,870</u>	<u>382,405</u>
Current Liabilities	10,790	36,303
Noncurrent Liabilities	<u>339,202</u>	<u>349,988</u>
Total Liabilities	<u>349,992</u>	<u>386,291</u>
Total Deferred Inflows	<u>122,472</u>	<u>140,934</u>
Net Position:		
Investment in Capital Assets	44,958	37,389
Restricted Net Position	25,705	38,702
Unrestricted Net Position	<u>1,804,646</u>	<u>1,379,197</u>
Total Net Position	<u>\$ 1,875,309</u>	<u>\$ 1,455,288</u>

Net position increased \$420,021 from the prior year. Unrestricted net position, which is the part of net position that can be used to finance the day-to-day operations of our office without constraints, increased \$425,449. Restricted net position, related to special revenue programs, decreased \$12,997. The prior year amount presented above as restricted was reclassified from unrestricted net position.

Table 2
Change in Net Position

	<u>2017</u>	<u>2016</u>
Revenues		
Program Revenues:		
Fees	\$ 1,026,706	\$ 1,136,083
Intergovernmental	743,123	843,676
On-Behalf Revenue	461,598	411,707
Grants and Other Assistance	438,250	461,808
General Revenues:		
Intergovernmental	364,660	364,660
Interest Income	2,022	376
Other Income	<u>8,792</u>	<u>12,083</u>
Total Revenues	<u>3,045,151</u>	<u>3,230,393</u>
Program Expenses:		
General Government-Judiciary	2,163,532	2,015,901
On-Behalf Expenses	<u>461,598</u>	<u>411,707</u>
Total Expenses	<u>2,625,130</u>	<u>2,427,608</u>
Increase in Net Position	<u>\$ 420,021</u>	<u>\$ 802,785</u>

Total revenues decreased by 6% (\$185,242) from the prior year. Fees decreased by 10% (\$109,377), intergovernmental program revenue decreased 12% (\$100,553), and grants decreased by 5% (\$23,558). On behalf revenue and expense increased 12% (\$49,891), as the District Attorney's Office had all available assistant district attorney positions filled in the current year.

Expenses increased 8% (\$197,522), primarily from an increase in salaries and related benefits.

The net effect of the 2017 changes in revenues and expenses from 2016 was a \$382,764 decrease in the total change in net position for the year ended December 31, 2017, compared to the prior year total change in net position.

Fund Financial Statements

As of our year end on December 31, 2017, our governmental funds reported a fund balance of \$1,580,948, which is \$314,482 more than last year's fund balance. Less than 1% (\$7,149) is considered unspendable, that portion having been used for prepaid items, 1% (\$12,558) is restricted, with the remaining 98% (\$1,561,241) unassigned. During 2017, revenues decreased 8% (\$246,088) primarily as a result of a decrease in fees and intergovernmental revenues. Expenditures increased about 7% (\$166,074) over the prior year, primarily the result of increases in salaries and related benefits, which is partially offset by a decrease in contract services.

General Fund Budgetary Highlights

We amend our budget when we determine there are unexpected unfavorable differences exceeding 5% between actual and anticipated revenues and/or expenditures. There were budget amendments adopted for 2017.

Our final amended budget was adopted just prior to year end. The differences between the original and final amended budget were a 4% (\$89,014) decrease in expenditures and transfers out, and a 8% (\$219,812) decrease in revenues. The changes to budgeted expenditures included significant decreases to capital outlay, a decrease in employee benefits, and an increase in salaries. Budgeted revenues included significant decreases to fees, intergovernmental revenues, and grants. There was also a change to adjust the beginning fund balance to prior year actual amounts. There were no other significant budget amendments.

Actual general fund revenues were \$47,238 less than budgeted revenues, and actual general fund expenditures and transfers were \$14,396 less than budgeted expenditures and transfers. The more significant variances between actual results compared to the general fund budget, as reported on page 33, were \$53,737 less in intergovernmental than budgeted, \$20,813 less in contract services than budgeted, \$32,743 less in employee benefits than budgeted, and \$15,090 more salaries than budgeted. Additionally, operating transfers out to special revenue funds were \$36,700 more than budgeted.

Capital Assets

In 2017 we purchased computer equipment and office equipment. For the upcoming year, we plan to purchase additional computer equipment, office furniture, and computer software, but there are no plans to issue debt to finance these purchases or any other future project.

Currently Known Facts, Decisions, or Conditions

We are not aware of any facts, decisions, or conditions that are expected to have a significant impact on the financial position or results of operations after the reporting date.

Contacting the District Attorney's Office

This financial report is designed to provide citizens and taxpayers with a general overview of the finances of the District Attorney's Office and to show accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Attorney's Office at 100 W. Texas Avenue, Ruston, LA 71270.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA**

**STATEMENT OF NET POSITION
DECEMBER 31, 2017**

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 1,221,610
Investments	251,408
Due from Other Governmental Units	443,468
Due from Grants	50,087
Due from Others	12,223
Prepaid Insurance	7,149
Capital assets, net of depreciation	<u>44,958</u>
Total Assets	<u>2,030,903</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>316,870</u>
LIABILITIES	
Accounts Payable	3,972
Accrued Liabilities	6,818
Long-Term Liability:	
Pension Liability	<u>339,202</u>
Total Liabilities	<u>349,992</u>
DEFERRED INFLOWS OF RESOURCES	<u>122,472</u>
NET POSITION	
Invested in Capital Assets	44,958
Restricted for:	
IV-D Program	2,672
IWC Program	4,908
PHSAC Program	18,125
Unrestricted	<u>1,804,646</u>
Total Net Position	<u>\$ 1,875,309</u>

See accompanying notes to financial statements.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
GOVERNMENTAL ACTIVITIES:				
General Government-Judicial	\$ <u>2,625,130</u>	\$ <u>2,231,427</u>	\$ <u>438,250</u>	\$ <u>44,547</u>
Total Governmental Activities	\$ <u>2,625,130</u>	\$ <u>2,231,427</u>	\$ <u>438,250</u>	<u>44,547</u>
General Revenues:				
Intergovernmental not restricted to specific programs				364,660
Interest earnings				2,022
Miscellaneous				<u>8,792</u>
Total General Revenues				<u>375,474</u>
Change in Net Position				420,021
Net Position - Beginning				<u>1,455,288</u>
Net Position - Ending				<u>\$1,875,309</u>

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA**

**BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

	<u>General Fund</u>	<u>Special Revenue Funds</u>			<u>Total Governmental Funds</u>
		<u>Title IV-D</u>	<u>Worthless Checks</u>	<u>PHSAC</u>	
ASSETS					
Cash	\$ 809,322	\$307,712	\$ 25,774	\$ 78,802	\$ 1,221,610
Investments	251,408	0	0	0	251,408
Due from Other					
Governmental Units	44,576	19,864	0	0	64,440
Due from Grants	9,659	0	0	25,249	34,908
Due from Others	11,798	0	425	0	12,223
Due from Other Funds	445,229	0	0	0	445,229
Prepaid Expenses	7,149	0	0	0	7,149
Total Assets	<u>\$ 1,579,141</u>	<u>\$327,576</u>	<u>\$ 26,199</u>	<u>\$104,051</u>	<u>\$ 2,036,967</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 3,933	\$ 21	\$ 0	\$ 18	\$ 3,972
Accrued Liabilities	6,818	0	0	0	6,818
Due to Other Funds	<u>0</u>	<u>324,883</u>	<u>21,291</u>	<u>99,055</u>	<u>445,229</u>
Total Liabilities	<u>10,751</u>	<u>324,904</u>	<u>21,291</u>	<u>99,073</u>	<u>456,019</u>
FUND BALANCES					
Nonspendable--					
Prepaid Expenses	7,149	0	0	0	7,149
Restricted for--					
Title IV-D	0	2,672	0	0	2,672
Worthless Checks	0	0	4,908	0	4,908
PHSAC	0	0	0	4,978	4,978
Unassigned	<u>1,561,241</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,561,241</u>
Total Fund Balance	<u>1,568,390</u>	<u>2,672</u>	<u>4,908</u>	<u>4,978</u>	<u>1,580,948</u>
Total Liabilities and Fund Balance	<u>\$ 1,579,141</u>	<u>\$327,576</u>	<u>\$ 26,199</u>	<u>\$104,051</u>	

Amounts reported in the Statement of Net Position in the government-wide financial statements are different from those reported in the balance sheet above because:

Capital assets are not recognized as financial resources and are not reported as assets in the balance sheet above yet are recognized in the Statement of Net Position.	44,958
Receivables that are not expected to be collected and available to timely pay current period expenditures are not recognized as financial resources and are not recorded as assets in the balance sheet above yet are recognized in the Statement of Net Position.	394,207
The deferred outflows of expenditures for pension obligations are not a use of current resources, and therefore, are not reported in the fund financial statements.	316,870
The deferred inflows of contributions for pension obligations are not available resources, and therefore, are not reported in the fund financial statements.	(122,472)
Adjustment for Long-Term Liabilities - Long-term pension liabilities are not due and payable in the current period and therefore are not reported in the general fund balance sheet nor reflected in fund balance for the general fund.	<u>(339,202)</u>
Net position of government activities in the government-wide financial statements	<u>\$1,875,309</u>

See accompanying notes to financial statements.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

	General	Title IV-D	Worthless Checks	PHSAC	Total Governmental Funds
REVENUES					
Fees	\$ 1,018,636	\$ 0	\$ 8,070	\$ 0	\$ 1,026,706
Grants and Other Assistance	75,039	241,179	0	118,669	434,887
Interest Income	1,790	232	0	0	2,022
Intergovernmental	976,888	0	0	0	976,888
On-Behalf Revenue	461,598	0	0	0	461,598
Other Income	<u>8,672</u>	<u>0</u>	<u>0</u>	<u>120</u>	<u>8,792</u>
Total Revenues	<u>2,542,623</u>	<u>241,411</u>	<u>8,070</u>	<u>118,789</u>	<u>2,910,893</u>
EXPENDITURES					
Capital Outlay	12,171	2,000	0	2,171	16,342
Contract Services	241,557	0	0	48,196	289,753
Dues	9,869	0	0	899	10,768
Employee Benefits	212,301	63,464	7,193	16,009	298,967
Insurance	25,599	0	0	0	25,599
LDAA Assessment	15,677	0	0	0	15,677
Library	8,634	0	0	0	8,634
Lincoln Police Jury	14,000	0	0	0	14,000
Office Expense	83,476	2,530	699	3,622	90,327
Other	3,152	0	0	2,385	5,537
Payroll Taxes	37,058	3,090	222	2,295	42,665
Professional Fees	33,761	405	0	1,400	35,566
Rent	744	0	0	0	744
Salaries	1,401,535	213,083	15,322	65,672	1,695,612
Telephone	11,092	2,536	0	3,260	16,888
Training and Seminars	7,839	0	0	425	8,264
Travel	15,548	0	0	0	15,548
Trial Expenses	<u>5,520</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,520</u>
Total Expenditures	<u>2,139,533</u>	<u>287,108</u>	<u>23,436</u>	<u>146,334</u>	<u>2,596,411</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	403,090	(45,697)	(15,366)	(27,545)	314,482
OTHER FINANCING SOURCES (USES)					
Operating Transfers In (Out)	<u>(88,541)</u>	<u>38,458</u>	<u>17,560</u>	<u>32,523</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(88,541)</u>	<u>38,458</u>	<u>17,560</u>	<u>32,523</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	314,549	(7,239)	2,194	4,978	314,482
Fund Balance-Beginning	<u>1,253,841</u>	<u>9,911</u>	<u>2,714</u>	<u>0</u>	<u>1,266,466</u>
Fund Balance-Ending	<u>\$ 1,568,390</u>	<u>\$ 2,672</u>	<u>\$ 4,908</u>	<u>\$ 4,978</u>	<u>\$ 1,580,948</u>

See accompanying notes to financial statements.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017**

Net Change in Fund Balances-Total Governmental Funds **\$ 314,482**

Amounts reported in the Statement of Activities in the government-wide financial statements are different from those reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance in the fund financial statements because:

Capital outlays are not recognized as expenditures in the Statement of Activities, but an economic cost of the outlay over an estimated useful life of the asset is recognized as depreciation expense. Depreciation expense of \$8,773 recognized in the government-wide Statement of Activities was less than the \$16,342 in capital outlay expenditures reported in the fund financial statements by \$7,569. 7,569

Net revenues of \$182,183 recognized in the Statement of Activities were not available to fund current period expenditures and are not recognized as revenue in the fund financial statements. Revenues of \$47,925 that were recognized in the Statement of Activities in the prior year but not in the fund financial statements were recognized in the current period fund financial statements. 134,258

Adjustment for Difference in Pension Expense - Governmental funds report pension expenditures based on required contributions, while in the Statement of Activities pension expense is reported based on the change in net pension liability and amortization of deferred inflows and outflows. (36,288)

Change in Net Position of Government Activities **\$ 420,021**

See accompanying notes to financial statements.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA**

**STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2017**

	<u>Agency Fund</u>
ASSETS	
Cash	\$ <u>37,706</u>
Total Assets	<u>37,706</u>
LIABILITIES	
Seizures not yet Forfeited	26,215
Judgments not yet Disbursed	<u>11,491</u>
Total Liabilities	<u>37,706</u>
NET POSITION	<u><u>\$ 0</u></u>

See accompanying notes to financial statements.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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 accompanying basic financial statements of the District Attorney's Office are prepared in accordance with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies used by the District Attorney's Office are discussed below:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

For financial reporting purposes, in conformity with GASB Statement No. 14, the District Attorney of the Third Judicial District is a component unit of the Lincoln Parish Police Jury. For the purposes of this financial report, this component unit serves as the nucleus for its own financial reporting entity and issues separate financial statements.

FUND ACCOUNTING

The accounts of the District Attorney are organized and operated on the basis of funds. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. Fund accounting utilizes three categories of funds: governmental, proprietary, and fiduciary. Furthermore, each category is divided into separate "fund types."

The fund categories used by the District Attorney's Office are governmental funds and fiduciary funds. Governmental funds account for the District Attorney's general activities, including the collection and disbursement of specific or legally restricted monies, and the acquisition of general fixed assets. Fiduciary funds account for the activity of the District Attorney as an agent for third parties.

Governmental Funds

General Fund

The General Fund is the general operating fund of the district attorney. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specific purposes. The District Attorney's Office uses the following special revenue funds:

Title IV-D Fund - To account for the receipt and expenditures of reimbursement grants from the Louisiana Department of Health and Human Resources, authorized by Act 117 of 1975, to establish family and child support programs compatible with Title IV-D of the social security act. The purpose of the fund is to enforce the support obligation owed by absent parents to their families and children, to locate absent parents, to establish paternity, and to obtain family and child support.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Special Revenue Funds (continued)

Worthless Checks Fund - To account for the receipt and use of the proceeds from fees collected in accordance with Louisiana Revised Statute 16:15, which provides that the District Attorney receives, from the principle to the offense, a prescribed amount upon collection of a worthless check. The fund may be used to defray the salaries and expenses of the office of the District Attorney, but may not be used to supplement the salary of the District Attorney.

Pine Hills Sexual Assault Center (PHSAC) - To account for the receipt and use of monies from grants to operate the Pine Hills Sexual Assault Center. The Pine Hills Children's Advocacy Center, Inc. (a non-profit organization) passes grants through to the PHSAC to provide services to victims of sexual abuse and/or assault and their families. The PHSAC is not legally separate from the District Attorney's Office.

Fiduciary Funds

Agency Funds

Agency Funds are used to account for assets held by the District Attorney's Office as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations:

Forfeiture and Fine Fund - To account for assets received under the asset forfeiture law, under the bond forfeiture law, and for bail bond license fees. The asset forfeiture funds and the bond forfeiture funds are held until a judgment is rendered on each case instructing the District Attorney's Office on the disbursements of the funds. The bail bond license fees are distributed to various agencies, including the District Attorney's general fund, as provided by law.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. The Statement of Net Position and Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

Program revenues included in the Statement of Activities derive directly from the program itself and reduce the cost of the function to be financed from the general revenues.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

Fund Financial Statements

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All government funds are accounted for using a current financial resources measurement focus and 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 that the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. An availability period of 60 days was used. Revenues accrued include commissions (collected by another governmental unit and remitted to the District Attorney), other intergovernmental revenue, and reimbursements for expenditures from the state. Revenues that are not considered susceptible to accrual include certain charges for fees and forfeitures. Expenditures are recorded when the related fund liability is incurred.

With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

GOVERNMENT-WIDE NET POSITION

Government-wide net position is divided into three components:

Net Investment in Capital Assets - consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted Net Position - consist of assets that are restricted by the state enabling legislation, by grantors, and by other contributors less related liabilities and deferred inflows of resources.

Unrestricted - all other net position is reported in this category.

GOVERNMENTAL FUND BALANCE

Beginning January 1, 2011, the District Attorney's Office implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance - amounts that are not in spendable form (such as prepaids) or are required to be maintained intact.

Restricted Fund Balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed Fund Balance - amounts constrained to specific purposes by the government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assigned Fund Balance - amounts the government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned Fund Balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

The District Attorney's Office establishes (and modifies or rescinds) fund balance commitments by passage of an order by the District Attorney. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as special incentives). Assigned fund balance is established by the District Attorney through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

USE OF RESTRICTED RESOURCES

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District Attorney's Office's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the District Attorney's Office's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications - committed and then assigned fund balances before using unassigned fund balance.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

BUDGETS AND BUDGETARY ACCOUNTING

The District Attorney's Office prepared an operating budget on its general fund and special revenue funds for the year ended December 31, 2017, except the Worthless Check Fund (which has less than \$50,000 in expenditures, and is exempt from the Louisiana Local Government Budget Act). Also, the District Attorney's Office budgeted PHSAC revenues and expenditures as a special revenue fund in 2017, previously this program was included in the General Fund. The TASC program did not meet the requirements for a special revenue fund in 2017 and was included in the General Fund budget. Budgetary data is prepared based on prior year actual operating revenues and expenditures. It is monitored by management and amended throughout the year as necessary. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. The District Attorney's Office performs only a custodial function in the case of the agency fund and therefore a budget for this fund is not appropriate.

The 2017 general fund budget was authorized by the District Attorney, made available for public inspection at the District Attorney's Office, and adopted by the District Attorney on December 22, 2016. The budget was amended prior to year end by the District Attorney.

DEPOSITS AND INVESTMENTS

Cash and cash equivalents consist of cash on hand, demand deposits, interest-bearing demand deposits, and short-term time deposits with original maturities of three months or less from the date of acquisition. It also includes cash on hand and undeposited currency being held in trust for evidence.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEPOSITS AND INVESTMENTS (CONTINUED)

Under state law, the District Attorney may invest funds in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. Investments are reported at fair value, except certificates of deposit are reported at cost.

SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet.

CAPITAL ASSETS

Capital assets are recorded at cost and depreciated over their estimated useful lives. Donated assets are recorded at their estimated fair value as of the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Furniture and Equipment	5 - 7 years
-------------------------	-------------

DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows and inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

VACATION AND SICK LEAVE

Employees earn 12 days of vacation and sick leave each year. Vacation and sick leave must be used in the year earned. There are no accumulated and vested benefits relating to vacation and sick leave that require accrual or disclosure at year end.

PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expenses, information about the fiduciary net position of the District Attorney's Retirement System (DARS) and the Parochial Employees Retirement System of Louisiana (PERS), and additions to/deductions from DARS' and PERS' fiduciary net position have been determined on the same basis as they are reported by DARS and PERS. 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.

NOTE 2 - CASH AND INVESTMENTS

Cash consists of demand deposits and money market deposits, which includes fiduciary fund cash under the District Attorney's control. Investments include certificates of deposit. These deposits are carried at cost which approximates market 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 or exceed the amount on deposit with the fiscal agent. Pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

At December 31, 2017, the District Attorney's Office has \$1,510,724 in cash and investments (carrying value) or \$1,622,631 in deposits (collected bank balances). These deposits are secured from risk by \$1,351,531 of federal deposit insurance and \$271,100 of pledged securities held by the custodial bank in the name of the fiscal agent with no of amounts held for deposit uncollateralized. Even though the securities are considered uncollateralized under the provisions of GASB Statement 3, LSA-R.S. 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's Office that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consisted of the following:

Commissions and Fees from -	
City of Ruston	\$ 112
Lincoln Parish Sheriff's Office	12,054
Union Parish Sheriff's Office	3,970
Lincoln Parish Criminal Court Fund	22,045
Union Parish Criminal Court Fund	364,028
Lincoln Parish Sheriff's Office-Cost of Prosecution Fees and Restitution	977
Union Parish Sheriff's Office-Cost of Prosecution Fees	671
Union Parish School Board	15,000
State of Louisiana-Victim's Assistance	2,500
State of Louisiana Fee Collection	<u>2,247</u>
Total General	423,604
State of Louisiana-Title IV-D	<u>19,864</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 443,468</u>

NOTE 4 - CAPITAL ASSETS

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

	<u>Balance</u> <u>01/01/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/17</u>
<u>Capital Assets at Cost</u>				
Furniture and Equipment	\$ <u>151,060</u>	\$ <u>16,342</u>	\$ <u>4,328</u>	\$ <u>163,074</u>
TOTALS	<u>151,060</u>	<u>16,342</u>	<u>4,328</u>	<u>163,074</u>
<u>Less Accumulated Depreciation</u>				
Furniture and Equipment	<u>113,671</u>	<u>8,773</u>	<u>4,328</u>	<u>118,116</u>
TOTALS	<u>113,671</u>	<u>8,773</u>	<u>4,328</u>	<u>118,116</u>
Net Capital Assets	<u>\$ 37,389</u>	<u>\$ 7,569</u>	<u>\$ 0</u>	<u>\$ 44,958</u>

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2017, consisted of the following individual fund receivables and payables:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 445,229	\$ 0
Special Revenue Fund - Title IV-D	0	324,883
Special Revenue Fund - Worthless Check	0	21,291
Special Revenue Fund - PHSAC	<u>0</u>	<u>99,055</u>
TOTAL	<u>\$ 445,229</u>	<u>\$ 445,229</u>

DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 6 - PENSION PLANS

The District Attorney's Office contributes to the District Attorneys' Retirement System (DARS) and the Parochial Employees Retirement System of Louisiana (PERS). The District Attorney and Assistant District Attorneys are members of the Louisiana District Attorneys' Retirement System. All other employees are members of the Parochial Employees Retirement System of Louisiana, if they are permanent employees working at least 28 hours a week.

The DARS plan is a cost sharing multiple-employer defined benefit pension plan administered by the District Attorneys' Retirement System (DARS). DARS was established 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 R.S. 11, Chapter 3 for district attorneys and their assistants in each parish. The DARS issues a publicly available financial report that includes financial statements and required supplementary information for DARS. That report may be obtained by writing to District Attorneys' Retirement System of Louisiana, 2109 Decatur Street, New Orleans, Louisiana 70116, or by calling (504) 947-5551.

The PERS plan is a cost sharing multiple-employer defined benefit pension plan administered by the Parochial Employees' Retirement System of Louisiana (PERS). The PERS was established and provided for by R.S. 11:1901 of the Louisiana Revised Statutes. The PERS Board of Trustees and the Louisiana Legislature have the authority to review administration, benefit terms, investments, and funding of the plan. The retirement system issues a publicly available financial report. That report may be obtained by writing to Parochial Employees' Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

GENERAL INFORMATION ABOUT THE PENSION PLANS

Benefits Provided

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

Retirement Benefits

DARS Plan

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

Members who joined the DARS after July 1, 1990, or who have elected to be covered by the new provisions, are eligible to receive a normal retirement benefit if they are age 60 and have 10 years of service credit, are age 55 and have 24 years of service credit, or have 30 years of service credit regardless of age. The normal retirement benefit is equal to 3.5% of the member's final average compensation multiplied by years of membership service. A member is eligible for an early retirement benefit if he is age 55 and has 18 years of service credit. The early retirement benefit is equal to the normal retirement benefit reduced 3% for each year the member retires in advance of normal retirement age. Benefits may not exceed 100% of final average compensation.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017**

NOTE 6 - PENSION PLANS (CONTINUED)

PERS Plan

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification.

Any member of Plan A can retire providing he/she meets one of the following criteria:

Employees hired prior to January 1, 2007, can retire at any age with thirty or more years of creditable service, age 55 with twenty-five years of creditable service, age 60 with a minimum of ten years of creditable service, or age 65 with a minimum of seven years of creditable service.

Employees hired after January 1, 2007, can retire age 55 with 30 years of service, age 62 with ten years of service, or age 67 with 7 years of service.

Any member of Plan B can retire providing he/she meets one of the following criteria:

Employees hired prior to January 1, 2007, can retire at age 55 with thirty years of creditable service, age 60 with a minimum of ten years of creditable service, or age 65 with a minimum of seven years of creditable service.

Employees hired after January 1, 2007, can retire age 55 with 30 years of service, age 62 with ten years of service, and age 67 with 7 years of service.

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

Deferred Retirement Benefits

DARS Plan

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

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

DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

NOTE 6 - PENSION PLANS (CONTINUED)

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

PERS Plan

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for that member who is eligible for normal retirement. In lieu of terminating employment and accepting a service retirement, any member of Plan A or B who is eligible to retire may elect to participate in DROP in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments in the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account. Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

Disability Benefits

DARS Plan

Disability benefits are awarded to active contributing members with at least ten years of service who are found to be totally disabled as a result of injuries incurred while in active service. The member receives a benefit equal to 3% (3.5% for members covered under the new retirement benefit provisions) of his average final compensation multiplied by the lesser of his actual service (not less than fifteen years) or projected continued service to age sixty.

PERS Plan

For Plan A and Plan B, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007, and has a least five years of creditable service or if hired after January 1, 2007, and has seven years of creditable service, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board.

DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

NOTE 6 - PENSION PLAN (CONTINUED)

Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to a three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or three percent multiplied by years of service assuming continued service to age sixty. Plan B members shall be paid a disability benefit equal to the lesser of an amount equal to two percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or an amount equal to what the member's normal benefit would be based on the member's current final compensation but assuming the member remained in continuous service until his earliest normal retirement age.

Survivor's Benefits

DARS Plan

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

PERS Plan

Upon the death of any member of Plan A with five or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined in the statutes. Upon the death of any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit, as outlined in the statutes. Plan B members need ten years of service credit to be eligible for survivor benefits. Upon the death of any member of Plan B with twenty or more years of creditable service who is not eligible for normal retirement, the plan provides for an automatic Option 2 benefit for the surviving spouse when he/she reaches age 50 and until remarriage, if the remarriage occurs before age 55. A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than twelve months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

Permanent Benefit Increases/Cost-of-Living Adjustments

DARS Plan

The Board of Trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of 3% of their original benefit, (not to exceed sixty dollars per month) and all retired members and widows who are 65 years of age and older a 2% increase in their original benefit. In lieu of other cost of living increases the board may grant an increase in the form of "Xx(A&B)" where "A" is equal to the number of years of credited service accrued at retirement or death of the member or retiree and "B" is equal to the number of years since death of the member or retiree to June 30 of the initial year of increase and "X" is equal to any amount available for funding such increase up to a maximum of \$1.00. In order for the board to grant any of these increases, the DARS must meet certain criteria detailed in the statute related to funding status and interest earnings.

DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

NOTE 6 - PENSION PLAN (CONTINUED)

PERS Plan

The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July, 1973. The adjustment cannot exceed two percent of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age 65 equal to two percent of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

Contributions

DARS Plan

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2017 and June 30, 2018, the actual employer contribution rate was 0.00% and 0.00%, respectively. The District Attorney's contributions to DARS for the year ended December 31, 2017, was \$0, equal to the required contributions for the year.

In accordance with state statute, the DARS receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities. Non-employer contributions were recognized as revenue during the year ended June 30, 2017 and excluded from pension expense.

PERS Plan

According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2016, the actuarially determined contribution rate was 10.52% of member's compensation for Plan A and 7.20% of member's compensation for Plan B. However, the actual rate for the fiscal year ending December 31, 2016 was 13.0% for Plan A and 8.0% for Plan B. The District Attorney's Office participates in Plan A. The actual rate of Plan A for the fiscal year ending December 31, 2016 was 13%. Contributions to the pension plan from the the District Attorney's Office were \$74,548 for the year ended December 31, 2017, at a rate of 12.5%.

According to state statute, the System also receives one-fourth of one percent of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

NOTE 6 - PENSION PLAN (CONTINUED)

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

At December 31, 2017, the Employer reported a liability of \$339,202 for its proportionate share of the Net Pension Liability for all plans. The Net Pension Liability was measured as of June 30, 2017 for the DARS Plan and as of December 31, 2016 for the PERS Plan, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of those dates. The District Attorney's proportion of the Net Pension Liability was based on a projection of the District Attorney'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 District Attorney's proportion of the DARS Plan was 0.519566% which was an increase of 0.04596% from its proportion measured as of June 30, 2016. At December 31, 2016, the District Attorney's proportion of the PERS Plan was 0.096656%, which was a decrease of 0.001865% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the the District Attorney recognized pension expense of \$106,718 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions \$7,981.

At December 31, 2017, the 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	\$ 0	\$ 71,676
Changes of assumptions	100,623	16,538
Net difference between projected and actual earnings on pension plan investments	210,721	0
Change in proportion and differences between Employer contributions and proportionate share of contributions	5,526	9,171
Employer contributions subsequent to the measurement date	0	25,087
Total	\$ 316,870	\$ 122,472

There are no deferred outflows of resources related to pensions resulting from the District Attorney's contributions subsequent to the measurement date which will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017**

NOTE 6- PENSION PLAN (CONTINUED)

Year Ended December 31:

2018	\$ 42,008
2019	\$ 84,859
2020	\$ 53,972
2021	\$ (550)
2022	\$ 6,216
2023	\$ 7,893

Actuarial Assumptions

DARS Plan

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	Entry Age Normal Cost
Actuarial Assumptions:	
Expected Remaining Service Lives	7 years
Investment Rate of Return	6.75%, net of investment expense
Projected Salary Increases	5.50% (2.5% Inflation, 3% Merit)
Mortality Rates	The RP-2000 Combined Healthy with White Collar Adjustment Sex Distinct Tables (set back 1 year for females) for employees, annuitants, and beneficiaries. RP 2000 Disabled Lives Mortality Table (set back 5 years for males and set back 3 years for females) was selected for disabled annuitants.
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 creditability weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a periodic equivalent to the estimated duration of the DARS's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017**

NOTE 6 - PENSION PLAN (CONTINUED)

Actuarial Assumptions

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by 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 DARS's target asset allocations as of June 30, 2017 were as follows:

Asset Class	Long-Term Target Asset Allocation	Rates of Return	
		Real	Nominal
Equities	61.72 %	11.31 %	
Fixed Income	28.95 %	6.84 %	
Alternatives	8.85 %	10.50 %	
Cash	0.48 %	0.50 %	
System Total	100.00 %		6.56 %
Inflation			2.70 %
Expected Arithmetic Nominal Return			9.04 %

PERS Plan

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2016 are as follows:

Valuation Date	December 31, 2016
Actuarial Cost Method	Plan A - Entry Age Normal Plan B - Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	4 years
Investment Rate of Return	7.00% (Net of investment expense)
Projected Salary Increases	Plan A - 5.25% (2.75% Merit/2.50% Inflation) Plan B - 5.25% (2.75% Merit/2.50% Inflation)
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the PERS and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.
Mortality	RP-2000 Employee Sex Distinct Table was selected for employees. RP-2000 Healthy Annuitant Sex Distinct Table was selected for annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.
Inflation Rate	2.50%

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017**

NOTE 6 - PENSION PLAN (CONTINUED)

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.0% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.66% for the year ended December 31, 2016. Best estimates of arithmetic real rates of return for each major asset class included in the PERS target asset allocation as of December 31, 2016 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed Income	35 %	1.24 %
Equity	52 %	3.63 %
Alternatives	11 %	0.67 %
Real Assets	2 %	0.12 %
Totals	<u>100 %</u>	<u>5.66 %</u>
Inflation		<u>2.00 %</u>
Expected Arithmetic Nominal Return		<u>7.66 %</u>

The morality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2010 through December 31, 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 PERS's liabilities. The RP-2000 Healthy Annuitant Mortality Sex Distinct Tables (set forward two years for males and set forward on year for females) projected to 2031 using Scale AA was selected for annuitants and beneficiaries. For disabled annuitants, the RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females was selected. For active employees, the RP-2000 Employees Sex Distinct Tables are set back 4 years for males and 3 years for females was used.

Discount Rate

DARS Plan

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 rates and that the contributions from participating employers will be made at actuarially determined rates approved by PRSAC taking into consideration the recommendation of the DARS's actuary. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

NOTE 6 - PENSION PLAN (CONTINUED)

PERS Plan

The discount rate used to measure the total pension liability was 7.00% for Plan A and 7.00% for Plan B. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

DARS Plan

The following presents the Net Pension Liability of the participating employer's proportionate share calculated using the discount rate of 6.75%, as well as what the employer's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (5.75%) or one percentage-point higher (7.75%) than the current rate:

	1.0% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Employer's proportionate share of the net pension liability	\$ 400,463	\$ 140,138	\$ (81,075)

PERS Plan

The following presents the net pension liability of the participating employer's proportionate share calculated using the discount rate of 7.00%, as well as what the employer'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 (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Employer's proportionate share of the net pension liability	\$ 595,481	\$ 199,064	\$ (136,118)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued DARS 2017 Comprehensive Annual Financial Report at www.la.gov and the PERS 2016 Comprehensive Annual Financial Report at www.persla.org.

Payables to the Pension Plan

As of December 31, 2017, the District Attorney did not have a payable to DARS or PERS for payments made after year end.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 7 - ON-BEHALF PAYMENTS

Employees of the District Attorney's Office receive salaries and fringe benefits from the State of Louisiana. The following is a summary of these on-behalf payments:

<u>General Fund</u>	
Salaries	\$ 455,000
Fringe Benefits	<u>6,598</u>
Total On-Behalf Payments	<u>\$ 461,598</u>

Fringe benefits paid by the State of Louisiana include pension plan contributions to the District Attorneys' Retirement System.

NOTE 8 - CHANGES IN FUND FINANCIAL PRESENTATION

The Truancy Assessment Service Center (TASC) Fund was reported as a special revenue fund for the year ended December 31, 2016. For the year ended December 31, 2017, the District Attorney's Office did not receive restricted revenues for the TASC Fund and the remaining restricted resources were used for TASC purposes until they were depleted. The TASC Fund was combined into the General Fund for the year ended December 31, 2017.

Also, the District Attorney's Office chose to report restricted revenue for the Pine Hills Sexual Assault Center (PHSAC) and the related expenditures as a special revenue fund for the year ended December 31, 2017. PHSAC activity was previously included in the General Fund with related asset and liability accounts as of December 31, 2016. The PHSAC asset and liability accounts were recorded as a transfer from the General Fund to establish beginning balances for the PHSAC Special Revenue Fund on January 1, 2017.

These changes were reflected in beginning fund balance amounts as follows:

	<u>Amount</u>
General Fund Balance, as of December 31, 2016	\$ 1,240,415
Add: Restricted for TASC, as of December 31, 2016	<u>13,426</u>
Adjusted General Fund Balance, as of December 31, 2016	<u>\$ 1,253,841</u>

REQUIRED SUPPLEMENTARY INFORMATION

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
DECEMBER 31, 2017**

	<u>Original Budget Amounts</u>	<u>Amended Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget Favorable (Unfavorable)</u>
REVENUES				
Fees	\$ 1,084,800	\$ 1,015,850	\$ 1,018,636	\$ 2,786
Grants and Other Assistance	108,715	73,140	75,039	1,899
Interest Income	0	848	1,790	942
Intergovernmental	1,136,560	1,030,625	976,888	(53,737)
On-Behalf Revenue	461,598	461,598	461,598	0
Other Income	<u>18,000</u>	<u>7,800</u>	<u>8,672</u>	<u>872</u>
TOTAL REVENUES	<u>2,809,673</u>	<u>2,589,861</u>	<u>2,542,623</u>	<u>(47,238)</u>
EXPENDITURES				
Capital Outlay	200,000	13,000	12,171	829
Contract Services	270,000	262,370	241,557	20,813
Dues and Subscriptions	10,000	9,470	9,869	(399)
Employee Benefits	259,628	245,044	212,301	32,743
Insurance	23,400	24,910	25,599	(689)
LDAA Assessment	15,700	15,600	15,677	(77)
Library	12,000	7,800	8,634	(834)
Lincoln Parish Police Jury	15,000	14,000	14,000	0
Office Expenses	83,500	87,615	83,476	4,139
Other	9,100	3,576	3,152	424
Payroll Taxes	36,003	37,559	37,058	501
Professional Fees	32,000	32,000	33,761	(1,761)
Rent	800	745	744	1
Salaries	1,289,321	1,385,635	1,401,535	(15,900)
Telephone	10,000	11,355	11,092	263
Training and Seminars	6,700	7,200	7,839	(639)
Travel and Meals	25,800	20,750	15,548	5,202
Trial Expenses	<u>10,000</u>	<u>12,000</u>	<u>5,520</u>	<u>6,480</u>
TOTAL EXPENDITURES	<u>2,308,952</u>	<u>2,190,629</u>	<u>2,139,533</u>	<u>51,096</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>500,721</u>	<u>399,232</u>	<u>403,090</u>	<u>3,858</u>
OTHER FINANCING USES				
Operating Transfers Out	<u>(22,532)</u>	<u>(51,841)</u>	<u>(88,541)</u>	<u>(36,700)</u>
TOTAL OTHER FINANCING USES	<u>(22,532)</u>	<u>(51,841)</u>	<u>(88,541)</u>	<u>(36,700)</u>
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER USES	478,189	347,391	314,549	(32,842)
FUND BALANCE - BEGINNING	<u>1,199,353</u>	<u>1,253,841</u>	<u>1,253,841</u>	<u>0</u>
FUND BALANCE - ENDING	<u><u>\$ 1,677,542</u></u>	<u><u>\$ 1,601,232</u></u>	<u><u>\$ 1,568,390</u></u>	<u><u>\$ (32,842)</u></u>

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA**

**BUDGETARY COMPARISON SCHEDULE-SPECIAL REVENUE FUNDS
DECEMBER 31, 2017
TITLE IV - D FUND**

	<u>Original Budget Amounts</u>	<u>Amended Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Amended Budget Favorable (Unfavorable)</u>
REVENUES				
Grant	\$ 238,369	\$ 238,369	\$ 241,179	\$ 2,810
Interest Income	<u>40</u>	<u>225</u>	<u>232</u>	<u>7</u>
TOTAL REVENUES	<u>238,409</u>	<u>238,594</u>	<u>241,411</u>	<u>2,817</u>
EXPENDITURES				
Capital Outlay	0	0	2,000	(2,000)
Contract Services	0	70,611	0	70,611
Dues	150	0	0	0
Employee Benefits	56,600	36,085	63,464	(27,379)
Office Expense	2,520	2,650	2,530	120
Payroll Taxes	2,663	3,305	3,090	215
Professional Fees	150	360	405	(45)
Salaries	183,600	227,945	213,083	14,862
Telephone	<u>2,200</u>	<u>2,530</u>	<u>2,536</u>	<u>(6)</u>
TOTAL EXPENDITURES	<u>247,733</u>	<u>272,875</u>	<u>287,108</u>	<u>(12,233)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(9,324)	(34,281)	(45,697)	(11,416)
OTHER FINANCING SOURCES				
Operating Transfers In	<u>9,324</u>	<u>34,281</u>	<u>38,458</u>	<u>4,177</u>
TOTAL OTHER FINANCING SOURCES	<u>9,324</u>	<u>34,281</u>	<u>38,458</u>	<u>4,177</u>
DEFICIENCY OF REVENUES AND OTHER SOURCES UNDER EXPENDITURES	0	0	(7,239)	(7,239)
FUND BALANCE-BEGINNING	<u>8,240</u>	<u>9,911</u>	<u>9,911</u>	<u>0</u>
FUND BALANCE-ENDING	<u>\$ 8,240</u>	<u>\$ 9,911</u>	<u>\$ 2,672</u>	<u>\$ (7,239)</u>

DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
BUDGETARY COMPARISON SCHEDULE-SPECIAL REVENUE FUND
DECEMBER 31, 2017
PHSAC FUND

	<u>Original Budget Amounts</u>	<u>Amended Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Grant	196,200	\$ 153,020	\$ 118,669	\$ (34,351)
Other	<u>0</u>	<u>0</u>	<u>120</u>	<u>120</u>
TOTAL REVENUES	<u>196,200</u>	<u>153,020</u>	<u>118,789</u>	<u>(34,231)</u>
EXPENDITURES				
Capital Outlay	2,000	0	2,171	(2,171)
Contract Services	90,000	47,000	48,196	(1,196)
Dues	1,000	900	899	1
Employee Benefits	16,148	16,096	16,009	87
Insurance	0	0	0	0
Supplies	0	0	0	0
Office Expense	4,180	8,430	3,622	4,808
Other	8,000	35	2,385	(2,350)
Payroll Taxes	2,132	1,759	2,295	(536)
Professional Fees	3,000	3,500	1,400	2,100
Repairs and Maintenance	0	0	0	0
Salaries	68,636	62,300	65,672	(3,372)
Settlement of Seizures	0	0	0	0
Telephone	8,000	1,800	3,260	(1,460)
Training and Seminars	2,000	1,000	425	575
Travel	<u>1,700</u>	<u>5,400</u>	<u>0</u>	<u>5,400</u>
TOTAL EXPENDITURES	<u>206,796</u>	<u>148,220</u>	<u>146,334</u>	<u>1,886</u>
EXCESS REVENUES OVER EXPENDITURES	(10,596)	4,800	(27,545)	(32,345)
OTHER FINANCING USES				
Operating Transfers In	<u>10,596</u>	<u>0</u>	<u>32,523</u>	<u>32,523</u>
TOTAL OTHER FINANCING USES	10,596	0	32,523	32,523
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER USES	0	4,800	4,978	178
FUND BALANCE-BEGINNING	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE-ENDING	<u><u>0</u></u>	<u><u>\$ 4,800</u></u>	<u><u>\$ 4,978</u></u>	<u><u>\$ 178</u></u>

See accompanying notes to financial statements.

OTHER REPORTS AND SCHEDULES

DON M. MCGEHEE
(A Professional Accounting Corporation)

P.O. Box 1344
205 E. Reynolds Drive, Suite A
Ruston, Louisiana 71273-1344

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

Honorable John Belton
District Attorney of the Third Judicial District
100 West Texas, 2nd Floor
Ruston, Louisiana 71270

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 and each major fund, and the aggregate remaining fund information of the Third Judicial District District Attorney, a component unit of the Lincoln 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 my report thereon dated June 26, 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 my 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. 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.



Don M. McGehee
Certified Public Accountant
June 26, 2018

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

I have audited the financial statements of the District Attorney as of and for the year ended December 31, 2017, and have issued my report thereon dated June 26, 2018. 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. My audit of the financial statements as of December 31, 2017 resulted in an unqualified opinion. The following is a summary of my audit observations on internal control, tests of compliance, and findings related to the financial statements that are required to be reported in accordance with Government Auditing Standards:

Section 1 Summary of Auditor's Reports

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

Section 2 Financial Statement Findings

No findings.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017**

SECTION 1 INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

<u>FINDINGS</u>	<u>STATUS</u>
2016-1. Inadequate Collateralization of Bank Deposits. The District Attorney's Office did not have adequate collateralization of bank deposits.	Resolved.
2016-2. Lack of Budget Amendments. The District Attorney's Office did not prepare budget amendments for a "change in operations."	Resolved.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2017**

SECTION 1 INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENT

FINDINGS

RESPONSE

No findings.

**DISTRICT ATTORNEY OF THE THIRD JUDICIAL DISTRICT
PARISHES OF LINCOLN AND UNION, LOUISIANA**

**SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO THE DISTRICT ATTORNEY
FOR THE YEAR ENDED DECEMBER 31, 2017**

District Attorney of the Third Judicial District, John F. K. Belton:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 124,000
Salary paid On-Behalf	50,000
Benefits-Retirement	0
Benefits-Retirement paid On-Behalf	0
Benefits-Group Health Insurance	10,507
Travel	4,968
Seminars	1,219
Dues	448

DISTRICT ATTORNEY

STATEWIDE AGREED-UPON PROCEDURES

DECEMBER 31, 2017

DON M. MCGEHEE
(A Professional Accounting Corporation)

P.O. Box 1344
205 E. Reynolds Drive, Suite A
Ruston, Louisiana 71273-1344

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

Honorable John Belton
District Attorney of the Third Judicial District
and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by District Attorney and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (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:

Written Policies and Procedures

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

Management provided us with the written policy and procedures and all functions are addressed.

- 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.

Management provided us with the written policy and procedures and all functions are addressed.

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

Management provided us with the written policy and procedures and all functions are addressed.

- d) **Receipts**, including receiving, recording, and preparing deposits

Management provided us with the written policy and procedures and all functions are addressed.

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

Management provided us with the written policy and procedures and all functions are addressed.

- 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

Management provided us with the written policy and procedures and all functions are addressed, except there are no standard terms and conditions for contracts.

- 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.

Management provided us with the written policy and procedures and all functions are addressed.

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

Management provided us with the written policy and procedures and all functions are addressed.

- 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.

Management provided us with the written policy and procedures and all functions are addressed.

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

Management provided us with the written policy and procedures and all functions are addressed.

Board (or Finance Committee, if applicable)

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.

Not applicable.

- 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).

Not applicable.

⇒ 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.

Not applicable.

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.

Not applicable.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Management provided us with the required list and represented that it 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;

Bank reconciliations have been prepared on selected bank accounts for all months in the fiscal period in which the bank accounts existed. Two of the selected accounts were opened during the year and accordingly only had bank reconciliations for the months after the accounts were opened.

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

All bank reconciliations included evidence that a member of management had reviewed.

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.

Client provided documentation reflecting the research done on reconciling items that had been outstanding for more than 6 months as of the end of the fiscal period on applicable bank reconciliations.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Management provided us with the required list and representation that it 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.

Management provided documentation that indicates each person responsible for collecting cash is bonded. Those responsible for collecting cash are not responsible for depositing the cash in the bank, recording the transaction in the general ledger, or reconciling the related bank account. The District Attorney's Office does not accept cash and does not have a cash register or drawer for cash.

- 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.

A formal process is not used to reconcile cash collections documented on sequentially numbered receipts to the general ledger by a person who is not responsible for cash collections.

- 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.

There were 18 deposits tested, six of those tested appeared to be made within one day of collection. On the deposits that were not made within one day, the number of days from receipt to deposit varied from 2 to 7 days. The number of days could not be determined for some collections because receipts were not required by management for the general fund.

Management's Response: The District Attorney's Office accepts payments in two locations, but all deposits are prepared at the Ruston office and deposited at a bank in Ruston. The Farmerville office is 24 miles from Ruston, which means someone must bring the collections to the Ruston office for processing and deposit. Cash is not accepted at either location and both offices have the ability to safeguard the receipts until deposit. Management met with the staff in June, 2018, at both locations and established improved timely deposit procedures to begin immediately.

⇒ 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.

No 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.

Management does not have a process specifically identified to determine completeness of collections, but a person, who is not responsible for collections, reconciles the deposits to the supporting documentation.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

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.

Management provided us with the required list and represented that it 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.

A requisition/purchase order system is not used by the District Attorney's office.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Not applicable.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; (2) a receiving report showing receipt of goods purchased, or electronic equivalent; and (3) an approved invoice.

All payments for purchases included supporting documentation, and there was written evidence that it had been approved. If receiving reports were available, they were attached. There were no requisition and/or purchase orders with payments. Purchase orders and receiving reports were not required by written policy for documentation to process a payment.

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.

Only one person can add vendors to the purchasing/disbursement system, and that person does process the payments.

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.

The persons with signatory authority and who make the final authorization for disbursements can initiate a purchase but they do not record 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.

Unused checks are maintained in a locked location with access restricted to those that do not have signatory authority.

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.

Signature stamps are used and they are only used with the knowledge and consent of the signer. Signed checks are under the control of the authorized user until mailed.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

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.

Management provided us with the required list and represented that the list 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.]

The credit card statement had evidence that it was reviewed and approved by someone other than the authorized card holder.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

For the statement selected, there were no finance charges or late fees.

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)

An original itemized receipt was found for each transaction.

⇒ Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

All transactions included documentation of business/public purpose, and documentation of the individuals participating for meal charges.

⇒ Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

No additional documentation was required.

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.

No 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.

No exceptions.

Travel and Expense Reimbursement

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.

Management provided us with the required list and represented that the list 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.

Management provided the written policy, the amounts do not exceed the rates established by the U.S. General Services Administration.

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.

No exceptions.

- 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.]

No exceptions.

⇒ Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

No exceptions.

⇒ Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

No exceptions.

- 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.

No exceptions.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions.

Contracts

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.

Management provided the required list and represented that the listing 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.

Of the five contract "vendors" selected, only one selected had a formal/written contract to support the service arrangement and amounts 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 not, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

None of the selected contracts were subject to the Louisiana Public Bid Law. The District Attorney's Office is exempt from the Procurement Code. Supporting contract documentation was obtained for the contracts selected. Solicited quotes were not required, and were not obtained for the selected contracts.

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.

The selected contract was not amended.

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.

Selected largest payment from each of the five contracts and obtained the supporting invoices for each of these payments. For the one payment that had a written contract, the invoice and related payment was compared to the contract and 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).

Not applicable.

Payroll and Personnel

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:

Management provided the required list and represented that the listing is complete.

- 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.

The compensation paid to each selected employee was in 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.

There was one change made in salaries during the fiscal period, and the change was 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.)

All employees selected documented their daily attendance and leave, except four officials selected who are not eligible to earn leave.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

There is written documentation that supervisors approved the attendance and leave records of selected employees that earn leave.

- 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.

There is written documentation that the entity maintained written leave records on those selected employees 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.

Management provided list of employees terminated during the fiscal period and represented the list as complete. There was only one termination payment made during the fiscal period. According to the personnel file, the termination payment was in accordance with policy 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.

Employee and employer portions of payroll taxes and retirement contributions, as well as required reporting forms, were submitted to the applicable agencies by the required deadlines.

Ethics (excluding nonprofits)

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.

Management provided the ethics compliance documentation for each selected employee/official. The District Attorney's Office 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.

Per management, there were no alleged ethics violations reported during the fiscal period.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

There was no debt issued during the fiscal period.

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.

Not applicable.

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.

Not applicable.

Other

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.

There was no misappropriations of public funds or assets.

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.

The District Attorney's Office posted the notice on its premises and website as required by R.S. 24:523.1.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions regarding management's representations in the procedures above.

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.



Don M. McGehee
Certified Public Accountant
June 26, 2018