

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

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

DECEMBER 31, 2009 AND 2008

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

Release Date 8/11/10

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

Certified Public Accountants
Management Consultants

INDEPENDENT AUDITORS' REPORT

District Attorney of the Orleans Judicial District
1340 Poydras St., Suite 700
New Orleans, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the District Attorney of the Orleans Judicial District (DA's Office), a component unit of the City of New Orleans, as of and for the year ended December 31, 2009 and 2008, which collectively comprise the DA's Office's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the DA's Office. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The administration of the previous District Attorney of the Orleans Judicial District did not maintain adequate accounting records and we were unable to apply procedures to determine whether the opening balances at January 1, 2008 in the financial statements as of December 31, 2008, were fairly presented in conformity with accounting principles generally accepted in the United States of America or whether accounting principles have been consistently applied between 2007 and 2008. As discussed in Note 12 to the financial statements, the fund balances as of January 1, 2008, were adjusted for amounts not reflected in the 2007 financial statements that were identified.

In our opinion, except for the inconsistency described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund and the remaining fund information of the District Attorney of the Orleans Judicial District (DA's Office), a component unit of the City of New Orleans, as of and for the year ended December 31, 2009 and 2008, which collectively comprise the DA's basic financial statements as listed in the table of contents in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards* issued by the Comptroller General of the United States, we have also issued our report, dated June 04, 2010, on our consideration of the DA's Office's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulation, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Pellet, Meunier and LeBlanc, L.L.P.

June 04, 2010
Metairie, Louisiana

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

The District Attorney of the Orleans Judicial District (DA's Office) management's discussion and analysis is intended to assist the reader in focusing on significant financial issues, provide an overview of the DA's Office's financial activity, and identify changes in the DA's Office's financial position and its ability to address the next and subsequent year challenges. It also identifies any material deviations from the financial plan and identifies individual fund issues or concerns. This is a requirement of the *Governmental Accounting Standards Board Statement No. 34 (GASB 34) Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and is intended to provide the financial results for the fiscal year ending December 31, 2009.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

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

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

Fiduciary fund reporting focuses on net assets and changes in net assets. The funds accounted for in this category by the District Attorney are the Asset Forfeiture Agency Funds, Bond Forfeiture Agency Funds, and ECU Collections Agency Funds.

FINANCIAL ANALYSIS OF THE DISTRICT ATTORNEY'S OFFICE

	<u>2009</u>	<u>2008</u>
ASSETS		
Current assets	\$ 1,323,067	\$ 938,651
Capital assets, net	377,537	395,122
Total assets	<u>\$ 1,700,604</u>	<u>\$ 1,333,773</u>
LIABILITIES		
Current liabilities	\$ 794,246	\$ 621,914
Notes Payables	2,557,593	2,687,620
Total liabilities	<u>3,351,839</u>	<u>3,309,534</u>
NET ASSETS		
Invested in capital assets	377,537	395,122
Unrestricted (deficit)	<u>(2,028,772)</u>	<u>(2,370,883)</u>
Total net assets	<u>(1,651,235)</u>	<u>(1,975,761)</u>
Total liabilities and net assets	<u>\$ 1,700,604</u>	<u>\$ 1,333,773</u>

As indicated by the statement above, total net assets are \$(1,651,235). Net assets can be separated into three categories: invested in capital assets, restricted for notes payables and unrestricted net assets.

Net assets invested in capital assets are a combination of capital assets at original cost less accumulated depreciation. The original cost of capital assets is \$1,028,934, which is an accumulation of capital assets year after year less any capital disposals. The accumulated depreciation is the accumulation of depreciation expense since acquisition. In accordance with accounting principles generally accepted in the United States of America, depreciation expense is recorded on the original cost of the asset, less an estimated salvage value, expensed over the estimated useful life of the asset. Total accumulated depreciation is \$651,397.

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FOR THE YEAR ENDED DECEMBER 31, 2009**

The remaining unrestricted net assets (deficit) are \$(2,028,772). The unrestricted net assets (deficit) are an accumulation of prior years' operating results. This balance is directly affected each year by the DA's Office's operating results.

RESULTS OF OPERATIONS

	<u>2009</u>	<u>2008</u>
Program revenues	\$14,720,474	\$12,503,313
Program expenses	<u>14,395,948</u>	<u>12,414,559</u>
Increase in net assets	<u>\$ 324,526</u>	<u>\$ 88,754</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Some of the major factors affecting the budget is that the DA's Office received Federal Assistance in the amount of \$454,307 as assistance following Hurricane Katrina in 2009 and they settled an outstanding lawsuit in the amount of \$3,300,000 in 2007. As of December 31, 2009, the DA's Office has an outstanding balance of \$2,600,000 to the City of New Orleans and State of Louisiana. In addition, the DA's Office is currently appealing a case in which they received an adverse judgment in the amount of \$15,000,000.

ORIGINAL VS. REVISED BUDGET

As required by state law, the DA's Office adopts the original budget for the office prior to the commencement of the fiscal year to which the budget applies. The DA's Office did not amend its original budget during the 2009 fiscal year.

REVENUE BUDGET

In 2009, the DA's Office actual general fund revenues of \$11,397,467 were more than the \$11,372,385 budget by \$25,082, a variance of approximately (8.6)%. Excluding Federal payments of \$3,844,973, general fund revenues were less than the budget by \$3,819,891, a variance of approximately 33.6%.

EXPENDITURE BUDGET

In 2009, the DA's Office's actual general fund expenditures of \$9,968,438 were greater than the \$10,909,133 budget by \$(940,695), a variance of approximately (8.6)%.

CAPITAL ASSETS

The District Attorney's investment in capital assets, net of accumulated depreciation as of December 31, 2009, was \$377,537. Depreciation expense for the year is \$164,682. See Note 3 of the notes to the financial statements for additional information about changes in capital assets during the current year. The following table provides a summary of capital asset activity:

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>2009</u>	<u>2008</u>
Furniture and equipment	\$ 1,028,934	\$ 881,837
Less: accumulated depreciation	<u>651,397</u>	<u>486,716</u>
Net capital assets	<u>\$ 377,537</u>	<u>\$ 395,121</u>

NOTES PAYABLE

As a result of prior litigation, the DA's Office was required to obtain funds from the State of Louisiana and the City of New Orleans. According to the agreements with the State and the City, the DA's Office will be required to pay these funds back. See Note 4 for details.

CONTACTING THE DISTRICT ATTORNEY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District Attorney's finances, comply with finance-related laws and regulations, and demonstrate the District Attorney's commitment to public accountability. If you have questions about this report or would like to request additional information, contact Val Solino, Chief Operating Officer, District Attorney of the Orleans Judicial District, located at 1340 Poydras, Suite 700, New Orleans, LA 70112.

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

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and cash equivalents	\$ 570,056	\$ 449,333
Accrued Receivables	723,565	462,886
Prepaid Expenses	29,446	26,432
Capital assets, net	<u>377,537</u>	<u>395,122</u>
Total Assets	<u>\$ 1,700,604</u>	<u>\$ 1,333,773</u>
LIABILITIES		
Accounts Payable	\$ 46,842	\$ 11,225
Payroll Liability	517,404	480,689
Current Portion of Notes Payable	230,000	130,000
Note Payable - Legal	157,593	187,620
Note Payable - State of Louisiana	1,500,000	1,600,000
Note Payable - City of New Orleans	<u>900,000</u>	<u>900,000</u>
Total Liabilities	<u>3,351,839</u>	<u>3,309,534</u>
NET ASSETS		
Invested in capital assets	377,537	395,122
Unrestricted (deficit)	<u>(2,028,772)</u>	<u>(2,370,883)</u>
Total Net Assets (deficit)	<u>(1,651,235)</u>	<u>(1,975,761)</u>
Total Liabilities and Net Assets	<u>\$ 1,700,604</u>	<u>\$ 1,333,773</u>

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

Statement B

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

	2009		2008		
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Net Revenue and Changes in Net Assets	Net Revenue and Changes in Net Assets
Activities					
Governmental Activities:					
General - Governmental	\$14,395,948	\$ 884,936	\$13,831,291	\$ 320,279	\$ 69,346
Total	<u>14,395,948</u>	<u>884,936</u>	<u>13,831,291</u>	<u>320,279</u>	<u>69,346</u>
Expenses	\$12,414,559		\$11,447,631		
Fees, Fines and Charges for Services		\$1,036,274			
Operating Grants and Contributions			\$1,036,274		
Net Revenue and Changes in Net Assets				\$1,036,274	
Total	<u>12,414,559</u>	<u>1,036,274</u>	<u>11,447,631</u>	<u>1,036,274</u>	<u>69,346</u>
General Revenues:					
Interest and Bank Charges		4,247			19,408
Total General Revenues		<u>4,247</u>			<u>19,408</u>
Changes in Net Assets		324,526			88,754
Net assets (deficit) - January 1,		(1,975,761)			(2,064,515)
Net assets (deficit) - December 31,		<u>(1,651,235)</u>			<u>(1,975,761)</u>

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

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

	2009		2008	
	General Fund	Title IV-D Fund	General Fund	Title IV-D Fund
ASSETS				
Cash and Cash Equivalents	\$ 586,875	\$ (16,819)	\$ 384,213	\$ 65,120
Accrued Receivables	544,527	179,038	377,433	85,453
Prepaid Expense	-	29,446	-	26,432
Total Assets	<u>\$ 1,131,402</u>	<u>\$ 181,665</u>	<u>\$ 761,646</u>	<u>\$ 177,005</u>
		Total Governmental Funds		Total Governmental Funds
		\$ 1,323,067		\$ 938,651
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts Payable	\$ 35,207	\$ 11,635	\$ 10,453	\$ 772
Payroll Liability	465,060	52,344	428,162	52,527
Current Portion of Notes Payable	230,000	-	130,000	-
Note Payable - Attorney	157,593	-	187,620	-
Note Payable - State of Louisiana	1,500,000	-	1,600,000	-
Note Payable - City of New Orleans	900,000	-	900,000	-
Total Liabilities	3,287,860	63,979	3,256,235	53,299
Fund Balance				
Undesignated (deficit)	(2,085,257)	56,485	(2,479,589)	108,706
Total Fund Balance	(2,085,257)	56,485	(2,479,589)	108,706
Total Liabilities and Fund Balance	<u>\$ 1,202,603</u>	<u>\$ 120,464</u>	<u>\$ 776,646</u>	<u>\$ 162,005</u>
Interfund Transfers, See Note 8	\$ 71,201	\$ (71,201)	\$ 15,000	\$ (15,000)

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

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

	<u>2009</u>	<u>2008</u>
Total Fund Balance (deficit) - governmental fund at December 31,	\$ (2,028,772)	\$(2,370,883)
Amounts reported for governmental activities in the statement of net assets are different because of:		
Cost of capital assets at December 31,	1,028,934	881,838
Less: Accumulated depreciation as of December 31,	<u>(651,397)</u>	<u>(486,716)</u>
Net Assets (deficit) - governmental activities at December 31,	<u>\$ (1,651,235)</u>	<u>\$(1,975,761)</u>

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

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
GENERAL FUND

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

	2009		2008		Total Governmental Funds
	General Fund	Title IV-D Fund	General Fund	Title IV-D Fund	
REVENUES					
Grants and Contributions	\$ 11,397,467	\$ 2,433,824	\$ 13,831,291	\$ 2,327,978	\$ 11,447,631
Fees, Fines and Charges for Services	884,936	-	884,936	-	725,990
Miscellaneous Income	2,825	-	2,825	802	310,284
Interest	1,422	-	1,422	-	19,408
Total Revenues	12,286,650	2,433,824	14,720,474	2,328,780	12,503,313
EXPENDITURES					
Salaries and fringe benefits	9,968,438	1,867,204	11,835,642	1,748,286	10,179,894
Operating Services	1,680,289	596,895	2,287,184	550,680	1,916,244
Professional Fees	108,440	-	108,440	14,940	165,353
Capital Outlay	125,790	21,308	147,098	1,600	49,654
Total Expenditures	11,892,957	2,485,407	14,378,364	2,315,506	12,311,145
Net Change in Fund Balance	393,693	(51,583)	342,110	13,274	192,168
Fund Balance (deficit) - January 1, 2009			(2,370,883)		(2,563,051)
Fund Balance (deficit) - December 31, 2009			\$ (2,028,773)		\$ (2,370,883)

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

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

	<u>2009</u>	<u>2008</u>	
Net Change in Fund Balance - Governmental Fund (Statement E)	\$ 342,110	\$ 192,168	

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

Capital outlays are reported in governmental funds as expenditures; however, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the current period:

Depreciation expense	164,682	153,068	
Capital outlays	147,098	49,654	
Change in net assets of governmental activities (Statement B)	\$ 324,526	\$ 88,754	

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

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

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and Cash Equivalents	\$ <u>591,232</u>	\$ <u>61,573</u>
TOTAL ASSETS	\$ <u>591,232</u>	\$ <u>61,573</u>
LIABILITIES		
Bonds Forfeitures	\$ 416,797	\$ 9,847
Seizures	167,656	44,947
ECU Collectors	<u>6,779</u>	<u>6,779</u>
TOTAL LIABILITIES	\$ <u>591,232</u>	\$ <u>61,573</u>

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

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

Balance, December 31, 2008	\$ <u>61,573</u>	\$ <u>6,108</u>
Additions:		
Forfeitures	408,950	5,000
Seizures	426,920	43,731
ECU Collectors	43,932	53,337
Interest	-	-
Total Additions	<u>877,802</u>	<u>102,068</u>
Reductions	<u>348,143</u>	<u>46,603</u>
Balance, December 31, 2009	<u>\$ 591,232</u>	<u>\$ 61,573</u>

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

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

INTRODUCTION

As provided by Article V, Section 26 of the Louisiana Constitution of 1974, the District Attorney of the Orleans Judicial District has charge of every criminal prosecution by the State in his or her district, is the representative of the State before the grand jury in his district, and is the legal advisor to the grand jury. The District Attorney 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 Orleans Judicial District encompasses the entire Parish of Orleans.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

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

B. BASIS OF PRESENTATION

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

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

In the government-wide Statements of Net Assets, the governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District Attorney's net assets are reported in two parts - invested in capital assets, net of related debt; and unrestricted net assets.

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

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

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

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

D. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

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

1. Governmental

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

2. Special Revenue Funds

Special Revenue Funds - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes, or designated by the District Attorney to be accounted for separately. The Special Revenue Funds of the District Attorney of the Orleans Judicial District consist of the following:

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

3. Fiduciary

Fiduciary fund reporting focuses on net assets and changes in net assets. The funds accounted for in this category by the District Attorney are the Asset Forfeiture Agency Funds, Bond Forfeiture Agency Funds, and ECU Collections Agency Funds.

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D. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS (continued)

3. Fiduciary (continued)

Asset Forfeiture Agency Funds

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

Bond Forfeiture Agency Funds

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

ECU Collectors Agency Funds

The ECU Collectors Agency Funds are funds that are collected as a result of worthless checks. The DA's Office pursues the party for the proceeds of the worthless checks. Once these amounts are received, the DA's Office then allocates the funds to the respective party that the worthless check was written to.

E. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Fund Financial Statements (FFS)

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

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E. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (continued)

Fund Financial Statements (FFS) (continued)

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

Revenues

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

Expenditures

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

Other Financing Sources (Uses)

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

Deferred Revenues

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

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E. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (continued)

Government-Wide Financial Statements (GWFS)

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

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

F. CASH AND CASH EQUIVALENTS

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

G. INVESTMENTS

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

H. BUDGETS

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

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
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I. CAPITAL ASSETS

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

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

J. RESTRICTED NET ASSETS

For government-wide statements of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

1. externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or
2. imposed by law through constitutional provisions or enabling legislation.

K. FUND EQUITY

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change. At December 31, 2009 and 2008, there were no fund balance reservations or designations in the fund financial statements.

L. ESTIMATES

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

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
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2. CASH AND EQUIVALENTS

At December 31, 2009 and 2008, the DA's Office has cash and cash equivalents (book balances) totaling \$1,161,287 and \$510,906, respectively, invested in demand deposit accounts at various local banks. At two of the financial institutions, the DA's Office maintained cash balances in excess of the FDIC Insurance by \$648,273 as of December 31, 2009 and \$70,363 as of 2008. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

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

3. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2009, are as follows:

<u>Government Activities</u>	<u>Balance</u> <u>January 1, 2009</u>	<u>Additions</u>	<u>Balance</u> <u>December 31, 2009</u>
Computer Equipment	\$ 392,803	\$ 65,108	\$ 457,911
Vehicles	199,414	41,108	240,522
Furniture, fixtures and equipment	289,620	40,881	330,501
Total	<u>881,837</u>	<u>147,097</u>	<u>1,028,934</u>
Less accumulated depreciation:			
Computer Equipment	242,168	79,945	322,113
Vehicles	81,526	37,372	118,898
Furniture, fixtures and equipment	163,022	47,364	\$ 210,386
	<u>486,716</u>	<u>164,681</u>	<u>651,397</u>
Capital assets, net	<u>\$ 395,121</u>		<u>\$ 377,537</u>

Capital assets and depreciation activity as of and for the year ended December 31, 2008, are as follows:

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
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3. CAPITAL ASSETS (continued)

<u>Government Activities</u>	<u>Balance</u> <u>January 1, 2008</u>	<u>Additions</u>	<u>Balance</u> <u>December 31, 2008</u>
Computer Equipment	\$ 344,749	\$ 48,054	\$ 392,803
Vehicles	178,614	20,800	199,414
Furniture, fixtures and equipment	<u>288,020</u>	<u>1,600</u>	<u>289,620</u>
Total	<u>811,383</u>	<u>70,454</u>	<u>881,837</u>
Less accumulated depreciation:			
Computer Equipment	168,085	74,083	242,168
Vehicles	45,803	35,723	81,526
Furniture, fixtures and equipment	<u>119,761</u>	<u>43,261</u>	<u>\$ 163,022</u>
	<u>333,649</u>	<u>153,067</u>	<u>486,716</u>
Capital assets, net	<u>\$ 477,734</u>		<u>\$ 395,121</u>

4. NOTES PAYABLE

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

Per the agreement with The City of New Orleans, the DA's Office agreed to pay \$100,000 for 10 years beginning on December 31, 2009. Per the agreement with the State of Louisiana, the DA's Office agreed to pay \$100,000 for 16 years beginning in 2010.

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

5. COMPENSATED ABSENCES

At December 31, 2009 and 2008, employees of the District Attorney's Office had accumulated and vested \$442,916 and \$401,182, respectively, of employee leave benefits, which was computed in accordance with the provision of GASB No. 16, *Accounting for Compensated Absences*.

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
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6. PENSION PLAN

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

All employees, after completion of three months employment and having attained age 18, are eligible to join the District Attorney's Clerical and Administrative Retirement Plan and Trust (the Clerical and Administrative Plan). This plan was established January 1, 1982, and the IRS has made a favorable determination in a letter dated June 10, 1982 based on Section 1.401-1(b)(3) of the Income Tax Regulations.

The Clerical and Administrative Plan is a defined contribution thrift plan. The Clerical and Administrative Plan is voluntary and employees who elect to participate are required to contribute a minimum of 2.5% up to a maximum of 5% of their annual compensation depending upon their entrance date into the plan. The District Attorney's Office matches the first 2.5% of mandatory contributions. Voluntary contributions up to 3% to 5.5% of annual salaries are allowed. The maximum contribution an employee can make is 8%. No office match is made on the voluntary contributions. Vesting is 100% after three years of service. During 1994, the Clerical and Administrative Plan was amended to allow for the participation of all employees of the District Attorney's Office, including Assistant District Attorneys.

Other than the annual contributions made to the system, and recorded as expenditures, the District Attorney's Office does not guarantee any of the benefits granted by the Clerical and Administrative Plan.

The District Attorney and the Assistant District Attorneys are members of the Louisiana District Attorney's Retirement System (DARS). The Louisiana District Attorney's Retirement System (the Plan) is multiple-employer, defined benefit pension plan that is administered and controlled by a board of trustees. It provides retirement, disability and death benefits to plan members and beneficiaries. The Louisiana District Attorney's Retirement System issues a publicly available financial report that includes statements and required supplementary information.

Plan members are required to contribute 7% of their annual covered salary and the DA's Office was required to contribute 5% for the Plan's fiscal year July 01, 2009 through June 30, 2010, there were no requirements for employer contributions to the original plan. For the Plan's fiscal year January 1, 2009 through June 30, 2009, there were employee contributions of \$68,247 and employer contributions of \$0 to the Plan. From July 1, 2009 through December 31, 2009, there were employee contributions of \$63,545 and employer contributions of \$45,389. In addition, for the Plan's fiscal year January 1, 2008 through June 30, 2008, there were contributions of \$75,555 to the Plan. From July 1, 2008 through December 31, 2008, there were contributions of \$78,768. The contribution requirements of plan members, and the District Attorney's Office is established by the Plan's Board of Trustees. The Plan also receives revenue sharing as appropriated by the legislature and Ad Valorem taxes as determined by the Public Retirement Systems' Actuarial Committee up to a maximum of .2% of the Ad Valorem taxes shown to be collected.

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

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
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6. PENSION PLAN (continued)

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

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

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

RETIREMENT PROVISIONS UNDER R.S. 16:1042.1

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

Disability Benefits

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

Survivor Benefits

Upon the death of a member with less than five years of creditable service, the member's accumulated contributions and interest thereon are paid to the member's spouse or designated beneficiary. Upon the death of any active, contributing member with more than five years of service or any member with twenty-three years of service who is not retired, reduced benefits are payable to the surviving spouse or designated beneficiary. These benefits are based on the retirement benefits accrued at the member's date of death with option factors used as if the member had continued in service to earliest retirement age. If a member has no surviving spouse or children, his accumulated contributions and interest are paid to his designated beneficiary. In lieu of periodic payments, the surviving spouse or children may receive a refund of the member's accumulated contributions with interest.

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6. PENSION PLAN (continued)

CITY OF NEW ORLEANS EMPLOYEES' RETIREMENT SYSTEM

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

For the fiscal year, employees participating in the Retirement System are required to contribute 4% of their salary in excess of \$1,200 per year, and the employer is required to contribute 6.9%. Employer contributions to the Retirement System are based upon the amount necessary to fund normal cost and amortization of past service costs over a period of thirty years beginning July 1, 1974, using the level percentage of payroll method. The contribution requirements of Retirement System members and the District Attorney's Office are established and may be amended by the Retirement System's board of trustees. As of December 31, 2009 the employees contributed \$13,532 and the DA's contributed \$624,399; and as of 2008 the employees contributed \$78,715 and the DA's contributed \$221,186. However, the District Attorney's Office does not guarantee any of the benefits granted by the plan.

Employees with thirty years of service, or who attain age 60 with ten years of service, or age 65, irrespective of length of service, are entitled to a retirement allowance. The retirement allowance consists of an annuity, which is the actuarial equivalent of the employee's accumulated contribution, plus an annual pension, which, together with the annuity, provides a total retirement allowance equal to 25% to 4% of average compensation times the number of years of service. The maximum pension may not exceed 100% of average compensation. Pension amounts are reduced for service retirement prior to age 62. Average compensation is defined as average annual earned compensation for the highest thirty-six successive months of service, less \$1,200. Mandatory retirement age is 70.

Disability Benefits

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

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7. LEASES

The District Attorney's Office is committed under various leases for equipment, parking, and office space. Many of these leases are on a month-to-month basis and can be cancelled by either party at any time. All of these leases are considered, for accounting purposes, to be operating leases. The lease payments for December 31, 2009 were \$659,313, and for 2008 were \$479,580. Future minimum lease payments for the leases follows:

2010		\$	406,969
2011			383,014
2012			127,807
2013			2,630
2014			2,630
Total			<u>\$ 923,050</u>

8. INTERFUND TRANSFERS

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

As of December 31, 2009 and 2008 the outstanding balance(s) for the Intercompany transfers were as follows:

		<u>2009</u>		<u>2008</u>
Due to General Fund	\$	71,201	\$	15,000
Due from Title IV-D Fund		<u>(71,201)</u>		<u>(15,000)</u>
Total		<u>\$ -</u>		<u>\$ -</u>

9. LITIGATION AND CLAIMS

The DA's Office had a case concerning a claim for wrongful conviction and violation of civil rights brought against them alleging, amongst other things, that a previous DA acted with deliberate indifference towards the plaintiff. In 2007, a federal jury found the DA's Office liable for \$14 million plus approximately \$1 million for attorney fees and costs based upon a finding of deliberate indifference. The United States Fifth Circuit en banc granted a hearing and the matter is under consideration at this time. The DA's Office believes there is established grounds for the Court Appeal to reverse the verdict and find the DA not liable. If not, they intend to pursue further appeals. At this time, the potential loss could exceed the \$15 million.

In addition, the DA's Office has two other federal cases pending, consolidated to one, based on deliberate indifferences towards the plaintiffs. An award has not been established in these cases as the decisions have been stayed pursuant the decision based on the previously mentioned case.

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ORLEANS PARISH, LOUISIANA
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10. ON-BEHALF PAYMENTS

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

In accordance with GASB No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, the amount of state warrants paid directly to Assistant District Attorneys, as well as the related benefits, should be recognized by the District Attorney's Office as expenditures. As of December 31, 2009, the DA's office has recognized \$8,350,665 in the financial statements for On-Behalf Payments. As of December 31, 2008, the DA's office recognized \$6,044,109.

11. GRANTS

All grants received by the DA's Office are received on a reimbursable basis. As a result, they do not recognize the income associated with the specific grants until the expenditures have occurred. At that point, they submit a request to the appropriate agency in order to request the necessary funds. In some instances, they are able to request an advance on the grant income in order to obtain the necessary purchases. As of December 31, 2009, the DA's Office requested reimbursements from the Louisiana Commission on Law Enforcement, Office of Family Support, District Attorneys & Assistant, Office of Homeland Security and Emergency Preparedness totaling \$3,777,218, of which \$3,111,586 was received. As of December 31, 2008, the DA's Office had requested \$4,379,639, of which \$3,980,964 was received. The proceeds were received as followed:

	<u>2009</u>	<u>2008</u>
Louisiana Commission on Law Enforcement (129)	\$ 249,177	\$ 1,081,368
Office of Family Support (355)	2,340,238	2,442,377
District Attorneys & Assistant (906)	150,000	139,583
Office of Homeland Security and Emergency Preparedness (111)	<u>372,171</u>	<u>317,636</u>
Total	<u>\$ 3,111,586</u>	<u>\$ 3,980,964</u>

12. PRIOR PERIOD ADJUSTMENTS

Certain errors and unrecognized assets and liabilities resulted in both the overstatement and understatement of previously reported net assets as of December 31, 2007. As a result, the following changes were made to the net assets for the year then ended:

	NET ASSETS
As reported on December 31, 2007 Financial Statements	\$ 635,485
Record full value of litigation	<u>(2,700,000)</u>
Net Assets as restated	<u>\$ (2,064,515)</u>

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
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13. SUBSEQUENT EVENTS

FASB Accounting Standards Codification Topic 855, "Subsequent Events" addresses events which occur after the balance sheet date but before the issuance of financial statements. An entity must record the effects of subsequent events that provide evidence about conditions that existed at the balance sheet date and must disclose but not record the effects of subsequent events which provide evidence about conditions that existed after the balance sheet date. Additionally, Topic 855 requires disclosure relative to the date through which subsequent events have been evaluated and whether that is the date on which the financial statements were issued or were available to be issued. Management evaluated the activity of the District Attorney of the Orleans Judicial District through June 04, 2010, the date the financial statements were issued, and concluded that no subsequent events have occurred that would require recognition or disclosure in the Notes to the Financial Statements.

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

Certified Public Accountants
Management Consultants

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

The District Attorney of the Orleans Judicial District - Orleans Parish
1340 Poydras, Suite 700
New Orleans, Louisiana

We have audited the basic financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the District Attorney of the Orleans Judicial District as of December 31, 2009 and for the year then ended, which collectively comprise the District Attorney's basic financial statements as listed in the table of contents and have issued our report thereon dated June 04, 2010, which was modified to disclaim an opinion on changes in financial position and on consistency with the application of accounting principles generally accepted in the United States of America due to inadequate accounting records of the previous District Attorney administration. Except as discussed in the previous sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the DA's Office's internal control over financial reporting in order to determine our auditing procedures and not to provide an opinion on the internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the DA's Office's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the DA's Office's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We consider the following deficiency to be a significant deficiency in internal control as described in the accompanying schedule of findings and questioned costs as items 09-02.

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A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the DA's Office's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the DA's Office's financial statements that is more than inconsequential will not be prevented or detected by the DA's Office's internal control. We did not identify any deficiencies in internal control over financial reporting that we consider to be control deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the DA's Office's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the DA's Office's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 09-01.

The DA's Office's response to the findings identified in our audit is described in the accompanying Management Response to Findings. We did not audit the DA's Office's responses and, accordingly, we express no opinion on them.

This report is intended solely for the use of the DA's Office, its management, the City of New Orleans, and the State of Louisiana, Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Pellet Meunier and Le Blanc, L.L.P.

Metairie, LA
June 04, 2010

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2009

SECTION I – SUMMARY OF AUDITOR'S RESULTS

- A. Control deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements: Yes. Material weaknesses: No.
- B. Noncompliance which is material to the financial statements: No
- C. Control deficiencies in internal control over major programs: N/A.
Material weaknesses: N/A .
- D. The type of report issued on compliance for major programs: N/A.
- E. Any audit findings which are required to be reported under section 510(a) of OMB Circular A-133: Yes
- F. Major programs: N/A.
- G. Dollar threshold used to distinguish between Type A and Type B programs: N/A.
- H. Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133: N/A.
- I. A management letter was issued: No

SECTION II – FINANCIAL STATEMENT FINDINGS

09-01 Budget to Actual Performance

The budget was not amended to reflect variances as required. We recommended that procedures be implemented to compare revenues and expenditures to the budget and that the budget be amended as necessary.

09-02 Accounting Personnel

As part of the audit, Paillet, Meunier and LeBlanc, LLP has prepared a draft copy of the Organization's financial statements on the Organization's behalf and has provided a copy for their approval prior to issuance of the financial statements. This is primarily due to their reliance on us for this expertise, which could imply that management does not possess the skills and knowledge necessary to prepare financial statements that are in accordance with generally accepted accounting principles, including all significant footnote disclosures.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009 AND 2008**

Federal Grantor Pass-through Grantor	CFDA Number	Program Title	Project Number	Grant Period	Current Year Expenditures	Prior Year Expenditures
U.S. Department of Justice						
Office of Justice Program						
Passed through - State of Louisiana Commission on Law Enforcement and Administration of Criminal Justice						
16.575	Victim Assistance Program	C-06-9-009	10/01/07 - 10/31/08	\$	31,974	
16.575	Victim Assistance Program	C-07-9-012	11/01/08 - 12/31/09		33,338	6,662
16.575	Louisiana Supreme Court		01/01/08 - 12/31/08		-	21,466
16.575	Louisiana Supreme Court		01/01/09 - 12/31/09		25,281	-
16.738	New Orleans Police and Justice Foundation, Inc.		01/01/09 - 12/31/09		-	215,050
16.738	Foundation, Inc.		01/01/09 - 12/31/09		467,240	-
Drug Control and System Improvement - Formula Grant						
16.580	Public Corruption	2005-DD-1175	10/01/04 - 05/31/08		-	42,033
16.580	Differential Case Management	2007-F6599-LA-DJ	12/01/07 - 08/30/08		-	150,579
16.580	Differential Case Management	2008-F6599-LA-DJ	09/01/08 - 03/15/09		24,893	39,024
16.580	Differential Case Management	2009-DJ-BX-980	03/16/09 - 12/31/09		44,965	-
16.580	Pretrial Diversion	2009-SB-B8-3167	11/01/08 - 12/31/09		5,938	-
16.580	Pretrial Intervention	B82-8-072	06/01/09 - 01/31/11		61,856	-
16.580	Criminal Justice Infrastructure	Y06-8-009	06/01/06 - 09/30/08		-	901,112
16.580	Electronic Equipment	P-06-9-004	07/01/07 - 06/01/08		-	7,662
16.580	Electronic Equipment	P09-9-003	07/01/08 - 06/01/09		7,944	-
16.580	Equipment Upgrade	2005-DD-BX-1173	10/01/06 - 12/31/09		108,036	140,158
16.580	Criminal Justice Technology	B09-9-005	10/01/09 - 03/31/10		3,612	-
Violence Against Women Formula Grant						
16.588	Anti Stalking Program	M06-9-002	12/01/07 - 12/08/08		94,487	94,487
16.588	Anti Stalking Program	M07-9-002	01/01/09 - 09/30/09		43,973	-
16.588	Anti Stalking Program	M08-9-002	10/01/09 - 03/31/10		27,333	-
16.588	Domestic Violence	M61-8-003			-	7,425
Juvenile Accountability Block Grants						
16.523	Juvenile Prosecutors	A-05-8-034	08/01/07 - 08/08/08		-	38,060
16.523	Juvenile Prosecutors	A-06-8-034	08/09/08 - 04/30/09		21,076	23,925
16.523	Juvenile Prosecutors	A-07-8-023	05/01/09 - 04/30/10		26,907	-
16.523	Juvenile Diversion	A-07-9-003	09/01/08 - 02/15/10		53,548	-

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
 ORLEANS PARISH, LOUISIANA
 SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2009 AND 2008

<u>U.S. Department of Health and Human Services</u>				
Passed through the Louisiana Department of Social Services				
93.563	Child Support Enforcement (Title	07/01/07 - 06/30/08		1,187,187
93.563	IV-D)	07/01/08 - 06/30/09	1,237,430	1,140,793
93.563		07/01/09 - 06/30/10	1,102,809	-
 <u>U.S. Department of Federal Emergency Management Agency</u>				
97.036	FEMA Infrastructure Grant	01/01/08 - 12/31/09	369,467	288,472
97.036	FEMA Infrastructure Grant	01/01/08 - 12/31/09	84,840	-
			3,844,973	4,336,069
TOTAL FEDERAL & STATE EXPENDITURES \$			\$	\$

DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2009

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

08-01 Budget to Actual Performance

The budget was not amended to reflect variances as required. We recommended that procedures be implemented to compare revenues and expenditures to the budget and that the budget be amended as necessary.

Current Status - Partially Resolved. The DA's Office has implemented a current budget to reflect a single, approved and comprehensive, budget document accounting for all income and expenditures. They will begin having quarterly budget meetings to discuss any variances to the budget.

08-02 Accounting Personnel

As part of the audit, Pallet, Meunier and LeBlanc, LLP has prepared a draft copy of the Organization's financial statements on the Organization's behalf and has provided a copy for their approval prior to issuance of the financial statements. This is primarily due to their reliance on us for this expertise, which could imply that management does not possess the skills and knowledge necessary to prepare financial statements that are in accordance with generally accepted accounting principles, including all significant footnote disclosures.

Current Status - Unresolved. Due to the costs associated with hiring such personnel, the DA's Office will continue to rely on outside expertise until such funding to hire the necessary personnel is approved.

**DISTRICT ATTORNEY OF THE ORLEANS JUDICIAL DISTRICT
ORLEANS PARISH, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2009**

09-01 Budget to Actual Performance

The DA's Office has implemented a current budget to reflect a single, approved and comprehensive, budget document accounting for all income and expenditures. They will begin having quarterly budget meetings to discuss any variances to the budget.

09-02 Accounting Personnel

The DA's Office does not have the necessary personnel to prepare financial statements that are in accordance with generally accepted accounting principles, including all significant footnote disclosures. Due to the costs associated with hiring such personnel, the DA's Office will continue to rely on outside expertise until such funding to hire the necessary personnel is approved.

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

Certified Public Accountants

Management Consultants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Compliance

We have audited the compliance of District Attorney of the Orleans Judicial District (DA's Office), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2009. The DA's Office's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the DA's Office's management. Our responsibility is to express an opinion on the DA's Office's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the DA's Office's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the DA's Office's compliance with those requirements.

In our opinion, the DA's Office complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

The management of the DA's Office is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the DA's Office's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly we do not express an opinion on the effectiveness of the DA's Office's internal control over compliance.

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A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects DA's Office's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by DA's Office's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a major federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information and use of the DA's Office, its management, the Legislative Auditor for the State of Louisiana and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Paulet Mermier and LeBlanc, L.L.P.
Metairie, LA
June 04, 2010