
**DISTRICT ATTORNEY OF THE NINETEENTH
JUDICIAL DISTRICT**

EAST BATON ROUGE PARISH, LOUISIANA

FINANCIAL REPORT

DECEMBER 31, 2009

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Release Date 7/14/10

DISTRICT ATTORNEY OF THE NINETEENTH
JUDICIAL DISTRICT

EAST BATON ROUGE PARISH, LOUISIANA

FINANCIAL REPORT

DECEMBER 31, 2009

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| <u>INDEPENDENT AUDITORS' REPORTS</u> | |
| Independent Auditors' Report | 1 - 2 |
| Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i> | 3 - 4 |
| Report On Compliance With Requirements Applicable To Each Major Program And On Internal Control Over Compliance In Accordance With OMB Circular A-133 | 5 - 6 |
| <u>REQUIRED SUPPLEMENTARY INFORMATION – PART I</u> | |
| Management's Discussion and Analysis | 7 - 13 |
| <u>BASIC FINANCIAL STATEMENTS</u> | |
| Statement of Net Assets | 14 |
| Statement of Activities | 15 |
| Governmental Funds - Balance Sheet | 16 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets | 17 |
| Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances | 18 |
| Reconciliation of the Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement Of Activities | 19 |
| Statement of Fiduciary Net Assets | 20 |
| Notes to Financial Statements | 21 - 32 |

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| <u>REQUIRED SUPPLEMENTARY INFORMATION – PART II</u> | |
| General Fund Budgetary Comparison Schedule | 33 |
| Special Revenue Fund Budgetary Comparison Schedule | 34 |
| <u>SUPPLEMENTAL INFORMATION</u> | |
| Schedule of Expenditures of Federal Awards | 35 |
| Schedule of Findings and Questioned Costs | 36 |
| Summary Schedule of Prior Audit Findings | 37 |
| <u>OTHER REPORTS</u> | |
| Management Letter | 38 - 41 |

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities and each major fund of the District Attorney of the Nineteenth Judicial District (the "District Attorney"), a component unit of the City-Parish of Baton Rouge, as of and for the year ended December 31, 2009, which collectively comprise the District Attorney's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District Attorney. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinion.

In our 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 of the District Attorney, as of December 31, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2010, on our consideration of the District Attorney's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7 through 13 and 33 through 34, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to

our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District Attorney's financial statements 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 Non-Profit Organizations*, and is also not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Postlethwaite & Nettleton

Baton Rouge, Louisiana
June 24, 2010

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

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

We have audited the financial statements of the governmental activities and each major fund of the District Attorney of the Nineteenth Judicial District (the "District Attorney") as of and for the year ended December 31, 2009, which collectively comprise the District Attorney's basic financial statements and have issued our report thereon dated June 24, 2010. 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 District Attorney's 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 District Attorney's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District Attorney's internal control over financial reporting.

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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District Attorney'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the State of Louisiana Legislative Auditor's Office, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties. However, under Louisiana Revised Statute 24:313, this report is distributed by the Legislative Auditor as a public document.

Pestlithurath + Metterville

Baton Rouge, Louisiana
June 24, 2010

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

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

Compliance

We have audited the compliance of the District Attorney of the Nineteenth Judicial District (the "District Attorney") 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 program for the year ended December 31, 2009. The District Attorney's major federal program is 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 program is the responsibility of the District Attorney's management. Our responsibility is to express an opinion on the District Attorney'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 District Attorney's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District Attorney's compliance with those requirements.

In our opinion, the District Attorney complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2009.

Internal Control Over Compliance

The management of the District Attorney is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program. In planning and performing our audit, we considered the District Attorney'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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District Attorney's internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over compliance 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 of the management 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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Postlethwaite & Nettleton

Baton Rouge, Louisiana
June 24, 2010

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2009

This section of District Attorney's annual financial report presents a discussion and analysis of the District Attorney's financial performance during the fiscal year that ended on December 31, 2009. Please read it in conjunction with the District Attorney's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District Attorney's total net assets decreased by \$1,052,241 over the course of this year's operations. During the year, the District Attorney's expenses exceeded revenues by that amount.
- The total cost of the District Attorney's programs was \$11,828,374 a decrease of approximately \$70,000 or 1 percent.
- The General Fund reported a deficiency of revenues over expenditures of \$186,812.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2009

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

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2009

Government-wide Statements

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

The two government-wide statements report the District Attorney's net assets and how they have changed. Net assets—the difference between the District Attorney's assets and liabilities—is one way to measure the District Attorney's financial health, or position.

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

The government-wide financial statements of the District Attorney include the following category:

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

Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.

The District Attorney has two kinds of funds:

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

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2009

FINANCIAL ANALYSIS OF THE DISTRICT ATTORNEY AS A WHOLE

Net assets. The District Attorney's combined net assets decreased 45 percent between years 2008 and 2009 to approximately \$1 million. (See Table A-1)

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

| | Governmental Activities | |
|--|----------------------------|---------------------|
| | 2009 | 2008 |
| Current and other assets | \$ 3,733,269 | \$ 3,813,396 |
| Capital assets, net of depreciation | 726,255 | 761,080 |
| Total assets | 4,459,524 | 4,574,476 |
| Current liabilities | 658,640 | 540,003 |
| Non-current liabilities | 2,492,621 | 1,673,969 |
| Total liabilities | 3,151,261 | 2,213,972 |
| Net assets | | |
| Invested in capital assets, net of related debt | 726,255 | 761,080 |
| Unrestricted | 582,008 | 1,599,424 |
| Total net assets | \$ 1,308,263 | \$ 2,360,504 |

Changes in net assets. The District Attorney's total revenues increased by 12.7 percent to approximately \$10.8 million (See Table A-2). Approximately 61 percent of the District Attorney's revenue comes from appropriations from the State of Louisiana and the City of Baton Rouge/Parish of East Baton Rouge.

The total cost of all programs and services increased approximately \$929,735 or 8.5 percent.

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2009

Governmental Activities

Revenues for the District Attorney's governmental activities increased 12.7 percent and total expenses increased 8.5 percent as reflected below in Table A-2:

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

| | Governmental Activities | |
|--|--------------------------------|---------------------------|
| | 2009 | 2008 |
| Revenues | | |
| Program revenues | | |
| Charges for services | 2,915,997 | \$2,151,023 |
| State grants and entitlements | 7,789,037 | 7,312,187 |
| General revenues | 71,099 | 94,486 |
| Total revenues | <u>10,776,133</u> | <u>9,557,696</u> |
| Expenses | | |
| Governmental activities | 11,828,374 | 10,898,639 |
| Total expenses | <u>11,828,374</u> | <u>10,898,639</u> |
| Increase (decrease) in net assets | <u>(1,052,241)</u> | <u>(1,340,943)</u> |

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

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

| | Total Cost of Services | | Net of Program Revenues | |
|---------------|-----------------------------------|-----------------------------|------------------------------------|------------------------------|
| | 2009 | 2008 | 2009 | 2008 |
| Public safety | \$ 10,658,543 | \$ 9,838,102 | \$ (1,090,161) | (\$ 1,420,769) |
| IV-D program | <u>1,169,831</u> | <u>1,060,537</u> | <u>(33,179)</u> | <u>(14,660)</u> |
| | <u>\$ 11,828,374</u> | <u>\$ 10,898,639</u> | <u>\$ (1,123,340)</u> | <u>(\$ 1,435,429)</u> |

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2009

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District Attorney completed the year, its governmental funds reported a combined fund balance of \$3.1 million, a decrease of approximately \$198,000 from last year.

General Fund Budgetary Highlights

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

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

| | <u>Original Budget</u> | <u>Final Amended Budget</u> | <u>Difference</u> |
|------------------|----------------------------|-------------------------------------|--------------------|
| Revenue | \$ 8,756,990 | \$ 9,147,080 | \$ 390,090 |
| Expenditures | 8,973,000 | 9,460,801 | (487,801) |
| Net expenditures | <u>\$ (216,010)</u> | <u>\$ (313,721)</u> | <u>\$ (97,711)</u> |

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

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

| | <u>Original Budget</u> | <u>Actual Budget Results</u> | <u>Difference</u> |
|------------------|----------------------------|--------------------------------------|-------------------|
| Revenue | \$ 8,756,990 | \$ 9,642,369 | \$ 885,379 |
| Expenditures | 8,973,000 | 9,829,181 | (856,181) |
| Net expenditures | <u>\$ (216,010)</u> | <u>\$ (186,812)</u> | <u>\$ 29,198</u> |

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2009

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2009, the District Attorney had invested \$726,255 in capital assets. (See Table A-6.)

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

| | Governmental Activities | |
|-------------------------|--------------------------------|-------------------|
| | 2009 | 2008 |
| Furniture and equipment | \$ 246,351 | \$ 228,954 |
| Vehicles | 479,904 | 532,126 |
| Total | \$ 726,255 | \$ 761,080 |

The decrease was primarily due to depreciation of office furniture and vehicles.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District Attorney is dependent on the State of Louisiana and the City of Baton Rouge for approximately 61 percent of its revenues. These entities receive a substantial part of their revenues from taxes. The economy is not expected to generate any significant growth. Therefore, the District Attorney's future revenues are expected to be consistent with the current years. The budget for the 2010 year is approximately the same as the year 2009's budget.

CONTACTING THE DISTRICT ATTORNEY'S FINANCIAL MANAGEMENT

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

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

STATEMENT OF NET ASSETS
DECEMBER 31, 2009

ASSETS

| | |
|---|-------------------------|
| Cash and cash equivalents | \$ 3,447,732 |
| Receivables | 285,537 |
| Capital assets, net of accumulated depreciation | <u>726,255</u> |
| TOTAL ASSETS | <u>4,459,524</u> |

LIABILITIES AND NET ASSETS

LIABILITIES

| | |
|-----------------------------------|-------------------------|
| Accounts payable | 242,200 |
| Accrued compensated absences | 174,211 |
| Other liabilities | 242,229 |
| Post-employment benefit liability | <u>2,492,621</u> |
| TOTAL LIABILITIES | <u>3,151,261</u> |

NET ASSETS

| | |
|----------------------------|----------------------------|
| Invested in capital assets | 726,255 |
| Unrestricted | <u>582,008</u> |
| TOTAL NET ASSETS | <u>\$ 1,308,263</u> |

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

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

| | <u>Program Revenues</u> | | <u>Net (Expense)</u> |
|--|-------------------------|----------------------|----------------------|
| | <u>Charges for</u> | <u>Operating</u> | <u>Revenue and</u> |
| | <u>Services</u> | <u>Grants and</u> | <u>Changes in</u> |
| | <u>Expenses</u> | <u>Contributions</u> | <u>Net Assets</u> |
| | | | <u>Governmental</u> |
| | | | <u>Unit</u> |
| <u>FUNCTIONS/PROGRAMS</u> | | | |
| Governmental activities: | | | |
| Public safety | \$ 10,658,543 | 2,915,997 | \$ (1,090,161) |
| Health and welfare | 1,169,831 | - | (33,179) |
| Total governmental activities | <u>\$ 11,828,374</u> | <u>\$ 2,915,997</u> | <u>(1,123,340)</u> |
| General Revenues: | | | |
| Interest and investment earnings | | | 42,827 |
| Miscellaneous | | | 28,272 |
| Total general revenues and special items | | | <u>71,099</u> |
| Expenses over revenues | | | (1,052,241) |
| Net assets - January 1, 2009 | | | <u>2,360,504</u> |
| Net assets - December 31, 2009 | | | <u>\$ 1,308,263</u> |

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

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2009

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Total</u> |
|---|-------------------------|---------------------------------|---------------------|
| <u>ASSETS</u> | | | |
| Cash and certificates of deposit | \$ 3,356,652 | \$ 91,080 | \$ 3,447,732 |
| Accounts receivable | 103,615 | 181,922 | 285,537 |
| | | | |
| TOTAL ASSETS | <u>\$ 3,460,267</u> | <u>\$ 273,002</u> | <u>\$ 3,733,269</u> |
| | | | |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| Liabilities: | | | |
| Accounts payable | \$ 235,570 | \$ 6,630 | \$ 242,200 |
| Accrued compensated absences | 148,346 | 25,865 | 174,211 |
| Other liabilities | 242,229 | - | 242,229 |
| | | | |
| TOTAL LIABILITIES | <u>626,145</u> | <u>32,495</u> | <u>658,640</u> |
| | | | |
| Fund balances: | | | |
| Unreserved - undesignated | 2,834,122 | 240,507 | 3,074,629 |
| | | | |
| TOTAL FUND BALANCES | <u>2,834,122</u> | <u>240,507</u> | <u>3,074,629</u> |
| | | | |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 3,460,267</u> | <u>\$ 273,002</u> | <u>\$ 3,733,269</u> |

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

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2009

| | | |
|---|--------------------|---------------------|
| Total fund balances - Governmental Funds | | \$ 3,074,629 |
| Post-employment benefit liability | | (2,492,621) |
| Cost of capital assets at December 31, 2009 | \$ 1,822,961 | |
| Less: accumulated depreciation as of December 31, 2009 | <u>(1,096,706)</u> | <u>726,255</u> |
| Total net assets at December 31, 2009 - Governmental Activities | | <u>\$ 1,308,263</u> |

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

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2009

| | <u>General</u> <u>Fund</u> | <u>Special</u> <u>Revenue Fund</u> | <u>Total</u> |
|---|-------------------------------|---------------------------------------|----------------------------|
| <u>REVENUES</u> | | | |
| Fines and forfeitures | \$ 1,092,060 | \$ - | \$ 1,092,060 |
| Interest | 42,115 | 712 | 42,827 |
| Intergovernmental revenue: | | | |
| Federal grants | 125,269 | 1,136,652 | 1,261,921 |
| City of Baton Rouge | 4,185,368 | - | 4,185,368 |
| State of Louisiana | 2,341,847 | - | 2,341,847 |
| Check collection fees | 132,898 | - | 132,898 |
| Narcotic seizure fees | 100,628 | - | 100,628 |
| Pre-trial program fees | 1,075,901 | - | 1,075,901 |
| Other fees | 514,510 | - | 514,510 |
| Other | 31,773 | - | 31,773 |
| TOTAL REVENUES | <u>9,642,369</u> | <u>1,137,364</u> | <u>10,779,733</u> |
| <u>EXPENDITURES</u> | | | |
| General Government: | | | |
| Current operating: | | | |
| Personnel service | 8,316,662 | 1,077,064 | 9,393,726 |
| Auto and equipment | 331,170 | 13,655 | 344,825 |
| Supplies and office | 168,178 | 15,077 | 183,255 |
| Other | 818,334 | 41,909 | 860,243 |
| Capital outlay | 194,837 | 1,611 | 196,448 |
| TOTAL EXPENDITURES | <u>9,829,181</u> | <u>1,149,316</u> | <u>10,978,497</u> |
| <u>EXCESS OF REVENUES OVER (UNDER)</u> | | | |
| <u>EXPENDITURES</u> | <u>(186,812)</u> | <u>(11,952)</u> | <u>(198,764)</u> |
| Fund balances - beginning of year | <u>3,020,934</u> | <u>252,459</u> | <u>3,273,393</u> |
| Fund balances - end of year | <u>\$ 2,834,122</u> | <u>\$ 240,507</u> | <u>\$ 3,074,629</u> |

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

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

| | | |
|---|------------------|-----------------------|
| Excess of Revenues over (under) | | |
| Expenditures | | \$ (198,764) |
| Post-retirement benefit expense for year ended December 31, 2009 (in excess of contributin) | | (818,652) |
| Carrying value of assets disposed | | (5,972) |
| Capital Assets: | | |
| Capital outlay capitalized | \$ 196,448 | |
| Depreciation expense for year ended December 31, 2009 | <u>(225,301)</u> | <u>(28,853)</u> |
| Change in Net Assets - Governmental Activities | | <u>\$ (1,052,241)</u> |

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

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2009

| | <u>Agency Funds</u> |
|---|-------------------------|
| <u>ASSETS</u> | |
| Cash and cash equivalents | \$ 34,642 |
| TOTAL ASSETS | <u>\$ 34,642</u> |
| <u>LIABILITIES</u> | |
| Due to other funds | \$ 762 |
| Narcotics seizure - pending forfeitures | <u>33,880</u> |
| TOTAL LIABILITIES | <u>\$ 34,642</u> |

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

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The accompanying basic financial statements of the 19th Judicial 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 those standards.

B. Financial Reporting Entity

For financial reporting purposes, in conformance with GASB Codification Section 2100, the 19th Judicial District Attorney (the District Attorney) is a part of the district court system in the State of Louisiana. However, the District Attorney operates autonomously from the State of Louisiana and independently from the district court system. Therefore, the District Attorney reports as an independent reporting entity.

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

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the City-Parish of Baton Rouge for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

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

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Financial Reporting Entity (continued)

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

The District Attorney is elected by the qualified electors of the judicial district for a term of six years.

C. Fund Accounting

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

Governmental Funds

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

General Fund

The General Fund was established in compliance with Louisiana Revised Statute (R.S.) 15:571.11, which provides that 12% of the fines collected by the East Baton Rouge Parish Sheriff and bonds forfeited be transmitted to the District Attorney to defray the necessary expenditures of the District Attorney. The General Fund accounts for the operations of the District Attorney's office.

Special Revenue Fund

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

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

C. **Fund Accounting** (continued)

Fiduciary Fund Type Agency Fund

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

Narcotic Seizure Account

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

D. **Basis of Accounting / Measurement Focus**

Government Wide Financial Statements (GWFS)

The GWFS were prepared using 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 No. 33, *Accounting and Financial Reporting for Non-exchange transactions*.

Fund Financial Statements (FFS)

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

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting / Measurement Focus (continued)

Fund Financial Statements (FFS) (continued)

Governmental and Agency Funds are accounted for on the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become measurable and available to pay current period liabilities. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period or 60 days. Commissions on fines and bond forfeitures are reported in the year they are collected by the tax collector. Grants and state appropriations are recorded when the District Attorney is entitled to the funds. Interest income on investments is recorded when earned. Substantially all other revenues are recorded when received.

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

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

E. Budgets and Budgetary Accounting

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

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

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

F. **Compensated Absences**

On January 1, 2009, the District Attorney adopted a policy for leave benefits which allows a maximum of 22.5 days of vacation leave per calendar year to be earned. Employees may accumulate a maximum of 80 hours to be carried forward to a succeeding calendar year. Upon termination, employees are paid up to 80 hours of their unused vacation leave. Sick leave is allowed to accrue and accumulate up to a maximum of 2,080 hours. However, such sick leave benefits are payable only upon absence from work for medical reasons. Upon termination, accumulated sick leave lapses, and no payments are made for the unused accumulations. Under the leave policy adopted, accrual of unused vacation leave in the financial statements is required in accordance with GASB Statement No. 16. However, accrual of unused sick leave is not required since the amount accumulated lapses upon termination.

G. **Cash and Certificates of Deposit**

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

H. **Capital Assets**

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

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

I. **Operating Transfers In and Out**

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

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

J. **Use of Estimates**

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

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

Government accounting principles establishes standards for the measurement, recognition, and display of OPEB costs and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. OPEB includes postemployment healthcare, as well as other forms of postemployment benefits (e.g., life insurance) when provided separately from a pension plan.

2. **CAPITAL ASSETS**

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

| | <u>Furniture and Equipment</u> | <u>Vehicles</u> | <u>Total</u> |
|--|--|-------------------|-------------------|
| Cost of capital assets, December 31, 2008 | \$ 950,257 | \$ 961,203 | \$1,911,460 |
| Additions | 75,200 | 121,248 | 196,448 |
| Deletions | <u>(138,018)</u> | <u>(146,929)</u> | <u>(284,947)</u> |
| Cost of capital assets, December 31, 2009 | <u>887,439</u> | <u>935,522</u> | <u>1,822,961</u> |
| Accumulated depreciation, December 31, 2008 | 721,303 | 429,077 | 1,150,380 |
| Additions | 57,771 | 167,530 | 225,301 |
| Deletions | <u>(137,986)</u> | <u>(140,989)</u> | <u>(278,975)</u> |
| Accumulated depreciation, December 31, 2009 | <u>641,088</u> | <u>455,618</u> | <u>1,096,706</u> |
| Capital assets, net of accumulated depreciation, at December 31, 2009 | <u>\$ 246,351</u> | <u>\$ 479,904</u> | <u>\$ 726,255</u> |

Depreciation expense of \$225,301 for the year ended December 31, 2009 was charged to the following governmental functions:

| | |
|----------------|-------------------|
| Public service | \$ 203,175 |
| Title IV-D | <u>22,126</u> |
| | <u>\$ 225,301</u> |

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

3. ON-BEHALF PAYMENTS FOR SALARIES AND FRINGE BENEFITS

For the year ended December 31, 2009, the District Attorney recorded on-behalf payments from the following sources:

| | |
|---------------------------------|---------------------|
| City-Parish of East Baton Rouge | |
| Salaries | \$ 2,907,210 |
| Pensions | 280,000 |
| Insurance | 650,478 |
| Postemployment benefits | 276,180 |
| Contract services | <u>71,500</u> |
| Total | <u>\$ 4,185,368</u> |
| State of Louisiana | |
| Salaries | <u>\$ 2,341,847</u> |

4. INTERFUND TRANSACTIONS

The following is a summary of amounts due from and due to other funds at December 31, 2009:

| | <u>Due From</u> | <u>Due To</u> |
|---|-----------------|---------------|
| General Fund | | |
| District Attorney's Narcotic Seizure Fund | \$ 762 | \$. |
| Agency Fund | | |
| General Fund | <u>-</u> | <u>762</u> |
| | <u>\$ 762</u> | <u>\$ 762</u> |

5. CASH AND CERTIFICATES OF DEPOSIT

Custodial credit risk is the risk that in the event of a financial institution failure, the District Attorney's deposits may not be returned to them. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. As of December 31, 2009, the District Attorney's deposits were not exposed to custodial credit risk.

6. DEFINED-BENEFIT PENSION PLANS

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

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

6. DEFINED-BENEFIT PENSION PLANS (continued)

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

Plan members are required to contribute 7.0% of their annual covered salary and the District Attorney is required to contribute an actuarially determined rate, which was 5% beginning July 2009. Employer Contributions for 2009 totaled \$40,379. Member contributions and employer contributions for the LDARS are established by state law and rates are established by the Public Retirement Systems' Actuarial Committee. There were no employer contributions required for 2008, or 2007.

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

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

Funding Policy. The plan requires that the Retirement System be funded on an actuarially sound basis. Under the current plan, both employee and employer contributions are set by the CPERS board on an annual basis to properly fund the system. In 2009, employees made a mandatory contribution of 9.5% of gross earnings, while the employer contributed 21.44% of active payroll. The total employer contributions to CPERS for the years ended December 31, 2009, 2008, and 2007 were approximately \$478,000, \$380,000, and \$332,000, respectively. This was equal to the statutorily required contributions.

7. FEDERAL FINANCIAL ASSISTANCE PROGRAM

The District Attorney participates in the United States Department of Health and Human Services Support Enforcement, Title IV-D Program, Catalog of Federal Domestic Assistance No. 93.563. This program is funded by indirect assistance payments, in the form of both incentive payments and reimbursements of a portion of certain expenditures, received from the Louisiana Department of Social Services. Beginning July 1998, the State eliminated incentive payments and began paying 100% of reimbursement requests. For the year ended December 31, 2009, the District Attorney expended \$1,261,921 in reimbursement payments.

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

7. FEDERAL FINANCIAL ASSISTANCE PROGRAM (continued)

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

Other programs funded by the U. S. Department of Justice totaling \$125,269, which are passed through the Louisiana Commission of Law Enforcement. These programs are funded by reimbursements with certain matching requirements ranging from 0% to 25% to be funded by the District Attorney.

There are no restrictions on how incentive payments may be expended, except as may be required by state law for any other funds of the District Attorney. However, these payments, as well as the reimbursement payments, may be subjected to further review and audit by the federal grantor agency. No provision has been made in the financial statements for the reimbursement of any expenditures that may be disallowed as a result of such a review or audit.

8. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

All classified and unclassified employees of the City-Parish primary government, and certain employees of the District Attorney, the Nineteenth Judicial District Court, EBR Parish Family Court, EBR Parish Juvenile Court, Brownsfield Fire Protection District and Alsen-St. Irma Lee Fire Protection discretely presented component units may at their option participate in the employees' group life, health, and dental insurance programs sponsored by the government and administered by the City-Parish Human Resources Department along with outside third-party insurance providers or administrative agents. Both employee/retiree premiums and the employer contribution toward the premiums are set each year in the Metropolitan Council approved budget.

Plan description of the primary government:

The District Attorney is a component unit of The City-Parish and a member of the health benefits program. The City-Parish OPEB Plan is a single-employer defined benefit "substantive plan" as understood by past practices of the employer and its employees. Although no written plan or trust currently exists or is sanctioned by law the OPEB plan is reported based on communications to plan members.

Retirees may continue their coverage under the City-Parish's health plans in accordance with Parish Resolution 10179 adopted by the Parish Council on December 13, 1972 and amended by Metropolitan Council Resolution 42912 adopted November 12, 2003. Based on current practices, upon retirement, a totally vested employee may continue his coverage paying the same premiums and receiving the same benefits as active employees. The government pays the following percentages of scheduled premiums:

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

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

8. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Funding policy:

The contribution requirements of the employees/retirees and the participating City-Parish employers are established in the annual operating budget and may be amended in subsequent years. During 2009, the health/dental plan was funded with employees and retirees contributing 25%-38% of the health and dental premium and the City-Parish contributing 62%-75% of the health and dental premium, dependent upon the number of family members covered. One hundred percent of required premiums on the \$3,000 retiree life insurance policy is funded by the employer. Effective January 1, 2003, the employer portion of pay-as-you-go OPEB insurance premiums are allocated over all employers and funds that participate in the OPEB Plan. The District Attorney's employer contribution to the OPEB plan for 2009 totaled \$242,434; or approximately 6% of gross payroll as approved by the Metropolitan Council in the 2009 operating budget. There is no retiree contribution to the OPEB plan other than the retiree share of insurance premiums paid monthly, which is the same as the active employees' share.

Annual OPEB Cost and Net OPEB Obligation:

The City-Parish's annual OPEB cost (expense) was calculated based on the *annual required contribution* of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over the actuarial amortization period. These components of OPEB were allocated to the District Attorney based on its proportionate share of total contributions made in the previous year. The following table shows the components of the District Attorney's annual OPEB cost for the year end December 31, 2009 and the amount actually contributed to the plan during the year:

| | |
|---------------------------------------|---------------------|
| Annual required contribution (ARC) | \$ 1,062,466 |
| Interest on net OPEB obligation | 66,770 |
| Adjustment to ARC | <u>(68,150)</u> |
| Annual OPEB cost (expense) | 1,061,086 |
| Less: Contributions made | <u>(242,434)</u> |
| Increase in net OPEB obligation | 818,652 |
| Net OPEB obligation-beginning of year | <u>1,673,969</u> |
| Net OPEB obligation-end of year | <u>\$ 2,492,621</u> |

Trend Information for OPEB Plan:

| <u>Fiscal Year End</u> | <u>Annual OPEB Cost</u> | <u>Percentage of Annual OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|--------------------------------|-----------------------------|---|------------------------------------|
| 12/31/07 | 1,010,532 | 20.8% | 800,416 |
| 12/31/08 | 1,098,947 | 20.5% | 1,673,969 |
| 12/31/09 | 1,061,087 | 22.8% | 2,492,621 |

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

8. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Funding status and funding progress:

As of January 1, 2009, the most recent actuarial valuation date, the plan was zero percent funded. The District Attorney's allocated portion of the actuarial accrued liability for benefits was \$15,309,436 with no valued assets, resulting in an unfunded actuarial accrued liability (UAAL) of the same amount. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision and actual results are compared with past expectations and new estimates are made about the future.

Funding progress for the three most recent valuation dates is as follows:

| Actual Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|-----------------------|-------------------------------|---------------------------------------|---------------------------|--------------------|---------------------|---|
| 01/01/07 | - | \$ 14,399,131 | \$ 14,399,131 | 00.0% | \$ 3,225,867 | 446.4% |
| 01/01/08 | - | 15,553,544 | 15,553,544 | 00.0% | 3,680,762 | 422.6% |
| 01/01/09 | - | 15,309,437 | 15,309,437 | 00.0% | 4,068,325 | 376.3% |

Actuarial methods and assumptions:

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

The individual entry age-normal cost method was used for the January 1, 2009, actuarial valuation. Because the government currently finances OPEB using a pay-as-you-go approach, the discount rate is based on the historical (and expected investment that are expected to be used in financing the payment of benefits). The actuarial assumptions included a four percent investment rate of return, compounded annually. Life expectancies were based on the 1994 Group Annuity Mortality Table set forward two years.

Turnover rates were based on the government's historical data and modified based on years of employment. Probabilities of disability were calculated in accordance with the Eleventh Actuarial Valuation of the Railroad Retirement System with adjustments for fire and police.

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

8. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Actuarial methods and assumptions: (continued)

Both historical retiree claim costs and year 2009 retiree health insurance premiums were used as the basis for calculation of the present value of total benefits to be paid. In addition to a general inflation rate of 3.75 percent, the plan assumed a medical inflation rate of eight percent beginning in 2005, decreasing one percent per year through 2013. The actuarial valuation also assumes that (1) eighty percent of employees are assumed to be married at retirement; (2) female spouses are assumed to be three years younger than males; (3) eighty percent of employees married at retirement will elect spouse's coverage; (4) zero percent of employees will have dependent children at retirement; and (5) one hundred percent of employees will elect Medicare coverage when they are first eligible.

The amortization method for the plan is a level percentage of payroll with a thirty year open amortization. The expected long-term payroll growth rate was estimated at 2.5 percent, compounded annually. The remaining amortization period at January 1, 2009, was thirty years.

9. SUBSEQUENT EVENTS

The District Attorney has evaluated subsequent events through the date that the financial statements were available to be issued, June 24, 2010, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2009

| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | Variance with Final Budget Favorable (Unfavorable) |
|---|---------------------|---------------------|---------------------|---|
| <u>REVENUES</u> | | | | |
| Fines and forfeitures | \$ 1,200,000 | \$ 1,000,000 | \$ 1,092,060 | \$ 92,060 |
| Interest | 68,000 | 15,000 | 42,115 | 27,115 |
| Intergovernmental revenue: | | | | |
| City of Baton Rouge | 4,098,990 | 4,098,990 | 4,185,368 | 86,378 |
| State of Louisiana | 2,210,000 | 2,210,000 | 2,341,847 | 131,847 |
| Check collection fees | 200,000 | 135,000 | 132,898 | (2,102) |
| Narcotic seizure fees | 100,000 | 105,000 | 100,628 | (4,372) |
| Other | 880,000 | 1,583,090 | 1,747,453 | 164,363 |
| Total Revenues | <u>8,756,990</u> | <u>9,147,080</u> | <u>9,642,369</u> | <u>495,289</u> |
| <u>EXPENDITURES</u> | | | | |
| General Government: | | | | |
| Current operating: | | | | |
| Personnel service | 7,800,000 | 7,993,595 | 8,316,662 | (323,067) |
| Auto and equipment | 400,000 | 332,000 | 331,170 | 830 |
| Supplies and office | 100,000 | 100,000 | 168,178 | (68,178) |
| Other | 533,000 | 815,206 | 818,334 | (3,128) |
| Capital outlay | 140,000 | 220,000 | 194,837 | 25,163 |
| Total Expenditures | <u>8,973,000</u> | <u>9,460,801</u> | <u>9,829,181</u> | <u>(368,380)</u> |
| <u>EXCESS OF REVENUES OVER (UNDER)</u> | | | | |
| <u>EXPENDITURES</u> | <u>(216,010)</u> | <u>(313,721)</u> | <u>(186,812)</u> | <u>126,909</u> |
| <u>FUND BALANCES</u> | | | | |
| Beginning of year | <u>3,283,060</u> | <u>3,020,934</u> | <u>3,020,934</u> | <u>-</u> |
| End of year | <u>\$ 3,067,050</u> | <u>\$ 2,707,213</u> | <u>\$ 2,834,122</u> | <u>\$ 126,909</u> |

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2009

| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | <u>Variance with Final Budget Favorable (Unfavorable)</u> |
|--|-------------------|-------------------|-------------------|---|
| <u>REVENUES</u> | | | | |
| Interest | \$ - | \$ - | \$ 712 | \$ 712 |
| Intergovernmental revenue: | | | | |
| Louisiana Department of Social Services | 1,233,041 | 1,233,041 | 1,136,652 | (96,389) |
| Total Revenues | <u>1,233,041</u> | <u>1,233,041</u> | <u>1,137,364</u> | <u>(95,677)</u> |
| <u>EXPENDITURES</u> | | | | |
| General Government: | | | | |
| Current operating: | | | | |
| Personnel service | 1,162,200 | 1,162,200 | 1,077,064 | 85,136 |
| Auto and equipment | 40,500 | 40,500 | 13,655 | 26,845 |
| Travel | 2,400 | 2,400 | 1,730 | 670 |
| Supplies and office | 13,900 | 13,900 | 15,077 | (1,177) |
| Other | 14,041 | 14,041 | 40,179 | (26,138) |
| Capital outlay | - | - | 1,611 | (1,611) |
| Total Expenditures | <u>1,233,041</u> | <u>1,233,041</u> | <u>1,149,316</u> | <u>83,725</u> |
| <u>EXCESS OF REVENUES OVER (UNDER)</u> | | | | |
| <u>EXPENDITURES</u> | - | - | (11,952) | (11,952) |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | |
| Operating transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| <u>(DEFICIENCY) OF REVENUES AND OTHER SOURCES</u> | | | | |
| <u>OVER EXPENDITURES AND OTHER USES</u> | - | - | (11,952) | (11,952) |
| <u>FUND BALANCES</u> | | | | |
| Beginning of year | 153,240 | 153,240 | 252,459 | 99,219 |
| End of year | <u>\$ 153,240</u> | <u>\$ 153,240</u> | <u>\$ 240,507</u> | <u>\$ 87,267</u> |

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009

| <u>Federal Grantor Pass-Through Grantor Program Title</u> | <u>Federal CFDA Number</u> | <u>Pass-Through Entity's Identifying Number</u> | <u>Federal Expenditures</u> |
|---|------------------------------------|---|---------------------------------|
| U. S. Department of Health and Human Services Passed Through the Louisiana Department of <u>Social Services</u> | | | |
| Child Support Enforcement Title IV-D | 93.563 | DSS #02148 | \$ 1,136,652 |
| U.S. Department of Justice Passed Through Louisiana Commission of <u>Law Enforcement</u> | | | |
| Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program | 16.803 | BS82-8-068 | 33,991 |
| Violence Against Women Formula Grant | 16.588 | M09-5-009 | 3,340 |
| Edward Byrne Memorial Justice Assistance | 16.738 | B07-8-009 | 12,082 |
| Crime Victim Assistance/Discretionary Grant | 16.582 | C06-8-024 | <u>75,856</u> |
| | | | <u>125,269</u> |
| Total Federal Expenditures | | | <u>\$ 1,261,921</u> |

Note A – Basis of Presentation

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

Note B – Reconciliation to Financial Statements

The expenditures for the Title IV-D program are reported on the Statement of Revenues, Expenditures, and changes in Fund Balances as expenditures of \$1,136,652 in the Special Revenue Fund and \$125,269 in the General Fund and no transfers out.

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2009

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the District Attorney of the Nineteenth Judicial District.
2. No significant deficiencies or material weaknesses, which would be required to be reported in the 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*, were disclosed during the audit.
3. No instances of noncompliance material to the financial statements of the District Attorney of the Nineteenth Judicial District, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance In Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award program for the District Attorney of the Nineteenth Judicial District expresses an unqualified opinion on the major federal program.
6. The audit disclosed no findings relative to the major federal award program that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The program tested as a major program is: Title IV-D, CFDA Number 93.563.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The District Attorney of the Nineteenth Judicial District was determined to be a low-risk auditee.
10. A Management Letter was issued for the year ended December 31, 2009.

FINDINGS – FINANCIAL STATEMENT AUDIT

None.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

None.

DISTRICT ATTORNEY OF THE NINETEENTH JUDICIAL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2008

FINDINGS RELATED TO FINANCIAL STATEMENT AUDIT

Finding 2008-1 Capital Assets and Inventoried Equipment

Condition:

This finding was a significant deficiency stating that the inventory list of capital assets and certain equipment was not updated during the year.

Recommendation:

The auditor recommended that the process of maintaining fixed asset records be centralized and the inventory be updated as disbursements for capital assets are made.

Current Status:

The recommendation was adopted in 2009. No similar findings were noted in the 2009 audit.

FINDINGS RELATED TO MAJOR FEDERAL AWARD PROGRAMS

None.

June 24, 2010

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

In planning and performing our audit of the financial statements of the District Attorney of the Nineteenth Judicial District (District Attorney), for the year ended December 31, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the District Attorney's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District Attorney's internal control.

However, during the course of our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. Our comments and suggestions regarding those matters are set forth below. We previously reported on the District Attorney's internal control in our report dated June 24, 2010. This letter does not affect our report dated June 24, 2010, on the financial statements of the District Attorney.

Observation:

We observed that the DA has sustained deficient revenues during the years ending December 31, 2009, 2008 and 2007. If this trend continues, net assets will be depleted and result in a deficit. Historical and projected changes in net assets are presented in the attached Schedule A.

Note that the projected amounts were based on the 2010 budget with adjustments for the City of Baton Rouge's allocation of its other post employment benefit cost (OPEB) allocation to the District Attorney. The OPEB used in the projection above were based on the OPEB allocation in 2009 adjusted for medical inflation of 9.75%.

Recommendation:

We recommend that the District Attorney consider the impact of the deteriorating net assets on its operations.

Management Response:

Public entities are just beginning to understand the impact of Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions* (GASB 45) reporting requirements on public organizations. GASB 45 is an accounting requirement that defines how public employers should report the cost of employer provided retiree health costs. Prior to the implementation of this standard, post employment benefits cost were accounted for on a pay as you go basis. With the implementation of the standard, these costs are based on post employment benefits earned and the calculation is based on demographics and actuary assumptions (OPEB). The District Attorney was required to implement the standard in 2007, which is the same year as the City of Baton Rouge (City-Parish).

All health benefits that are due retirees from the District Attorney's office are due under the terms and conditions of the City-Parish's health benefit plan. As a result, the District Attorney has historically been responsible for paying an assigned portion of the City-Parish's cost to provide this benefit to District Attorney Office retirees. On a pay as you go basis, the District Attorney's allocated cost has historically been between \$200,000 and \$250,000. Under GASB 45 rules, the District Attorney's allocated OPEB cost recognized in the Statement of Changes in Net Assets is between \$800,000 and \$900,000. As such, the District Attorney's net assets have been significantly impacted.

All decisions concerning how these liabilities are to be funded are determined by the City-Parish. The District Attorney has informed the City-Parish of his concern that continuing to report this unfunded liability on his Statement of Net Assets will by 2011 result in a negative Statement of Net Assets despite the District Attorney having more than sufficient funds on hand to pay current liabilities. In 2009, the office of the State Treasurer was also contacted. Both the City-Parish and the State Treasurer advised that while they are both aware of the issue there are no plans currently in place to address this growth in unfunded liability.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with management, and we will be pleased to discuss

them in further detail at your convenience, to perform an additional study of these matters, or to assist you in implementing the recommendations.

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

Sincerely,

Postlethwait & Nettville

District Attorney of the Nineteenth Judicial District
Schedule of Historical Changes and Projected Changes in Net Assets
December 31, 2009
(Unaudited)

| | Historical Changes in Net Assets | | | Projected Changes in Net Assets | | |
|------------------------|----------------------------------|---------------------|---------------------|---------------------------------|-----------------------|-----------------------|
| | As of December 31 | | | As of December 31 | | |
| | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
| Revenues | \$ 8,881,147 | \$ 9,557,696 | \$ 10,776,133 | \$ 10,518,531 | \$ 10,518,531 | \$ 10,518,531 |
| Expenses | <u>9,143,954</u> | <u>10,898,639</u> | <u>11,828,374</u> | <u>12,053,271</u> | <u>12,141,271</u> | <u>12,237,271</u> |
| Expenses over Revenues | (262,807) | (1,340,943) | (1,052,241) | (1,534,740) | (1,622,740) | (1,718,740) |
| Beginning Net Assets | <u>3,964,254</u> | <u>3,701,447</u> | <u>2,360,504</u> | <u>1,308,263</u> | <u>(226,477)</u> | <u>(1,849,217)</u> |
| Ending Net Assets | <u>\$ 3,701,447</u> | <u>\$ 2,360,504</u> | <u>\$ 1,308,263</u> | <u>\$ (226,477)</u> | <u>\$ (1,849,217)</u> | <u>\$ (3,567,957)</u> |