

**District Attorney of the  
First Judicial District**

**Caddo Parish, Louisiana**

**December 31, 2013**

**District Attorney of the First Judicial District  
Caddo Parish, Louisiana**

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**Required Supplemental Information**  
**Management's Discussion and Analysis (MD&A)**

# **District Attorney of the First Judicial District**

## **Caddo Parish, Louisiana**

Management's Discussion and Analysis (unaudited)  
December 31, 2013

This section of the District Attorney of the First Judicial District's (District Attorney) annual financial report presents our discussion and analysis of the District Attorney's financial performance during the fiscal year that ended on December 31, 2013. Please read it in conjunction with the District Attorney's financial statements, which follow this section.

### **Financial Highlights –**

The following exhibits some of the more important highlights of the financial results for the government-wide financial statements for the year ended December 31, 2013:

- The District Attorney's total net position from governmental activities decreased \$211,914 from the beginning of the fiscal year as a result of operations during the year;
- During the year ended December 31, 2013, the District Attorney's expenses were \$338,718 more than the \$8,123,426 recognized as revenue from charges for services and operating grants;
- The cost of operating the programs of the District Attorney was \$8,462,144 which represents an increase in the costs of operations over the prior year of \$541,157 or a 6.83% (percent) increase, and
- The District Attorney reported unrestricted net position of \$2,196,530.

### **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's governmental operations, reporting the District Attorney's operations in more detail than the government-wide statements.
  - The governmental funds statements illustrate 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. Exhibit 1 shows how the required parts of this annual report are arranged and relate to one another.

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

Exhibit 1 Major Features of District Attorney's Government and Fund Financial Statements			
	Fund Statements		
	Government-wide Statements	Governmental Funds	Fiduciary Funds
Scope	The entire District Attorney governmental unit (excluding fiduciary funds).	The activities of the District Attorney that are not proprietary or fiduciary, such as public safety and the IV-D program.	Instances in which the District Attorney is the trustee or agent for someone else's resources, such as seized drug assets awaiting forfeiture.
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position.</li> <li>• Statement of activities.</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet.</li> <li>• Statement of revenue, expenditures, and changes in fund balances.</li> </ul>	<ul style="list-style-type: none"> <li>• Statements of fiduciary net position.</li> <li>• Statements of changes in fiduciary net position.</li> </ul>
Accounting basis and measurements focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resource focus.
Type of asset/liability	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 are included.	All assets and liabilities, both short-term and long-term; the District Attorney's funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is paid or received.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payments are due during the year or soon thereafter.	All revenues and expenses during the year, regardless of when cash is received or paid.

### Government-Wide Statements

The government-wide statements report information about the District Attorney as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position 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 position and how they have changed. Net position (the difference between the District Attorney's total assets and total liabilities) is one way to measure the District Attorney's financial health, or position.

For instance:

- Over time, increases or decreases in the District Attorney's net position is an indicator of whether its financial health is improving or deteriorating.
- To assess the overall health of the District Attorney, you need to consider additional financial factors, such as changes in the finances of the State of Louisiana and the Caddo Parish Commission.

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

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

## Fund Financial Statements

The fund financial statements provide more detailed information about the District Attorney's most significant funds, 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 or by bond covenants.

The District Attorney has two kinds of funds:

- Governmental funds – Most of the District Attorney's basic services are included in governmental funds which focus on (1) how cash and other financial assets that can be readily converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District Attorney's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements, or on the subsequent page, that explains the relationships between the two types of financial statements.
- Fiduciary funds – We exclude the activity in these funds from the District Attorney's government-wide financial statements because the District Attorney cannot use these assets to finance its operations.

## Financial Analysis of the District Attorney as a Whole

**Net Position** The District Attorney's combined net position decreased during 2013 by \$211,914 or 8.80% (percent), from \$2,408,444, at December 31, 2013, as shown in the following table.

	2013	2012	Change
Current and other assets	\$ 3,318,394	\$ 3,265,709	
Capital assets	268,058	313,566	
Total assets	<u>3,586,452</u>	<u>3,579,275</u>	
Current liabilities	258,407	282,249	
Noncurrent liabilities	1,131,515	888,582	
Total liabilities	<u>1,389,922</u>	<u>1,170,831</u>	
Net position			
Invested in capital assets	268,058	313,566	
Unrestricted	1,928,472	2,094,878	
Total net position	<u>\$ 2,196,530</u>	<u>\$ 2,408,444</u>	<u>\$ (211,914)</u>

**Changes in Net Position** The following condensed government-wide governmental activity statement illustrates the major changes in operations for the District Attorney in 2013 as compared to 2012:

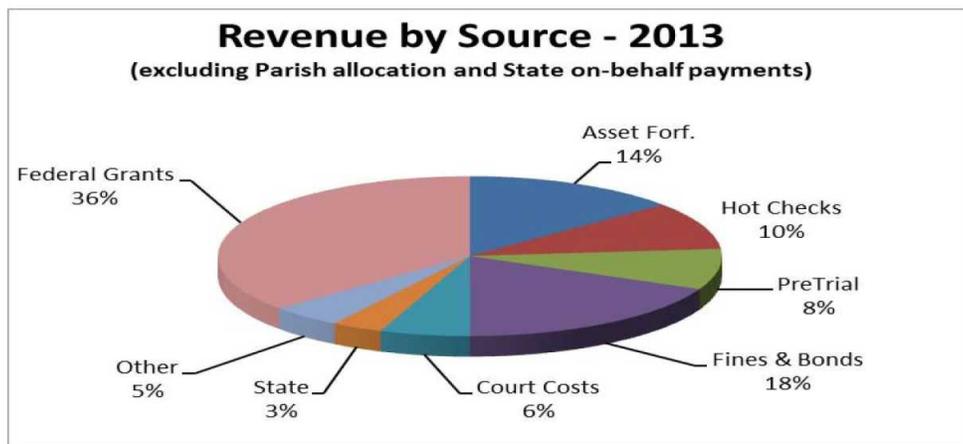
	2013	2012	Increase (decrease)	Percent change
Revenue	\$ 8,250,230	\$ 8,254,669	\$ (4,439)	(0.05%)
Expenses	<u>8,462,144</u>	<u>7,920,987</u>	<u>541,157</u>	6.83%
Excess (deficiency) of revenue over (under) expenditures	<u>\$ (211,914)</u>	<u>\$ 333,682</u>	<u>\$ (545,596)</u>	

**Governmental Activities**

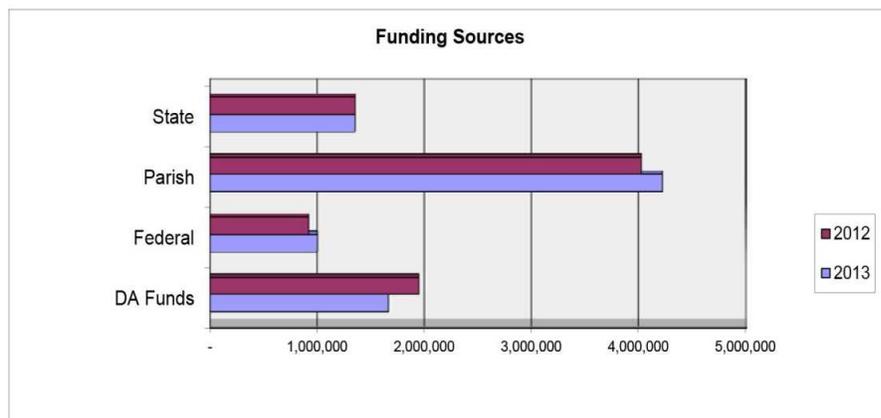
The District Attorney’s total governmental revenue decreased from 2012 by \$4,439, or 0.05% (percent), while expenses increased by \$487,241 or 6.34% (percent), as compared to 2012. Grant revenue increased from 2012; however, it was offset by a decrease in other revenue. Other revenue included a large settlement related to hot checks in 2012. The increases in expenses occurred primarily in personnel services and other charges including contracted services, fees, dues and equipment.

	2013	2012	Increase (decrease)	Percent change
Revenue				
Charges for services	\$ 1,539,156	\$ 1,557,350	\$ (18,194)	(1.17%)
Grants and contributions and parish support	6,584,270	6,304,406	279,864	4.44%
Other	126,804	392,913	(266,109)	67.73%
Total revenues	8,250,230	8,254,669	(4,439)	(0.05%)
Expenses				
Personnel services	6,863,471	6,587,972	275,499	4.18%
Other costs to deliver governmental programs	1,215,670	1,016,489	199,181	19.59%
Capital outlay	94,562	82,001	12,561	15.32%
Total expenses	8,173,703	7,686,462	487,241	6.34%
Excess of revenue over expenditures	\$ 76,527	\$ 568,207	\$ (491,680)	

There were no significant changes to the make-up of revenue between 2012 and 2013. The following chart shows all of the 2013 revenue by sources excluding the budget allocation from the Caddo Parish Commission of \$4,224,900 and the on-behalf payments from the State of Louisiana of \$1,265,000.



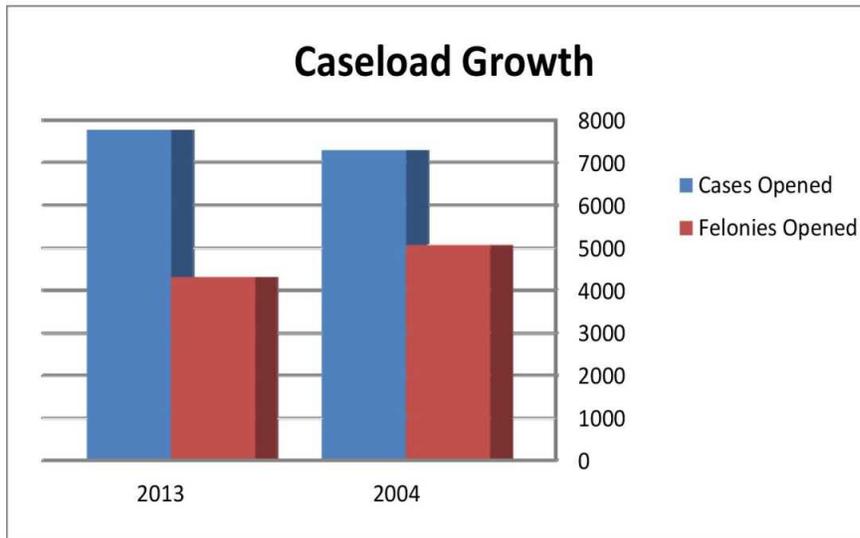
The chart to the right reflects both increases and decreases in funding sources. There was an increase in funding from the Parish and a decrease in collection fees in the revenues generated by the District Attorney due to a large hot check settlement that occurred during 2012.



### Financial Analysis of the District Attorney's Funds

At the end of 2013, the District Attorney's governmental funds reported a combined fund balance, or net position, of \$3,059,987, which included an increase of \$76,527 from prior year fund balance of \$2,983,460. The prior year operations showed an increase in fund balance of \$568,207. Prudent use of available funds and a gradual increase in funding will ensure that this office continues to be the leading prosecuting office in the State of Louisiana.

It is extremely difficult to operate an office of this size and scope without some degree of financial flexibility. It is also of the utmost importance that this office be an independent protector of the citizens of Caddo Parish who have been the victims of criminal acts.

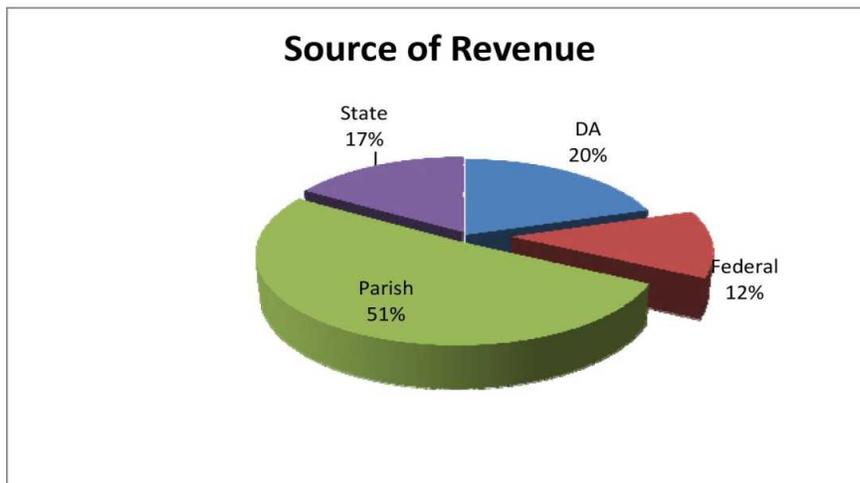


The chart to the left reflects the growth of caseload in the District Attorney's Office. Resources are sometimes strained when trying to manage this kind of caseload. However, this office will continue to spend in a wise manner while also representing the citizens of Caddo Parish in the professional manner that they demand and deserve.

### Economic Factors and Next Year's Budget

The District Attorney relies on the State of Louisiana and the Caddo Parish Commission for approximately 68% of its funding. How the current recession and economic climate will affect that funding remains to be seen. What is known is that when both of these sources become stagnant for a period of time it dramatically affects the ability of this office to provide the expected services and the level of professionalism that is required.

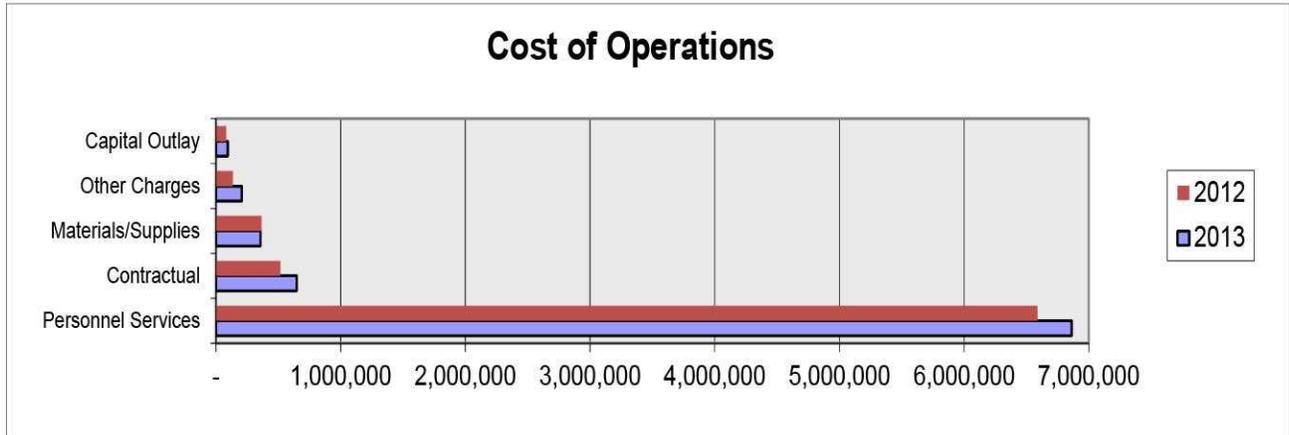
This office has maintained a conservative path in spending and therefore has again added to its reserve fund, now reflecting over three million.



The cost to operate this office for 2013 was over eight million, including State Assistant District Attorney (ADA) pay. In the type of emergency where this office had to rely on its reserve funding for normal operations, those funds would carry this office for only four months of operations.

As with any company, the cost of business continues to rise. This office has taken steps to minimize those increases; however, some, such as the employer contribution to the retirement systems, are mandated by law.

This office has done a good job of maximizing the funds that are generated through fines and costs and has steadily picked up an increasing share of the annual expenses.



Managing a growing and more complex caseload requires attorneys and support staff that are experienced in handling criminal matters. To avoid (as much as possible) a high employee turnover rate, it is important that this office offer a competitive employment package. It is hoped that our funding sources will be able to keep up with the rate of growth in our workload.

### General Fund Budgetary Highlights

The District Attorney has prepared and published budgets that cover its governmental activities in the General Fund. Included in this financial report are comparison schedules that illustrate the actual results of these funds compared to the original and revised budgets.

### Capital Assets

At the end of 2013, the District Attorney had invested \$1,242,208 in capital assets, as follows:

	2013	2012
Furniture, fixtures and equipment	\$ 866,658	\$ 978,081
Vehicles	375,550	367,095
Total capital assets at cost	1,242,208	1,345,176
Less accumulated depreciation	974,150	1,031,610
Capital assets, net	\$ 268,058	\$ 313,566

### Contacting the District Attorney's Financial Management

This financial report is designed to provide the citizens, taxpayers, and creditors with a general overview of the District Attorney's finances and to demonstrate the District Attorney's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Gary Gaskins, Administrator, 501 Texas Street, Shreveport, LA 71101.

## **Basic Financial Statements**

**District Attorney of the First Judicial District  
Caddo Parish, Louisiana**

**Statement of Net Position  
December 31, 2013**

<b>Assets</b>	
Cash and cash equivalents	\$ 1,251,138
Investments	1,789,263
<b>Receivables</b>	
Fines, fees, forfeitures and costs	47,138
Due from Caddo Parish Commission	40,676
Due from State of Louisiana	
Title IV-D reimbursement	152,285
Other funds	11,792
Other	26,102
Total receivables	<u>277,993</u>
Capital assets, net of accumulated depreciation	<u>268,058</u>
Total assets	<u>3,586,452</u>

**Liabilities and Net Position**

<b>Current liabilities</b>	
Accounts payable	43,613
Payable to Caddo Parish Commission	28,025
Accrued payroll	185,957
Other accrued expenses	812
Total current liabilities	<u>258,407</u>
<b>Long-term liabilities</b>	
Portion due within one year	
Accrued compensated absences	255,812
Portion due after one year	
Net other post-employment benefit obligation	875,703
Total long-term liabilities	<u>1,131,515</u>
Total liabilities	<u>1,389,922</u>
<b>Net position</b>	
Invested in capital assets	268,058
Unrestricted	<u>1,928,472</u>
Total net position	<u>\$ 2,196,530</u>

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

**District Attorney of the First Judicial District  
Caddo Parish, Louisiana**

**Statement of Activities  
for the Year ended December 31, 2013**

		Program Revenues		
	Expenses	Charges for services	Operating grants and contributions	Net (expense) revenue and changes in net position
Functions/programs				
Governmental activities				
Public safety and judicial prosecution	\$ <u>8,462,144</u>	\$ <u>1,539,156</u>	\$ <u>6,584,270</u>	\$ <u>( 338,718)</u>
Total governmental activities	\$ <u><u>8,462,144</u></u>	\$ <u><u>1,539,156</u></u>	\$ <u><u>6,584,270</u></u>	\$ <u><u>( 338,718)</u></u>
General revenues				
Interest and investment earnings				3,472
Miscellaneous				<u>123,332</u>
Total general revenues				<u>126,804</u>
Change in net position				( 211,914)
Net position, January 1, 2013				<u>2,408,444</u>
Net position, December 31, 2013				\$ <u><u>2,196,530</u></u>

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

**District Attorney of the First Judicial District  
Caddo Parish, Louisiana**

**Balance Sheet - Governmental Funds  
December 31, 2013**

	<u>General Fund</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 1,251,138
Investments	1,789,263
Receivables	
Fines, fees, forfeitures and costs	47,138
Due from Caddo Parish Commission	40,676
Due from State of Louisiana	
Title IV-D reimbursement	152,285
Other funds	11,792
Other	<u>26,102</u>
Total assets	<u>\$ 3,318,394</u>
<b>Liabilities and Fund Balances</b>	
Liabilities	
Accounts payable	\$ 43,613
Payable to Caddo Parish Commission	28,025
Accrued payroll	185,957
Other accrued expenses	812
Total liabilities	<u>258,407</u>
Fund balances	
Unassigned	<u>3,059,987</u>
Total fund balances	<u>3,059,987</u>
Total liabilities and fund balances	<u>\$ 3,318,394</u>

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

**District Attorney of the First Judicial District  
Caddo Parish, Louisiana**

**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position  
December 31, 2013**

Fund balances - total governmental funds		\$ 3,059,987
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		
Governmental capital assets	1,242,208	
Less accumulated depreciation	<u>( 974,150)</u>	<u>268,058</u>
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Compensated absences	( 255,812)	
Net OPEB obligation	<u>( 875,703)</u>	<u>( 1,131,515)</u>
Net position of governmental activities		\$ <u><u>2,196,530</u></u>

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

**District Attorney of the First Judicial District  
Caddo Parish, Louisiana**

**Statement of Revenue, Expenditures and Changes in  
Fund Balances - Governmental Funds  
for the Year ended December 31, 2013**

	<u>General Fund</u>
Revenue	
Fines, fees and bond forfeitures	\$ 501,758
Court cost fees	159,689
Interest income	3,472
Intergovernmental revenue	
Federal financial assistance	1,004,370
Parish financial assistance	4,224,900
State of Louisiana	1,355,000
Drug asset forfeiture	383,540
Collection fees	494,169
Other	123,332
Total revenue	8,250,230
Expenditures	
General government	
Current operating	
Personnel services	6,863,471
Contractual charges	648,897
Materials and supplies	358,517
Other charges	208,256
Capital outlay	94,562
Total expenditures	8,173,703
Net change in fund balance	76,527
Fund balance at beginning of year	2,983,460
Fund balance at end of year	\$ 3,059,987

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

**District Attorney of the First Judicial District  
Caddo Parish, Louisiana**

**Reconciliation of the Statement of Revenue, Expenditures and  
Changes in Fund Balances - Governmental Funds to the Statement of Activities  
for the Year ended December 31, 2013**

Net change in fund balances - total governmental funds \$ 76,527

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay	\$ 94,562	
Depreciation expense	( 139,354)	
Capital asset disposals, net	<u>( 716)</u>	<u>( 45,508)</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Increase in compensated absences	( 57,239)	
Increase in OPEB obligation	<u>( 185,694)</u>	<u>( 242,933)</u>
Change in net position of governmental activities		<u>\$ ( 211,914)</u>

**District Attorney of the First Judicial District  
Caddo Parish, Louisiana**

**Statement of Fiduciary Net Position  
December 31, 2013**

	<u>Agency Funds</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 410,180
Investments	29,500
Seized property	<u>511,240</u>
 Total assets	 \$ <u><u>950,920</u></u>
 <b>Liabilities</b>	
Due to other governmental funds	\$ 11,792
Amounts due on settlement of fiduciary assets	<u>939,128</u>
 Total liabilities	 \$ <u><u>950,920</u></u>

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

## **District Attorney of the First Judicial District Caddo Parish, Louisiana**

Notes to the Financial Statements  
as of and for the Year Ended December 31, 2013

### **Introduction**

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

As provided by Article V, Section 26 of the Louisiana Constitution of 1974, the District Attorney has charge of every criminal prosecution by the State in his district, is the representative of the State before the grand jury in his district, and is the legal advisor to the grand jury. He performs other duties as provided by law. The District Attorney is elected by the qualified electors of the judicial district for a term of six years. Caddo Parish comprises the First Judicial District, and the First Judicial District Attorney's office is located in Shreveport, Louisiana.

At December 31, 2013, the First Judicial District Attorney's office employed 89 persons. Thirty-four (34) of these employees are attorneys, including the district attorney himself. Eleven (11) of these employees are investigators, and the other forty-four (44) are administrative and clerical personnel.

### **Note 1 Summary of Significant Accounting Policies**

This financial report has been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, issued in June 1999. Component units are required to initially adopt GASB Statement No. 34 for the same reporting period as the primary government. The District Attorney's primary government, the Caddo Parish Commission, has adopted the provisions of GASB 34.

The government-wide financial statements (GWFS) include the Statement of Net Position and the Statement of Activities. These statements report information on all of the governmental activities of the District Attorney. Fiduciary activities of the District Attorney are not included in these statements.

Effective January 1, 2013, the District Attorney adopted GASB Statement No. 65: *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. At December 31, 2013, the District Attorney had no deferred outflows or inflows of resources, as defined by GASB Concepts Statement No. 4, and no reclassifications affecting the statement of net position from the prior year are required.

### **A. Basis of Presentation**

The accompanying basic financial statements of the District Attorney of the First Judicial District (District Attorney) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units.

The schedule of expenditures of federal awards includes the federal grant activity of the District Attorney and is presented on the accrual basis. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

### **B. Reporting Entity**

As the governing authority of the Parish, the Caddo Parish Commission is the financial reporting entity for reporting purposes. The financial reporting entity consists of (a) the primary government, the Caddo Parish Commission, (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.

GASB Statement No. 14 established criteria for determining which component units should be considered part of the Caddo Parish Commission 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. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the Caddo Parish Commission 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 Caddo Parish Commission.
2. Organizations for which the Caddo Parish Commission does not appoint a voting majority but are fiscally dependent on the Caddo Parish Commission.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization were not included because of the nature or significance of the relationship.

Because the Caddo Parish Commission has (a) a fiscal responsibility to the District Attorney, and (b) the potential for the District Attorney to provide specific financial benefits to, or impose specific financial burdens on, the Caddo Parish Commission, the District Attorney was determined to be a Component Unit of the Caddo Parish Commission, the financial reporting entity. The accompanying basic financial statements present information only on the funds maintained by the District Attorney and do not present information on the Caddo Parish Commission, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

### **C. Fund Accounting**

The District Attorney organizes its accounts on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues, and expenditures. The District Attorney uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

Funds of the District Attorney are classified as governmental funds. Governmental funds account for the District Attorney's general activities, including the collection and disbursement of specific or legally restricted monies, and the acquisition of general fixed assets. Governmental funds of the District Attorney include:

#### **Governmental Fund Type**

##### **General Fund**

The General Fund was established in compliance with Louisiana Revised Statute 15:571.11, which provides that twelve percent (12%) of the fines collected and bonds forfeited be transmitted to the District Attorney to defray the necessary expenses of that office. Louisiana Revised Statute 16:16, which became effective August 30, 1986, provides that a court cost of \$10.00 be collected to defray expenses of the District Attorney, in addition to all other fines, costs or forfeitures lawfully imposed. Louisiana Revised Statute 16:16.1, which became effective in 1997, provides that an additional court cost of \$10.00 be collected to defray expenses of the District Attorney, in addition to all other fines, costs or forfeitures lawfully imposed.

As of September 1, 1994, the Louisiana Revised Statute 15:571.11 provided that all judgments of bond forfeiture will be paid to the District Attorney. The District Attorney will distribute these funds, thirty percent (30%) of which the District Attorney will retain, to be used in the general operating account.

As of August 15, 2003, the Louisiana Revised Statute 15:85.1 provided for a \$15.00 fee to be assessed in connection with every criminal bond posted within each parish. Of this \$15.00 fee, the District Attorney receives \$7.00.

As of June 22, 1993, the Louisiana Revised Statute 22:1065.1 provided that there shall be a premium on all commercial surety underwriters who write criminal bail bonds in the State of Louisiana. The District Attorney receives twenty-five percent (25%) of the amounts collected, to be used in the general operating account.

As of August 15, 2003, the Louisiana Revised Statute 32:57.2 provided that each person seeking renewal or reissuance of a suspended driver's license pay an additional fee of \$25 to the office of the prosecuting authority for purposes of defraying the administrative cost for renewal or reissuance of the suspended driver's license.

The District Attorney also has the following programs, which are included in the General Fund:

**Title IV-D**

Title IV-D 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 program 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.

**Hot Checks**

Hot Checks consists of fees collected in accordance with Louisiana Revised Statute 16:15, which provides for a specific fee whenever the District Attorney's office collects and processes a worthless check. Expenditures for this program are at the sole discretion of the District Attorney and may be used to defray the salaries and the expenses of the office of the District Attorney, but may not be used to supplement the salary of the district attorney himself.

**Fiduciary Fund Type**

**Drug Asset Forfeiture - Agency Fund**

Louisiana Revised Statute Title 40 Chapter 26 "Seizure and Controlled Dangerous Substances Property Forfeiture Act of 1989" was implemented January 1, 1990. The Drug Asset Forfeiture Fund was established for the allocation and disposition of property obtained under the provisions of the above chapter. The District Attorney may (1) retain property for official use or transfer the custody to any local, state, or federal agency; (2) destroy or use for investigative purposes, any illegal or controlled substances or other contraband, upon the written approval of the District Attorney after not less than twenty days after seizure, and (3) authorize a public sale without appraisal of that which is not required by law to be destroyed and which is not harmful to the public.

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

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

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

Agency funds have no equity, assets are equal to liabilities, and do not include revenues and expenditures for general operations.

### **Court Escrow, Bond Forfeiture and Victim Restitution - Agency Funds**

The District Attorney holds other funds in escrow for the court and recipients. These funds arise from forfeitures and fines under appeal, restitution payments to victims, and other similar situations. None of these funds have drug related origins, and, thus, are not a part of the drug asset forfeiture fund. The District Attorney maintains these funds in escrow until the courts provide orders for their disposition, forfeiture or otherwise directed for victim restitution.

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

The government-wide financial statements 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 Statement No. 33, *Accounting and Financial Reporting for Non-exchange transactions*.

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

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

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

**Fund Financial Statements** - 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., revenue and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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 liabilities. Commissions on fines and bonds 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 benefits are reported in the period due and payable rather than the period earned by the employees, and general long-term obligations principal and interest payments are recognized only when due.

**Operating transfers between funds** - Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses). These transactions are recorded as they occur. In those cases where repayment is expected, the transfers are accounted for through the various due from and due to accounts. Generally, these transfers are to pay operating costs of the District Attorney borne by one or the other of the District Attorney's funds.

### **E. Capital Assets**

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

Capital assets are recorded in the government-wide financial statements but are not recorded in the fund financial statements. 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 3 to 7 years.

#### **F. Budgetary Practices**

The District Attorney utilizes the following budgetary practices:

The budgetary process begins with the administrator estimating the revenues expected to be received during the fiscal year. These revenue estimates are then used by the District Attorney and administrator to set budgetary guidelines in preparing appropriations. Proposed budgets are then prepared for publication and eventual adoption.

The proposed budget for the calendar year 2013 was published on November 22, 2012. The proposed budget was available for inspection by the public during normal business hours on December 4, 2012, when a public hearing was held. At the conclusion of the public hearing, the proposed budget was adopted. On December 13, 2012, the District Attorney's Certificate of Compliance and implementation of the budget was published. The proposed amended budget for the calendar year 2013 was published on November 21, 2013. The proposed amended budget was available for inspection by the public during normal business hours on December 4, 2013, when a public hearing was held. At the conclusion of the public hearing, the amended budget was adopted. On December 5, 2013, the District Attorney's Certificate of Compliance for the amended budget was published.

Once the budgets are approved, they can only be amended by the District Attorney. The District Attorney's administrator is authorized to make minor changes within line items. All budget appropriations lapse at year-end. The expenses of the District Attorney's office paid directly by the State of Louisiana are not included in the budgets.

The entire budgetary process is governed by, and conforms to, Louisiana Revised Statute 39:1308.

Budgets are adopted on a modified accrual basis, which is consistent with U.S. generally accepted accounting principles. Annual appropriated budgets are adopted for the general fund. All annual appropriations lapse at fiscal year end.

#### **G. Cash and Cash Equivalents**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. 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.

Under state law, the District Attorney may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

#### **H. Investments**

Investments are reported at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

State statutes generally authorize the District Attorney to invest in direct United States Treasury obligations; indebtedness issued or guaranteed by federal governmental agencies (provided such obligations are backed by the full faith and credit of the U.S. government); indebtedness issued or guaranteed by federally sponsored U.S. government agencies; time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the State of Louisiana; or mutual or trust fund institutions which are registered with the Securities and Exchange Commission. In addition, local governmental entities in Louisiana are authorized to invest in the Louisiana Asset Management Pool Inc. ("LAMP"), a nonprofit corporation formed by an

initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2-a-7, which governs registered money market funds. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. The dollar weighted average portfolio maturity of LAMP investments is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized costs. LAMP is designed to be highly liquid to give participants immediate access to their account balances.

### **I. Compensated Absences**

The District Attorney has a formal policy relating to vacation (annual leave) and sick leave. All employees appointed to full-time positions may earn from 12.5 to 25 days of annual leave and from 13 to 24.38 days of sick leave per year, depending on length of service. Members of the Parochial Retirement System may accrue unused amounts of vacation and sick leave for the purpose of using it in their retirement calculation. The District Attorney Retirement System does not allow unused vacation or sick leave to be used as service time and, therefore, attorneys are paid for a limited portion of this time at their time of departure, depending on length of service.

### **J. Risks and Uncertainties**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 Postemployment Benefits (OPEBs)**

During the year ended December 31, 2009, the District Attorney adopted GASB Statement No. 45 ("GASB 45") *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which was issued in 2004. This statement 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. The approach followed in the statement generally is consistent with the approach adopted in Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, with modifications to reflect differences between pension benefits and OPEB. GASB 45 improves the relevance and usefulness of financial reporting by: (i) recognizing the cost of benefits in periods when the related services are received by the employer, (ii) providing information about the actuarial accrued liabilities for promised benefits associated with past services and whether and to what extent those benefits have been funded; and (iii) providing information useful in assessing potential demands on the employer's future cash flows.

### **L. Net Position Classifications**

In the government-wide statements, net position are classified and displayed in three components:

- Invested in capital assets – Consists of capital assets, net of accumulated depreciation.
- Restricted net position – Consists of components of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position – Consists of all other components of net position that do not meet the definition of "restricted" or "invested in capital assets".

The District Attorney applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

## **M. Fund Balance Classification**

Fund balance classifications make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending restraints:

**Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District Attorney did not have any nonspendable fund balances as of December 31, 2013.

**Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District Attorney did not have any restricted resources as of December 31, 2013.

**Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District Attorney. These amounts cannot be used for any other purpose unless the District Attorney removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. As of December 31, 2013, the District Attorney did not have any committed resources.

**Assigned:** This classification includes amounts that are constrained by the District Attorney's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the District Attorney or by an official or body to which the District Attorney delegates the authority. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District Attorney did not have any assigned resources as of December 31, 2013, in the General Fund.

**Unassigned:** This classification includes the residual fund balance for the General Fund and also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. The General Fund, at December 31, 2013, had \$3,059,987 classified as unassigned.

The District Attorney would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

## **Note 2 Financial Reporting**

During the year ended December 31, 2002, the District Attorney implemented GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. GASB Statement No. 34 created new basic financial statements for reporting on the District Attorney's financial activities.

The financial statements now include government-wide financial statements prepared on the accrual basis of accounting and fund financial statements, which present information for individual major funds rather than by fund type, which had been the method of presentation in previously issued financial statements.

## **Note 3 Cash, Cash Equivalents, and Investments**

At December 31, 2013, the District Attorney had cash accounts (book balances), of \$1,251,138 in the governmental funds and \$410,180 in agency funds which total \$1,661,318.

At December 31, 2013, the District Attorney had \$1,793,826 of deposits (collected bank balances) with local depositories. These deposits are stated at cost, which approximates market. 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. These deposits were secured from risk by \$250,000 of federal deposit insurance at one financial institution and \$1,684,712 of pledged securities held by the custodial banks in the name of the fiscal agent banks (GASB Category 3), resulting in unsecured depository balances as of December 31, 2013, of \$-0-

The District Attorney invests in the Louisiana Asset Management Pool ("LAMP"), a public investment pool for Louisiana governmental units, administered by LAMP, Inc., a non-profit corporation. LAMP investments are restricted to securities issued or backed by the U.S. Treasury, the U.S. government, or one of its agencies, enterprises, instrumentalities, as well as repurchase agreements collateralized by those securities. LAMP may also invest in commercial paper of domestic United States Corporations rated A-1 or A-1+ by Standard and Poor's. Balances included in LAMP investments as of December 31, 2013, total \$1,318,763. LAMP paid \$717 in interest income, which was reinvested into the investment pools.

At December 31, 2013, the District Attorney held a ninety-day certificate of deposit with a balance of \$250,000. It matures on January 1, 2014, and is included in cash and cash equivalents.

The investments with original maturities of three months or more, are classified as investments on the Statement of Net Position. At December 31, 2013, the District Attorney held two one hundred eighty-day certificates of deposit each with balances of \$250,000. They mature on May 12, 2014, and January 28, 2014, respectively.

#### **Note 4 Retirement Plans**

##### **Louisiana District Attorneys' Retirement System**

*Plan Description* - The District Attorney and assistant district attorneys are members of the Louisiana District Attorneys' Retirement System (System), a cost-sharing, multiple-employer defined benefit pension plan administered and controlled by a separate board of trustees.

Assistant district attorneys who earn, at a minimum, the amount paid by the State for assistant district attorneys and are under the age of 60 at the time of original employment and all District Attorneys are required to participate in the System. For members who joined the System before July 1, 1990, and who elected not to be covered by the new provisions, the following applies: Any member with 23 or more years of creditable service, regardless of age, may retire with a three percent (3%) benefit reduction for each year below age 55, provided that no reduction is applied if the member has 30 or more years of service. Any member with at least 18 years of service may retire at age 55 with a three percent (3%) benefit reduction for each year below age 60. In addition, any member with at least 10 years of service may retire at age 60 with a three percent (3%) benefit reduction for each year retiring below the age of 62. The retirement benefit is equal to three percent (3%) of the member's average final compensation multiplied by the number of years of his membership service, not to exceed one hundred percent (100%) of his average final compensation.

For members who joined the System after July 1, 1990, or who elected to be covered by the new provisions, the following applies: Members are eligible to receive normal retirement benefits if they are age 60 and have 10 years of service credit, are age 55 and have 24 years of service credit, or have 30 years of service credit regardless of age. The normal retirement benefit is equal to three and one-half percent (3.5%) of the member's final-average compensation multiplied by years of membership service. A member is eligible for early retirement if he is age 55 and has 18 years of service credit. The early retirement benefit is equal to the normal retirement benefit reduced by three percent (3%) for each year the member retires in advance of normal retirement age. Benefits may not exceed one hundred percent (100%) of average final compensation. The System also provides death and disability benefits. Benefits are established by Louisiana State Statute.

*Funding Policy* - Plan members are required by State statute to contribute eight percent (8.0%) of their annual covered salary and the District Attorney is required to contribute at an actuarially determined rate. Contributions to the System also include 0.2 percent (0.2%) of the ad valorem taxes collected throughout the State and revenue sharing funds, as appropriated by the legislature. The contribution requirements of plan members and the District Attorney are established and may be amended by State statute, as provided by Louisiana Revised Statute 11:103. The employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District Attorney's contributions to the System for the years ending December 31, 2013, 2012, and 2011, were \$149,441, \$137,342, and \$129,571, respectively. The actuarially determined percentage was ten and one quarter percent (10.25%) for the period January 1, 2013, through June 30, 2013, and nine and three quarters percent (9.75%) for the period July 1, 2013, through December 31, 2013.

The System issues an annual, publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana District Attorneys' Retirement System, 1645 Nicholson Dr., Baton Rouge, LA 70802, or by calling (225) 343-0171.

**Parochial Employees' Retirement System of Louisiana**

The Caddo Parish Commission provides retirement, death, and disability benefits to the District Attorney's non-attorney employees through a pension plan administered by another governmental entity. The plan is the Parochial Employees' Retirement System of Louisiana (Parochial Plan). Substantially all Caddo Parish Commission employees are members of this cost-sharing, multiple-employer public employee retirement system (PERS). All permanent parish employees who work at least 28 hours per week and are under 55 years of age are required to become members of the plan on the date of employment. Benefit provisions are established in accordance with Louisiana State Statute.

Employees are eligible for retirement if the employee has: (a) 30 years of service, regardless of age, (b) 25 years of service and is at least age 55, or (c) 10 years of service and is at least age 60. The monthly retirement allowance is equal to three percent (3%) of the employee's final compensation multiplied by years of service. Benefits cannot exceed one hundred percent (100%) of the employee's final compensation. Employees become vested in the system after 10 years of service. Benefit provisions are established by Louisiana State Statute.

Upon the death of any Parochial Plan member in active service with five or more years of service and not eligible for retirement, survivor benefits paid are equal to sixty percent (60%) of final compensation for a surviving, unmarried spouse with minor children. The benefits will continue, as long as the spouse lives and is unmarried or until there are no minor children. For a surviving, unmarried spouse with no minor children, the benefits are forty percent (40%) of final compensation upon attainment of age 60 by the spouse, or upon becoming disabled, and are payable as long as the spouse lives and is unmarried. For minor children with no parents, the benefits are thirty percent (30%) of final compensation for each child, not to exceed sixty percent (60%) in total. For Parochial Plan members who are eligible for retirement, the surviving spouse is eligible for normal retirement benefits.

If a member with at least 5 years of service becomes disabled, he or she is eligible to receive benefits of three percent (3%) of the member's final compensation multiplied by his or her years of service. However, the number of years will be considered to be at least 15, or the number of actual years plus additional years to age 60, whichever is less. Benefits cannot exceed one hundred percent (100%) of final compensation.

Covered employees are required to contribute nine and one half percent (9.5%) of their salary to the Parochial Plan. The Caddo Parish Commission is required to contribute sixteen and three-fourths percent (16.75%) of covered employees' salaries. The employer and employee contribution obligations are established by Louisiana State Statute. The District Attorney's contributions to the System for the years ending December 31, 2013, 2012, and 2011, were \$365,429, \$332,999, and \$350,151, respectively.

The Parochial Plan issues an annual publicly available financial report that includes financial statements and required supplementary information for the Parochial Plan. That report may be obtained by writing to the Parochial Employees' Retirement System, P. O. Box 14619, Baton Rouge, LA 70898-4619, or by calling (225) 928-1361. Ten-year historical trend information of the Parochial Plan is available in the separately issued retirement system report. The trend information provides information about progress made in accumulating sufficient assets to pay benefits when due.

The District Attorney of the First Judicial District does not guarantee the benefits granted by the above plans.

**Note 5 Long-term Liabilities**

The long-term liabilities of the District Attorney, which are due to governmental activities, consist of liabilities for accrued compensated absences.

Balance, January 1, 2013	\$	198,573
Additions for earned compensated absences		386,073
Less use of accrued amounts	(	<u>328,834</u> )
Balance, December 31, 2013		255,812
Less current portion	(	<u>255,812</u> )
Long-term portion	\$	<u><u>-</u></u>

## **Note 6 Other Postemployment Benefits (OPEB)**

**Plan Description** - In addition to the pension benefits described in Note 4, the District Attorney provides medical benefits through a comprehensive medical plan and are made available to employees upon actual retirement who were fully vested in either of the Parochial or District Attorney retirement systems. Currently, there are ten retirees receiving healthcare benefits. The District Attorney pays seventy-five percent (75%) of the health insurance premiums for those retired employees. These benefits are provided at the discretion of the District Attorney and may be terminated at anytime.

Most employees are covered by the Parochial Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 10 years of service; or, age 65 and 7 years of service. For employees hired on and after January 1, 2007 retirement eligibility (D.R.O.P. entry) provisions are as follows: age 55 and 30 years of service; age 62 and 10 years of service; or, age 67 and 7 years of service. Complete plan provisions are included in the official plan documents.

**Contribution Rates** - Employees do not contribute to their postemployment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

**Fund Policy** - Until 2009, the District Attorney recognized the cost of providing post-employment medical benefits (the District Attorney's portion of the retiree medical benefit premiums) as expenses when the benefit premiums were due and thus financed the cost of the postemployment benefits on a pay-as-you-go basis. Effective with the year ended December 31, 2009, the District Attorney implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (GASB 45). The funding policy is not to fund the ARC except to the extent of the current year's retiree funding costs.

In 2013, the District Attorney's portion of healthcare premium cost for retired employees totaled \$42,133. This amount was applied toward the Net OPEB Benefit Obligation as shown in the table that follows.

**Annual Required Contribution** - The District Attorney's annual required contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, closed amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits.

The total ARC for fiscal year beginning January 1, 2013, is \$240,130, as set forth below:

Normal cost	\$ 95,618
30-year UAL amortization amount	144,512
Annual required contribution (ARC)	<u>\$ 240,130</u>

**Net Post-employment Benefit Obligation (Asset)** - The table below shows the District Attorney's Net Other Post-employment Benefit (OPEB) obligation for the fiscal year ended December 31, 2013:

Beginning Net OPEB obligation as of January 1, 2013	\$ 690,009
Annual required contribution (ARC)	240,130
Interest on Net OPEB obligation	27,600
Adjustment to ARC	( 39,903)
Annual OPEB Cost	917,836
Less: current year retiree premiums	( 42,133)
Ending net OPEB obligation as of December 31, 2013	<u>\$ 875,703</u>

The following table shows the District Attorney's annual post-employment benefits (PEB) cost, percentage of cost contributed, and the net unfunded post-employment benefits (PEB) liability (asset):

Postemployment Benefit	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation (Asset)
Medical	12/31/2013	\$ 240,130	17.5%	\$ 875,703
Medical	12/31/2012	\$ 240,130	16.7%	\$ 690,009

**Funded Status and Funding Progress** - For the year ended December 31, 2013, the District Attorney made no contribution to its post employment benefits plan. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. Based on the December 31, 2013, actuarial valuation, the most recent valuation, the AAL was \$2,498,858, which is defined as that portion, as determined by a particular actuarial cost method (the District Attorney uses the Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expenses that is not provided by normal cost. Since the plan was not funded in fiscal year 2013, the entire actuarial accrued liability was unfunded.

The funding status of the plan, as determined by an actuary as of December 31, 2013, was as follows:

	Medical
Actuarial Accrued Liability (AAL)	\$ 2,498,858
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	2,498,858
Funded Ratio (Actuarial Value Assets/AAL)	0%
Covered Payroll (active plan members)	4,140,959
UAAL as a percentage of covered payroll	60%

**Actuarial Methods and Assumptions** - Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the Caddo Parish Commission, the District Attorney and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the Caddo Parish Commission, the District Attorney and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Caddo Parish Commission, the District Attorney and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

**Actuarial Cost Method** - The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

**Actuarial Value of Plan Assets** - There are no plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board Actuarial Standards of Practice Number 6 (ASOP 6), as provided in paragraph number 125 of GASB Statement 45.

**Turnover Rate** - An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 14%. The rates for each age are below:

Age	Percent Turnover
18 - 25	25.0%
26 - 40	17.0%
41 - 54	15.0%
55+	8.0%

**Postemployment Benefit Plan Eligibility Requirements** - Based on past experience, it has been assumed that entitlement to benefits will commence six years after initial eligibility to enter the D.R.O.P. Medical benefits are provided to employees upon actual retirement. Most employees are covered by the Parochial Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 10 years of service; or, age 65 and 7 years of service. For employees hired on and after January 1, 2007 retirement eligibility (D.R.O.P. entry) provisions are as follows: age 55 and 30 years of service; age 62 and 10 years of service; or, age 67 and 7 years of service.

**Investment Return Assumption (Discount Rate)** - GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits. Since the ARC is not currently being funded and not expected to be funded in the near future, the actuary performed this valuation using a 4% annual investment return assumption.

**Health Care Cost Trend Rate** - The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare & Medicaid Services as published in National Health Care Expenditures Projections: 2003 to 2013, Table 3: National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in January, 2004 by the Health Care Financing Administration ([www.cms.hhs.gov](http://www.cms.hhs.gov)). "State and Local" rates for 2008 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later.

**Mortality Rate** - The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is a published mortality table that was designed to be used in determining the value of accrued benefits in defined benefit pension plans. Since GASB 45 requires the use of "unblended" rates, we have used the 94GAR mortality table described above to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance.

**Method of Determining Value of Benefits** - The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays 75% of the cost of the medical insurance for the retirees and dependents. The rates provided applicable before age 65 are "blended" rates. Since GASB 45 mandates that "unblended" rates be used, we have estimated the "unblended" rates for retired before Medicare eligibility. It has been assumed that the retiree rate before Medicare eligibility is 130% of the blended rate.

**Inflation Rate** – Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.5% annually.

**Projected Salary Increases** – This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

**Post-retirement Benefit Increases** – The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes for the future.

**OPEB cost and contributions** – The following schedule is a summary of the OPEB cost and contributions for the last three fiscal calendar years:

	2011	2012	2013
OPEB Cost	\$ 537,117	\$ 730,136	\$ 917,836
Contribution	-	-	-
Retiree premium	38,215	40,127	42,133
Total contribution and premium	<u>38,215</u>	<u>40,127</u>	<u>42,133</u>
Change in net OPEB obligation	\$ <u>498,902</u>	\$ <u>690,009</u>	\$ <u>875,703</u>
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	7.11%	5.50%	4.59%

**Note 7 Capital Assets**

A summary of changes in general fixed assets is as follows:

	Balance January 1, 2013	Additions	Disposals and Retirements	Balance December 31, 2013
Furniture, fixtures and equipment	\$ 978,081	\$ 64,607	\$ 176,030	\$ 866,658
Vehicles	367,095	29,955	21,500	375,550
Totals	<u>\$ 1,345,176</u>	<u>\$ 94,562</u>	<u>\$ 197,530</u>	<u>\$ 1,242,208</u>
Accumulated depreciation	\$ <u>1,031,610</u>	\$ <u>139,354</u>	\$ <u>196,814</u>	\$ <u>974,150</u>
Capital assets, net of accumulated depreciation	<u>\$ 313,566</u>			<u>\$ 268,058</u>

**Note 8 Agency Funds**

A summary of the changes in the District Attorney's agency funds is as follows:

	Balance January 1, 2013	Additions	Distributions	Balance December 31, 2013
Drug asset forfeiture	\$ 866,408	\$ 1,827,791	\$ 1,746,743	\$ 947,456
Court escrow	822	-	-	822
Bond forfeiture	66	107,649	107,649	66
Pre-trial and victim restitution	816	363,310	361,550	2,576
Total	<u>\$ 868,112</u>	<u>\$ 2,298,750</u>	<u>\$ 2,215,942</u>	<u>\$ 950,920</u>

**Note 9 Leases**

The District Attorney has the following operating lease:

Description	Term of Lease	Scheduled Monthly Payment	Expense
Title IV-D Office Space	December 1, 2012 to November 30, 2013	\$ 4,737	\$ 52,111
Title IV-D Office Space	December 1, 2013 to November 30, 2014	4,832	4,832
			<u>\$ 56,943</u>

The minimum annual commitment under the remaining non-cancelable operating lease for the following fiscal year is as follows:

2014	\$ 53,153
Total	<u>\$ 53,153</u>

**Note 10 Related Party Transactions**

The Caddo Parish Commission funds the District Attorney's office in its general fund budget. This funding includes salaries, related fringe benefit costs and other costs of housing, supplies, and administration. In 2013, the funding is a direct monthly amount from the Caddo Parish Commission and is reflected in the accompanying financial statements.

The District Attorney's office reimbursed the Commission for various expenses, notably health insurance, during the year and carries amounts due the Caddo Parish Commission as payables (included in the caption Payable to Caddo Parish Commission) at year-end as follows:

	Expenses Reimbursed	Payable
General Fund	\$ <u>992,916</u>	\$ <u>28,025</u>

**Note 11 On-behalf Payments for Salaries**

For the year ended December 31, 2013, the District Attorney recorded on-behalf payments \$1,265,000 from the State of Louisiana for salaries. These payments were directly from the State to the District Attorney and twenty-seven (27) assistant district attorneys.

**Note 12 Expenditures of the District Attorney not Included in the Financial Statements**

The accompanying financial statements do not include certain expenditures of the District Attorney paid out of the criminal court funds. Those expenditures are summarized as follows: The Criminal Court Fund is controlled and expended jointly between the District Attorney and the First Judicial Court. The District Attorney normally expends funds for transcripts, witness fees and expert witness fees; the balance is utilized by the First Judicial Court.

**Note 13 Federal Financial Assistance Program**

The District Attorney participates in the United States Department of Health and Human Services Support Enforcement, Title IV-D Program, Catalog of Federal Domestic Assistance Number 93.563. This program is funded by indirect assistance payments in the form of reimbursements for related expenditures, received from the Louisiana Department of Social Services. For the year ended December 31, 2013, the District Attorney for the First Judicial District expended \$1,004,370 for the program.

The reimbursement payments are restricted by a formal agreement between the District Attorney and the 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.

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

**Note 14 Contingencies**

Litigation - The District Attorney is a defendant in a lawsuit involving a civil action, which is partially covered by insurance. The estimates of the ultimate liability of the District Attorney cannot be determined. Resolution of this case could involve liability to the District Attorney in excess of insurance limits, if the courts find in favor of the plaintiff. The District Attorney evaluates the existing litigation and accrues appropriate amounts in accordance with Financial Accounting Standards Board Statement (FASB) ASC Topic 450 as liabilities become probable and can be estimated. In the opinion of legal counsel, the District Attorney's ultimate exposure is unknown at this time.

Grant Disallowances - The District Attorney participates in one federally assisted grant program. The program is subject to various compliance audits. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under the terms of the grant. The District Attorney management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

## **Required Supplementary Information**

**District Attorney of the First Judicial District  
Caddo Parish, Louisiana**

**General Fund Budgetary Comparison Schedule  
for the Year ended December 31, 2013**

	Original General	Final	Actual	Variance with Final Budget Favorable (Unfavorable)
<b>Revenue</b>				
Fines, fees and bond forfeitures	\$ 493,533	\$ 502,871	\$ 501,758	\$ ( 1,113)
Court cost fees	207,822	166,088	159,689	( 6,399)
Interest income	4,127	3,787	3,472	( 315)
<b>Intergovernmental revenue</b>				
Federal financial assistance	910,000	1,022,590	1,004,370	( 18,220)
Parish financial assistance	4,209,690	4,215,835	4,224,900	9,065
State of Louisiana	1,355,000	1,355,000	1,355,000	-
Drug asset forfeiture	85,670	389,320	383,540	( 5,780)
Collection fees	457,695	528,468	494,169	( 34,299)
Other	116,800	139,163	123,332	( 15,831)
<b>Total revenue</b>	<b>7,840,337</b>	<b>8,323,122</b>	<b>8,250,230</b>	<b>( 72,892)</b>
<b>Expenditures</b>				
<b>General government</b>				
<b>Current operating</b>				
Personnel services	6,733,686	6,955,013	6,863,471	91,542
Contractual charges	494,345	584,004	648,897	( 64,893)
Materials and supplies	365,229	352,001	358,517	( 6,516)
Other charges	199,942	296,248	208,256	87,992
Capital outlay	-	-	94,562	( 94,562)
<b>Total expenditures</b>	<b>7,793,202</b>	<b>8,187,266</b>	<b>8,173,703</b>	<b>13,563</b>
<b>Excess (deficiency) of revenue over expenditures</b>	47,135	135,856	76,527	( 59,329)
<b>Beginning fund balance</b>	<b>2,983,460</b>	<b>2,983,460</b>	<b>2,983,460</b>	<b>-</b>
<b>Ending fund balance</b>	<b>\$ 3,030,595</b>	<b>\$ 3,119,316</b>	<b>\$ 3,059,987</b>	<b>\$ ( 59,329)</b>

See Independent Auditor's Report.

**District Attorney of the First Judicial District**

Caddo Parish, Louisiana

**Schedule of Funding Progress for Other Post-Employment Benefit Plan  
for the Year ended December 31, 2013**

<u>Fiscal Year End</u>	<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Actuarial Accrued Liability (AAL)</u>	<u>(b-a) Unfunded AAL (UAAL)</u>	<u>(a/b) Funded Ratio</u>	<u>(c) Covered Payroll</u>	<u>(b-a)/c UAAL as a Percentage of Covered Payroll</u>
12/31/2011	1/1/2010	\$ -	\$ 1,894,584	\$ 1,894,584	0%	\$ 3,974,956	48%
12/31/2012	1/1/2012	\$ -	\$ 2,498,858	\$ 2,498,858	0%	\$ 3,927,375	64%
12/31/2013	1/1/2012	\$ -	\$ 2,498,858	\$ 2,498,858	0%	\$ 4,140,595	60%

## **Supplemental Information**

**District Attorney of the First Judicial District  
Caddo Parish, Louisiana**

**Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2013**

<u>Federal Grantor/Pass Through Grantor/ Program Name</u>	<u>CFDA Number</u>	<u>Grant Number/Pass Through Number</u>	<u>Federal Expenditures</u>
CASH FEDERAL AWARDS			
United States Department of Health and Human Services			
Passed through Louisiana Department of Social Services			
Title IV-D, Child Support Enforcement	93.563	0904LA4002/ 1304LA4004	\$ <u>1,004,370</u>
Total United States Department of Health and Human Services			<u>1,004,370</u>
Total Federal Expenditures			\$ <u>1,004,370</u>

See accompanying notes to the financial statements.

## **Independent Auditor's Reports**

**District Attorney of the First Judicial District  
Caddo Parish, Louisiana**

**Schedule of Findings and Questioned Costs  
for the Year ended December 31, 2013**

**Section I - Summary of Auditor's Results**

**A. Financial Statements**

1. We have issued an unmodified opinion on the financial statements of the District Attorney of the First Judicial District, Caddo Parish, Louisiana, as of and for the year ended December 31, 2013.
2. No significant deficiencies or material weaknesses in internal control relating to the audit of the financial statements were reported in *the 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*.
3. No instances of noncompliance material to the financial statements were reported during the audit in the *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*.
4. A separate management letter was issued on June 17, 2014.

**B. Federal Awards**

1. We have issued an unmodified opinion on the District Attorney of the First Judicial District, Caddo Parish, Louisiana's compliance with major federal award programs as of and for the year ended December 31, 2013.
2. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs were reported in the *Independent Auditor's Report on Compliance For Each Major Federal Program and Internal Control Over Compliance Required by OMB Circular A-133*.
3. No audit findings relative to the major federal award program were reported in Section III of this schedule.
4. No material instances of noncompliance in the major program were disclosed during the audit.
5. Identification of major programs:

<u>CFDA number</u>	<u>Name of federal program or cluster</u>
93.563	Child Support Enforcement Title IV-D
6. The dollar threshold used to identify Type A programs is \$300,000.
7. District Attorney of the First Judicial District, Caddo Parish, Louisiana, qualifies as a low-risk auditee based on the criteria cited in OMB Circular A-133, §.530.

**District Attorney of the First Judicial District  
Caddo Parish, Louisiana**

**Schedule of Findings and Questioned Costs  
for the Year ended December 31, 2013**

**Section II – Financial Statement Findings**

**A. Prior Year Findings and Responses**

None

**B. Current Year Findings and Responses**

None

**Section III – Federal Award Findings and Responses**

**A. Prior Year Findings and Responses**

None

**B. Current Year Findings and Responses**

None



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## INDEPENDENT AUDITOR'S REPORT

Honorable Charles R. Scott  
District Attorney of the First Judicial District  
Caddo Parish, Louisiana

### ***Report on the Financial Statements***

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 First Judicial District (District Attorney), a component unit of the Caddo Parish Commission, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District Attorney's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District Attorney as of December 31, 2013, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis*, *General Fund Budgetary Comparison Schedule*, and the *Schedule of Funding Progress for Other Post-Employment Benefit Plan*, on pages 1 through 6, 28 and 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District Attorney's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*, and is not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2014, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District Attorney's internal control over financial reporting and compliance.

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Shreveport, Louisiana  
June 17, 2014

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

Honorable Charles R. Scott  
District Attorney of the First Judicial District  
Caddo Parish, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund and the aggregate remaining fund information of the District Attorney of the First Judicial District, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District Attorney of the First Judicial District's basic financial statements, and have issued our report thereon dated June 17, 2014.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

We noted certain matters that we reported to management in a separate letter dated June 17, 2014.

**Purpose of this Report**

The purpose of this this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

CARR, RIGGS & INGRAM, LLC

CARR, RIGGS, & INGRAM, LLC

Shreveport, Louisiana  
June 17, 2014



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

Honorable Charles R. Scott  
District Attorney of the First Judicial District  
Caddo Parish, Louisiana

**Report on Compliance for Each Major Federal Program**

We have audited the District Attorney of the First Judicial District, ("District Attorney") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District Attorney's major federal programs for the year ended December 31, 2013. The District Attorney's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District Attorney's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the District Attorney's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the District Attorney complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

**Report on Internal Control Over Compliance**

Management of the District Attorney is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District Attorney's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

### **Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

CARR, RIGGS & INGRAM, LLC  
CARR, RIGGS, & INGRAM, LLC

Shreveport, Louisiana  
June 17, 2014



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## Management Letter

HONORABLE CHARLES SCOTT  
DISTRICT ATTORNEY OF THE FIRST JUDICIAL DISTRICT  
a Component Unit of the Caddo Parish Commission, State of Louisiana  
Caddo Parish

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District Attorney of the First Judicial District, a Component Unit of the Caddo Parish Commission, State of Louisiana (the District Attorney) for the year ended December 31, 2013 and have issued our report thereon dated June 17, 2014. In planning and performing the audit of the financial statements of the District Attorney, we considered internal control as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the District Attorney's internal control.

During our audit, we noted certain matters involving internal control and other operational matters that are presented for your consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are summarized as follows:

### **ML 2013-1 Semi-Annual Certifications**

#### *Observation:*

We noted during our test work for the Child Support Enforcement Title IV-D grant that semi-annual certifications for the year 2013 were not completed for employees who work solely on the federal program and are paid 100% with Child Support Enforcement funds in accordance with OMB Circular A-87 Cost Principals for State, Local and Indian Tribal governments.

#### *Recommendation:*

We recommend that the District Attorney develop a procedure for completing the certifications and assign an appropriate individual responsibility for ensuring the certifications are completed timely.

#### *Management's response:*

The certifications have been completed in previous years but were overlooked in 2013. These will be calendared for completion in the future and completed on a timely basis.

### **ML 2013-2 Approval of New Hires**

#### *Observation:*

During our review of the controls in place over hiring of new employees, we noted approval of new hires by the District Attorney is not documented in writing in accordance with the hiring process.

#### *Recommendation:*

We recommend that the District Attorney document, in writing, approval of all new hires. Further, we recommend that the documentation be retained on file in order to provide sufficient, appropriate evidence that the control was performed.

*Management's response:*

Management concurs with this recommendation and will act upon this immediately.

**ML 2013-3 Password Security**

*Observation:*

During our evaluation and testing of the information technology environment and general computer controls, we noted the potential to strengthen password security.

*Recommendation:*

We recommend that the District Attorney modify settings to require passwords to consist of at least three of four of the following: upper case letter, lower case letter, number, special character. In addition, we recommend requiring users to change passwords periodically.

*Management's response:*

Management cannot concur with this recommendation at this time. Due to software requirements it is not practical at this point to put in place a password system that cannot be controlled and monitored by management. However, we will continue to talk to our software providers and IT management company to see if a solution can be implemented in the future.

**Status of Prior Year Management Letter Items:**

**ML2012-1 Capital Assets**

*Description:*

We noted during our test work that an annual inventory count of fixed or capital assets was not completed, which is a best practice.

*Status:*

Resolved

**ML2012-2 Segregation of Duties for Bond Forfeiture**

*Observation:*

During our review of the controls in place over bond forfeitures in the prior year, we noted control deficiencies in the segregation of duties that are performed by one employee. This employee is solely responsible for sending demand letters, tracking payments, and following up on payments in addition to being primarily responsible for the collection of money received.

*Status:*

Resolved

**ML2012-3 Bank Reconciliations**

*Observation:*

During our review of the controls in place over cash disbursements, we noted control deficiencies in the processes surrounding the preparation and review of the bank reconciliations.

*Status:*

Resolved

**ML2012-4 Contractor Compliance Review Finding**

*Observation:*

We noted during our test work that the Department of Children and Family Services, Bureau of Audit & Compliance Services Unit conducted a Contractor Compliance Review for contract #692973 in

November 2012. The deficiency found was related to the internal control weakness over separation of cash handling and accounting functions related to IV-D. Management respectfully disagreed with the finding from the Contractor Compliance Review; however, in management's written response, they stated that additional safeguards would be implemented. We noted during our audit that mitigating controls were in place.

Status:  
Resolved

**ML2012-5 Code of Governmental Ethics Training**

*Observation:*

We noted one employee did not obtain one hour of education and training on the Code of Governmental Ethics through the Louisiana Board of Ethics by December 31, 2012. The employee attended a course "Psychology of Fraud and Ethics for Internal Auditors" and believed that the course would fulfill the mandate.

Status:  
Resolved

We recommend management address the foregoing issues as an improvement to operations and the administration of public programs. We are available to further explain the suggestions or help implement the recommendations.

This report is intended solely for the information and use of the District Attorney, 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. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

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Shreveport, Louisiana  
June 17, 2014