

**District Attorney of the First  
Judicial District**  
(a component unit of Caddo Parish Commission)  
Shreveport, Louisiana

**Financial Report**

**December 31, 2016**



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

**December 31, 2016  
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**Required Supplemental Information**  
**Management's Discussion and Analysis (unaudited)**

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

Management's Discussion and Analysis (unaudited)  
December 31, 2016

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, 2016. 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, 2016:

- The District Attorney's total net position from governmental activities decreased \$626,716 from the beginning of the fiscal year as a result of operations during the year;
- During the year ended December 31, 2016, the District Attorney's expenses were \$1,156,501 more than the \$8,544,840 recognized as revenue from charges for services and operating grants;
- The cost of operating the programs of the District Attorney was \$9,701,341 which represents an increase in the costs of operations over the prior year of \$1,251,184 or a 14.81% (percent) increase, and
- The District Attorney reported unrestricted net position of \$869,404.

**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 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 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 is not presented because the District Attorney has agency funds only.</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 are designed to provide readers with a broad overview of the District Attorney's finances, in a manner similar to a private sector business.

The statement of net position presents all of the District Attorney's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Net position represents the difference between all elements in a statement of financial position and is displayed in three components: net investment in capital assets, restricted, and unrestricted. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District Attorney is improving or deteriorating.

The statement of activities presents information showing how the District Attorney's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave). The statement of net position and the statement of activities distinguish functions of the District Attorney that are principally supported by intergovernmental revenues and charges for services. The District Attorney's governmental activities include basic services such as public safety, the IV-D program and general administration.

## Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District Attorney, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the District Attorney can be divided into two categories: governmental funds and fiduciary 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 2016 by \$626,716 or (41.89%) (percent), from \$1,496,120, at December 31, 2015, as shown in the following table.

	2016	2015	Change
Current and other assets	\$ 3,327,009	\$ 3,260,562	
Capital assets	144,322	171,742	
Total assets	3,471,331	3,432,304	
Deferred outflows of resources	2,089,277	797,709	
Current liabilities	561,475	524,421	
Noncurrent liabilities	3,623,049	1,735,034	
Total liabilities	4,184,524	2,259,455	
Deferred inflows of resources	506,680	474,438	
Net position			
Invested in capital assets	144,322	171,742	
Unrestricted	725,082	1,324,378	
Total net position	\$ 869,404	\$ 1,496,120	\$ (626,716)

**Changes in Net Position**

The following condensed government-wide governmental activity statement illustrates the major changes in operations for the District Attorney in 2016 as compared to 2015:

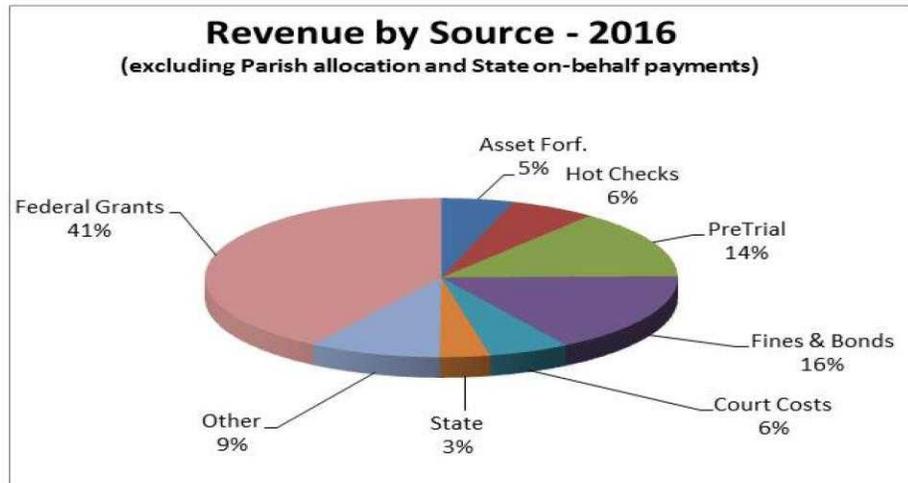
	<u>2016</u>	<u>2015</u>	<u>Increase (decrease)</u>	<u>Percent change</u>
Revenue	\$ 9,074,625	\$ 8,360,262	\$ 714,363	
Expenses	<u>9,701,341</u>	<u>8,450,157</u>	<u>1,251,184</u>	
Excess (deficiency) of revenue over (under) expenditures	\$ <u>(626,716)</u>	\$ <u>(89,895)</u>	\$ <u>(536,821)</u>	<u>597%</u>

**Governmental Activities**

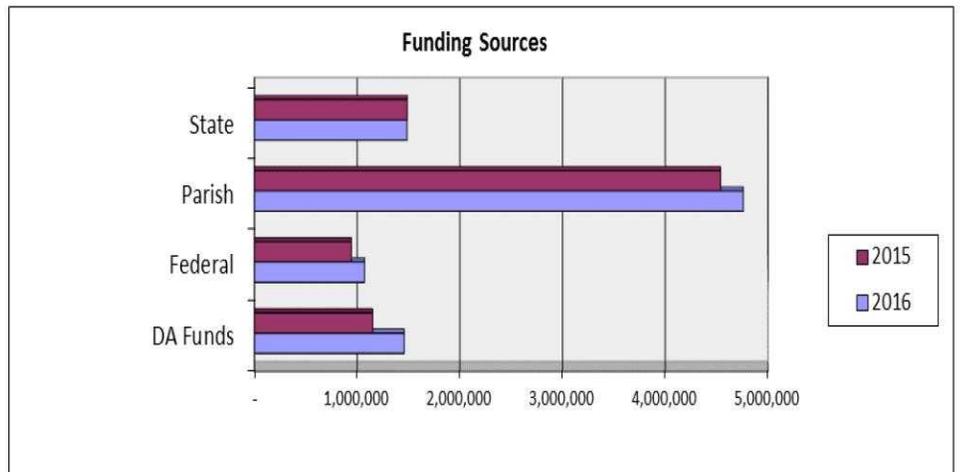
The District Attorney's total governmental revenue increased from 2015 by \$697,792 or 8.60% (percent), while expenses increased by \$576,410 or 7.02% (percent), as compared to 2015. The increase in revenue is mainly due an increase in federal financial assistance. The increase in expenses is mainly due to personnel and professional services.

	<u>2016</u>	<u>2015</u>	<u>Increase (decrease)</u>	<u>Percent change</u>
Revenue				
Charges for services	\$ 1,223,151	\$ 1,044,541	\$ 178,610	17.10%
Grants and contributions and parish support	7,315,032	6,967,565	347,467	4.99%
Other	<u>278,180</u>	<u>106,465</u>	<u>171,715</u>	161.29%
Total revenues	<u>8,816,363</u>	<u>8,118,571</u>	<u>697,792</u>	8.60%
Expenses				
Personnel services	7,306,260	7,036,595	269,665	3.83%
Other costs to deliver governmental programs	1,445,404	1,133,088	312,316	27.56%
Capital outlay	<u>35,306</u>	<u>40,877</u>	<u>(5,571)</u>	(13.63%)
Total expenses	<u>8,786,970</u>	<u>8,210,560</u>	<u>576,410</u>	7.02%
Excess of revenue over expenditures	\$ <u>29,393</u>	\$ <u>(91,989)</u>	\$ <u>121,382</u>	

There were no significant changes to the make-up of revenue between 2015 and 2016. The following chart shows all of the 2016 revenue by sources excluding the budget allocation from the Caddo Parish Commission of \$4,758,194 and the on-behalf payments from the State of Louisiana of \$1,395,355.



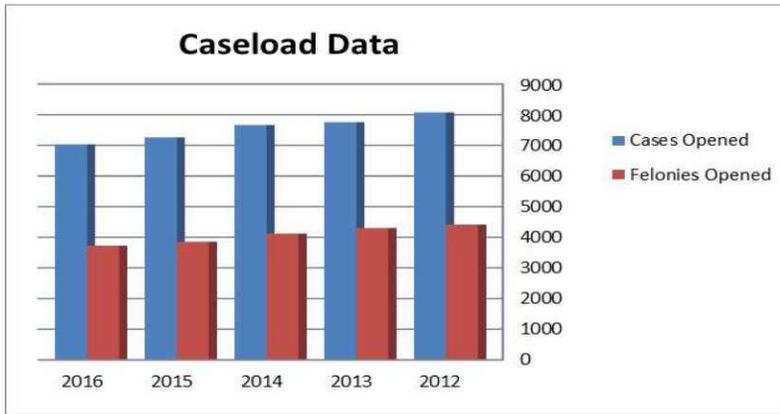
The chart to the right reflects changes in funding sources. There were increases in funding from Caddo Parish and federal grants. There were also increases in revenue from the pretrial fees program in 2016.



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

At the end of 2016, the District Attorney's governmental funds reported a fund balance of \$2,765,534, which included an increase of \$29,393 from prior year fund balance of \$2,736,141. The prior year operations showed a decrease in fund balance of \$91,989. 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.

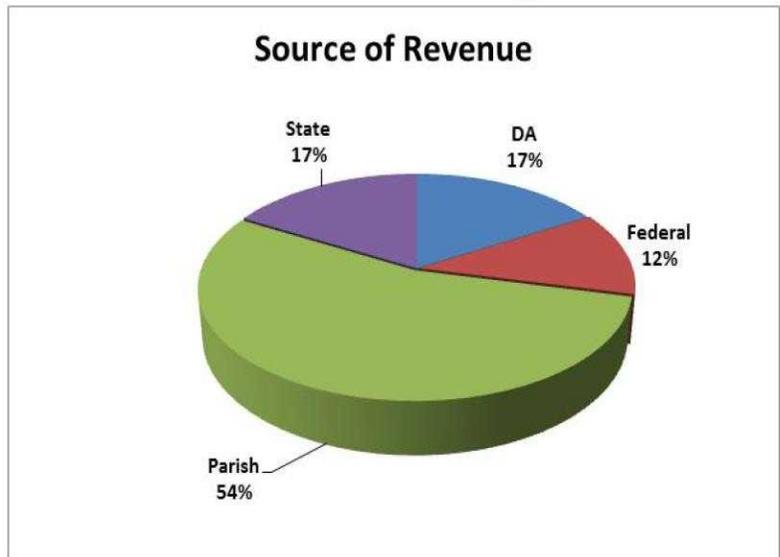


The chart to the left reflects the caseload in the District Attorney's Office. Resources are sometimes strained when trying to manage this kind of caseload. However, this office will continue to spend in a wise manner while also representing the citizens of Caddo Parish in the professional manner that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

**Economic Factors and Next Year's Budget**

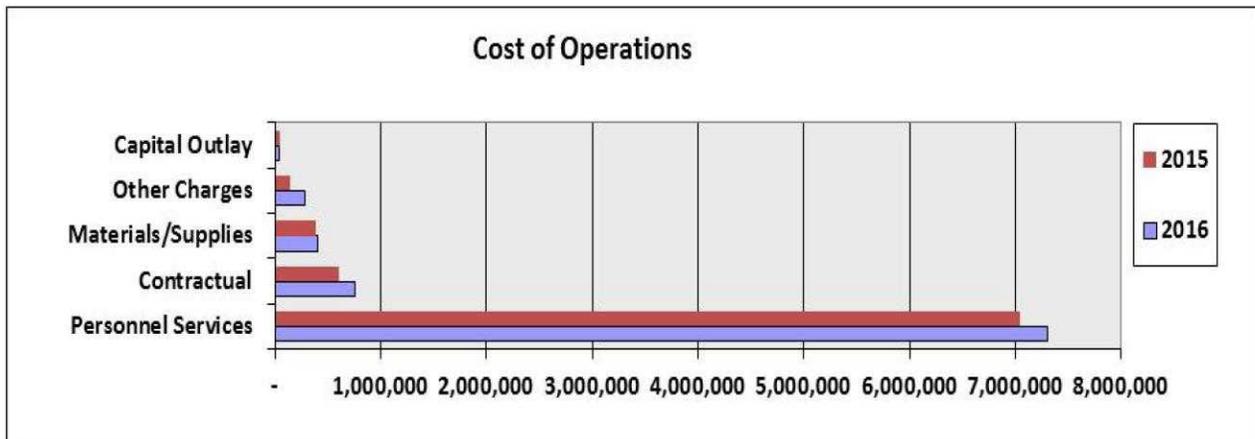
The District Attorney relies on the State of Louisiana and the Caddo Parish Commission for approximately 71% of its funding. How the current recession and economic climate will affect that funding remains to be seen. What is known is that when both of these sources become stagnant for a period of time 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; however, in 2016, revenue exceeded expenses by \$29,393 resulting in a fund balance of \$2.8 million. The cost to operate this office for 2016 was over eight million, including State Assistant District Attorney (ADA) pay. In the type of emergency where this office would have 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 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.

**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 2016, the District Attorney had invested \$1,258,030 in capital assets, as follows:

	2016	2015
Furniture, fixtures and equipment	\$ 920,347	\$ 966,196
Vehicles	337,683	405,602
Total capital assets at cost	1,258,030	1,371,798
Less accumulated depreciation	1,113,708	1,200,056
Capital assets, net	\$ 144,322	\$ 171,742

**Other Post-Employment Benefits**

Effective January 1, 2009, the District Attorney implemented Government Accounting Standards Board Codification Section P50, Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions (GASB Codification Section P50). The District Attorney’s Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB Codification Section P50. The total ARC for the fiscal year ending December 31, 2016, is \$310,550 for medical and life combined. For the fiscal year ending December 31, 2016, the District Attorney’s recorded a liability for Other Post-employment Benefits (OPEB) of \$1,440,624.

**Deferred Outflows and Inflows of Resources**

Deferred outflows of resources are new to the District Attorney’s Statement of Net Position for this fiscal year. This classification balance, although similar to “assets,” is set apart because these items do not meet the technical definition of being an asset of the District Attorney on the date of these financial statements. In other words, these amounts are not available to pay liabilities in the way assets are available. When all the recognition criteria are met, the deferred outflow of resources will become an expense/expenditure. The deferred outflow of resources reported relate to GASB Statement No. 68 and GASB Statement No. 71 for

pension liability reporting. GASB 71 requires that contributions made during the fiscal year to the retirement system be reported as deferred outflows of resources. Consequently, the majority of the deferred outflows of resources reported are comprised of current year contributions to the retirement system. However, there may be some deferred outflows of resources attributable to the various components that impact pension changes, and can include investment changes amortization, changes due to actuarial assumptions, and differences between expected or actual experience.

Deferred inflows of resources are the counterpart to deferred outflows of resources on the Statement of Net Position. Deferred inflows of resources are not technically liabilities of the District Attorney as of the date of the financial statements. When all the recognition criteria are met, the deferred inflow of resources will become revenue or an increase to net position. Deferred inflows of resources reported represent a net amount attributable to the various components that impact pension changes, and can include investment changes amortization, changes due to actuarial assumptions, and differences between expected or actual experience.

#### **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, 2016**

<b>Assets</b>	
Cash and cash equivalents	\$ 2,455,243
Investments	450,107
Receivables	
Fines, fees, forfeitures and costs	33,135
Due from Caddo Parish Commission	103,755
Due from State of Louisiana	
Title IV-D reimbursement	183,871
Other funds	9,968
Other	90,930
Total receivables	<u>421,659</u>
Capital assets, net of accumulated depreciation	<u>144,322</u>
Total assets	<u>3,471,331</u>
<b>Deferred Outflows of Resources</b>	
Deferred pensions	<u>2,089,277</u>
Total deferred outflows of resources	<u>2,089,277</u>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	38,113
Payable to Caddo Parish Commission	154,204
Payable to other governmental agencies	5,419
Accrued payroll	94,790
Other accrued expenses	268,949
Total current liabilities	<u>561,475</u>
Long-term liabilities	
Portion due within one year	
Accrued compensated absences	390,408
Portion due after one year	
Accrued compensated absences	223,563
Net pension liability	1,568,454
Net other post-employment benefit obligation	1,440,624
Total long-term liabilities	<u>3,623,049</u>
Total liabilities	<u>4,184,524</u>
<b>Deferred Inflows of Resources</b>	
Deferred pensions	<u>506,680</u>
Total deferred inflows of resources	<u>506,680</u>
<b>Net Position</b>	
Invested in capital assets	144,322
Unrestricted	725,082
Total net position	<u>\$ 869,404</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, 2016**

		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	\$ 9,701,341	\$1,223,152	\$ 7,321,688	\$ (1,156,501)
Total governmental activities	\$ 9,701,341	\$1,223,152	\$ 7,321,688	(1,156,501)
General revenues				
Interest and investment earnings				10,323
Non-employer pension contributions				251,605
Miscellaneous				267,857
Total general revenues				529,785
Change in net position				(626,716)
Net position, January 1, 2016				1,496,120
Net position, December 31, 2016				\$ 869,404

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, 2016**

	<u>General Fund</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 2,455,243
Investments	450,107
Receivables	
Fines, fees, forfeitures and costs	33,135
Due from Caddo Parish Commission	103,755
Due from State of Louisiana	
Title IV-D reimbursement	183,871
Other funds	9,968
Other	<u>90,930</u>
Total assets	<u>\$ 3,327,009</u>
<b>Liabilities and Fund Balances</b>	
Liabilities	
Accounts payable	\$ 38,113
Payable to Caddo Parish Commission	154,204
Payable to other governmental agencies	5,419
Accrued payroll	94,790
Other accrued expenses	<u>268,949</u>
Total liabilities	<u>561,475</u>
Fund balances	
Unassigned	<u>2,765,534</u>
Total fund balances	<u>2,765,534</u>
Total liabilities and fund balances	<u>\$ 3,327,009</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, 2016**

Fund balances - total governmental funds		\$ 2,765,534
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		
Governmental capital assets	1,258,030	
Less accumulated depreciation	<u>(1,113,708)</u>	144,322
Deferred outflows of resources reported in the Statement of Net Position		2,089,277
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Compensated absences	(613,971)	
Net pension liability	(1,568,454)	
Net OPEB obligation	<u>(1,440,624)</u>	(3,623,049)
Deferred inflows of resources reported in the Statement of Net Position		<u>(506,680)</u>
Net position of governmental activities		<u>\$ 869,404</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, 2016**

	<u>General Fund</u>
Revenue	
Fines, fees and bond forfeitures	\$ 430,142
Court cost fees	144,106
Interest income	10,323
Intergovernmental revenue	
Federal financial assistance	1,071,483
Parish financial assistance	4,758,194
State of Louisiana	1,485,355
Drug asset forfeiture	129,684
Collection fees	519,219
Other	267,857
Total revenue	8,816,363
Expenditures	
General government	
Current operating	
Personnel services	7,306,260
Contractual charges	760,862
Materials and supplies	400,095
Other charges	284,447
Capital outlay	35,306
Total expenditures	8,786,970
Net change in fund balance	29,393
Fund balance at beginning of year	2,736,141
Fund balance at end of year	\$ 2,765,534

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, 2016**

Net change in fund balances - total governmental funds		\$ 29,393
<p>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.</p>		
Capital outlay	35,306	
Depreciation expense	<u>(62,726)</u>	<u>(27,420)</u>
<p>The net OPEB liability is not susceptible to accrual and therefore is not reported in the funds. This amount represents the change in the net OPEB liability.</p>		
		(197,755)
<p>The net pension liability is not susceptible to accrual and therefore is not reported in the funds. This amount represents the change in the net pension liability</p>		
		(53,468)
<p>Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available.</p>		
Compensated absences increase in current year		<u>(377,466)</u>
Change in net position of governmental activities		<u>\$ (626,716)</u>

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

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

**Statement of Fiduciary Net Position  
December 31, 2016**

	<u>Agency Funds</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 247,344
Investments	29,516
Seized property	<u>226,951</u>
 Total assets	 <u>\$ 503,811</u>
 <b>Liabilities</b>	
Due to other governmental funds	\$ 9,968
Amounts due on settlement of fiduciary assets	<u>493,843</u>
 Total liabilities	 <u>\$ 503,811</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, 2016**

**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. The District Attorney of the First Judicial District is a component unit of the Caddo Parish Commission. The First Judicial District Attorney's office is located in Shreveport, Louisiana, in Caddo Parish.

At December 31, 2016, the First Judicial District Attorney's office employed 99 persons. Thirty-five (35) of these employees are attorneys, including the district attorney himself. Twelve (12) of these employees are investigators, and the other fifty-two (52) 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.

**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 the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements. The District Attorney did not elect to use the 10% de minimus indirect cost rate.

## **B. Reporting Entity**

The basic criterion for determining whether a governmental organization should be included in a primary government's basic financial statements is financial accountability. The financial reporting entity consists of the primary government, the Caddo Parish Commission, organizations for which the primary government is financial accountable, and 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.

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 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 amended the capitalization policy by increasing the threshold level to \$5,000 or greater for capitalizing assets, effective January 1, 2016. Previously, the threshold for capitalizing assets was \$1,000 or greater.

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 budgets for the calendar year 2016 were published on November 12, 2015. The proposed budgets were available for inspection by the public during normal business hours on November 30, 2015, when a public hearing was held. At the conclusion of the public hearing, the proposed budgets were adopted. On December 10, 2015, the District Attorney's Certificate of Compliance and implementation of the budgets were published. The budgets were approved December 15, 2015. The budgets were not amended.

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

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

#### **G. Cash, Cash Equivalents and Investments**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. 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.

State statutes authorize the District Attorney to invest in U. S. bonds, Treasury notes, and bills, or certificates or time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. 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.

In addition, local governments 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. Investments of the District Attorney are stated at fair value. The balance of cash in LAMP is classified as cash equivalents. A separate financial report for LAMP can be located at the LAMP website, [www.lamppool.com](http://www.lamppool.com).

#### **H. 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. Vacation leave accrual is not limited for members of the Parochial Retirement System hired prior to January 1, 2007. All other employees will be limited to 520 total hours. Employees are eligible to be paid for unused vacation leave up to the previously specified maximum hours. A lump-sum payment is based on the hourly rate of the employee at the time of separation. For this purpose, the rate of pay for all attorneys shall be calculated as their total pay less the amount paid by the State of Louisiana (regardless of whether the attorney is on a state warrant). State pay for attorneys is specifically excluded from any payment calculations. Sick leave may be accumulated without limit; however, employees will not be paid for any unused sick leave balance upon leaving the employ of the office.

## **I. 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.

## **J. 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.

## **K. Net Position Classifications**

In the government-wide statements, net position is 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.

## **L. 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, 2016.

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, 2016.

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, 2016, 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, 2016, 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, 2016, had \$2,765,534 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.

#### **M. Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District Attorney has one item that meets this criterion, contributions made to the pension plan in the 2016 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District Attorney has one item that meets the criterion for this category, a deferral of pension expense.

#### **N. Adoption of New Financial Standards**

The District Attorney adopted GASB Statement No. 72, *Fair Value Measurement and Application*, during the current fiscal year ended December 31, 2016. This statement establishes a hierarchy of inputs to valuation techniques used to measure fair value. The District Attorney's financial statements and note disclosures reflect any required changes.

## **Note 2 Cash and Investments**

### **Cash and Cash Equivalents**

Cash deposits (including demand deposit accounts and certificates of deposit) At December 31, 2016, had a carrying amount of \$1,059,090 (book balance) in the governmental funds and \$247,344 (book balance) in agency funds and a bank balance of \$1,385,250 with local depositories.

The District Attorney's bank balance of deposits at December 31, 2016, is not exposed to any custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the District Attorney's deposits may not be returned. All District Attorney's deposits are covered by FDIC insurance or pledged securities.

At December 31, 2016, the District Attorney had a \$150,000 ninety-day certificate of deposit (a cash equivalent). The certificate of deposit matures on March 19, 2017.

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, 2016, total \$1,275,669. LAMP paid \$5,842 in interest income, which was reinvested into the investment pools. The balance of cash in LAMP is classified as cash equivalents because the accounts operate as or similar to a money market fund. The investments with LAMP (2-1-7 investment pool) are not categorized by fair value level.

### **Investments**

The investments with original maturities of three months or more are classified as investments. At December 31, 2016, the District Attorney held three certificates of deposit of \$250,000, \$100,000, and \$100,107, each with hundred eighty-day (180) maturities. They mature in May, June, and July 2017, respectively.

### **Fair Value Measurements**

GASB Statement No. 72, establishes a hierarchy of inputs to valuation techniques used to measure fair value. The District Attorney categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The implementation of this new statement did not change the method of measuring the fair value of the District Attorney's assets. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1—Investments reflect prices quoted in active markets.
- Level 2—Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3—Investments reflect prices based upon unobservable sources.

The District Attorney's total investments consist of three certificates of deposit. The certificates of deposit are time deposits with various banks and bear specific maturities in excess of 90 days. At December 31, 2016, the value of the certificates of deposit is \$450,107. Valuation is determined using a market value pricing model (Level 2 inputs).

### **Note 3 Pension Plans**

Substantially all employees of the District Attorney are members of the Parochial Employees' Retirement System of Louisiana ("PERS") or the District Attorneys' Retirement System ("DARS"). These systems are cost-sharing multiple-employer, defined benefit pension plans administered by separate boards of trustees.

Each plan issues a separate financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing or calling the plan.

Louisiana District Attorney's Retirement System (LDARS)  
1645 Nicholson Drive  
Baton Rouge, LA 70802-8143  
(225) 267-4824

Parochial Employees' Retirement System of Louisiana (PERSLA)  
7905 Wrenwood Boulevard  
Baton Rouge, LA 70809  
(225) 928-1361

### **General Information about the Pension Plans**

#### **Plan Descriptions**

##### **PERS**

Parochial Employees' Retirement System of Louisiana is the administrator of a cost sharing multiple employer defined benefit pension plan. The System was established and provided for by R.S.11:1901 of the Louisiana Revised Statute (LRS).

Act 765 of the year 1979, established by the Legislature of the State of Louisiana, revised the System to create Plan A and Plan B to replace the "regular plan" and the "supplemental plan". Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date. The District Attorney participates in Plan A.

PERS provides retirement benefits to employees of taxing districts of a parish or any branch or section of a parish within the State which does not have their own retirement system and which elects to become members of the System.

All permanent parish government employees (except those employed by Orleans, Lafourche and East Baton Rouge Parishes) who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate.

As of January 1997, elected officials, except coroners, justices of the peace, and parish presidents may no longer join PERS.

## DARS

The District Attorneys' Retirement System, State of Louisiana is the administrator of a cost sharing multiple employer defined benefit pension plan. The System was established on April 1, 1956 and was placed under the management of the board of trustees for the purpose of providing retirement allowances and other benefits as stated under the provisions of R.S. 11, Chapter 3 for district attorneys and their assistants in each parish.

All persons who are district attorneys of the State of Louisiana, assistant district attorneys in any parish of the State of Louisiana, or employed by this retirement system and the Louisiana District Attorneys' Association except for elected or appointed officials who have retired from service under any publicly funded retirement system within the state and who are currently receiving benefits, shall become members as a condition of their employment; provided, however, that in the case of assistant district attorneys, they must be paid an amount not less than the minimum salary specified by the board for assistant district attorneys.

The projection of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with the benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

## **Benefits Provided**

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

## PERS

Any member of Plan A can retire providing they meet one of the following criteria:

For employees hired prior to January 1, 2007:

1. Any age with thirty (30) or more years of creditable service.
2. Age 55 with twenty-five (25) years of creditable service.
3. Age 60 with a minimum of ten (10) years of creditable service.
4. Age 65 with a minimum of seven (7) years of creditable service.

For employees hired after January 1, 2007:

1. Age 55 with 30 years of service.
2. Age 62 with 10 years of service.
3. Age 67 with 7 years of service.

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

## DARS

Members who joined DARS before July 1, 1990, and who have elected not to be covered by the new provisions, are eligible to receive a normal retirement benefit if they have 10 or more years of creditable service and are at least age 62, or if they have 18 or more years of service and are at least age 60, or if they have 23 or more years of service and are at least age 55, or if they have 30 years of service

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

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

### **Disability Benefits**

#### PERS

For Plan A, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or three percent multiplied by years of service assuming continued service to age sixty.

#### DARS

Disability benefits are awarded to active contributing members with at least 10 years of service who are found to be totally disabled as a result of injuries incurred while in active service. The member receives a benefit equal to three percent (three and, one-half percent for members covered under the new retirement benefit provisions) of his average final compensation multiplied by the lesser of his actual service (not to be less than fifteen years) or projected continued service to age sixty.

### **Survivor Benefits**

#### PERS

Upon the death of any member of Plan A with five (5) or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined in the statutes.

Any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit, as outlined in the statutes.

A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

## DARS

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

Upon withdrawal from service, members not entitled to a retirement allowance are paid a refund of accumulated contributions upon request. Receipt of such a refund cancels all accrued rights in DARS.

## **Deferred Retirement Option Plan (DROP) benefits**

### PERS

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for that member who is eligible for normal retirement.

In lieu of terminating employment and accepting a service retirement, any member of Plan A who is eligible to retire may elect to participate in DROP in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease.

The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account.

Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

For individuals who become eligible to participate in the Deferred Retirement Option Plan on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the Plan will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of the System, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of this Plan must agree that the benefits payable to the participant are not the obligations of the state or the System, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

## DARS

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

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

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

## **Cost of Living Adjustments**

### PERS

The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

### DARS

The Board of Trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of 3% of their original benefit, (not to exceed sixty dollars per month) and all retired members and widows who are sixty-five years of age and older a 2% increase in their original benefit. In lieu of other cost of living increases the board may grant an increase to retirees in the form of "X(A&B)" where "A" is equal to the number of years of credited service accrued at retirement or death of the member or retiree and "B" is equal to the number of years since death of the member or retiree to June 30 of the initial year of increase and "X" is equal to any amount available for funding such

increase up to a maximum of \$1.00. In order for the board to grant any of these increases, DARS must meet certain criteria detailed in the statute related to funding status and interest earnings.

## **Contributions**

### PERS

According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2015, the actuarially determined contribution rate was 10.40% of member's compensation for Plan A. However, the actual rate for the fiscal year ending December 31, 2015, was 14.50% for Plan A.

According to state statute, the System also receives ¼ of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities. Contributions to the pension plan from the District Attorney were \$337,398 for the year ended December 31, 2016.

### DARS

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended June 30, 2016, the actual employer contribution rate was 7.00%. For the year ended June 30, 2016, the actuarially determined employer contribution rate was 3.95%. The actual rate differs from the actuarially required rate due to state statutes that require the contribution rate be calculated and set two years prior to the year effective. In accordance with state statute, DARS receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities. Non-employer contributions are recognized as revenue and excluded from pension expense for the year ended June 30, 2016. Contributions to the pension plan from the District Attorney were \$27,446 for the year ended December 31, 2016.

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

At December 31, 2016, the District Attorney reported a combined liability of \$1,568,454 its proportionate share of the Net Pension Liabilities (NPL) of PERS and DARS. The amount for each plan was \$1,078,096 and \$490,358, respectively. The NPL for each system was measured as of December 31, 2015 and June 30, 2016, respectively, and the total pension liability used to calculate the NPL was determined based on an actuarial valuation as of that date. The District Attorney's proportion of the NPL was based on a projection of the District Attorney's long-term share of contributions to the pension plans relative to the projected contribution of all participating employers, actuarially determined.

As of the most recent measurement date, the District Attorney's proportionate share for each system was:

	<b>PERS</b>	<b>DARS</b>
DA's Proportionate Share	0.409566%	2.561857%
Increase (Decrease) from prior year	0.007372%	0.000282%

For the year ended December 31, 2016, the District Attorney recognized a total pension expense of \$300,139, with \$126,435 related to PERS and \$173,704 related to DARS. These amounts are made up of the following:

Components of Pension Expense (Benefit)	PERS	DARS
DA's pension expenses per the pension plan	\$ 465,798	\$ 201,019
DA's amortization of its change in proportionate share	(377)	(29)
DA's amortization of actual contributions over its proportionate share of contributions	(338,986)	(27,286)
<b>Total Pension Expense (Benefit) Recognized by DA</b>	<b>\$ 126,435</b>	<b>\$ 173,704</b>

At year-end, the District Attorney reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>PERS</u>		
Differences between expected and actual experience.	\$ -	\$ 171,338
Net difference between projected and actual earnings on pension plan investments.	986,487	-
Changes in assumptions.	240,217	
Changes in proportion to NPL.	4,510	-
Differences between the District Attorney's contributions and its proportionate share of contributions.	-	2,269
The District Attorney's contributions subsequent to the December 31, 2015 measurement date.	337,398	-
<b>Total PERS</b>	<b>\$ 1,568,612</b>	<b>\$ 173,607</b>
<u>DARS</u>		
Differences between expected and actual experience.	\$ -	\$ 197,532
Net difference between projected and actual earnings on pension plan investments.	375,962	-
Changes in assumptions.	92,489	108,728
Changes in proportion to NPL.	-	-
Differences between the District Attorney's contributions and its proportionate share of contributions.	52,214	26,813
The District Attorney's contributions subsequent to the June 30, 2016 measurement date.	-	-
<b>Total DARS</b>	<b>\$ 520,665</b>	<b>\$ 333,073</b>
<b>Total Retirement Systems</b>	<b>\$ 2,089,277</b>	<b>\$ 506,680</b>

Deferred outflows of resources related to pensions resulting from the District Attorney's contributions subsequent to the measurement date totaled \$337,398 (\$337,398 for PERS and \$0 for DARS). This amount will be recognized as a reduction of the NPL in the year ending December 31, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Amount of Amortization	
	PERS	DARS
2017	\$ 282,305	\$ 6,463
2018	277,795	6,463
2019	294,480	142,957
2020	203,027	46,293
2021	-	(7,293)
2022	-	(7,291)

### **Actuarial Assumptions**

#### **PERS**

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2015 are as follows:

Valuation Date	December 31, 2015
Actuarial Cost Method	Entry age normal cost
Investment rate of return	7.00% (net of investment expense)
Expected remaining service lives	4 years
Projected salary increases	5.25% (2.75% Merit/2.50% Inflation)
Cost of Living adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.
Mortality rates	RP-2000 Employee Mortality Table was selected for active members. RP-2000 Healthy Annuity Mortality Table was selected for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2010 through December 31, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.55% for the year ended December 31, 2015.

Best estimates of the arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2015 is summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return</b>
Fixed Income	34%	1.06%
Equity	51%	3.56%
Alternatives	12%	0.74%
Real assets	3%	0.19%
<b>Totals</b>	<b>100%</b>	<b>5.55%</b>
Inflation		2.00%
Expected Arithmetic Nominal Return		<b>7.55%</b>

#### DARS

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016 are as follows:

Valuation date	June 30, 2016
Actuarial cost method	Entry age normal cost
Investment rate of return	7.00% net of investment expense
Inflation rate	2.5% per annum
Salary increases	5.50% (2.50% Inflation, 3.00% Merit)

Mortality rates	The RP 2000 Combined Healthy with White Collar Adjustment Sex Distinct Tables (set back 1 year for females) projected to 2032 using Scale AA were selected for employee, annuitant, and beneficiary mortality. The RP 2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females was selected for disable annuitants. Setbacks in these tables were used to approximate mortality improvement.
Expected remaining service lives	7 years
Cost of Living adjustments	Only those previously granted

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The long term expected nominal rate of return was 9.04% as of June 30, 2016.

Best estimates of real rates of return for each major asset class included in DARS's target asset allocation as of June 30, 2016 are summarized in the following table:

<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Long-Term Expected Portfolio Real Rate of Return</b>
Equities	57.70%	3.56%
Fixed income	33.00%	2.26%
Alternatives	4.80%	0.50%
Real Estate	4.50%	0.02%
Totals	100.00%	6.34%
Inflation		2.70%
Expected Real Rate of Return		9.04%

## Discount Rate

The discount rate used to measure the total pension liability for both PERS and DARS was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of each of the system's actuary. Based on those assumptions, each of the system's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## Sensitivity of the Proportionate Share of the NPL to Changes in the Discount Rate

The following presents the District Attorney's proportionate share of the Net Pension Liability using the discount rate, as well as what the District Attorney's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	1.0% Decrease	Current Discount Rate	1.0% Increase
PERS - DA's proportionate share of the net pension liability	\$ 2,701,021	\$ 1,078,096	\$ (293,472)
DARS - DA's proportionate share of the net pension liability	\$ 1,850,342	\$ 490,358	\$ (330,666)

## Support of Non-employer Contributing Entities

Contributions received by a pension plan from non-employer contributing entities and are not in a special funding situation are recorded as revenue by the respective pension plan. The District Attorney recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended December 31, 2016, the District Attorney recognized revenue as a result of support received from non-employer contributing entities of \$251,605. PERS and DARS received \$29,801 and \$221,804, respectively, for their participation in the District Attorney's retirement plans.

## Payables to the Pension Plan

At December 31, 2016, the District Attorney had payables to the pension plans totaling \$96,524 (\$96,524 to PERS and \$0 to DARS) for the December 2016 employee and employer legally required contributions. These amounts are included in salaries and benefits payable.

**Note 4 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, 2016	\$ 236,505
Additions for earned compensated absences	774,462
Less use of accrued amounts	( 396,996 )
Balance, December 31, 2016	613,971
Less current portion	( 390,408 )
Long-term portion	\$ 223,563

**Note 5 Other Postemployment Benefits (OPEB)**

**Plan Description** – The District Attorney’s medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement.

Most employees are covered by the Parochial Employees' Retirement System of Louisiana, whose retirement eligibility (DROP 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 (DROP 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.

Life insurance coverage of a flat amount of \$4,000 is provided to all retirees except in the DA department. The employer pays 100% of the "cost" of the retiree life insurance, but it is based on blended rates (active and retired). Since GASB 45 requires the use of "unblended" rates, we have used the 94GAR mortality table described below 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. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance.

**Contribution Rates** – Employees do not contribute to their post-employment 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 and life insurance benefits (the District Attorney’s portion of the retiree medical and life insurance benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. For the year ended December 31, 2016, the District Attorney’s portion of health care and life insurance funding cost for retired employees totaled \$90,635.

Effective January 1, 2009, the District Attorney implemented Government Accounting Standards Board Codification Section P50, Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions (GASB Codification Section). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

**Annual Required Contribution** – The District Attorney’s Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB Codification Section P50. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB Codification Section P50) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

Normal cost	\$ 117,242
30-year UAL amortization amount	<u>193,308</u>
Annual required contribution (ARC)	<u>\$ 310,550</u>

**Net Post-employment Benefit Obligation** – The table below shows the District Attorney’s Net Other Post-employment Benefit (OPEB) obligation for the fiscal year ended December 31, 2016:

Beginning Net OPEB obligation as of January 1, 2016	\$ 1,242,869
Annual required contribution (ARC)	310,550
Interest on Net OPEB obligation	49,715
Adjustment to ARC	( 71,875)
Annual OPEB Cost	<u>288,390</u>
Less: current year retiree premiums	( 90,635)
Change in Net OPEB Obligation	<u>197,755</u>
Ending net OPEB obligation as of December 31, 2016	<u>\$ 1,440,624</u>

The following table shows the District Attorney’s annual other post-employment benefits (OPEB) cost, percentage of cost contributed, and the net unfunded other post-employment benefits (OPEB) liability for last year and this year:

Postemployment Benefit	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation (Asset)
Medical	12/31/2016	\$288,390	31.43%	\$1,440,624
Medical	12/31/2015	\$270,304	31.81%	\$1,242,869
Medical	12/31/2014	\$262,442	30.33%	\$1,058,539

**Funded Status and Funding Progress** – For the year ended December 31, 2016, the District Attorney made no contribution to its post-employment benefits plan. The plan is not funded at all, has no assets, and hence has a funded ratio of zero. Based on the December 31, 2015 updated actuarial valuation the AAL was \$3,476,357, which is defined as that portion, as determined by a particular actuarial cost method (the District Attorney uses the Projected Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost.

The funding status of the plan, as determined by an actuary as of December 31, 2016, was as follows:

	Medical
Actuarial Accrued Liability (AAL)	\$ 3,476,357
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>3,476,357</u>
Funded Ratio (Actuarial Value Assets/AAL)	0%
Covered Payroll (active plan members)	\$4,466,231
UAAL as a percentage of covered payroll	77.84%

**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 District Attorney and its employee plan members) at the time of the valuation and on the pattern of sharing costs between 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 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 ASOP 6, as provided in paragraph number 125 of GASB Codification Section P50.

**Turnover Rate** – An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 14%.

**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 DROP, as described above under "Plan Description". Medical benefits are provided to employees upon actual retirement.

**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 (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

**Health Care Cost Trend Rate** – The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5% for ten years out 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 rates and 50% of the unloaded female mortality rates, is used. This is a recently published mortality table, which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

**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 2.50% 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:

	2014	2015	2016
OPEB Cost	\$ <u>262,442</u>	\$ <u>270,304</u>	\$ <u>288,390</u>
Contribution	-	-	-
Retiree premium	<u>79,606</u>	<u>85,974</u>	<u>90,635</u>
Total contribution and premium	<u>79,606</u>	<u>85,974</u>	<u>90,635</u>
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	30.33%	31.81%	31.43%

**Note 6 Capital Assets**

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

	Balance January 1, 2016	Additions	Disposals and Retirements	Balance December 31, 2016
Furniture, fixtures and equipment	\$ 966,196	\$ -	\$ 45,849	\$ 920,347
Vehicles	405,602	35,306	103,225	337,683
Totals	<u>\$ 1,371,798</u>	<u>\$ 35,306</u>	<u>\$ 149,074</u>	<u>\$ 1,258,030</u>
Accumulated depreciation	\$ 1,200,056	\$ 62,726	\$ 149,074	\$ 1,113,708
Capital assets, net of accumulated depreciation	<u>\$ 171,742</u>			<u>\$ 144,322</u>

**Note 7 Agency Funds**

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

	Balance January 1, 2016	Additions	Distributions	Balance December 31, 2016
Drug asset forfeiture	\$ 1,047,710	\$ 239,893	\$ 786,790	\$ 500,813
Bond forfeiture	168	127,204	127,221	151
Pre-trial and victim restitution	2,540	484,341	484,034	2,847
Total	<u>\$ 1,050,418</u>	<u>\$ 851,438</u>	<u>\$ 1,398,045</u>	<u>\$ 503,811</u>

**Note 8 Interfund Assets/Liabilities**

The composition of interfund balances as of December 31, 2016, is as follows:

Receivable Fund	Amount	Payable Fund	Amount
General	\$ 9,968	Asset Forfeiture	\$ 9,968

**Note 9 Related Party Transactions**

The Caddo Parish Commission (the 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. The funding is a direct monthly amount from the Commission and is reflected in the accompanying financial statements. For the year ended December 31, 2016, the total Parish financial assistance was \$4,758,194. The following additional payments were made during the year and recorded as other revenue: \$185,088 to reimburse the District Attorney for Criminal Court expenses; \$47,313 to reimburse for vehicles purchased; and \$6,236 miscellaneous payments. At December 31, 2016, there was \$103,755 due from the Caddo Parish Commission for assistance with legal expenses, assistance with the child support division, and Criminal Court fund reimbursements.

During 2016, the District Attorney's office reimbursed the Commission \$1,075,176 for various expenses, notably health insurance. At December 31, 2016, the District Attorney carries amounts due the Caddo Parish Commission (included in the caption Payable to Caddo Parish Commission) of \$154,204 health insurance and other miscellaneous reimbursements.

**Note 10     On-behalf Payments for Salaries**

The State of Louisiana pays a portion of the salaries and benefits of the District Attorney's office. For the year ended December 31, 2016, these on-behalf payments have been recorded in the accompanying financial statements, in accordance with Governmental Accounting Standards Board Statement 24, as intergovernmental revenues and expenditures as follows:

Salaries	\$ 1,352,093
Retirement contributions	23,417
Medicare taxes payments	19,845
Total on-behalf payments	\$ 1,395,355

**Note 11     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 12     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, 2016, the District Attorney for the First Judicial District expended \$967,908 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 District Attorney also received federal funding under a grant from the United States Department of Justice, which is passed through the Louisiana Commission on Law Enforcement for Crime Victim Assistance. For the year ended December 31, 2016, the District Attorney for the First Judicial District expended \$103,575.

Grant 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 13     Contingencies**

*Litigation* - The District Attorney is a defendant in several lawsuits, which are partially covered by insurance. The estimates of the ultimate liability of the District Attorney cannot be determined. Resolution of these cases could involve liability to the District Attorney in excess of insurance limits, if the courts find in favor of the various plaintiffs. 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 two federally assisted grant programs. The programs are subject to various compliance audits. Such audits could lead to requests for reimbursement by the grantor agencies for expenditures disallowed under the terms of the grants. The District Attorney's management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

**Note 14     Risk Management**

The District Attorney is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District Attorney is a component unit of the Caddo Parish Commission (the Commission). Employee and retiree health benefits for the District Attorney are provided through the Commission's self-insurance program. The District Attorney pays a monthly premium based on the number of District Attorney's employees participating in the plan and does not retain any risk of loss for employee health claims, but is obligated to pay the premiums established by the Commission to fund the plan. For the year ended December 31, 2016, the District Attorney paid the Commission employee and retiree health premiums of \$1,022,143 (which included both the employee and employer portions) for 85 participants. The District Attorney's portion/cost of the health premiums was \$809,798 and expensed to personnel services.

## **Required Supplementary Information**

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

**General Fund Budgetary Comparison Schedule  
for the Year Ended December 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Budgetary Fund Balances, beginning	\$ 2,625,061	\$ 2,625,061	\$ 2,736,141	\$ 111,080
Resources (inflows)				
Fines, fees and bond forfeitures	529,422	529,422	430,142	(99,280)
Court cost fees	157,664	157,664	144,106	(13,558)
Interest income	3,517	3,517	10,323	6,806
Intergovernmental revenue				
Federal financial assistance	1,003,241	1,003,241	1,071,483	68,242
Parish financial assistance	4,766,194	4,766,194	4,758,194	(8,000)
State of Louisiana	1,445,000	1,445,000	1,485,355	40,355
Drug asset forfeiture	46,750	46,750	129,684	82,934
Collection fees	369,011	369,011	519,219	150,208
Other	206,148	206,148	267,857	61,709
Amounts available for appropriations	<u>11,152,008</u>	<u>11,152,008</u>	<u>11,552,504</u>	<u>400,496</u>
Charges to appropriations (outflows)				
General government				
Current operating				
Personnel services	7,167,548	7,167,548	7,306,260	(138,712)
Contractual charges	621,987	621,987	760,862	(138,875)
Materials and supplies	352,513	352,513	400,095	(47,582)
Other charges	236,492	236,492	284,447	(47,955)
Capital outlay	-	-	35,306	(35,306)
Total charges to appropriations	<u>8,378,540</u>	<u>8,378,540</u>	<u>8,786,970</u>	<u>(408,430)</u>
Budgetary Fund Balances, ending	<u>\$ 2,773,468</u>	<u>\$ 2,773,468</u>	<u>\$ 2,765,534</u>	<u>\$ (7,934)</u>

See Independent Auditors' Report.

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

**Schedule of the District Attorney's Proportionate Share of the Net Pension Liability  
December 31, 2016**

Fiscal Year Ended	Agency's proportion of the net pension liability (asset)	Agency's proportionate share of the net pension liability (asset)	Agency's covered-employee payroll	Agency's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
<i>Parochial Employees' Retirement System (PERSLA)</i>					
* 2015	0.40957%	\$ 1,078,096	\$ 2,354,657	46%	92.2%
* 2014	0.40219%	\$ 109,963	\$ 2,319,767	5%	99.1%
* 2013	0.40736%	\$ 28,948	\$ 2,181,666	1%	99.8%
<i>Louisiana District Attorneys' Retirement System (LDARS)</i>					
** 2016	2.56186%	\$ 490,358	\$ 1,550,283	32%	95.1%
** 2015	2.56158%	\$ 137,980	\$ 1,509,423	9%	98.6%
** 2014	2.72194%	\$ 54,283	\$ 1,534,352	4%	99.5%

\* Amounts presented were determined as of the measurement date (fiscal year ended December 31).

\*\* Amounts presented were determined as of the measurement date (fiscal year ended June 30).

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

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

**Schedule of the District Attorney's Contributions to the Funds  
December 31, 2016**

Fiscal Year	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll	Contributions as a % of Required Contributions
<i>Parochial Employees' Retirement System of Louisiana (PERSLA)</i>						
2016	\$ 337,398	\$ 337,398	\$ -	\$ 2,595,373	13.00%	100.00%
2015	\$ 341,425	\$ 341,425	\$ -	\$ 2,354,657	14.50%	100.00%
2014	\$ 371,162	\$ 371,162	\$ -	\$ 2,319,767	16.00%	100.00%
<i>Louisiana District Attorney's Retirement System (LDARS)</i>						
2016	\$ 27,446	\$ 27,446	\$ -	\$ 784,171	3.50%	100.00%
2015	\$ 76,521	\$ 76,521	\$ -	\$ 1,468,067	5.21%	100.00%
2014	\$ 132,585	\$ 132,585	\$ -	\$ 1,587,590	8.35%	100.00%

Amounts presented were determined as of the end of the fiscal year (December 31).

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

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**Notes to Required Supplementary Information**

Changes of Benefit Terms

There were no changes of benefit terms for the year ended December 31, 2016.

Changes of Assumptions

For District Attorneys' Retirement System, the expected remaining service lives were increased from 6 years to 7 years for the year ended June 30, 2016.

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

**Schedule of Funding Progression for  
Other Post-Employment Benefit Plan**

		(a)	(b)	(b-a)	(a/b)	(c)	(b-a)/c
<b>Fiscal Year End</b>	<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
12/31/2012	1/1/2012	-	\$ 2,498,858	\$ 2,498,858	0%	\$ 3,927,375	63.63%
12/31/2013	1/1/2012	-	\$ 2,498,858	\$ 2,498,858	0%	\$ 4,140,595	60.35%
12/31/2014	1/1/2014	-	\$ 3,059,501	\$ 3,059,501	0%	\$ 4,398,067	69.56%
12/31/2015	1/1/2014	-	\$ 3,181,881	\$ 3,181,881	0%	\$ 4,074,155	78.10%
12/31/2016	1/1/2016	-	\$ 3,476,357	\$ 3,476,357	0%	\$ 4,466,231	77.84%

## **Supplemental Information**

District Attorney of the First Judicial District  
Caddo Parish, Louisiana

Schedule of Expenditures of Federal Awards  
for the Year Ended December 31, 2016

<u>Federal Grantor/Pass Through Grantor/Program Name</u>	<u>CFDA Number</u>	<u>Pass-Through Entity's Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
CASH FEDERAL AWARDS				
<b>United States Department of Justice</b>				
Passed through the Louisiana Commission on Law Enforcement				
Crime Victim Assistance	16.575	2015-VA-02/03/04/01- 2882	\$ 103,575	\$ -
<b>Total United States Department of Justice</b>			<u>103,575</u>	<u>-</u>
<b>United States Department of Health and Human Services</b>				
Passed through the Louisiana Department of Children and Family Services				
Title IV-D, Child Support Enforcement	93.563	1304LA4004	967,908	-
<b>Total United States Department of Health and Human Services</b>			<u>967,908</u>	<u>-</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 1,071,483</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

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

**Schedule of Findings and Questioned Costs  
for the Year ended December 31, 2016**

**Section I - Summary of Auditors' 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, 2016.
2. No significant deficiencies or material weaknesses in internal control relating to the audit of the financial statements were reported in the *Independent Auditors' 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 Auditors' 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*.

**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, 2016.
2. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs were reported in the *Independent Auditors' Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance*.
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	Title IV-D, Child Support Enforcement
6. The dollar threshold used to identify Type A programs is \$750,000.
7. District Attorney of the First Judicial District, Caddo Parish, Louisiana, qualifies as a low-risk auditee based on the criteria cited in the Uniform Guidance.

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

**Schedule of Findings and Questioned Costs  
for the Year Ended December 31, 2016**

**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

**District Attorney of the First Judicial District**

**Caddo Parish, Louisiana**

**Schedule of Compensation, Benefits,  
and Other Payments to Agency Head  
for the Year Ended December 31, 2016**

**Agency Head Name: Honorable James Stewart**

<b>Purpose</b>	<b>Amount</b>
Salary	\$ 130,412
Benefits-insurance (life insurance premiums)	\$ 1,840
Benefits-retirement	\$ 4,564
Vehicle provided by government	\$ 2,337
Cell phone	\$ 624
Dues	\$ 545
Per diem	\$ 1,195
Travel (hotel only)	\$ 93
Registration fees	\$ 325
Conference travel	\$ 4,419
Special meals	\$ 759
Other	\$ 317

## **Independent Auditors' Reports**

## INDEPENDENT AUDITORS' REPORT

The Honorable James Stewart  
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, 2016, 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.

### ***Auditors' 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 auditors' 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 auditors consider 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, 2016, 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, the Schedule of Funding Progress for Other Post-Employment Benefit Plan, the Schedule of District Attorney's Proportionate Share of Net Pension Liability, and Schedule of the District Attorney's Contributions to the Plans*, on pages 1 through 9, and 45 through 49 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. In addition, the Schedule of Compensation, Benefits, and Other Payments to Agency Head, is presented in accordance with Louisiana Revised Statutes (LRS) 24:513(A)(3). Both of these schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

Such 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 and the Schedule of Compensation, Benefits, and Other Payments to

Agency Head are 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 16, 2017, 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.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS, & INGRAM, LLC

Shreveport, Louisiana

June 16, 2017

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

The Honorable James Stewart  
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, 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, as of and for the year ended December 31, 2016, 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 16, 2017.

**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*.

## 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, L.L.C.*

CARR, RIGGS, & INGRAM, LLC

Shreveport, Louisiana

June 16, 2017



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**INDEPENDENT AUDITORS' REPORT ON  
COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Honorable James Stewart  
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's (District Attorney) , a component unit of the Caddo Parish Commission, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District Attorney's major federal programs for the year ended December 31, 2016. The District Attorney's major federal programs are identified in the summary of auditors' 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.

**Auditors' 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2016.

## 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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS, & INGRAM, LLC

Shreveport, Louisiana  
June 16, 2017