

**DISTRICT ATTORNEY FOR THE FORTY-SECOND JUDICIAL DISTRICT  
DeSoto Parish, Louisiana**

**ANNUAL FINANCIAL REPORT  
December 31, 2020**

DISTRICT ATTORNEY FOR THE FORTY-SECOND JUDICIAL DISTRICT  
DeSoto Parish, Louisiana  
Annual Financial Report  
December 31, 2020

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**DISTRICT ATTORNEY FOR THE FORTY-SECOND JUDICIAL DISTRICT  
DeSoto Parish, Louisiana**

Management's Discussion and Analysis  
For the Year Ending December 31, 2020

This section of the District Attorney for the Forty-Second Judicial District's (District Attorney) annual financial report presents our discussion and analysis of the District Attorney's financial performance during the year ending December 31, 2020. We encourage readers to consider the information presented here in conjunction with the District Attorney's basic financial statements and supplementary information in assessing the efficiency and effectiveness of our stewardship of public resources.

**FINANCIAL HIGHLIGHTS**

The District Attorney experienced a decrease in its net position of \$293,054 (58.63%) during the year ended December 31, 2020. At December 31, 2020, the assets of the District Attorney exceeded its liabilities by \$206,808.

The District Attorney's total general and program revenues were \$1,864,588 during the year ended December 31, 2020, compared to \$2,125,311 during year ended December 31, 2019.

The District Attorney's total expenses were \$2,157,642 during the year ended December 31, 2020, compared to \$2,543,344 during year ended December 31, 2019.

**OVERVIEW OF FINANCIAL STATEMENTS**

This Management Discussion and Analysis document introduces the basic financial statements which include 1) governmental fund financial statements, 2) government-wide financial statements and 3) notes to the financial statements. The two types of financial statements present the District Attorney's financial position and results of operations from differing perspectives. A reconciliation is provided to facilitate the comparison between the governmental fund statements and the government-wide statements. The components of the financial statements are described below:

**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.

*Governmental funds.* The services provided by the District Attorney are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the year. Such information may be useful in evaluating the District Attorney's near-term financing requirements. This approach is known as using the flow of financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the District Attorney's finances and assists in determining whether there will be adequate financial resources available to meet the current needs of the District Attorney.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, users may better understand the long-term impact of the District Attorney's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented on the page immediately following each governmental funds financial statement. The governmental fund financial statements are presented in the first column of the basic financial statements in this report.

The District Attorney has three governmental funds; the General Fund which is classified as a major fund, and two special revenue funds. Special revenue funds are governmental funds that are used to account for the proceeds of specific revenues that are legally restricted for specific purposes.

### **Government-Wide Financial Statements**

The *government-wide financial statements* report information about the District Attorney as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. The *statement of net position* presents information on all the District Attorney's assets and liabilities, with the difference between the two reported as net position. 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 net position changed during the most recent period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. The government-wide financial statements are presented in the last column of the basic financial statements in this report.

### **Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### **Other Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. The District Attorney adopts an annual budget for the general fund and two special revenue funds. Budgetary comparison statements are provided to demonstrate budgetary compliance. To comply with GASB 68, there are two schedules detailing the District Attorney's proportionate share of net pension liability and pension contributions.

### **Other Supplementary Information**

The schedule of compensation, benefits and other payments to agency head or chief executive officer is presented to fulfill the requirements of Louisiana Revised Statute 24:513(A)(3). The justice system funding reporting schedules are presented to fulfill the requirements of Louisiana Revised Statute 24:515.2.

## FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

A summary of the Statement of Net Position is below:

<b>Assets</b>	December 31, 2020	December 31, 2019
Cash	\$ 334,891	\$ 579,594
Accounts Receivables	61,629	52,134
Prepaid Expenses	1,032	14,501
Capital Assets, Net of Depreciation	34,804	33,527
Total Assets	<u>432,356</u>	<u>679,756</u>
Deferred Outflows of Resources	241,781	198,040
<b>Liabilities</b>		
Current Liabilities	78,706	87,652
Long-term Liabilities	297,135	214,776
Total Liabilities	<u>375,841</u>	<u>302,428</u>
Deferred Inflows of Resources	91,488	75,506
<b>Net Position</b>		
Unrestricted	11,959	203,180
Restricted	160,045	263,155
Net Investment in Capital Assets	34,804	33,527
Total Net Position	<u>\$ 206,808</u>	<u>\$ 499,862</u>

Net position may serve over time as a useful indicator of the District Attorney's financial position. The District Attorney's total net position changed from a year ago, decreasing from \$499,862 to \$206,808. The largest portion of the District Attorney's net position, \$160,045 (77.39%) as of December 31, 2020, is restricted. Only 5.8% of the net position is unrestricted, which is the portion not legally restricted that the District Attorney can use to meet the needs of the Judicial District.

Accounts receivable increased 18.21% from \$52,134 to \$61,629 and total liabilities increased 24.27% from \$302,428 to \$375,841. At December 31, 2020, \$34,804 (16.83%) of the District Attorney's net position reflects capital assets with a historical cost of \$146,851 and accumulated depreciation of \$112,047.

An analysis of the government-wide Statement of Activities is presented as follows:

Revenues	Year Ended December 31, 2020	Year Ended December 31, 2019
DA Program Revenue		
Charges for services	\$ 926,586	\$ 1,012,724
Operating grants & contributions	932,324	1,100,214
General Revenue		
Miscellaneous revenue	5,290	11,790
Interest revenue	388	583
Total Revenue	<u>1,864,588</u>	<u>2,125,311</u>
Program Expenses		
Public Safety and Judicial Prosecution	<u>2,157,642</u>	<u>2,543,344</u>
Increase (Decrease) in Net Assets	(293,054)	(418,033)
Net Position, Beginning	499,862	917,895
Net Position Ending	<u>\$ 206,808</u>	<u>\$ 499,862</u>

As the accompanying presentation demonstrates, the District Attorney has decreased its reserves by \$293,054 at December 31, 2020. Approximately 49.69% (\$926,586) of the District Attorney's total revenues were derived through charges for services (court, bond and other related fees and the District Attorney's diversion programs) compared to 47.65% (\$1,012,724) for the year ended December 31, 2019.

The District Attorney's total revenue decreased \$260,723 (12.27%) for the year ending December 31, 2020. Total expenses decreased \$385,702 (15.17%) for the year ending December 31, 2020.

## FINANCIAL ANALYSIS OF THE DISTRICT ATTORNEY'S FUND

For the year ended December 31, 2020, the governmental funds reported a combined fund balance of \$317,814, compared to \$544,076 for the year ended December 31, 2019.

## BUDGETARY HIGHLIGHTS

The District Attorney adopted a budget for its general fund and two special revenue funds for the year ended December 31, 2020. The District Attorney's budgets were not amended during the year ended December 31, 2020.

## CAPITAL ASSET ADMINISTRATION

The District Attorney made one capital asset purchase during the year ended December 31, 2020, which was for four laptops.

## DEBT ADMINISTRATION

Long-term liabilities of the District Attorney are summarized as follows:

	Governmental Activities	
	2020	2019
Compensated absences \$	10,152	-
Net pension liability	286,983	214,776
Total	\$ 297,135	\$ 214,776

## ECONOMIC FACTORS EXPECTED TO EFFECT FUTURE OPERATIONS

Due to the COVID-19 pandemic, the United States has experienced volatile economic conditions and disruption of general business activities which may have and may continue to impact the District Attorney's operations. The following factors were considered when the budget was prepared for the year ending December 31, 2021:

- General and program revenues will remain consistent with the prior year.
- Other expenditures are expected to remain steady with the prior year.

## REQUEST FOR INFORMATION

This report is designed to provide a general overview of the District Attorney and seeks to demonstrate the District Attorney's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Charles Adams, the District Attorney for the Forty-Second Judicial District, P. O. Box 1004, Mansfield, Louisiana, 71052.

**T | C | B | T**  
**THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER**  
*Certified Public Accountants*

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation  
Roger M. Cunningham, CPA – A Professional Corporation  
Jessica H. Broadway, CPA – A Professional Corporation  
Ryan E. Todtenbier, CPA – A Professional Corporation

321 Bienville Street  
Natchitoches, Louisiana 71457  
(318) 352-3652  
Fax (318) 352-4447  
[www.tcbtcpa.com](http://www.tcbtcpa.com)

**INDEPENDENT AUDITOR'S REPORT**

To the Honorable Charles Adams  
District Attorney of the Forty-Second Judicial District  
P O Box 1004  
Mansfield, Louisiana 71052

**Report on the Financial Statements**

We were engaged to audit the accompanying financial statements of the governmental activities and each major fund of the District Attorney of the Forty-Second Judicial District (District Attorney), Louisiana, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District Attorney of the Forty-Second Judicial District's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

**Basis for Disclaimer of Opinion**

During our discussions with the District Attorney, we believe that the revenues and expenditures of the District Attorney of the Forty-Second Judicial District could be materially misstated. We were unable to obtain sufficient audit evidence to support the amounts reported in the accompanying basic financial statements and the related notes to the financial statements for the District Attorney as of and for the year ended December 31, 2020.

**Disclaimer of Opinion**

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.



**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 1 through 4 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 Management's Discussion and Analysis 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 basic financial statements of the District Attorney's primary government. The Budgetary Comparison Schedules, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Employer Contributions, Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer, Justice System Funding Schedules, and Reporting Fraud and Misappropriations listed as other supplementary information in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedules, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Employer Contributions, Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer, Justice System Funding Schedules, and Reporting Fraud and Misappropriations are the responsibility of management and were derived from and relate 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. Because of the significance of the matter described above, it is inappropriate to and we do not express an opinion on the information.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2022, on our consideration of the District Attorney of the Forty-Second Judicial District'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 of the Forty-Second Judicial District's internal control over financial reporting and compliance.

*Thomas, Cunningham, Broadway & Todtenbier, CPA's*

Thomas, Cunningham, Broadway & Todtenbier, CPA's  
Natchitoches, Louisiana

August 29, 2022

DISTRICT ATTORNEY FOR THE FORTY-SECOND JUDICIAL DISTRICT  
DeSoto Parish, Louisiana

GOVERNMENTAL FUNDS BALANCE SHEET / STATEMENT OF NET POSITION  
For the Year Ended December 31, 2020

	Governmental Funds Financial Statements				Adjustments	Government-wide Statements Statement of Net Position
	Balance Sheet					
	General Fund	Title IV-D Fund	Diversion Fund	Total		
<b>ASSETS</b>						
Cash and cash equivalents	\$ 120,398	\$ 120,441	\$ 94,052	\$ 334,891	\$ -	\$ 334,891
Accounts receivables, net	21,925	39,704	-	61,629	-	61,629
Interfund receivable	48,548	-	-	48,548	(48,548)	-
Prepaid expenses	-	-	-	-	1,032	1,032
Capital assets, net	-	-	-	-	34,804	34,804
TOTAL ASSETS	<u>\$ 190,871</u>	<u>\$ 160,145</u>	<u>\$ 94,052</u>	<u>\$ 445,068</u>	<u>(12,712)</u>	<u>432,356</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension related					241,781	241,781
<b>LIABILITIES</b>						
Accounts payable	\$ 20,960	\$ 284	\$ 30,791	\$ 52,035	-	52,035
Interfund payable	-	42,419	6,129	48,548	(48,548)	-
Payroll related liabilities	12,142	12,292	2,237	26,671	-	26,671
Noncurrent liabilities:						
Compensated absences	-	-	-	-	10,152	10,152
Net pension liability	-	-	-	-	286,983	286,983
TOTAL LIABILITIES	<u>33,102</u>	<u>54,995</u>	<u>39,157</u>	<u>127,254</u>	<u>248,587</u>	<u>375,841</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension related					91,488	91,488
<b>FUND BALANCE/NET POSITION</b>						
Fund Balances:						
Restricted	-	105,150	54,895	160,045		
Unassigned	157,769	-	-	157,769		
TOTAL FUND BALANCES	<u>157,769</u>	<u>105,150</u>	<u>54,895</u>	<u>317,814</u>		
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 190,871</u>	<u>\$ 160,145</u>	<u>\$ 94,052</u>	<u>\$ 445,068</u>		
Net Position:						
Net investment in capital assets					34,804	34,804
Restricted					160,045	160,045
Unrestricted					11,959	11,959
TOTAL NET POSITION					<u>\$ 206,808</u>	<u>\$ 206,808</u>

The notes to the financial statements are an integral part of this statement.  
See the accompanying independent auditor's report.

**STATEMENT B**

**DISTRICT ATTORNEY FOR THE FORTY-SECOND JUDICIAL DISTRICT  
DeSoto Parish, Louisiana**

**Reconciliation of Fund Balance on the Balance Sheet for Governmental Funds to  
Net Position of Governmental Activities on the Statement of Net Position**

December 31, 2020

Fund Balance - Governmental Fund	\$	317,814
Amounts reported for governmental activities in the statement of net position are different because:		
Prepaid expenses involve payment with current financial resources that are attributable to fiscal periods beyond the end of the current year.		1,032
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		34,804
Certain deferred outflows are reported in the governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Deferred outflows - pension related		241,781
Long-term liabilities are not due and payable on the current period, and therefore, are not reported in the governmental fund:		
Accrued compensated absences		(10,152)
Deferred inflows-pension related		(91,488)
Net pension liability		<u>(286,983)</u>
Total Net Position of Government Activities	\$	<u>206,808</u>

The notes to the financial statements are an integral part of this statement.  
See the accompanying independent auditor's report.

DISTRICT ATTORNEY FOR THE FORTY-SECOND JUDICIAL DISTRICT  
DeSoto Parish, Louisiana

STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE /  
STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2020

	Governmental Funds Financial Statements				Adjustments	Government-wide Statements Statement of Net Position
	Statement of Revenue, Expenditure, and Change in Fund Balance					
	General Fund	Title IV-D Fund	Diversion Fund	Total		
Expenditures/expenses						
Public safety and Judicial Prosecution						
Personal services & related benefits	\$ 1,145,793	\$ 185,641	\$ 55,064	\$ 1,386,498	\$ 54,599	\$ 1,441,097
Operating expenses	298,371	15,897	20,880	335,148	13,470	348,618
LACE	-	-	363,538	363,538	-	363,538
Capital outlays	5,666	-	-	5,666	(5,666)	-
Depreciation	-	-	-	-	4,389	4,389
Total expenditures/expense	<u>\$ 1,449,830</u>	<u>\$ 201,538</u>	<u>\$ 439,482</u>	<u>\$ 2,090,850</u>	<u>66,792</u>	<u>2,157,642</u>
Program revenues						
Fines, fees, and other commissions	\$ 157,323	\$ 238,216	\$ 531,047	\$ 926,586	-	926,586
Grants and contributions	932,324	-	-	932,324	-	932,324
Total program revenues	<u>1,089,647</u>	<u>238,216</u>	<u>531,047</u>	<u>1,858,910</u>	<u>-</u>	<u>1,858,910</u>
Net program expense	(360,183)	36,678	91,565	(231,940)	(66,792)	(298,732)
General Revenues						
Miscellaneous income	5,290	-	-	5,290	-	5,290
Investment earnings	213	-	175	388	-	388
Total General Revenues	<u>5,503</u>	<u>-</u>	<u>175</u>	<u>5,678</u>	<u>-</u>	<u>5,678</u>
Excess(deficiency) of revenues over expenditures/ changes in net position	(354,680)	36,678	91,740	(226,262)	(66,792)	(293,054)
Other financing sources(uses):						
Operating transfers in(out)	<u>300,000</u>	<u>-</u>	<u>(300,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess(deficiency) of revenues over expenditures and other financing sources(uses)/ changes in net position	(54,680)	36,678	(208,260)	(226,262) \$	(66,792)	(293,054)
Fund Balance / Net Position						
Beginning of the year	212,449	68,472	263,155	544,076		499,862
End of the year	<u>\$ 157,769</u>	<u>\$ 105,150</u>	<u>\$ 54,895</u>	<u>\$ 317,814</u>		<u>\$ 206,808</u>

The notes to the financial statements are an integral part of this statement.  
See the accompanying independent auditor's report.

## STATEMENT D

**DISTRICT ATTORNEY FOR THE FORTY-SECOND JUDICIAL DISTRICT  
DeSoto Parish, Louisiana**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
Fund Balance of the Governmental Fund to the Statement of Activities**

For the Year Ended December 31, 2020

**Net change in Fund Balance - Governmental Fund** \$ (226,262)

Governmental funds report capital outlays as expenditures because such outlays use current financial resources. However, for governmental activities those capital outlays are reported in the Statement of Net Position and are allocated over their useful lives in the Statement of Activities.

Capital outlays	\$ 5,666	
Depreciation expense	<u>(4,389)</u>	1,277

In the Statement of Activities, certain operating expenses, are measured by the the amounts accrued during the year. In the governmental funds, however, expenditures for these items are measured by the amounts actually paid.

Pension (expense) benefit	\$ (86,235)	
Non-employer contributions to cost-sharing pension plan	41,788	
Compensated absences	<u>(10,152)</u>	(54,599)

Governmental funds report expenses that involve payments with current financial resources, such as insurance and maintenance contracts, in the year in which it is paid. In the Statement of Activities, payments that are attributable in current periods are recognized.

Decrease in prepaid expenses		(13,470)
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Net change in Net Position \$ (293,054)

The notes to the financial statements are an integral part of this statement  
See the accompanying independent auditor's report.

**DISTRICT ATTORNEY FOR THE FORTY-SECOND JUDICIAL DISTRICT**  
**DeSoto Parish, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**  
As of and for the Year Ended December 31, 2020

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**INTRODUCTION**

The Louisiana Constitution of 1974, Article V, Section 14 created the Judicial Districts of the State, among them the Forty-Second Judicial District. Article V, Section 26 created the Office of the District Attorney for each of the Judicial Districts and set forth the duties of the office. Louisiana Revised Statute 16:1 establishes the general provisions for the election, term, qualifications, powers and duties of district attorneys. The District Attorney for the Forty-Second Judicial District (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, is the legal advisor to the grand jury, and 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. DeSoto Parish comprises the Forty-Second Judicial District, and the Forty-Second Judicial District Attorney's office is located in Mansfield, Louisiana.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying basic financial statements of the District Attorney have been prepared in conformity with governmental accounting principles generally accepted (GAAP) in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis—for State and Local Governments*, issued in June 1999. Such accounting and reporting policies also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Governmental Audit Guide.

The more significant accounting policies established in GAAP and used by the District Attorney are discussed below.

**A. REPORTING ENTITY**

For financial reporting purposes, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 14, the District Attorney is a part of the operations of the district court system. However, the state statutes that create the district attorneys also give the district attorneys control over their operations including hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of monies. The District Attorney is financially independent and operated autonomously from the State of Louisiana and independently from the district court system. Therefore, the District Attorney reports as an independent reporting entity and the financial statements include only the transactions of the District Attorney.

**B. BASIS OF PRESENTATION – BASIC FINANCIAL STATEMENTS**

The District Attorney's basic financial statements include both government-wide (reporting the District Attorney as a whole) and fund financial statements (reporting the District Attorney's general fund and two special revenue funds).

**Governmental Fund Statements**

The accounts of the District Attorney are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

**DISTRICT ATTORNEY FOR THE FORTY-SECOND JUDICIAL DISTRICT**  
**DeSoto Parish, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**  
As of and for the Year Ended December 31, 2020

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

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income.

A fund is considered major if it is the primary operating fund of the District Attorney or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds. The District Attorney reports the following governmental funds:

**General Fund.** The general fund is the principal fund and is used to account for the operations of the District Attorney. The District Attorney's primary sources of revenue are fees, fines, and other court costs. Other sources of revenue include grants and commissions. General operating expenditures are paid from this fund. The general fund is reported as a major fund.

**Special Revenue Funds.** Special revenue funds are used to account for the proceeds of specific revenue that are restricted to expenditures for specified purposes. The District Attorney reports the following two Special Revenue Funds as major funds in the fund financial statements:

- **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.
- **Diversion.** Accounts for the collection of a fee paid by first-time offenders to the District Attorney, and expenditures made for the administration of the program.

**Government-Wide Statements**

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations, if appropriate.

The government-wide Statement of Activities reports both the gross and net cost of the District Attorney's judicial function. This function is also supported by general government revenues (in this case interest revenue.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the judicial function. Operating grants include operating-specific and discretionary grants.

This government-wide focus is more on the sustainability of the District Attorney as an entity and the change in the District Attorney's net position resulting from the current year's activities.

**C. MEASUREMENT FOCUS / BASIS OF ACCOUNTING**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues or expenditures, expenses, and transfers—and assets, deferred outflows of resources, liabilities, and deferred inflows of resources—are recognized in the accounts and reported in the financial statements.

**DISTRICT ATTORNEY FOR THE FORTY-SECOND JUDICIAL DISTRICT**  
**DeSoto Parish, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**  
As of and for the Year Ended December 31, 2020

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

**C. MEASUREMENT FOCUS / BASIS OF ACCOUNTING (continued)**

**Accrual Basis—Government-Wide Financial Statements**

The Statement of Net Position and the Statement of Activities have been 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).

**Modified Accrual Basis—Governmental Fund Financial Statements**

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. State government appropriations and revenue collected on the District Attorney's behalf by other local governments are recorded in the year the District Attorney is entitled to the funds. Fees collected by the District Attorney are recognized in the period in which they are received. Interest income on demand deposits is recorded monthly when the interest is earned and credited to the District Attorney's account. Interest income on time deposits is accrued at year end. Salaries and related benefits are recorded when employee services are provided. Purchases of various operating supplies are recorded as expenditures in the accounting period in which they are purchased. Substantially all other expenditures are recognized when the related fund liability is incurred.

**D. ASSETS, LIABILITIES, AND EQUITY**

**Cash and Interest-bearing deposits**

Cash includes amounts in interest-bearing demand deposits and certificates of deposit. Under state law, the District Attorney may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The District Attorney may invest in United States bonds, treasury notes and bills, government-backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

**Accounts Receivable**

Substantially all receivables are considered to be fully collectible, and no allowance for uncollectibles is used.

**Prepaid Expenses**

Payments made to vendors for insurance and rent that will benefit periods beyond December 31, 2020 are recorded as prepaid expenses.

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance that do not add to the value of that asset or materially extend the life of that asset are expensed as incurred.



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**NOTES TO THE FINANCIAL STATEMENTS**  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. ASSETS, LIABILITIES, AND EQUITY (continued)**

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Description	Lives
Buildings & Improvements	10-40
Equipment Furniture & Fixtures	5-7 years
Vehicles	5 years

**Equity Classifications**

Net Position

The District Attorney classifies net position in the government-wide financial statements, as follows:

- Net investment in capital assets – consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increase by balances of deferred outflows of resources related to those assets.
- Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the District Attorney's bonds. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
- Unrestricted net position – consists of all other net resources that do not meet the definition of the above two components and is available for general use by the District Attorney.

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies restricted net position first, unless a determination is made to use unrestricted net position. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at incurrence of the expense.

Fund Balances

In the governmental fund statements, fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used. In accordance with GASB 54, the District Attorney classifies fund balances in governmental funds as follows:

- Nonspendable--Amounts that are not in spendable form (such as prepaid expenses) or because they are legally or contractually required to be maintained intact.
- Restricted--Amounts constrained to specific purposes by their providers (such as grantors or higher levels of government), through constitutional provisions, or by enabling legislation.

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

**D. ASSETS, LIABILITIES, AND EQUITY (continued)**

- Committed--Amounts constrained by the District Attorney itself. To be reported as committed, amounts cannot be used for any other purpose unless the District Attorney takes the action to remove or change the constraint.
- Assigned--Amounts the District Attorney intends to use for a specific purpose.
- Unassigned--All amounts not included in other spendable classifications.

The District Attorney would typically apply an expenditure toward restricted fund balance and then to the other, less restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

**E. COMPENSATED ABSENCES**

At December 31, 2020, the District Attorney did not have a policy in place regarding compensated absences.

**F. ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**G. CHANGE IN FUND BALANCE REPORTING**

Effective for December 31, 2020, the Title IV-D fund, a special revenue fund, has been separated from the General Fund. The effect of this resulted in a transfer of \$62,475 in net fund balance to Title IV-D.

**2. CASH AND CASH EQUIVALENTS**

At December 31, 2020, the District Attorney has cash and cash equivalents (book balances) totaling \$334,891 as follows:

Demand deposits	\$	223,947
Interest-bearing demand deposits		110,944
Total	\$	<u>334,891</u>

The cash and cash equivalents are subject to the following risks:

*Custodial Credit Risk:* Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana

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**NOTES TO THE FINANCIAL STATEMENTS**  
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## 2. CASH AND CASH EQUIVALENTS (continued)

Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District Attorney that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the District Attorney's name.

At December 31, 2020, the District Attorney has \$365,441 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance. The remaining \$115,441 is pledged by marketable securities held by the custodial bank with a market value of \$517,354.

## 3. RECEIVABLES

The General Fund receivables of \$21,925 at December 31, 2020, are as follows:

Fines, fees, and forfeitures	\$	11,183
Grants		2,500
Payroll tax overpayments		<u>8,242</u>
Total		<u>\$ 21,925</u>

Title IV-D receivables of \$39,704 at December 31, 2020, are all State of Louisiana reimbursement grants for Title IV-D.

## 4. PREPAID EXPENSES

Prepaid expenses of \$1,032 at December 31, 2020, consist of prepaid insurance.

## 5. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2020, is as follows:

<u>Governmental Activities</u>	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>
Capital assets, not depreciated				
Land	\$ 7,875	\$ -	\$ -	\$ 7,875
Total capital assets not depreciated				
Capital assets being depreciated				
Buildings & improvements	60,165	-	-	60,165
Equipment, furniture & fixtures	76,683	5,666	(16,354)	65,995
Vehicles	<u>12,816</u>	<u>-</u>	<u>-</u>	<u>12,816</u>
Total capital assets being depreciated	<u>149,664</u>	<u>5,666</u>	<u>(16,354)</u>	<u>138,976</u>
Less Accumulated Depreciation				
Buildings & improvements	38,367	2,611	-	40,978
Equipment, furniture & fixtures	72,829	1,778	(16,354)	58,253
Vehicles	<u>12,816</u>	<u>-</u>	<u>-</u>	<u>12,816</u>
Total	<u>124,012</u>	<u>4,389</u>	<u>(16,354)</u>	<u>112,047</u>
Capital Assets, Net	<u>\$ 33,527</u>	<u>\$ 1,277</u>	<u>\$ -</u>	<u>\$ 34,804</u>

Depreciation expense of \$4,389 was charged to the judiciary function of the governmental activities.

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**6. LEASES**

The District Attorney has entered into various agreements to lease copy machines. Current year expenses amounted to \$3,944. There are no future minimum lease payments because all lease agreements were terminated in January of 2021.

**7. ON-BEHALF OF PAYMENTS**

The District Attorney recorded on behalf of payments totaling \$163,589 from the State of Louisiana and \$768,734 from the DeSoto Parish Police Jury for payroll, payroll taxes, retirement and operating costs of the District Attorney's office. A breakdown of these payments is as follows:

	DPPJ	State of LA	
Payroll and payroll taxes	\$ 495,885	\$ 157,384	
Retirement	28,025	6,205	
Insurance	152,121	-	
Operating expenses	92,703	-	
	\$ 768,734	\$ 163,589	

**8. PENSION PLAN – DISTRICT ATTORNEY AND ASSISTANT DISTRICT ATTORNEYS**

The District Attorneys' Retirement System (System) was created on August 1, 1956, by Act 56 of the 1956 session of the Louisiana Legislature, for the purpose of providing allowances and other benefits for district attorneys and their assistants in each parish. The fund is administered by a Board of Trustees. Benefits, including normal retirement, early retirement, disability retirement, and death benefit, are provided as specified in the plan.

The System is not allocated a proportionate share of the net pension liability related to its employees. The net pension liability attributed to the System's employees is allocated to the remaining employers based on their respective employer allocation percentage.

**PLAN DESCRIPTION:**

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 the first day of August, 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, assistant district attorneys in each parish, and employees of this retirement system and the Louisiana District Attorneys' Association. 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 Louisiana District Attorneys' Retirement System's Board of Trustees. 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. The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

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**DeSoto Parish, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**  
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**8. PENSION PLAN – DISTRICT ATTORNEY AND ASSISTANT DISTRICT ATTORNEYS (continued)**

Retirement Benefits:

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

Members who joined the System after July 1, 1990, or 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:

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 3% (3.5% for members covered under the new retirement benefit provisions) of his average final compensation multiplied by the lesser of his actual service (not to be less than 15 years) or projected continued service to age 60.

Survivor Benefits:

Upon the death of a member with less than five years of creditable service, 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 five 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 the System.

**DISTRICT ATTORNEY FOR THE FORTY-SECOND JUDICIAL DISTRICT**  
**DeSoto Parish, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**  
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**8. PENSION PLAN – DISTRICT ATTORNEY AND ASSISTANT DISTRICT ATTORNEYS (continued)**

Cost-of-Living Increases

The Board of Trustees is authorized to grant retired members and surviving beneficiaries of members who have retired an annual cost of living increase of 3% of their original benefit, (not to exceed \$60 per month) and all retired members and surviving beneficiaries who are 65 years of age and older a 2% increase in their original benefit. In lieu of other cost of living increases the Board may grant an increase to retirees in the form of "Xx(A&B)" where "A" is equal to the number of years of credited service accrued at retirement or death of the member or retiree and "B" is equal to the number of years since death of the member or retiree to June 30 of the initial year of increase and "X" is equal to any amount available for funding such increase up to a maximum of \$1.00. In order for the Board to grant any of these increases, the System must meet certain criteria detailed in the statute related to funding status and interest earnings.

Back-Deferred Retirement Option Program:

In lieu of receiving an actual service retirement allowance, any member who has more years of service than are required for a normal retirement may elect to receive a Back-Deferred Retirement 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 36 months 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 a reduced 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.

Deferred Retirement Option Program:

Prior to January 1, 2009, eligible members could elect to participate in the Deferred Retirement Option Program (DROP) for up to 36 months 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 ½ of 1%. 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.

**EMPLOYER CONTRIBUTIONS:**

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2020, the actual employer contribution rate was 4.0%. Contributions to the pension plan from the District Attorney were \$8,183 for the year ended December 31, 2020.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**8. PENSION PLAN – DISTRICT ATTORNEY AND ASSISTANT DISTRICT ATTORNEYS (continued)**

Non-Employer Contributions:

In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities. Non-employer contributions were recognized as revenue during the year ended June 30, 2020 and excluded from pension expense. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities but are not considered special funding situations. The non-employer contributions was \$38,183.

**PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES:**

At December 31, 2020, the District Attorney reported a liability of \$305,682 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District Attorney's proportion of the net pension liability was based on a projection of the District Attorney's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020 (System's measurement date), the District Attorney's proportion was 0.38583% which was an decrease of 0.05909% from the proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the District Attorney recognized pension expense of \$76,397, representing its proportionate share of the Plan's net expense, including amortization of deferred amounts.

**8. PENSION PLAN – DISTRICT ATTORNEY AND ASSISTANT DISTRICT ATTORNEYS (continued)**

At December 31, 2020, the District Attorney reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$ 14,561	\$ 29,183
Changes in Assumptions	137,231	-
Net Difference between projected and actual earnings on pension plan	49,557	-
Changes in employer's proportion of beg NPL	-	11,802
Differences between employer and proportionate share of contributions	11,698	4,127
Subsequent Measurement Contributions	3,931	-
Total	<u>\$ 216,978</u>	<u>\$ 45,112</u>

The District Attorney reported a total of \$3,931 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2020, which will be recognized as a reduction in net pension liability in the year ended December 31, 2021.



**DISTRICT ATTORNEY FOR THE FORTY-SECOND JUDICIAL DISTRICT**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**8. PENSION PLAN – DISTRICT ATTORNEY AND ASSISTANT DISTRICT ATTORNEYS (continued)**

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	Amount
2020	\$ 37,677
2021	39,603
2022	44,913
2023	26,307
2024	19,435
TOTAL	\$ 167,935

**ACTUARIAL METHODS AND ASSUMPTIONS:**

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020, are as follows:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal Cost
Actuarial Assumptions:	
Investment Rate of Return	6.25%, net of Pension Plan investment expense, including inflation
Projected Salary Increases	5.00% (2.30% inflation, 2.70% merit)
Mortality Rates	<p>Pub-2010 Public Retirement Plans Mortality Table for General Above-Median Employees multiplied by 115% for males and females for current employees, each with full generational projection using the MP2019 scale.</p> <p>Pub-2010 Public Retirement Plans Mortality Table for General Above-Median Healthy Retirees multiplied by 115% for males and females for annuitants and beneficiaries, each with full generational projection using the MP2019 scale.</p> <p>Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 115% for males and females for disabled retirees, each with full generational projection using the MP2019 scale.</p>
Expected Remaining Service Lives	<p>6 years – June 30, 2020</p> <p>6 years – June 30, 2019</p> <p>6 years – June 30, 2018</p> <p>7 years – June 30, 2017</p> <p>7 years – June 30, 2016</p> <p>6 years – June 30, 2015</p>
Cost-of-Living Adjustments	Only those previously granted



**DISTRICT ATTORNEY FOR THE FORTY-SECOND JUDICIAL DISTRICT**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**8. PENSION PLAN – DISTRICT ATTORNEY AND ASSISTANT DISTRICT ATTORNEYS (continued)**

The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2014, through June 30, 2019. 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 setback 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-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The resulting long-term rate of return is 8.50% for the year ended June 30, 2020.

The best estimates of arithmetic real rates of return for each major asset class based on the System's target asset allocation as of June 30, 2020, were as follows:

<u>Asset Class</u>	Long-Term	<u>Rates of Return</u>	
	<u>Target Asset Allocation</u>	<u>Real</u>	<u>Nominal</u>
Equities	48.27%	5.54%	
Fixed Income	24.54%	1.09%	
Alternatives	26.77%	1.87%	
Cash	<u>0.42%</u>	0.00%	
System Total	<u>100%</u>		6.11%
Inflation			<u>2.39%</u>
Expected Arithmetic Nominal Return			<u>8.50%</u>

The discount rate used to measure the total pension liability was 6.25%. 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 the System's actuary. Based on those assumptions, 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.

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**8. PENSION PLAN – DISTRICT ATTORNEY AND ASSISTANT DISTRICT ATTORNEYS (continued)**

**SENSITIVITY TO CHANGES IN DISCOUNT RATE:**

The following presents the net pension liability of the District Attorney calculated using the discount rate of 6.25%, as well as what the District Attorneys net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.25%) or one percentage point higher (7.25%) than the current rate:

	Changes in Discount Rate		
	June 30, 2020		
	1% Decrease 5.25%	Current Discount Rate 6.25%	1% Increase 7.25%
Net Pension Liability (Asset)	\$ 558,389	\$ 305,682	\$ 93,927

**CHANGE IN NET PENSION LIABILITY:**

The changes in the net pension liability for the year ended December 31, 2020, were recognized in the current reporting period as pension expense except as follows:

*Differences between Expected and Actual Experience:*

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in deferred outflows of resources of \$14,561 and deferred inflows of resources of \$29,183 as of December 31, 2020.

*Differences between Projected and Actual Investment Earnings:*

Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred outflow of resources in the amount of \$49,557 as of December 31, 2020.

*Changes of Assumptions or Other Inputs:*

Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

The changes of assumptions or other inputs resulted in deferred outflows of resources in the amount of \$137,231 as of December 31, 2020.

*Changes in Proportion:*

Changes in the employers' proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employers' pension expense (benefit) using a the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. Changes in the employers portion of the beginning net pension liability resulted in a deferred inflow of resources in the amount of \$11,802 as of December 31, 2020.

**DISTRICT ATTORNEY FOR THE FORTY-SECOND JUDICIAL DISTRICT**  
**DeSoto Parish, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**  
As of and for the Year Ended December 31, 2020

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### 9. PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM (PERS)

*Plan Description.* The District Attorney contributes to PERS, under Plan B, which is a cost-sharing, multiple-employer defined benefit pension plan established by Act 205 of the 1952 regular session of the Legislature of the State of Louisiana to provide retirement benefits to all employees of any parish in the state of Louisiana or any governing body or a parish which employs and pays persons serving the parish. Plan B was designated for employees that remained in Social Security on the revision date. Sections 1901 through 2025 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:1901-2025) and other general laws of the State of Louisiana govern PERS. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System, which can be obtained at [www.persla.org](http://www.persla.org).

All permanent District Attorney employees working at least 28 hours per week shall become members in the System on their 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.

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

#### Retirement.

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

For employees hired prior to January 1, 2007:

At age 55	after 30 years of creditable service
At age 60	after 10 years of creditable service
At age 65	after 7 years of creditable service

For employees hired after January 1, 2007:

At age 55	after 30 years of creditable service
At age 62	after 10 years of creditable service
At age 67	after 7 years of creditable service

Generally, the monthly amount of the retirement allowance of any member of Plan B shall consist of an amount equal to two 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.

#### Survivor's Benefits

Plan B members need ten (10) years of service credit to be eligible for survivor benefits. Upon the death of any member of Plan B with twenty (20) or more years of creditable service who is not eligible for normal retirement, the plan provides for an automatic Option 2 benefit for the surviving spouse when he/she reaches age 50 and until remarriage, if the remarriage occurs before age 55.

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

**DISTRICT ATTORNEY FOR THE FORTY-SECOND JUDICIAL DISTRICT**  
**DeSoto Parish, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**  
As of and for the Year Ended December 31, 2020

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**9. PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM (PERS) (continued)**

Disability Benefits

For Plan B, a member shall be eligible to retire and receive a disability benefit if he/she was 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 B shall be paid a disability benefit equal to the lesser of an amount equal to two percent of the member's final average compensation multiplied by his years of service, to age 60 for those members who are enrolled prior to January 1, 2007 and to age 62 for those members who are enrolled January 1, 2007 and later.

Cost-of-Living Increases

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 (LA R.S. 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.

Deferred Retirement Option Plan

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

In lieu of terminating employment and accepting a service retirement, any member of Plan A or B who is eligible to retire may elect to participate in DROP in which they 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/her 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 DROP 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 PERS, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of the Plan must agree that the benefits payable to the participant are not the obligations of the state or PERS, 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.

**DISTRICT ATTORNEY FOR THE FORTY-SECOND JUDICIAL DISTRICT**  
**DeSoto Parish, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**  
As of and for the Year Ended December 31, 2020

*Employer Contributions.* According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2020, the actuarially determined contribution rate was 7.53% of member's compensation for Plan B. However, the actual rate for the fiscal year ending December 31, 2020 was 7.5%.

According to state statute, PERS also receives  $\frac{1}{4}$  of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. PERS 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 employer contributions and are considered support from non-employer contributing entities. The non-employer contribution was \$3,604.

The District Attorney's contractually required composite contribution rate for the year ended December 31, 2020, was 7.5% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the District Attorney were \$12,949, \$21,537 and \$20,807 for the years ended December 31, 2020, December 31, 2019, and December 31, 2018, respectively.

***Pension Liabilities/Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.***

At December 31, 2020, the District Attorney reported an liability of \$286,983 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of December 31, 2019, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The District Attorney's proportion of the Net Pension Liability was based on a projection of the District Attorney's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2019, the District Attorney's proportion was 0.258466%, which was an decrease of 0.00672% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the District Attorney recognized pension expense of \$9,838 plus or minus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions.

At December 31, 2020, the District Attorney reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$ 553	\$ 7,975
Changes in Assumptions	11,032	-
Net Difference between projected and actual earnings on pension plan	-	39,046
Changes in employer's proportion of beg NPL	2	-
Differences between employer and proportionate share of contributions	267	(645)
Subsequent Measurement Contributions	12,949	
Total	<u>\$ 24,803</u>	<u>\$ 46,376</u>

**DISTRICT ATTORNEY FOR THE FORTY-SECOND JUDICIAL DISTRICT**  
**DeSoto Parish, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**  
As of and for the Year Ended December 31, 2020

**9. PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM (PERS) (continued)**

The deferred outflows of resources related to pensions resulting from the District Attorney's contributions subsequent to the measurement date in the amount of \$12,949 will be recognized as a reduction of the net pension liabilities in the year of December 31, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year</u>	<u>Amount</u>
2020	(10,454)
2021	(9,456)
2022	3,192
2023	(17,804)
TOTAL	<u>\$ (34,522)</u>

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2020, is as follows:

Valuation Date	December 31, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Life	4 Years
Investment Rate of Return	6.50%, net of investment expense, including inflation
Projected Salary Increases	4.25%
Mortality Rates	Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale for employees.
	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality.
	Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants.
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.
Inflation Rate	2.40%

The discount rate used to measure the total pension liability was 6.50% for Plan B. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contributions rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the 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.



**DISTRICT ATTORNEY FOR THE FORTY-SECOND JUDICIAL DISTRICT**  
**DeSoto Parish, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**  
As of and for the Year Ended December 31, 2020

**9. PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM (PERS) (continued)**

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.18% for the year ended December 31, 2020.

Best estimates of arithmetic real rates of return for each major class included in the System's target asset allocation as of December 31, 2020, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-term Expected Portfolio Real Rate of Return
Fixed Income	35.00%	1.05%
Equity	52.00%	3.41%
Alternatives	11.00%	0.61%
Real assets	2.00%	0.11%
	100.00%	5.18%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.18%

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2013 through December 31, 2017. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. As a result of this study, mortality for employees was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. In addition, mortality for annuitants and beneficiaries was set equal to the Pub-2010 Public Retirement plans Mortality Table for Healthy Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. For Disabled annuitants mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale.

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

The following presents the District Attorney's proportionate share of the Net Pension Liability using the discount rate of 6.5%, 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 (5.5%) or one percentage-point higher (7.5%) than the current rate:

		Changes in Discount Rate		
		June 30, 2020		
		1% Decrease	Current Discount Rate	1% Increase
		5.5%	6.5%	7.5%
Net Pension Liability (Asset)	\$	100,452	\$	(18,699)
				(118,288)

**DISTRICT ATTORNEY FOR THE FORTY-SECOND JUDICIAL DISTRICT**  
**DeSoto Parish, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**  
As of and for the Year Ended December 31, 2020

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**10. SUBSEQUENT EVENTS**

Management has performed an evaluation of the District Attorney's activities through August 29, 2022, which is the date the financial statements were available to be issued. Following an election by the voters of the Forty-Second Judicial District during the year ending December 31, 2020, a new District Attorney was sworn in effective January 11, 2021. No events occurring after this date have been evaluated for inclusion in these financial statements.



## SCHEDULE 1

**DISTRICT ATTORNEY FOR THE FORTY-SECOND JUDICIAL DISTRICT  
DeSoto Parish, Louisiana**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Adjustment to Budgetary Basis	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final				
Expenditures/expenses						
Public safety and Judicial Prosecution						
Personal services & related benefits	\$ 299,573	\$ 299,573	\$ 1,145,793	\$ (932,324)	\$ 213,469	\$ 86,104
Operating expenses	187,735	187,735	298,371	-	298,371	(110,636)
Capital outlays	8,470	8,470	5,666	-	5,666	2,804
Total expenditures/expenses	<u>495,778</u>	<u>495,778</u>	<u>1,449,830</u>	<u>(932,324)</u>	<u>517,506</u>	<u>(21,728)</u>
Revenues						
Fines, fees, and other commissions	165,380	165,380	157,323	-	157,323	(8,057)
Grants and contributions	-	-	932,324	(932,324)	-	-
Miscellaneous income	-	-	5,290	-	5,290	5,290
Investment earnings	-	-	213	-	213	213
Total General Revenues	<u>165,380</u>	<u>165,380</u>	<u>1,095,150</u>	<u>(932,324)</u>	<u>162,826</u>	<u>(2,554)</u>
Excess(deficiency) of revenues over expenditures/ changes in net position	(330,398)	(330,398)	(354,680)	-	(354,680)	(24,282)
Other financing sources(uses):						
Operating transfers in(out)	350,000	350,000	300,000	-	300,000	(50,000)
Total other financing sources (uses)	<u>350,000</u>	<u>350,000</u>	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>(50,000)</u>
Excess(deficiency) of revenues over expenditures and other financing sources(uses)/changes in net position	19,602	19,602	(54,680)	-	(54,680)	(74,282)
Fund Balance / Net Position						
Beginning of the year	212,449	212,449	212,449		212,449	-
End of the year	<u>\$ 232,051</u>	<u>\$ 232,051</u>	<u>\$ 157,769</u>		<u>\$ 157,769</u>	<u>\$ (74,282)</u>

See the accompanying independent auditor's report.

## SCHEDULE 2

**DISTRICT ATTORNEY FOR THE FORTY-SECOND JUDICIAL DISTRICT  
DeSoto Parish, Louisiana**

**BUDGETARY COMPARISON SCHEDULE - TITLE IV-D**

For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures/expenses				
Public safety and Judicial Prosecution				
Personal services & related benefits	\$ 183,505	\$ 183,505	\$ 185,641	\$ (2,136)
Operating expenses	11,465	11,465	15,897	(4,432)
Total expenditures/expenses	<u>194,970</u>	<u>194,970</u>	<u>201,538</u>	<u>(6,568)</u>
Revenues				
State contract	<u>221,009</u>	<u>221,009</u>	<u>238,216</u>	<u>17,207</u>
Total General Revenues	<u>221,009</u>	<u>221,009</u>	<u>238,216</u>	<u>17,207</u>
Excess(deficiency) of revenues over expenditures/ changes in net position	26,039	26,039	36,678	10,639
Fund Balance / Net Position				
Beginning of the year	68,472	68,472	68,472	-
End of the year	<u>\$ 94,511</u>	<u>\$ 94,511</u>	<u>\$ 105,150</u>	<u>\$ 10,639</u>

See the accompanying independent auditor's report.

## SCHEDULE 3

**DISTRICT ATTORNEY FOR THE FORTY-SECOND JUDICIAL DISTRICT  
DeSoto Parish, Louisiana**

**BUDGETARY COMPARISON SCHEDULE - DIVERSION**

For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures/expenses				
Public safety and Judicial Prosecution				
Personal services & related benefits	\$ 57,829	\$ 57,829	\$ 55,064	\$ 2,765
Operating expenses	28,205	28,205	20,880	7,325
LACE	337,659	337,659	363,538	(25,879)
Total expenditures/expenses	<u>423,693</u>	<u>423,693</u>	<u>439,482</u>	<u>(15,789)</u>
Revenues				
Fines, fees, and other commissions	597,678	597,678	531,047	(66,631)
Grants and contributions	-	-	-	-
Miscellaneous income	-	-	-	-
Investment earnings	404	404	175	(229)
Total General Revenues	<u>598,082</u>	<u>598,082</u>	<u>531,222</u>	<u>(66,860)</u>
Excess(deficiency) of revenues over expenditures/ changes in net position	174,389	174,389	91,740	(82,649)
Other financing sources(uses):				
Operating transfers in(out)	(350,000)	(350,000)	(300,000)	50,000
Total other financing sources (uses)	<u>(350,000)</u>	<u>(350,000)</u>	<u>(300,000)</u>	<u>50,000</u>
Excess(deficiency) of revenues over expenditures and other financing sources(uses)/ changes in net position	(175,611)	(175,611)	(208,260)	(32,649)
Fund Balance / Net Position				
Beginning of the year	263,155	263,155	263,155	-
End of the year	<u>\$ 87,544</u>	<u>\$ 87,544</u>	<u>\$ 54,895</u>	<u>\$ (32,649)</u>

See the accompanying independent auditor's report.

## Schedule 4

**DISTRICT ATTORNEY FOR THE FORTY-SECOND JUDICIAL DISTRICT  
DeSoto Parish, Louisiana**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

For the Year Ended December 31, 2020

Fiscal Year*	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
<u>Louisiana District Attorney's Retirement System (LDARS)</u>					
2015	0.32993%	\$ 17,772	\$ 205,911	9%	99%
2016	0.43631%	\$ 83,513	\$ 246,810	34%	95%
2017	0.43173%	\$ 116,448	\$ 262,366	44%	94%
2018	0.38356%	\$ 123,426	\$ 258,349	48%	93%
2019	0.44492%	\$ 143,132	\$ 261,628	55%	93%
2020	0.38583%	\$ 305,682	\$ 239,349	128%	85%
<u>Parochial Employees' Retirement System of Louisiana (PERSLA)</u>					
2015	0.15350%	\$ 426	\$ 140,755	0%	100%
2016	0.20730%	\$ 36,908	\$ 217,484	17%	93%
2017	0.21988%	\$ 28,563	\$ 221,041	13%	96%
2018	0.25203%	\$ (31,710)	\$ 255,573	-12%	104%
2019	0.26519%	\$ 71,644	\$ 277,424	26%	92%
2020	0.25847%	\$ (18,699)	\$ 287,163	-7%	102%

\*Amounts presented were determined as of the measurement date (previous fiscal year end).

*These schedules are intended to show information for 10 years.*

*Additional years will be displayed as they become available.*

See accompanying independent auditor's report.

## Schedule 5

**DISTRICT ATTORNEY OF THE FORTY-SECOND JUDICIAL DISTRICT  
DeSoto Parish, Louisiana**

**Schedule of Required Supplementary Information  
Schedule of Employer Contributions  
For the Year Ended December 31, 2020**

Fiscal Year*	(a) Statutorily Required Contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution Deficiency (Excess)	Agency's covered payroll	Contributions as a percentage of covered payroll
<u>Louisiana District Attorney's Retirement System (LDARS)</u>					
2015	\$ 13,287	\$ 13,287	\$ -	\$235,605	5.64%
2016	\$ 8,329	\$ 8,329	\$ -	\$247,349	3.37%
2017	\$ -	\$ -	\$ -	\$258,352	0.00%
2018	\$ 1,615	\$ 1,615	\$ -	\$258,349	0.63%
2019	\$ 6,978	\$ 6,978	\$ -	\$265,503	2.63%
2020	\$ 8,183	\$ 8,183	\$ -	\$204,575	4.00%
<u>Parochial Employees' Retirement System of Louisiana (PERSLA)</u>					
2015	\$ 10,656	\$ 10,656	\$ -	\$217,484	4.90%
2016	\$ 15,027	\$ 15,027	\$ -	\$221,041	6.80%
2017	\$ 18,859	\$ 18,859	\$ -	\$255,573	7.38%
2018	\$ 20,807	\$ 20,807	\$ -	\$277,424	7.50%
2019	\$ 21,537	\$ 21,537	\$ -	\$287,163	7.50%
2020	\$ 12,949	\$ 12,949	\$ -	\$172,657	7.50%

\*Amounts presented were determined as of the end of the fiscal year.  
*These schedules are intended to show information for 10 years.  
 Additional years will be displayed as they become available.*

See accompanying independent auditor's report.

**DISTRICT ATTORNEY FOR THE FORTY-SECOND JUDICIAL DISTRICT**  
**DeSoto Parish , Louisiana**

**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**

As of and for the Year Ended December 31, 2020

**Budgetary Information**

The District Attorney's budgets are prepared in accordance with accounting principles generally accepted in the United States of America.

The Louisiana Local Government Budget Act provides that "the total proposed expenditures shall not exceed the total of estimated funds available for the ensuing year." The "total estimated funds available" is the sum of the respective estimated fund balances at the beginning of the year and the anticipated revenues for the current year.

Expenditures may not legally exceed appropriations at the fund level. Appropriations that are not expended lapse at year-end. The budgets were not amended during the year. The budget comparison schedules present the original adopted budget and the final budget for the General Fund, the IV-D Fund, and the Diversion Fund.

The general fund budgetary comparison schedule includes an adjustment to budgetary basis for the on-behalf of payments described in notes section seven which are not budgeted for.

The District Attorney's budget process is as follows:

Proposed budgets, prepared on the modified accrual basis of accounting, are published in the official journal at least 10 days prior to the public hearing. Public hearings are held at the District Attorney's office during the month of June for comments from taxpayers. The budgets are then legally adopted by the District Attorney and amended during the year, as necessary. Budgets are established and controlled by the District Attorney at the object level of expenditure.

Appropriations lapse at year-end and must be reappropriated for the following year to be expended. The District Attorney must approve all changes or amendments to the budget.

For the General Fund, District Attorney expenditures were \$21,728 (4.38%) more than budget amounts, revenues were \$2,554 (1.54%) less than budgeted amounts and transfers in were \$50,000 (14.29%) less than budgeted amounts. The District Attorney is not in compliance with the Louisiana Local Government Budget Act for the General Fund.

For the Title IV-D Fund, District Attorney expenditures were \$6,568 (3.37%) more than budget amounts, revenues were \$17,207 (7.79%) more than budgeted amounts. District Attorney is in compliance with the Louisiana Local Government Budget Act for the Title IV-D Fund.

For the Diversion Fund, District Attorney expenditures were \$15,789 (3.73%) more than budget amounts, revenues were \$66,860 (11.18%) less than budgeted amounts and transfers out were \$50,000 (14.29%) less than budgeted amounts. The District Attorney is not in compliance with the Louisiana Local Government Budget Act for the Diversion Fund.

**Pension Plans**

**Parochial Employees' Retirement System of Louisiana**

- 1) Changes of benefit terms – There were no changes of benefit terms for the year ended December 31, 2020.
- 2) Changes of assumptions – There were no changes of assumptions for the year ended December 31, 2020.

District Attorney's Retirement System

- 1) Changes of benefit terms – There were no changes of benefit terms for the year ended December 31, 2020.
- 2) Changes of assumptions – The discount rate used to measure the total pension liability for the District Attorney's Retirement System was 6.25% for the year ended December 31, 2020, a decrease of 0.25% from the prior year.

## SCHEDULE 6

**DISTRICT ATTORNEY FOR THE FORTY-SECOND JUDICIAL DISTRICT  
DeSoto Parish, Louisiana**

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS  
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER  
For the Year Ended December 31, 2020**

**Gary V. Evans,  
District Attorney**

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## SECTION I

Paid by the District Attorney for the Forty-Second Judicial District

Purpose:

Salary	\$	100,554
Benefits- retirement		8,183
Benefits- other		1,458
Dues		448

## SECTION II

Paid by the DeSoto Parish Police Jury

Purpose:

Salary	\$	2,375
Benefits- retirement		95
Benefits- insurance		7,879
Benefits - other		7

## SECTION III

Paid by the State of Louisiana

Purpose:

Salary	\$	53,154
Benefits- retirement		2,126

See accompanying independent auditor's report.



Justice System Funding Schedule - Receiving Entity  
As Required by Act 87 of the 2020 Regular Legislative Session  
For the year ended December 31, 2020

Cash Basis Presentation	First Six Month Period Ended 6/30/20	Second Six Month Period Ended 12/31/20
Receipts From:		
<i>Unknown</i>	\$ -	\$ -
<b>Total Receipts</b>	<b>\$ -</b>	<b>\$ -</b>

Supplemental information.  
See the accompanying independent auditor's report.

**District Attorney for the Forty-Second Judicial District  
DeSoto Parish, Louisiana**

Schedule 8

**Justice System Funding Schedule - Collecting/Disbursing Entity  
As Required by Act 87 of the 2020 Regular Legislative Session  
For the year ended December 31, 2020**

<b>Cash Basis Presentation</b>	<b>First Six Month Period Ended 06/30/2020</b>	<b>Second Six Month Period Ended 12/31/2020</b>
<b>Beginning Balance of Amounts Collected</b>	\$ -	\$ (91,597)
<b>Add: Collections</b>		
Civil Fees	-	-
Asset Forfeiture/Sale	-	-
Pre-Trial Diversion Program Fees	321,845	209,202
Criminal Court Costs/Fees	Unknown	Unknown
Criminal Fines - Contempt	-	-
Criminal Fines - Other	1,615	1,133
Restitution	200	1,200
Probation/Parole/Supervision Fees	-	
Service/Collection Fees (e.g. credit card fees, report fees, 3rd party)	-	
Interest Earnings on Collected Balances	126	82
Other		
<b>Subtotal Collections</b>	<u>323,660</u>	<u>211,535</u>
<b>Less: Disbursements To Governments &amp; Nonprofits:</b>		
Louisiana State Police - Traffic Diversion	172,407	125,901
Indigent Defender for the 42nd Judicial District - Traffic Diversion	30,000	30,000
<b>Less: Amounts Retained by Collecting Agency</b>		
Amounts "Self-Disbursed" to Collecting Agency	200,000	100,000
<b>Less: Disbursements to Individuals/3rd Party</b>		
<b>Collection or Processing Agencies</b>		
Restitution Payments to Individuals	-	-
Other Disbursements to Individuals	1,825	3,832
Payments to 3rd Party Collection/Processing Agencies	11,025	-
<b>Subtotal Disbursements/Retainage</b>	<u>415,257</u>	<u>259,733</u>
<b>Total: Ending Balance of Amounts Collected but not Disbursed/Retained</b>	<u>\$ (91,597)</u>	<u>\$ (139,795)</u>
<b>Ending Balance of "Partial Payments" Collected but not Disbursed</b>		
- This balance is included in the Ending Balance of Amounts Collected but not Disbursed/Retained above.	2,600	-

Supplemental information.  
See the accompanying independent auditor's report.

DISTRICT ATTORNEY FOR THE FORTY-SECOND JUDICIAL DISTRICT  
DeSoto Parish, Louisiana  
REPORTING FRAUD AND MISAPPROPRIATIONS  
December 31, 2020

	ELEMENT OF FINDING	RESPONSE
1	A general statement describing the fraud or misappropriation that occurred.	<ol style="list-style-type: none"> <li>1. Use of public funds for campaign</li> <li>2. Donation of Public Funds</li> <li>3. Payroll Fraud</li> <li>4. Misuse of Diversion Funds</li> </ol>
2	A description of the funds or assets that were the subject of the fraud or misappropriation (ex., utility receipts, petty cash, computer equipment).	Checking accounts
3	The amount of funds or approximate value of assets involved.	<ol style="list-style-type: none"> <li>1. \$73,097.10</li> <li>2. \$14,400.00</li> <li>3. \$32,618.32</li> <li>4. Potentially \$800,000</li> </ol>
4	The department or office in which the fraud or misappropriation occurred.	District Attorney's office and Traffic Diversion
5	The period of time over which the fraud or misappropriation occurred.	January 2020 through January 2021
6	The title/agency affiliation of the person who committed or is believed to have committed the act of fraud or misappropriation.	District Attorney Gary Evans
7	The name of the person who committed or is believed to have committed the act of fraud or misappropriation, if formal charges have been brought against the person and/or the matter has been adjudicated.	District Attorney Gary Evans
8	Is the person who committed or is believed to have committed the act of fraud still employed by the agency	No, Mr. Evans lost his election for a second term in November, 2020, left office January 8, 2021 and the current district attorney did not keep any of his management team
9	If the person who committed or is believed to have committed the act of fraud is still employed by the agency, do they have access to assets that may be subject to fraud or misappropriation	Not applicable, see answer to 8.

Supplemental information.  
See the accompanying independent auditor's report.

DISTRICT ATTORNEY FOR THE FORTY-SECOND JUDICIAL DISTRICT  
DeSoto Parish, Louisiana  
REPORTING FRAUD AND MISAPPROPRIATIONS  
December 31, 2020

10	Has the agency notified the appropriate law enforcement body about the fraud or misappropriation	Yes
11	What is the status of the investigation at the date of the auditor's/accountant's report	The state police are still investigating.
12	If the investigation is complete and the person believed to have committed the act of fraud or misappropriation has been identified, has the agency filed charges against that person	Not applicable.
13	What is the status of any related adjudication at the date of the auditor's/accountant's report	There have been no charges made.
14	Has restitution been made or has an insurance claim been filed	Not applicable
15	Has the agency notified the Louisiana Legislative Auditor and the District Attorney in writing, as required by Louisiana Revised Statute 24:523 (Applicable to local governments only)	Yes
16	Did the agency's internal controls allow the detection of the fraud or misappropriation in a timely manner	No. Management overrode the internal controls
17	If the answer to the last question is "no," describe the control deficiency/significant deficiency/material weakness that allowed the fraud or misappropriation to occur and not be detected in a timely manner.	Management override. Considered a material weakness
18	Management's plan to ensure that the fraud or misappropriation does not occur in the future	New District Attorney has controls in place such as segregation of duties within management and an outside accounting firm with governmental experience.

Supplemental information.  
See the accompanying independent auditor's report.

**T | C | B | T**  
**THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER**  
*Certified Public Accountants*

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation  
Roger M. Cunningham, CPA – A Professional Corporation  
Jessica H. Broadway, CPA – A Professional Corporation  
Ryan E. Todtenbier, CPA – A Professional Corporation

321 Bienville Street  
Natchitoches, Louisiana 71457  
(318) 352-3652  
Fax (318) 352-4447  
[www.tcbtcpa.com](http://www.tcbtcpa.com)

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

To the Honorable Charles Adams  
District Attorney of the Forty-Second Judicial District  
P O Box 1004  
Mansfield, Louisiana 71052

We were engaged to audit, 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 and the *Louisiana Governmental Audit Guide*, the financial statements of the governmental activities and each major fund of the District Attorney of the Forty-Second Judicial District as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District Attorney of the Forty-Second Judicial District's basic financial statements and have issued our report thereon dated August 29, 2022.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District Attorney of the Forty-Second Judicial District'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 of the Forty-Second Judicial District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District Attorney of the Forty-Second Judicial District'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider to be material weaknesses listed as items 2020-001, 2020-002, 2020-003, 2020-004, and 2020-005.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District Attorney of the Forty-Second Judicial District'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of audit findings as items 2020-006, and 2020-007.

## District Attorney of the Forty-Second Judicial District's Responses to Findings

The District Attorney of the Forty-Second Judicial District's responses to the findings identified in our audit are described in the accompanying schedule of audit findings. The District Attorney of the Forty-Second Judicial District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## Purpose of this Report

The purpose of 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. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 25:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Thomas, Cunningham, Broadway & Todtenbier, CPA's*

Thomas, Cunningham, Broadway & Todtenbier, CPA's  
Natchitoches, Louisiana

August 29, 2022

District Attorney of the Forty-Second Judicial District  
Schedule of Audit Findings  
Year Ended December 31, 2020

I. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses a disclaimer of opinion on the financial statements of the District Attorney of the Forty-Second Judicial District.
2. The audit disclosed five material weaknesses in internal control (2020-001, 2020-002, 2020-003, 2020-004 and 2020-005).
3. The audit disclosed two instances of noncompliance that are required to be reported under *Governmental Auditing Standards* (2020-006 and 2020-007).

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Internal Control-

*2020-001 Possible Use of District Attorney Funds for Campaign*

**Criteria** – Louisiana Revised Statutes 43:111.1 states: “No public funds shall be used in whole or in part for the payment of the cost of any advertisement containing therein the name of any public official whether elected or appointed; provided, however, that the provisions of this section shall in no case be construed to apply to 1) advertisements or notices required or authorized by law to be published, or 2) to any advertisements placed by any public agency or body authorized by law to advertise in the furtherance of its functions and duties.”

**Condition** – During the 2020 election year of the Forty-Second Judicial District Attorney, for which Gary Evans was running for the office, invoices totaling \$69,447 were paid to consultant, Rougarou Consulting. The invoices were paid from February 7, 2020 to June 26, 2020 and were recorded in the general fund as miscellaneous expenses. The invoices' description of services provided were professional services, digital/social media ads design, billboard ad design, Lamar billboard, digital/social media ads, radio ads for playoffs, mail productions, and mail postage.

According to Mr. Evans' candidate report, filed as a public document on the Louisiana Board of Ethics website, his campaign paid Rougarou Consulting \$10,000 for political consulting on January 21, 2020. Then from February 7, 2020, through June 26, 2020, the District Attorney's office paid Rougarou Consulting and other associated vendors \$73,097.10. Subsequent campaign disclosure reports revealed that from July 20, 2020 through November 3, 2020, Gary Evans' campaign paid Rougarou Consulting \$87,465.

During the first five years as District Attorney Mr. Evans' public service advertising expense was \$5,059, \$2,682, \$1,750, \$1,306, \$1,072 for 2015, 2016, 2017, 2018, 2019 respectively. This is an average of \$2,374 per year.

**Cause** – A lack of controls over these transactions exist and there is a reasonable possibility of management overrides.

**Effect** – Due to the lack of control over these transactions, there is a reasonable possibility that a material misstatement in the financial statements and fraud will not be prevented or detected and corrected.

**Recommendation** – We recommend that the District Attorney take immediate steps to ensure that controls over expenditures are in place. We also recommend that controls prevent management overrides.

District Attorney of the Forty-Second Judicial District  
Schedule of Audit Findings (continued)  
Year Ended December 31, 2020

2020-002 *Donation of Public Funds*

*Criteria* – Article VII, Par. 15 of the Louisiana Constitution prohibits gratuitous donations of public funds.

*Condition* – The District Attorney used funds to pay excessive costs for microbial fumigation services in the traffic diversion office which contained only three employees, no public traffic, and a regular housekeeper. The vendor was paid \$14,400 from June 1, 2020 through November 18, 2020. There were no quotes or contracts in the files. The invoices have no dates on them (no dates of service and no date of the invoice). The rates on the invoices do not calculate correctly. A W-9 was not in the file and the vendor would not provide one at the end of the year to the successor District Attorney's office for 1099 preparation. The checks were made out to Upstream Environmental, LLC but endorsed by an individual.

*Cause* – A lack of controls over procurement of services exist and there is a reasonable possibility of management overrides. The District Attorney does not have a contract policy.

*Effect* – Due to the lack of control over procurement of services, there is a reasonable possibility that fraud will not be prevented or detected and corrected.

*Recommendation* – We recommend that the District Attorney take immediate steps to ensure that controls over procurement/contracts are in place. We also recommend that controls prevent management overrides.

2020-003 *Management Override of Payroll Policies*

*Criteria* –

- 1) FLSA requires employers to do several things in regard to State and Local governments. One is to comply with recordkeeping requirements. FLSA's basic recordkeeping requirements include: 1) Hours worked each day, and 2) Total hours worked each workweek. If however the employee is on a fixed schedule: "The employer may keep a record showing the exact schedule of daily and weekly hours and merely indicate that the worker did follow the schedule."
- 2) The Louisiana Attorney General (AG) has noted that time sheets or a similar form of documentation are required to document and substantiate the accrual of leave (AG Opinions 15-186, 99-397, and 94-284). Further, the AG has noted that payment for work that is not performed is a prohibited donation of public funds under Article VII, Section 14 of the Louisiana Constitution and may constitute public payroll fraud under Louisiana Revised Statute 14:138 (AG Opinion 86-652). Therefore, there should be some form of documentation and adequate supervision to ensure that the salaried employee is working the scheduled hours upon which their salary is based.
- 3) According to the December 31, 2017, 2018 and 2019 audits, the 42<sup>nd</sup> JD District Attorney had no written policies and procedures regarding "Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked. In these same reports, the auditor also noted they were unable to observe that there is written documentation that the DA maintained written leave records (e.g., hours earned, hours used, and balance available). Management responded they would implement procedures to track leave.
- 4) The December 31, 2019 audit report, which was issued January 4, 2021, also stated: "Full-time employees of the District Attorney's office earn ten days of



District Attorney of the Forty-Second Judicial District  
Schedule of Audit Findings (continued)  
Year Ended December 31, 2020

vacation and sick leave each year. Leave does not carryover or accumulate from one year to the next, and there are no vesting privileges. Therefore, no liability for compensated absences has been recorded in the accompanying financial statements.”

*Condition* – The successor District Attorney did not retain all employees when he took office on January 11, 2021. On January 4, 2021, letters from Gary Evans, previous District Attorney, were sent to Kerry Woods, payroll clerk at the DeSoto Parish Police Jury requesting payment for several terminated employees totaling \$18,761 for uncompensated time and prior years’ vacation. Although there was an attempt to document the compensatory time, there were no time sheets documenting that the salaried employees worked their fixed basic required time.

Mr. Evans also requested that these same employees who had been terminated at the end of his term on January 8, 2021 be paid for 4 weeks of vacation for 2021 (10 days’ vacation and 10 days of sick leave) that cost \$13,618, even though they were only employed for one week in 2021.

*Cause* – A lack of controls over payroll exist and there is a reasonable possibility of management overrides.

*Effect* – Due to the lack of control over payroll, there is a reasonable possibility that fraud will not be prevented or detected and corrected.

*Recommendation* – We recommend that the District Attorney take immediate steps to ensure that controls over payroll are in place. We also recommend that controls prevent management overrides.

*2020-004 Restricted Diversion Funds Transferred to the General Fund for Operations*

*Criteria* – Louisiana Revised Statute 16:17(E) allows District Attorneys to: “assess and collect a reasonable fee from participants in pretrial diversion or pretrial intervention programs to support and maintain victims’ assistance and/or diversionary programs”. Louisiana law expressly authorizes District Attorneys to create special pretrial diversion programs. However, the diversion funds should not be used for purposes that fall outside of this statute.

*Condition* – In 2020, the Diversion Fund transferred \$300,000 to the General Fund. There was a letter of explanation from District Attorney Evans that the transfer was to cover operating expenses, specifically salaries. As noted in Finding 2020-03, no detailed records were required or obtained for most of the salaries allocated to administering the traffic diversion program or victims’ assistance programs. The District Attorney did not keep records of the types of victims’ assistance programs it operated, if any. There was no reasonable allocation scheme for transferring the monies to the General Fund. There were no local policies or procedures regarding the transferred expenses. The DeSoto Parish Police Jury paid some of the payroll allocated for reimbursement to the General Fund. Yet, the District Attorney did not reimburse the Police Jury. Note that the District Attorney transferred \$500,000 during 2019 with the same explanation.

*Cause* – A lack of internal controls exists and there is a reasonable possibility of management overrides.

District Attorney of the Forty-Second Judicial District  
Schedule of Audit Findings (continued)  
Year Ended December 31, 2020

*Effect* – Due to the lack of internal controls, there is a reasonable possibility that fraud will not be prevented or detected and corrected.

*Recommendation* – We recommend that the District Attorney take immediate steps to ensure that internal controls are in place. We also recommend that controls prevent management overrides.

**2020-005 Payroll Taxes Miscalculated**

*Criteria* – Under IRS Sec 106; Rev. Rul, 56-632 and IRS Notice 2010-38, the cost of a health insurance plan established by the employer for the benefit of employees which employees are reimbursed for medical expenses under an insurance policy provided by the employer is excluded from the employee's income and exempt from Federal tax and FICA withholding.

*Condition* – For the employees who were paid from the 42<sup>nd</sup> Judicial District Attorney's office, FICA was withheld on the employees' health insurance premiums from 2015-through January 8, 2021. The costs to the employees were \$8,108. The employer matched the FICA for an overpayment of \$8,108.

*Cause* – A lack of controls over payroll exist.

*Effect* – Due to the lack of control over payroll, the District Attorney's office and the District Attorney employees overpaid taxes.

*Recommendation* – We recommend that the District Attorney take immediate steps to ensure that controls over payroll are in place.

Noncompliance-

**2020-006 Late Submission of Report**

*Criteria* – Louisiana state law requires that the District Attorney have an annual audit performed and submitted to the Legislative Auditor within six (6) months after the close of the fiscal year.

*Condition* – For the year ended December 31, 2020, the District Attorney did not submit the annual audit within six months after the close of their fiscal year.

*Cause* – The District Attorney's office records were under investigation with the LA State Police due to the findings listed above. Therefore, the necessary financial information was unavailable by June 30, 2021.

*Effect* – The District Attorney is not in compliance with state law.

*Recommendation* – The District Attorney should institute procedures to ensure that the books and records are prepared, reconciled and available for the auditors within 45 days after the end of their fiscal year.

**2020-007 Local Government Budget Act**

*Criteria* – Revised Statutes 39:1301-1315, direct local governments as to the way the annual budget shall be adopted, implemented, and amended. This included the requirements to adopt a budget where a fund deficit does not occur, and to revise the budget when total revenues and other financing sources are less the total budgeted revenues and other financing sources by five percent or more.

District Attorney of the Forty-Second Judicial District  
Schedule of Audit Findings (continued)  
Year Ended December 31, 2020

*Condition* – For the year ended December 31, 2020, the actual revenues and other financing sources were less than budgeted revenues and other financing sources by more than the 5% variance allowed in the General Fund and the Diversion Fund.

*Cause* – The District Attorney failed to properly amend the budget for transfers between funds and decrease in collections of fines, fees and commissions during the current year.

*Effect* – The District Attorney is not in compliance with the Local Government Budget Act.

*Recommendation* – The District Attorney should comply with all provisions of the Local Government Budget Act. In addition, we recommend that the administration develop and practice a formal process of comparing the budget to actual revenues and other financing sources and expenditures and other financing uses on a timely and recurring basis for all budgets and amend as appropriate.

### III. PRIOR YEAR AUDIT FINDINGS

#### *2019-001 Control System – Debit Card Transactions*

*Condition* – Debit card receipts were not filed in a manner which allowed for efficient review and approval.

*Status* – This finding was not reviewed for December 31, 2020; however, it will be reviewed for December 31, 2021.

#### *2019-002 Late Submission of Report*

*Condition* – The District Attorney received an extension until November 16, 2020, and the report was not submitted timely.

*Status* – This finding was not cleared, see 2020-006.

# Charles B. Adams

## District Attorney

FORTY-SECOND JUDICIAL DISTRICT

State of Louisiana

Parish of DeSoto

206 Adams Street  
Post Office Box 432  
Mansfield, LA 71052

Telephone (318) 872-2991  
Facsimile (318) 872-6422



August 22, 2022

### Management's Response to Audit Findings, Year Ended December 31, 2020

The audit findings for year ended December 31, 2020, all pertain to the preceding District Attorney, Gary V. Evans, who I succeeded on January 11, 2021. Because the audits are not due until June of the year following the audit period, the responsibility for preparing and submitting the audit findings fall to the successor district attorney. Our endeavor to transition from the previous administration's financial record keeping to the current administration's financial record keeping revealed the substantial negative audit findings reported herein. Those findings were reported to law enforcement and are the subject of an ongoing investigation by the Louisiana State Police. The delay in the timeliness of the filing of the audit was due to that investigation.

#### Response to 2020-001 Possible use of District Attorney Funds for Campaign.

Those expenditures appear to have been made at the direction of the previous district attorney, Gary V. Evans. Our current administration utilizes an external, certified public accounting firm for our bookkeeping which prevent management overrides.

#### Response to 2020-002 Donation of Public Funds

The excessive costs for Microbial fumigation services in the traffic diversion office was approved by the prior district attorney, Gary V. Evans. The current administration closed the "traffic diversion office" and the current administration does not divert public funds for its own use. Our current housekeeping duties are contracted with an hourly employee, paid by the DeSoto Parish Police Jury payroll administration, with supporting timesheets.

#### Response to 2020-003 Management Override of Payroll Policies

For at least four (4) years, the prior administration maintained it had no written policies and procedures for payroll processing, reviewing and approving time and attendance records, leave time, or overtime worked. This was in spite of the prior administration responding to previous audit findings that they would implement procedures to track leave. The current



administration has established an employee handbook/manual that specifically addresses these issues.

The explicit letters from Gary V. Evans to the DeSoto Parish Police Jury payroll clerk are clearly a management override of the controls that were in place.

#### Response to 2020-004 Restricted Diversion Funds Transferred to the General Fund for Operations

During 2019 and 2020, the prior administration transferred \$800, 000 from it's Diversion Fund to its General Fund to cover operating expenses. The Attorney General has concluded that District Attorneys can charge diversion fees to cover expenses incurred for participation in the diversion programs and for administrative costs of diversion programs. Any additional fees charged would be payments for the dismissal of prosecutions which would be a violation of La. R.S. 42:1116, Abuse of Office. (Attorney General Opinion 93.481) Clearly, the transfer of \$800,000 of funds generated by the previous administration's diversion program establishes that the prior administration charged fees far in excess of the costs of the diversion program or any related administrative costs. Furthermore, the prior administration's fabricated allocation of percentages of time spent by employees on "diversion" may be Injuring Public Records (R.S. 14:132) or Filing or Maintaining False Public Records (R.S. 14:133)

The current administration does not operate a diversion program whereby the district attorney collects fees. All fines and costs are paid, as statutorily mandated, to the DeSoto Parish Sheriff's Office.

#### Response to 2020-005 Payroll Taxes Miscalculated

The current administration took the immediate step of establishing controls over payroll by assigning payroll to an outside Certified Public Accounting firm.

#### Response to 2020-006 Late Submission of Report

Management agrees with the finding and has instituted the necessary procedures.

#### Response to 2020-007 Local Government Budget Act

Management agrees the prior administration was not in compliance with the Local Government Budget Act. The current administration will adopt a process of comparing budgeted amounts to actual amounts on a timely basis.



Charles B. Adams  
District Attorney