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NORTH LOUISIANA CRIMINALISTICS

LABORATORY COMMISSION

SHREVEPORT, LOUISIANA

GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 1999

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

Release Date MAR 8 2000

NORTH LOUISIANA CRIMINALISTICS LABORATORY COMMISSION

SHREVEPORT, LOUISIANA

DECEMBER 31, 1999

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Milton E. Kelley

Certified Public Accountant

FRED MOREAU, C.P.A., Manager

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February 10, 2000

Mr. Ray Herd, Director
and Board of Commissioners
North Louisiana Criminalistics
Laboratory Commission
Shreveport, Louisiana

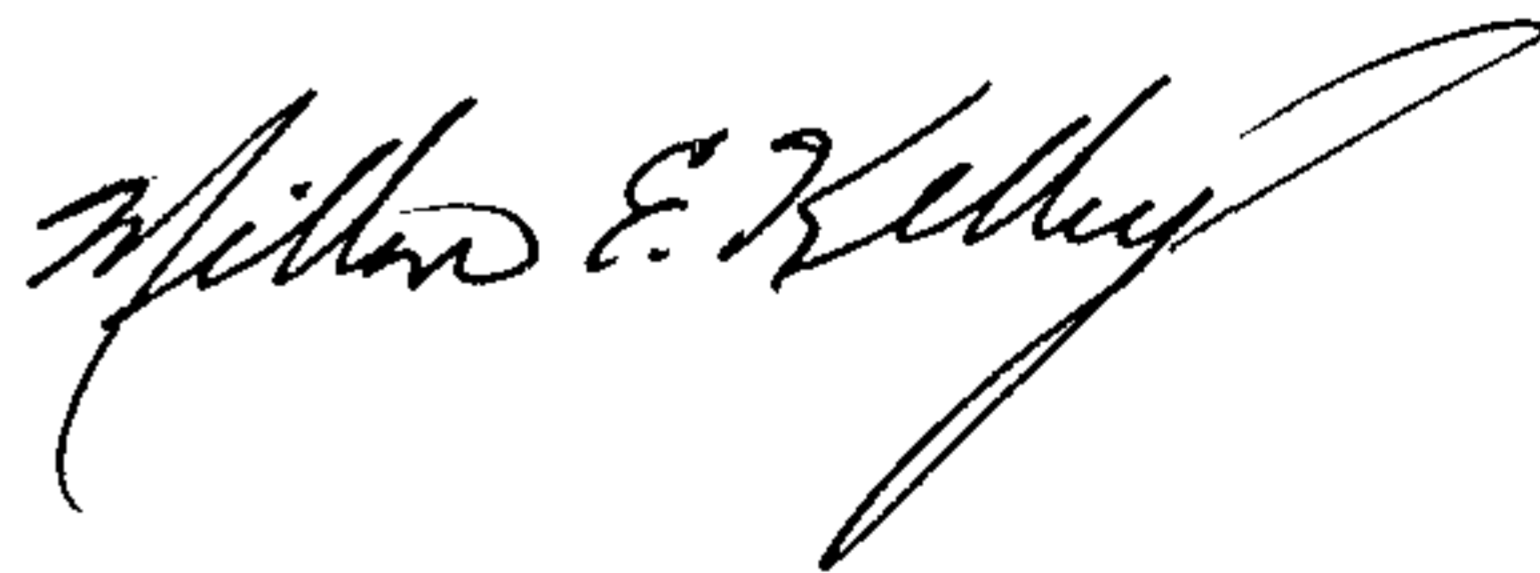
INDEPENDENT AUDITOR'S REPORT

I have audited the general purpose financial statement of the North Louisiana Criminalistics Laboratory Commission as of December 31, 1999, and for the year then ended. These financial statements are the responsibility of North Louisiana Criminalistics Laboratory Commission, Shreveport, Louisiana management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the North Louisiana Criminalistics Laboratory Commission, as of December 31, 1999, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 10, 2000 on my consideration of the North Louisiana Criminalistics Laboratory Commission's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants.



Milton E. Kelley

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February 10, 2000

Mr. Ray Herd, Director and Board of Commissioners
North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana

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

I have audited the general purpose financial statements of North Louisiana Criminalistics Laboratory Commission as of and for the year ended December 31, 1999, and have issued my report thereon dated February 10, 2000. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

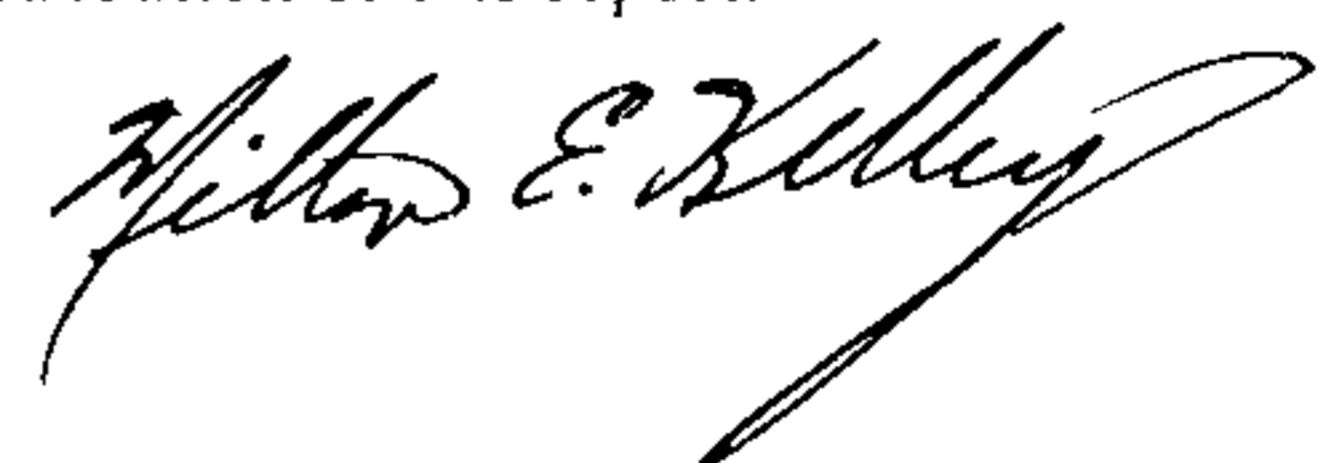
Compliance

As part of obtaining reasonable assurance about whether the North Louisiana Criminalistics Laboratory Commission's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*. The North Louisiana Criminalistics Laboratory Commission exceeded its budget by more than five percent.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the North Louisiana Criminalistics Laboratory Commission's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of management, the Board of Directors and federal awarding agencies and pass-through entities. However, this restriction is not intended to limit the distribution of this report.



GENERAL PURPOSE FINANCIAL STATEMENTS

NORTH LOUISIANA CRIMINALISTICS LABORATORY COMMISSION
COMBINED BALANCE SHEETS-ALL FUND TYPES AND ACCOUNT GROUP

DECEMBER 31, 1999

	<u>Governmental Fund Type General Fund</u>	<u>Account Group General Fixed Assets</u>	<u>Total (Memo Only)</u>
ASSETS			
Cash in bank:			
Demand deposit	572,841		572,841
Land		76,161	76,161
Buildings		960,532	960,532
Furniture and fixtures		131,922	131,922
Lab and office equipment		2,897,655	2,897,655
Autos		112,862	112,862
	<u>572,841</u>	<u>4,179,132</u>	<u>4,751,973</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	76,840		76,840
Payroll tax payable	2,073		2,073
Total liabilities	<u>78,913</u>		<u>78,913</u>
Fund equity:			
Investment in general fixed assets		4,179,132	4,179,132
Fund balance:			
Unreserved - undesignated	493,928		493,928
Total fund equity	<u>493,928</u>	<u>4,179,132</u>	<u>4,673,060</u>
Total liabilities and fund equity	<u>572,841</u>	<u>4,179,132</u>	<u>4,751,973</u>

NORTH LOUISIANA CRIMINALISTICS LABORATORY COMMISSION

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

GOVERNMENTAL FUND TYPE-GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET (GAAP BASIS) AND ACTUAL YEAR ENDED DECEMBER 31, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>			
<u>Court fees:</u>			
District courts	971,300	967,774	(3,526)
City courts	577,700	539,193	(38,507)
Mayor courts	39,600	37,055	(2,545)
Grant Funds	81,714	28,569	(53,145)
Interest earned	25,500	25,445	(55)
Other income	<u>5,860</u>	<u>8,124</u>	<u>2,264</u>
Total revenues	<u>1,701,674</u>	<u>1,606,160</u>	<u>(95,514)</u>
<u>Expenditures:</u>			
Auto expense	12,100	11,573	(527)
Building maintenance	25,400	19,894	(5,506)
Dues and subscriptions	14,337	14,224	(113)
Freight	765	685	(80)
Grant Expense		28,590	28,590
Insurance-general	36,500	37,430	930
Insurance-health	57,000	58,713	1,713
Laboratory-equipment maint.	2,500	3,391	891
Laboratory-supplies	177,000	195,359	18,359
Office-equipment maint.	2,600	2,789	189
Office-supplies	20,200	17,488	(2,712)
Payroll taxes	14,000	12,611	(1,389)
Professional services	54,557	48,564	(5,993)
Retirement	64,000	71,371	7,371
Salaries	923,200	920,916	(2,284)
Travel and schools	24,610	22,329	(2,281)
Utilities	54,600	50,290	(4,310)
Capital outlays	<u>58,400</u>	<u>105,337</u>	<u>46,937</u>
Total expenditures	<u>1,541,769</u>	<u>1,621,554</u>	<u>79,785</u>
<u>Excess (deficiency) of revenues over expenditures</u>	159,905	(15,394)	(175,299)
<u>Fund balance at beginning of the year</u>	<u>509,322</u>	<u>509,322</u>	<u>0</u>
<u>Fund balance at end of year</u>	<u>669,227</u>	<u>493,928</u>	<u>(175,299)</u>

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

NORTH LOUISIANA CRIMINALISTICS LABORATORY COMMISSION

NOTES TO FINANCIAL STATEMENTS AT DECEMBER 31, 1999

1. Summary of significant accounting policies

The North Louisiana Criminalistics Laboratory Commission was created in accordance with Louisiana Revised Statutes 40:2261-2266.3, for crime detection, prevention, investigation and other related activities in connection with criminal investigations. The Laboratory Commission serves the Louisiana parishes of Bienville, Bossier, Caddo, Caldwell, Catahoula, Claiborne, Concordia, DeSoto, East Carroll, Franklin, Grant, Jackson, LaSalle, Lincoln, Madison, Morehouse, Natchitoches, Ouachita, Rapides, Red River, Richland, Sabine, Tensas, Union, Vernon, Webster, West Carroll and Winn.

Fees are assessed as authorized by Louisiana Revised Statute 40:2264 on convictions in criminal cases in city and district courts within the 28 parish area.

- A. Fund accounting: The North Louisiana Criminalistics Laboratory Commission is organized and operated on a fund basis whereby a separate self-balancing set of accounts (General Fund) is maintained that comprises its assets, liabilities, fund equity, revenues and expenditures.
- B. Basis of accounting: Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Laboratory Commission's records are maintained on the modified accrual basis of accounting utilizing the following practices:

Revenues:

Court fees are recorded in the year they are remitted by the courts.

Federal and state grants are recorded when the Laboratory Commission is entitled to the funds.

Expenditures:

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

- C. Budgetary accounting: The annual budget for the Laboratory Commission was adopted on the modified accrual basis of accounting. A comparison of actual revenues and expenditures to budget is presented in the accompanying financial statements.
- D. Encumbrances: The Laboratory Commission does not utilize the encumbrance system to keep track of purchase commitments that have not yet resulted in liabilities, (GASB Cod. Sec. 1600.123).

1. Summary of significant accounting policies - continued

E. Fixed assets: The fixed assets of the Laboratory Commission are accounted for in the General Fixed Assets Account Group. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated historical cost if historical cost is not available.

The account group is not a "fund". It is concerned only with the measurement of financial position and is not involved with measurement of results of operations.

The Laboratory Commission is currently in the process of setting up inventory records and assigning asset numbers to be attached to all movables.

F. Vacation and sick leave: Employees of the Laboratory Commission accrue from 5 to 20 days of annual leave each year depending on length of service with the Laboratory Commission. Annual leave must be taken during the year following the employee's anniversary date. Employees accrue from 5 to 30 days sick leave each year depending on length of service with the Laboratory Commission. Sick leave cannot be accumulated from year to year.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the Governmental Fund when leave is actually taken.

G. Total column on balance sheet - overview: The total column on the balance sheet - overview is captioned Memorandum Only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

3. Cash and cash equivalents

At December 31, 1999, the Laboratory Commission has cash and cash equivalents totaling \$ 589,585 as follows:

Demand deposits	<u>\$ 589,585</u>
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These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 1999, the Laboratory Commission has \$ 589,585 in deposits. These deposits are secured from risk by \$100,000 of federal deposit insurance and \$ 850,000 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions

of GASB Statement 3, Louisiana 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 (political subdivision) that the fiscal agent has failed to pay deposited funds upon demand.

4. Fixed assets

The changes in general fixed assets follow:

	<u>Balance 12-31-98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12-31-99</u>
Land	76,161	0		76,161
Buildings	923,772	36,760		960,532
Laboratory & office equipment	2,869,605	28,050		2,897,655
Furniture and fixtures	119,460	12,462		131,922
Autos	<u>105,109</u>	<u>28,066</u>	<u>20,313</u>	<u>112,862</u>
Totals	<u><u>4,094,107</u></u>	<u><u>105,338</u></u>	<u><u>20,313</u></u>	<u><u>4,179,132</u></u>

Source of funds for fixed asset acquisitions:

General Fund	105,338
Grant Funds	<u>0</u>
Total	<u><u>105,338</u></u>

5. Pension plans

Employees of the Commission are members of Public Employee Retirement System. This is a statewide retirement system. This system is a cost-sharing, multiple-employer, defined benefit pension plan administered by a separate board of trustees. Pertinent information relative to the plan follows:

All full-time employees are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Public Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

Funding Policy-Plan members are required by state statute to contribute 9.25 percent of their annual covered salary and the Commission is required to contribute at an actuarially determined rate. The current rate is 7.75 percent of annual covered payroll. The contribution requirements of plan members and the Commission are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. Contributions to the System for the years ending December 31, 1999, 1998 and 1997 were \$ 713,741, \$71,014 and \$69,143, respectively, equal to the required contributions for each year.

6. Other post-employment benefits

The Commission provides no other post-employment benefits to its employees.

7. Accounts payable

The payables of \$ 78,913 at December 31, 1999, are as follows:

	<u>General Fund</u>	<u>Total</u>
Accounts payable	76,840	76,840
Payroll taxes payable	<u>2,073</u>	<u>2,073</u>
Total	<u><u>78,913</u></u>	<u><u>78,913</u></u>

8. Litigation

There is no litigation pending against the Laboratory Commission.

9. Name change of the Laboratory Commission

Act 168 of the 1981 Session of the Louisiana Legislature changed the name of the Laboratory Commission from Northwest Louisiana Criminalistics Laboratory Commission to North Louisiana Criminalistics Laboratory Commission.

10. Board of Commissioners:

The Board of Commissioners of the North Louisiana Criminalistics Laboratory Commission serve as the governing body of the entity. They do not receive any compensation for their service.

Milton E. Kelley

Certified Public Accountant

FRED MOREAU, C.P.A., Manager

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February 22, 2000

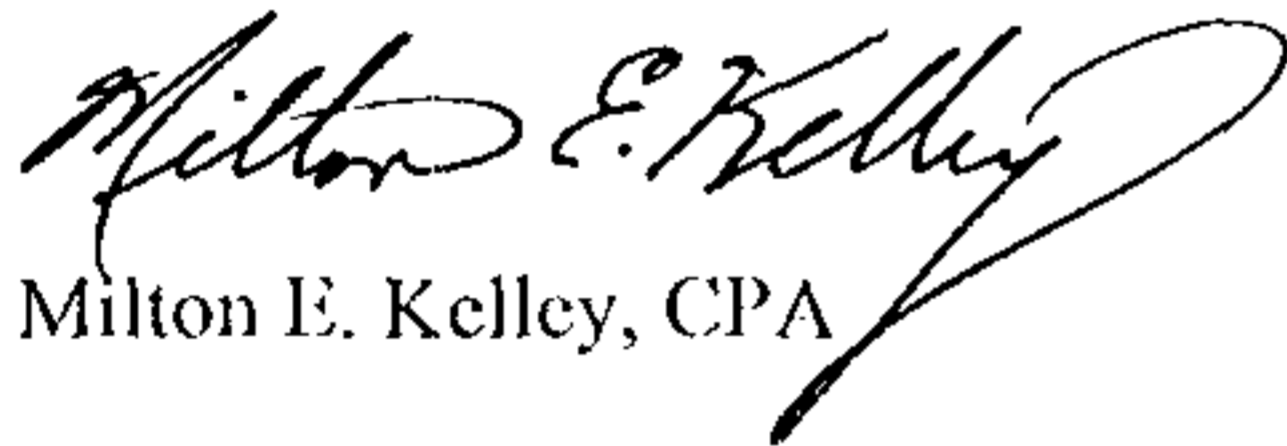
Mr. Ray Herd Director and
Board of Commissioner
North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana 71101

Gentlemen:

During the course of my audit I found that the North Louisiana Criminalistics Laboratory Commission exceeded it's budget by more than five percent which is a violation of State of Louisiana Law.

I am holding my report until I receive your response to this finding.

Very truly yours,



Milton E. Kelley, CPA

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NORTH LOUISIANA CRIMINALISTICS LABORATORY

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Ray Herd, System Director

Jimmy D. Barabill, Shreveport Laboratory Director

101 COTTON STREET • WEST MONROE, LA 71291 • PHONE: 318-388-0338

Linda Armstrong, West Monroe Laboratory Director

409 John Allison Drive • ALEXANDRIA, LA 71303 • PHONE: 318-442-0676

T. J. Shuffin, Alexandria Laboratory Director

February 23, 2000

Mr. Milton E. Kelley, CPA
And State Legislative Auditor
1400 Youree Drive
Shreveport, LA 71101

Re: Audit finding of exceeding budget by more than five percent.

Gentlemen:

After the last legislative session in which the Legislature changed the DWI statutes defining alcohol level constituting DWI a law suit was filed contesting the constitutionality of this revision. Subsequent to the filing of this suit, many of the courts, which fund our operations placed all DWI cases on hold. The court costs associated with these cases dropped significantly. However, we were not made aware of this action and the corresponding decrease in revenues until it was too late to amend this budget in accordance with the budget statutes.

Fortunately, the North Louisiana Criminalistics Laboratory Commission had sufficient cash reserves to cope with the reduced revenues.

We have amended our budget for the year ending December 31, 2000 to allow for possible continued decline in revenues pending the Louisiana Supreme Court's resolution of this matter.

Sincerely yours,



Ray Herd, System Director
North Louisiana Crime Lab System