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North Louisiana Criminalisitics Laboratory Commission
Shreveport, Louisiana

Financial Statements

As of and For the Year Ended December 31, 2002

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 8/20/03

North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana

Table of Contents

	Page No.
Independent Auditors' Report	1
General Purpose Financial Statements:	
Combined Balance Sheet – General Fund and Account Groups	2
Statement of Revenues, Expenditures, and Changes in Fund Balance	3
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Cash Basis) and Actual	4
Notes to Financial Statements	5 – 11
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*	12 – 13
Schedules for the Louisiana Legislative Auditor:	
Summary Schedule of Prior Audit Findings	14
Summary Schedule of Current Year Audit Findings	14

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Independent Auditors' Report

To the Members of the
Board of Commissioners
North Louisiana Criminalistics Laboratory Commission

We have audited the accompanying general purpose financial statements of the North Louisiana Criminalistics Laboratory Commission (the "Commission"), as of and for the year ended December 31, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose 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 general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Commission as of December 31, 2002, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2003, on our consideration of North Louisiana Criminalistics Laboratory Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Cook & Morehart

Cook & Morehart
Certified Public Accountants
June 5, 2003

North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana
Combined Balance Sheet - General Fund and Account Groups
December 31, 2002

	General Fund	General Fixed Assets Account Group	General Long-Term Debt Account Group	Totals - Memorandum Only
Assets				
Cash	$ 109,486	$	$	$ 109,486
Accounts receivable	507,992			507,992
Investment in fixed assets		4,586,989		4,586,989
Amount to be provided for retirement of long-term debt			97,992	97,992
Total assets	$ 617,478	$ 4,586,989	$ 97,992	$ 5,302,459
Liabilities, Fund Equity and Other Credit				
Liabilities:				
Compensated absences	$	$	$ 97,992	$ 97,992
Total liabilities			97,992	97,992
Fund Equity and Other Credit:				
Investment in general fixed assets		4,586,989		4,586,989
Fund balance - unreserved - undesignated	617,478			617,478
Total fund equity and other credit	617,478	4,586,989		5,204,467
Total liabilities, fund equity and other credit	$ 617,478	$ 4,586,989	$ 97,992	$ 5,302,459

The accompanying notes are an integral part of this statement.

North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended December 31, 2002

Revenues	
Court fees:	
District courts	$ 1,091,216
City courts	475,192
Mayor courts	56,748
Grant revenue	252,687
State appropriation	400,000
Interest income	4,264
Miscellaneous	13,465
Total revenues	2,293,572
Expenditures	
Operations:	
Auto expense	8,064
Building maintenance	34,127
Accreditation expense	10,494
Dues and subscriptions	5,013
Freight	918
Insurance - general	61,237
Insurance - health	89,591
Laboratory equipment maintenance	16,404
Laboratory supplies	215,122
Professional fees	12,506
Office supplies	17,333
Document examiner	27,600
Other services	12,792
Retirement expense	86,782
Salaries	1,119,769
Payroll taxes	10,360
Training	7,020
Travel	18,746
Utilities	56,933
Capital outlay	261,506
Total expenditures	2,072,317
Excess (deficiency) of revenues over (under) expenditures	221,255
Fund balance, beginning of year	396,223
Fund balance, end of year	$ 617,478

The accompanying notes are an integral part of this statement.

North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Cash Basis) and Actual
For the Year Ended December 31, 2002

	Actual	Budget	Variance - Favorable (Unfavorable)
Revenues			
Court fees:			
District courts	$ 1,089,910	$ 1,109,346	$ (19,436)
City courts	472,278	494,462	(22,184)
Mayor courts	58,428	59,798	(1,370)
Grant revenue	252,687	252,872	(185)
Interest income	4,264	4,400	(136)
Miscellaneous	13,466	13,453	13
Total revenues	1,891,033	1,934,331	(43,298)
Expenditures			
Operations:			
Auto expense	8,064	7,235	(829)
Building maintenance	34,127	33,317	(810)
Accreditation expense	10,494	7,500	(2,994)
Dues and subscriptions	5,013	5,800	787
Freight	918	806	(112)
Insurance - general	61,237	62,528	1,291
Insurance - health	89,591	99,100	9,509
Laboratory equipment maintenance	16,404	20,700	4,296
Laboratory supplies	156,730	148,288	(8,442)
Professional fees	12,506	17,506	5,000
Office supplies	17,333	18,070	737
Document examiner	27,600	27,600	
Other services	12,792	12,038	(754)
Retirement expense	86,782	87,402	620
Salaries	1,119,769	1,123,040	3,271
Payroll taxes	10,360	10,469	109
Training	7,020	8,510	1,490
Travel	18,746	15,400	(3,346)
Utilities	56,933	55,765	(1,168)
Grant expenses	318,757	316,813	(1,944)
Capital outlay	1,272	2,741	1,469
Total expenditures	2,072,448	2,080,628	8,180
Excess (deficiency) of revenues over (under) expenditures	(181,415)	(146,297)	(35,118)
Fund balance, beginning of year	290,901	292,008	(1,107)
Fund balance, end of year	$ 109,486	$ 145,711	$ (36,225)

The accompanying notes are an integral part of this statement.

North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana
Notes to Financial Statements
December 31, 2002

(1) Summary of Significant Accounting Policies

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

The membership of the Commission consists of the coroner, sheriff, and district attorney of the parish in which the Commission is domiciled, which is Caddo Parish, to serve during their elective terms of office, together with one person from each of the twenty-nine (29) parishes which the Commission serves. Those persons are appointed by the respective governing authorities of the parishes and serve for a period of two years or until a successor is appointed. The Commissioners serve without pay.

A. Basis of Presentation

The accompanying financial statements of the Commission have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

Louisiana Revised Statue 40:2265 states that the Commission is created as a body politic with the right to sue and be sued, acquire any and all property necessary for its operations, to incur debt, to accept gifts and donations, and to establish rules and regulations for the conduct of its affairs. For those reasons and due to the nature of its operations covering twenty-nine (29) parishes, the Commission is considered a legally separate local public entity and it is not considered a component unit of any parish or other local government.

C. Fund Accounting

The Commission uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self–balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

(Continued)

Funds of the Commission are classified as governmental funds. Governmental funds account for the Commission's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds of the Commission include:

General Fund – the general operating fund of the Commission and accounts for all financial resources, except those required to be accounted for in other funds.

The General Fixed Asset Account Group establishes accounting controls and accountability for the Commission's general fixed assets.

The General Long-Term Debt Account Group accounts for long-term liabilities to be financed from governmental funds.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

Governmental funds are accounted for using 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. Expenditures are recognized when the related fund liability is incurred.

E. Budgets

The System Director and Executive Secretary prepare a proposed budget and do the following:

(1) Submit it to the Board of Commissioners for approval.

(2) Submit it to all governing authorities of the parishes which the Commission serves in order to obtain at least a majority approval.

(Continued)

(3) All budgetary appropriations lapse at the end of each fiscal year.

(4) *The basis of accounting applied to budgetary data is presented on the cash basis of accounting.*

The budget comparison statement included in the accompanying financial statements includes the original adopted budget and one subsequent amendment. The following schedule reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the statement on page 4 (budget basis) with the amounts shown on the statement on page 3 (GAAP basis):

	General Fund
Excess (deficiency) of revenues over expenditures (budget basis)	$ (181,415)
Adjustments:	
Revenue accruals – net	402,539
Expenditure accrual – net	131
Excess (deficiency) of revenues over expenditures (GAAP basis)	$ 221,255

F. Encumbrances

Encumbrance accounting is employed as an extension of the formal budgetary process. Under this method, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Any encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. There were no encumbrances outstanding at December 31, 2002.

G. Cash and Cash Equivalents and Investments

Cash includes amounts in demand deposits, interest bearing demand deposits, and time deposits. Under state law, the Commission may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

(Continued)

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. The Commission had no investments at December 31, 2002.

H. Fixed Assets

Fixed assets are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost, if purchased, and at fair market value at date of gift, if donated.

I. Compensated Absences

The Commission has the following policy relating to vacation and sick leave:

Employees of the Commission earn from 8 hours to 16 hours per month of sick leave each year and from 6 hours to 14 hours per month of vacation leave each year, depending on their lengths of service. Upon separation of employment unused vacation leave can be paid to the employee. Sick leave will not be paid upon separation of service. Effective January 1, 1998, vacation leave unused in a given year in excess of 40 hours may not be carried forward. Accumulated unused vacation leave as of December 31, 1997 was allowed to be carried forward. Unused sick leave is allowed to accumulate. The cost of leave privileges, computed in accordance with the above policy, is recognized as a current–year expenditure within the general fund when leave is actually taken.

J. Total Columns on Combined Statements

The total columns on the statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

(Continued)

K. Court Fees

The Commission's primary revenue source consists of fees assessed in accordance with Louisiana Revised Statue 40:2264 on criminal cases prosecuted under state statues, parish ordinances, or city ordinances in any mayor's, city, or district court of the State of Louisiana sitting within a parish served by the Commission. The fees are assessed in accordance with fee schedule as listed in Louisiana Revised Statue 40:2264 and are $10 and $50 per case depending on the type of offense. Revenue is recorded based upon the period collected by various courts.

L. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

(2) Cash and Cash Equivalents

At December 31, 2002, the Commission has cash (book balances) totaling $109,486 in an interest bearing demand deposit account.

These deposits are stated at cost. 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 custodial bank that is mutually acceptable to both parties. At December 31, 2002, the Commission had $197,631 in deposits (collected bank balances). These deposits are secured from risk by $100,000 of federal deposit insurance and $97,631 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 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 Commission that the fiscal agent has failed to pay deposited funds upon demand.

(Continued)

(3) Receivables

The following is a summary of receivables at December 31, 2002:

Court fees	$ 107,861
State appropriation	*400,000*
Other	131
	$ 507,992

(4) Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	Balance January 1, 2002	Additions	Deductions	Balance December 31, 2002
Land	$ 76,161	$ –	$ –	$ 76,161
Buildings	960,532	–	–	960,532
Furniture and fixtures	137,520	–	–	137,520
Laboratory & office equipment	3,015,902	261,506	–	3,277,408
Automobiles	135,368		–	135,368
	$ 4,325,483	$ 261,506	$ –	$ 4,586,989

(5) Pension Plan

Substantially all employees of the Commission are members of the Parochial Employees Retirement System of Louisiana (System), a cost sharing, multiple–employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Commission are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from Commission funds are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 per cent of their final–average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only before January 1, 1980, the benefit is equal to one per cent of final average salary plus $24 for each year of supplemental–plan–only service earned before January 1, 1980. 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

(Continued)

service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefits accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended 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 Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898–4619, or by calling (504) 928–1361.

Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary and the Commission is required to contribute at an actuarialy determined rate. The current rate is 7.75 percent of annual covered payroll. Contributions to the System also include one–fourth of one per cent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. 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. The Commission's contributions to the System under Plan A for the years ending December 31, 2002, 2001, and 2000 were $86,782, $83,815, and $76,119, respectively, equal to the required contributions for each year.

(6) Risk Management

The Commission purchases commercial insurance to provide workers compensation coverage and general liability and property insurance. There were no significant reductions in insurance coverage from the prior year.

(7) Changes in General Long-Term Debt

The following is a summary of the long-term obligation transactions for the year ended December 31, 2002:

	2001	Additions	Retirements	2002
Compensated Absences	$ 137,955	$ –	$ 39,963	$ 97,992

(8) Compensated Absences

At December 31, 2002, employees of the Commission have accumulated and vested $97,992 of employee leave benefits. This amount is recorded in the general long-term debt account group. The amount expected to be paid from current resources is not significant. The cost of leave privileges is recognized as a current year expenditure when leave is actually taken.

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Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed In Accordance With *Government Auditing Standards*

To the Members of the
Board of Commissioners
North Louisiana Criminalistics
Laboratory Commission

We have audited the general purpose financial statements of the North Louisiana Criminalistics Laboratory Commission as of and for the year ended December 31, 2002, and have issued our report thereon dated June 5, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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, we 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the North Louisiana Criminalistics Laboratory Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our 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 general purpose 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, others within the organization, and the Board of Commissioners and is not intended to be and should not be used by anyone other than these specified parties.

Cook & Morehart

Cook & Morehart
Certified Public Accountants
June 5, 2003

North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana
Summary Schedule of Audit Findings
December 31, 2002

Summary Schedule of Prior Audit Findings

There were no findings or management letter comments for the prior year audit for the year ended December 31, 2001.

Corrective Action Plan for Current Year Audit Findings

There are no findings or management letter comments for the current year audit for the year ended December 31, 2002.