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**North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana**

Financial Statements With Auditor's Report

As of and For the Year Ended December 31, 2004

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 7-13-05

North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana

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North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana

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COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
A. EDWARD BALL, CPA
VICKIE D. NOBLE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

RAYEBURN G. COOK (RET)

C. BRYAN COYLE, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana

We have audited the accompanying basic financial statements of the North Louisiana Criminalistics Laboratory Commission (the "Commission"), as of and for the year ended December 31, 2004, as listed in the table of contents. These basic financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic 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, 2004, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the basic financial statements, North Louisiana Criminalistics Laboratory Commission has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments* as of January 1, 2004.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 22, 2005, 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.

The management's discussion and analysis and budgetary comparison information on pages 3 – 8 and on pages 25 – 26, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the primary government financial statements taken as a whole. The accompanying schedule of expenditures of federal awards, shown on page 27, is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements of the North Louisiana Criminalistics Laboratory. Such information has been subjected to the auditing procedures applied in the audit of the primary government financial statements and, in our opinion, is fairly stated in all material respects in relation to the primary government financial statements taken as a whole.



Cook & Morehart
Certified Public Accountants
June 22, 2005

NORTH LOUISIANA CRIMINALISTICS LABORATORY COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of North Louisiana Criminalistics Laboratory Commission's financial performance provides an overview of the North Louisiana Criminalistics Laboratory Commission's financial activities for the fiscal year ended December 31, 2004. Please read it in conjunction with the Commission's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

The North Louisiana Criminalistics Laboratory Commission's net assets increased by \$434,402 or 30%.

The North Louisiana Criminalistics Laboratory Commission's total revenues were \$2,611,635 in 2004 compared to \$1,718,968 in 2003.

During the year ended December 31, 2004, the North Louisiana Criminalistics Laboratory Commission had total expenses, excluding depreciation of \$2,064,009.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 9 and 10) provide information about the activities of the North Louisiana Criminalistics Laboratory Commission as a whole and present a longer-term view of the Commission's finances. Fund financial statements start on page 11. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the North Louisiana Criminalistics Laboratory Commission's operations in more detail than the government-wide statements by providing information about the North Louisiana Criminalistics Laboratory Commission's most significant funds.

Reporting the North Louisiana Criminalistics Laboratory Commission as a Whole

Our analysis of the North Louisiana Criminalistics Laboratory Commission as a whole begins on page 9. One of the most important questions asked about the North Louisiana Criminalistics Laboratory Commission's finances is "Is the North Louisiana Criminalistics Laboratory Commission as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the funds maintained by the North Louisiana Criminalistics Laboratory

Commission as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the North Louisiana Criminalistics Laboratory Commission's *net assets* and changes in them. You can think of the North Louisiana Criminalistics Laboratory Commission's net assets – the difference between assets and liabilities – as one way to measure the North Louisiana Criminalistics Laboratory Commission's financial health, or *financial position*. Over time, *increases* or *decreases* in the North Louisiana Criminalistics Laboratory Commission's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, to assess the overall health of the Commission.

In the Statement of Net Assets and the Statement of Activities, we record the funds maintained by the North Louisiana Criminalistics Laboratory Commission as governmental activities:

Governmental activities – all of the expenses paid from the funds maintained by the North Louisiana Criminalistics Laboratory Commission are reported here which consists primarily of personal services, materials and supplies, contractual and other services, and other program services. Grants and court fees finance most of these activities.

Reporting the Commission's Most Significant Funds

Our analysis of the major funds maintained by the North Louisiana Criminalistics Laboratory Commission begins on page 11. The fund financial statements begin on page 11 and provide detailed information about the most significant funds maintained by the North Louisiana Criminalistics Laboratory Commission– not the North Louisiana Criminalistics Laboratory Commission as a whole. The North Louisiana Criminalistics Laboratory Commission's *governmental funds* use the following accounting approaches:

Governmental funds – All of the North Louisiana Criminalistics Laboratory Commission's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the North Louisiana Criminalistics Laboratory Commission's general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain North Louisiana Criminalistics Laboratory Commission expenses. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of

Activities) and governmental *funds* in a reconciliation at the bottom of the fund financial statements.

**THE NORTH LOUISIANA CRIMINALISTICS LABORATORY COMMISSION
AS A WHOLE**

The North Louisiana Criminalistics Laboratory Commission's total net assets changed from a year ago, increasing from \$1,467,439 to \$1,901,841. The December 31, 2004, year was the first period that GASB Statement 34 was applied. The North Louisiana Criminalistics Laboratory Commission was not required to restate the prior periods for purposes of providing comparative data. However, our analysis below will focus on key elements of the total governmental funds for the December 31, 2004 year. In future years, when prior year information is available, a comparative analysis of the funds maintained by the North Louisiana Criminalistics Laboratory Commission will be presented.

**Table 1
Net Assets**

	Governmental Activities <u>2004</u>
Current and other assets	\$ 495,750
Capital assets	<u>1,599,212</u>
Total assets	<u>2,094,962</u>
Current liabilities	118,384
Long-term liabilities	<u>74,737</u>
Total liabilities	<u>193,121</u>
Net assets:	
Investments in capital assets	1,599,212
Unrestricted	<u>302,629</u>
Total net assets	<u>\$ 1,901,841</u>

Net assets of the North Louisiana Criminalistics Laboratory Commission's governmental activities increased by \$434,402 or 30%. Unrestricted net assets, the part of net assets that can be used to finance North Louisiana Criminalistics Laboratory Commission expenses without constraints or other legal requirements, were virtually unchanged from a year ago, decreasing from \$357,592 at December 31, 2003 to \$302,629 at December 31, 2004.

Table 2
Change in Net Assets

	<u>Governmental Activities 2004</u>
Revenues	
Program Revenues	
Capital grants and contributions	\$ 830,838
General Revenues	
Court fees:	
District courts	1,077,156
City courts	500,668
Mayor courts	93,610
Bond fees	83,374
Interest income	3,031
Miscellaneous revenues	<u>22,958</u>
Total revenues	2,611,635
Expenses	
Operations – criminalistics laboratory	<u>2,177,233</u>
Increases in net assets	<u><u>\$ 434,402</u></u>

Total revenues increased \$892,667 (52%) from total revenues in the year ended December 31, 2003 of \$1,718,968 to total revenues of \$2,611,635 in the year ended December 31, 2004. A large part of the increase was due to an increase in grants received.

THE COMMISSION'S FUNDS

As the Commission completed the year, its governmental funds (as presented in the balance sheet on page 11) reported a *combined* fund balance of \$167,555, which is lower than last year's fund balance of \$414,636. The primary reasons for the decrease are an increase in retirement expenses due to increased contribution rates, as well as a lack of sufficient funds to cover normal operating costs.

General Fund Budgetary Highlights

The Commission adopted a budget for its General Fund for the year ended December 31, 2004. There was one amendment to the budget during the year. The Commission's budgetary comparison is presented as required supplementary information and shown on page 24. Highlights for the year are as follows:

- Increased revenues and expenditures from federal grants from the National Institute of Justice

The Commission's General Fund balance of \$167,555 reported on page 11 differs from the General Fund's *budgetary* fund balance of \$36,499 reported in the budgetary comparison schedule on page 24. This is primarily due to the Commission budgeting on the cash basis of accounting.

CAPITAL ASSETS

Capital Assets

At the end of December 31, 2004, the North Louisiana Criminalistics Laboratory Commission had invested \$1,599,212 in capital assets. (see table 3 below)

Table 3
Capital Assets At Year End
(Net of Depreciation)

	Governmental Activities 2004
Land	\$ 76,161
Buildings	372,451
Lab and office equipment	1,070,439
Furniture and fixtures	5,179
Vehicles	<u>74,982</u>
Total	<u>\$ 1,599,212</u>

This year's major additions included:

Lab and office equipment	\$ 554,695
Vehicles	<u>47,894</u>
Total	<u>\$ 602,589</u>

More detailed information about the capital assets are presented in Note 4 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The North Louisiana Criminalistics Laboratory Commission's management considered many factors when setting a fiscal year December 31, 2005 budget. Amounts available for appropriation and expenditures are expected to be consistent with the 2004 budget.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the North Louisiana Criminalistics Laboratory Commission and to show the North Louisiana Criminalistics Laboratory Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of the North Louisiana Criminalistics Laboratory Commission at 1115 Brooks Street, Shreveport, Louisiana 71101.

North Louisiana Criminalistics Laboratory Commission
 Shreveport, Louisiana
 Statement of Net Assets
 December 31, 2004

ASSETS

Cash	\$	136,352
Accounts receivable		141,682
Grants receivable		179,906
Prepaid expenses		37,810
Capital assets (net)		<u>1,599,212</u>
Total assets		<u>2,094,962</u>

LIABILITIES

Accounts payable		118,384
Long-term liabilities:		
Compensated absences		
Due within one year		70,998
Due in more than one year		3,739
Total liabilities		<u>193,121</u>

NET ASSETS

Investment in capital assets		1,599,212
Unrestricted		302,629
Total net assets		<u>\$ 1,901,841</u>

See accompanying notes to the basic financial statements.

North Louisiana Criminalistics Laboratory Commission
 Shreveport, Louisiana
 Statement of Activities
 For the Year Ended December 31, 2004

GOVERNMENTAL ACTIVITIES

Expenses:

Operations - criminalistics laboratory	\$ 2,177,233
Total expenses	2,177,233

Program revenues:

Capital grants and contributions	830,838
Net program expenses	(1,346,395)

General revenues:

Court fees:	
District courts	1,077,156
City courts	500,668
Mayor courts	93,610
Bond fees	83,374
Interest income	3,031
Miscellaneous	22,958

Total general revenues	1,780,797
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Change in net assets	434,402
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Net assets - beginning, restated	1,467,439
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Net assets - ending	\$ 1,901,841
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See accompanying notes to the basic financial statements.

North Louisiana Criminalistics Laboratory Commission
 Shreveport, Louisiana
 Balance Sheet
 Governmental Funds
 December 31, 2004

	General Fund
Assets	
Cash	\$ 136,352
Accounts receivable	141,682
Grants receivable	179,906
Total assets	\$ 457,940
Liabilities	
Accounts payable	\$ 118,384
Deferred revenue	172,001
Total liabilities	290,385
Fund balances	
Unreserved	167,555
Total fund balances	167,555
Amounts reported for governmental activities in the statement of activities are different because:	
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	172,001
The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources.	37,810
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(74,737)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,599,212
Net assets of governmental activities	\$ 1,901,841

See accompanying notes to the basic financial statements.

North Louisiana Criminalistics Laboratory Commission
 Shreveport, Louisiana
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2004

	<u>General Fund</u>
Revenues	
Court fees:	
District courts	\$ 1,077,156
City courts	500,668
Mayor courts	93,610
Grant revenue	658,837
Bond fees	83,374
Interest income	3,031
Miscellaneous	22,958
Total revenues	<u>2,439,634</u>
Expenditures	
Operations:	
Auto expense	10,868
Building maintenance	45,280
Dues and subscriptions	6,924
Freight	1,284
Insurance - general	58,883
Insurance - health	94,957
Miscellaneous	9,618
Laboratory supplies	395,762
Professional fees	9,446
Office supplies	49,032
Document examiner	27,600
Other services	6,897
Retirement expense	132,463
Salaries	1,135,182
Payroll taxes	13,679
Training	6,189
Travel	17,518
Utilities	62,544
Capital outlay	602,589
Total expenditures	<u>2,686,715</u>
Excess (deficiency) of revenues over (under) expenditures	(247,081)
Fund balance, beginning of year, restated	<u>414,636</u>
Fund balance, end of year	<u><u>\$ 167,555</u></u>

See accompanying notes to the basic financial statements.

North Louisiana Criminalistics Laboratory Commission
 Shreveport, Louisiana
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in
 Fund Balances of Governmental Funds to the Statement of Activities
 For the Year Ended December 31, 2004

Net change in fund balances - total governmental funds		\$ (247,081)
<p>Amounts reported for governmental activities in the statement of activities <i>are different because:</i></p>		
<p>The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources.</p>		1,614
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		172,001
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		18,503
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$602,589) exceeded depreciation (\$113,224) in the current period.</p>		<u>489,365</u>
Change in net assets of governmental activities		<u><u>\$ 434,402</u></u>

See accompanying notes to the basic financial statements.

North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana
Notes to Financial Statements
December 31, 2004

INTRODUCTION

The North Louisiana Criminalistics Laboratory Commission (the 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 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 Commission 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.

(1) Summary of Significant Accounting Policies

The North Louisiana Criminalistics Laboratory Commission's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the North Louisiana Criminalistics Laboratory Commission are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain significant changes in the Statement include the following:

For the first time the financial statements include:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the North Louisiana Criminalistics Laboratory Commission's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the North Louisiana Criminalistics Laboratory Commission's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The North Louisiana Criminalistics Laboratory Commission has elected to implement the general provisions of the Statement in the current year.

(Continued)

North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana
Notes to Financial Statements
December 31, 2004
(Continued)

A. Reporting Entity

Louisiana Revised Statute 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.

B. Basic Financial Statements – Government-Wide Statements

The North Louisiana Criminalistics Laboratory Commission's basic financial statements include both government-wide (reporting the funds maintained by the North Louisiana Criminalistics Laboratory Commission as a whole) and fund financial statements (reporting the North Louisiana Criminalistics Laboratory Commission's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The North Louisiana Criminalistics Laboratory Commission's general fund is classified as governmental activities. The North Louisiana Criminalistics Laboratory Commission does not have any business-type activities.

In the government-wide Statement of Net Assets, 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. The North Louisiana Criminalistics Laboratory Commission's net assets are reported in two parts – invested in capital assets and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the North Louisiana Criminalistics Laboratory Commission's functions. The functions are supported by general government revenues and program revenues consisting of capital grants and contributions. The Statement of Activities reduces gross expenses (including depreciation) by any related program revenues, which must be directly associated with the function. The net costs (by function) are covered by general revenues.

This government-wide focus is more on the sustainability of the North Louisiana Criminalistics Laboratory Commission as an entity and the change in the North Louisiana Criminalistics Laboratory Commission's net assets resulting from the current year's activities.

(Continued)

North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana
Notes to Financial Statements
December 31, 2004
(Continued)

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the North Louisiana Criminalistics Laboratory Commission are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the North Louisiana Criminalistics Laboratory Commission:

Governmental Funds – 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. The following is a description of the governmental funds of the North Louisiana Criminalistics Laboratory Commission:

- a. General funds are the general operating funds of the North Louisiana Criminalistics Laboratory Commission. They are used to account for all financial resources except those required to be accounted for in another fund.

The emphasis in fund financial statements is on the major funds in the governmental category. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Commission's general fund was determined to be a major fund.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

The governmental funds in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

(Continued)

North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana
Notes to Financial Statements
December 31, 2004
(Continued)

The Commission's primary revenue source consists of fees assessed in accordance with Louisiana Revised Statute 40:2264 on criminal cases prosecuted under state statutes, 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 Statute 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. Interest income is recorded when earned. Donations are recorded when received in cash, because they are generally not measurable until actually received. Federal and state grants are recorded when the Commission is entitled to the funds, except for certain federal grants which require funds not expended to be returned to the funding source. On those grants, revenue is recognized only upon expending those funds.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under 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. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this rule is that principal and interest on general obligation long-term debt, if any, is recognized when due. Depreciation is not recognized in the governmental fund financial statements.

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.
- (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.

(Continued)

North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana
Notes to Financial Statements
December 31, 2004
(Continued)

F. Cash, Cash Equivalents, and Investments

Cash includes amounts in petty cash, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Commission may deposit funds in demand deposits, interest-bearing demand deposits, or money market accounts with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

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. Investments are carried at cost, which approximates market.

G. 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 are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20 – 40 years
Vehicles	10 – 15 years
Equipment	5 – 35 years
Furniture / Fixtures	5 – 35 years

H. 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.

(Continued)

North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana
Notes to Financial Statements
December 31, 2004
(Continued)

I. *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 reported revenues and expenses. Actual results could differ from those estimates.

J. *Prepaid Items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as *prepaid items in the government-wide financial statements.*

K. *Deferred Revenue*

Deferred revenues arise when assets are recognized before the revenue recognition criteria have been satisfied. On governmental fund financial statements, receivables that were not collected within the *available period are recorded as deferred revenue.*

L. *Net Assets*

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the district or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The commission's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

(2) *Cash and Cash Equivalents*

At December 31, 2004, the Commission had cash and cash equivalents (book balances) totaling \$136,352 in interest bearing demand deposit accounts.

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, 2004, the Commission had \$340,079 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$240,079 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

(Continued)

North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana
Notes to Financial Statements
December 31, 2004
(Continued)

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.

(3) Receivables

The following is a summary of receivables at December 31, 2004:

Court fees	\$	122,720
Bond fees		8,642
Other		<u>10,320</u>
	\$	<u>141,682</u>

(Continued)

North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana
Notes to Financial Statements
December 31, 2004
(Continued)

(4) Capital Assets

Capital asset activity for the year ended December 31, 2004, was as follows:

	<u>Balance at Jan. 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at Dec. 31, 2004</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 76,161	\$ -	\$ -	\$ 76,161
Total capital assets, not being depreciated	<u>76,161</u>	<u>-</u>	<u>-</u>	<u>76,161</u>
Capital assets, being depreciated:				
Buildings	960,532	-	-	960,532
Lab and office equipment	1,602,886	554,695	-	2,157,581
Furniture and fixtures	32,806	-	-	32,806
Vehicles	101,545	47,894	-	149,439
Total capital assets, being depreciated at historical cost	<u>2,697,769</u>	<u>602,589</u>	<u>-</u>	<u>3,300,358</u>
Less accumulated depreciation:				
Buildings	(568,478)	(19,603)	-	(588,081)
Lab and office equipment	(1,002,216)	(84,926)	-	(1,087,142)
Furniture and fixtures	(27,411)	(216)	-	(27,627)
Vehicles	(65,978)	(8,479)	-	(74,457)
Total accumulated depreciation	<u>(1,664,083)</u>	<u>(113,224)</u>	<u>-</u>	<u>(1,777,307)</u>
Total capital assets, being depreciated, net	<u>1,033,686</u>	<u>489,365</u>	<u>-</u>	<u>1,523,051</u>
Governmental activities capital assets, net	<u>\$ 1,109,847</u>	<u>\$ 489,365</u>	<u>\$ -</u>	<u>\$ 1,599,212</u>

Depreciation expense for the year ended December 31, 2004, was \$113,224. No prior accumulated depreciation was calculated on capital assets disposed of as of January 1, 2004, for purposes of GASB 34 conversion.

(Continued)

North Louisiana Criminalistics Laboratory Commission
 Shreveport, Louisiana
 Notes to Financial Statements
 December 31, 2004
 (Continued)

(5) Accounts Payable

Accounts payable at December 31, 2004, consisted of the following:

Accounts Payable	\$ 109,555
Payroll Liabilities	(83)
Compensated Absences	<u>8,912</u>
	<u>\$ 118,384</u>

(6) 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 percent 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 percent 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 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 actuarially determined rate. The current rate is 11.75 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish.

(Continued)

North Louisiana Criminalistics Laboratory Commission
 Shreveport, Louisiana
 Notes to Financial Statements
 December 31, 2004
 (Continued)

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, 2004, 2003, and 2002, were \$132,463, \$87,234, and \$86,782, respectively, equal to the required contributions for each year.

(7) 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.

(8) Long-term Debt

At December 31, 2004, employees of the Commission have accumulated and vested \$83,649 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.

Activity for the year ended December 31, 2004, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Compensated absences	\$ 98,374	\$ -	\$(14,725)	\$ 83,649	\$ 79,910
Less amounts due within period of availability— recorded in accounts payable				\$ (8,912)	(8,912)
Total long-term liabilities, government-wide statements				<u>\$ 74,737</u>	<u>\$ 70,998</u>

(Continued)

North Louisiana Criminalistics Laboratory Commission
 Shreveport, Louisiana
 Notes to Financial Statements
 December 31, 2004
 (Continued)

(9) Prior Year Restatement

For 2004, the Commission has implemented Governmental Accounting Standards Board (GASB) Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions"; GASB Statement No. 34, "Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments"; GASB Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues"; GASB Statement No. 37, "Basic Financial Statements and Management's Discussion Analysis for State and Local Governments: Omnibus."; GASB Statement No. 38, "Certain Financial Statement Note Disclosures"; and GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements".

For 2004, the Commission has increased the threshold amount for capitalizing fixed assets to \$2,500.

The impact of the restatement on the governmental funds is as follows:

Fund Balance, December 31, 2003	\$	419,769
GASB Interpretation No. 6 adjustment – Compensated absences		(5,133)
Fund Balance, December 31, 2003, Restated		414,636
GASB 34 Adjustment to Net Assets –		
Prepaid insurance		36,197
Compensated absences	{	93,241)
Capital assets, net		<u>1,109,847</u>
Governmental activities net assets, December 31, 2003	\$	<u>1,467,439</u>

North Louisiana Criminalistics Laboratory Commission
 Shreveport, Louisiana
 Required Supplementary Information
 Schedule of Revenues, Expenditures, and Changes in Fund Balances-
 Budget (Cash Basis) and Actual
 For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues				
Court fees:				
District courts	\$ 1,035,155	\$ 1,094,495	\$ 1,075,956	\$ (18,539)
City courts	492,200	492,631	500,302	7,671
Mayor courts	70,000	90,552	88,840	(1,712)
Grant revenue	57,230	560,080	591,213	31,133
Bond fees	60,000	76,400	82,075	5,675
Interest income	2,500	2,760	3,031	271
Miscellaneous	169,350	12,402	12,638	236
Total revenues	<u>1,886,435</u>	<u>2,329,320</u>	<u>2,354,055</u>	<u>24,735</u>
Expenditures				
Operations:				
Auto expense	11,895	11,895	10,868	1,027
Building maintenance	30,000	35,525	45,280	(9,755)
Accreditation expense	2,400	2,400		2,400
Dues and subscriptions	3,050	3,050	6,924	(3,874)
Freight	1,100	1,323	1,284	39
Grant expenses	57,230	560,080	592,598	(32,518)
Insurance - general	65,000	65,000	58,883	6,117
Insurance - health	115,000	115,000	94,957	20,043
Laboratory equipment maintenance	28,000	30,200		30,200
Laboratory supplies	180,000	180,000	196,287	(16,287)
Professional fees	5,800	5,800	9,446	(3,646)
Office supplies	25,000	25,000	49,032	(24,032)
Document examiner	27,600	27,600	27,600	
Other services	17,000	17,000	6,897	10,103
Retirement expense	110,000	119,730	132,463	(12,733)
Salaries	1,161,080	1,161,080	1,131,402	29,678
Payroll taxes	12,000	13,000	13,679	(679)
Professional dues and fees	10,000	10,000		10,000
Training	15,000	15,000	6,189	8,811
Travel	28,000	28,000	17,518	10,482
Utilities	68,000	68,000	62,544	5,456
Capital outlay	50,000	50,000	48,926	1,074
Total expenditures	<u>2,023,155</u>	<u>2,544,683</u>	<u>2,512,777</u>	<u>31,906</u>
Excess (deficiency) of revenues over (under) expenditures	(136,720)	(215,363)	(158,722)	56,641
Fund balance, beginning of year	144,371	310,000	195,221	(114,779)
Fund balance, end of year	<u>\$ 7,651</u>	<u>\$ 94,637</u>	<u>\$ 36,499</u>	<u>\$ (58,138)</u>

See accompanying notes to the required supplementary schedule.

North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana
Note to Required Supplementary Information
December 31, 2004

The Commission's budget is adopted on a cash basis for all funds. There was one amendment to the 2004 budget. The budget comparison schedule included in the accompanying financial statements includes the original and adopted budgets. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the budget basis with GAAP basis:

	<u>General Fund</u>
Excess of revenues and other sources over expenditures and other uses (budget basis)	\$ (158,722)
Adjustments:	
Revenue accruals – net	89,860
Expenditure accruals – net	<u>(178,219)</u>
Excess of revenues and other sources over expenditures and other uses (GAAP basis)	<u>\$ (247,081)</u>

North Louisiana Criminalistics Laboratory Commission
 Shreveport, Louisiana
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2004

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>National Institute of Justice</u>			
Direct Program			
Application of a Single Robotics to Forensic DNA Samples	16.560	2002-IJ-CX-K019	\$ 11,709
Passed through Louisiana Commission on Law Enforcement and Administration of Criminal Justice			
Forensic Sciences Improvement Act	16.560	G31-8-002	48,125
Forensic Sciences Improvement Act	16.560	G02-8-004	2,943
DNA Analysis	16.579	B03-1-022	56,224
Crime Lab Upgrade	16.579	B04-1-021	43,457
Crime Lab Upgrade	16.579	B04-3-019	18,000
Passed through Louisiana Department of Public Safety and Corrections, State Police Crime Lab			
No-Suspect Backlog Elimination Act	16.560	2003-DN-BX-K022	302,154
DNA Capacity Enhancement Program	16.560	2004-DN-BX-124	101,019
Passed through District Attorney First Judicial District FY 2004 BJA Congressionally Mandated Awards DNA Processing Equipment			
	16.580	2004-DD-BX-1303	<u>179,465</u>
Total Federal Expenditures			\$ <u>763,096</u>

NOTE 1: The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
A. EDWARD BALL, CPA
VICKIE D. NOBLE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

RAYEBURN G. COOK (RET.)

C. BRYAN COYLE, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

**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 basic financial statements of North Louisiana Criminalistics Laboratory Commission as of and for the year ended December 31, 2004, and have issued our report thereon dated June 22, 2005. 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 North Louisiana Criminalistics Laboratory Commission's 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 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 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 basic 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. However, we noted certain matters involving the internal control over financial reporting that we have reported to the management of North Louisiana Criminalistics Laboratory Commission in a separate management letter dated June 22, 2005.

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

A handwritten signature in black ink, appearing to read "Cook & Morehart". The signature is fluid and cursive, with a long horizontal stroke extending from the end of the name.

Cook & Morehart
Certified Public Accountants
June 22, 2005

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
A. EDWARD BALL, CPA
VICKIE D. NOBLE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

RAYEBURN G. COOK (RET.)

C. BRYAN COYLE, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

**Report on Compliance With Requirements Applicable to Each
Major Program and Internal Control Over Compliance In
Accordance with OMB Circular A-133**

**North Louisiana Criminalistics Laboratory
Shreveport, Louisiana**

Compliance

We have audited the compliance of North Louisiana Criminalistics Laboratory with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2004. North Louisiana Criminalistics Laboratory's major federal programs are identified in the summary of auditor's results action section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of North Louisiana Criminalistics Laboratory's management. Our responsibility is to express an opinion on North Louisiana Criminalistics Laboratory's compliance based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on test basis, evidence about North Louisiana Criminalistics Laboratory's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on North Louisiana Criminalistics Laboratory's compliance with those requirements.

In our opinion, North Louisiana Criminalistics Laboratory complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004.

Internal Control Over Compliance

The management of North Louisiana Criminalistics Laboratory is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered North Louisiana Criminalistics Laboratory's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

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



Cook & Morehart
Certified Public Accountants
June 22, 2005

North Louisiana Criminalistics Laboratory
Shreveport, Louisiana
Summary Schedule of Prior Audit Findings
December 31, 2004

There were no findings in the prior year audit for the year ended December 31, 2003.

Schedule of Findings and Questioned Costs
December 31, 2004

A. Summary of Audit Results

1. *The auditor's report expresses an unqualified opinion on the financial statements of North Louisiana Criminalistics Laboratory.*
2. *No reportable conditions are reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.*
3. *No instances of noncompliance material to the financial statements of North Louisiana Criminalistics Laboratory were disclosed during the audit.*
4. *No reportable conditions are reported in the Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.*
5. *The auditor's report on compliance for the major federal award programs for North Louisiana Criminalistics Laboratory expresses an unqualified opinion.*
6. *There are no audit findings relative to the major federal award programs for North Louisiana Criminalistics Laboratory reported in Part C. of this Schedule.*
7. *The programs tested as major programs included: 1) National Institute of Justice Research, Evaluation, and Development Project Grants, CFDA #16.560.*
8. *The threshold for distinguishing Types A and B programs was \$300,000.*
9. *North Louisiana Criminalistics Laboratory did not qualify as a low-risk auditee.*

B. Findings – Financial Statements Audit: None.

C. Findings and Questioned Costs – Major Federal Award Programs Audit: None

North Louisiana Criminalistics Laboratory
Shreveport, Louisiana
Summary Schedule of Prior Year Audit Findings
Schedule For Louisiana Legislative Auditor
December 31, 2004

There were no findings, questioned costs, or management letter comments in the prior audit for the year ended December 31, 2003.

Corrective Action Plan For Current Year Audit Findings
Schedule For Louisiana Legislative Auditor
December 31, 2004

There are no findings or questioned costs for the current year audit for the year ended December 31, 2004. There are three management letter comments for the year ended December 31, 2004. Management's response to those comments follows:

Comment #1: Procurement

The laboratory will establish a policy whereby procurement files will be maintained for all equipment and supplies purchased subject to state bid law and federal regulation. Such files will contain documentation to support sole source purchases.

Comment #2: Reporting

The laboratory will prepare reports in a timely fashion in the future with regard to monthly reports to the Louisiana State Police as required by the Interagency Agreements.

Comment #3: Fidelity Bond

The North Louisiana Criminalistics Laboratory System Director will inform the North Louisiana Criminalistics Laboratory Commission of the need for fidelity/employee theft bond insurance coverage, as has been recommended by the auditors from Cook & Morehart, Certified Public Accountants.

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

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TELEPHONE (318) 222-5415

FAX (318) 222-5441

RAYEBURN G. COOK (RET)

C. BRYAN COYLE, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Management Letter

June 21, 2005

North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana

We have audited the financial statements of North Louisiana Criminalistic Laboratory Commission (the Commission), for the year ended December 31, 2004, and have issued our report thereon dated June 22, 2005. In planning and performing our audit of the financial statements of the Commission, we considered its internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

During our audit the following items were noted involving the internal control over financial reporting and other operational matters which appear to merit your attention for consideration to improve the internal control over financial reporting or operations of the Commission. These comments have been discussed with the appropriate members of management.

Comment #1: Procurement

During our testing of disbursements, we noted that the commission did not have procurement files documenting pricing analysis for several equipment and supplies purchases, as required by public bid law and federal regulations. According to the commission, many of these items are available only from select vendors.

We recommend that the agency maintain procurement files for all equipment and supplies purchases which are subject to state bid law and federal regulations. Information should be documented to support any sole source purchases.

Comment #2: Reporting

During our audit, we noted that the agency did not prepare / submit monthly reports to the state police, as required by the Interagency Agreements.

We recommend that the agency develop a timeline for all reports due to ensure timely submission. In addition, we recommend that the agency correspond with the state police concerning reports not filed.

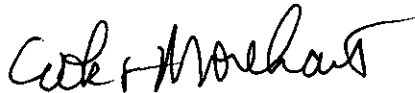
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RAYEBURN G. COOK

Comment #3: Fidelity Bond

During our audit, we noted that the Commission does not have fidelity / employee theft bond insurance coverage.

We recommend that the agency obtain fidelity bond coverage.

We express sincere thanks to the Commission's personnel for the cooperation and assistance provided us during our audit. We are available to provide you assistance and consultation in the implementation of the above mentioned items. This letter is furnished solely for the use of management and the Board of Commissioners and is not intended to be used for any other purpose.



Cook & Morehart
Certified Public Accountants
June 22, 2005