

**ACADIANA CRIMINALISTICS
LABORATORY COMMISSION**

FINANCIAL REPORT

DECEMBER 31, 2017

CONTENTS

	Exhibit/ Schedule	Page
INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS	-	1 and 2
BASIC FINANCIAL STATEMENTS		
GOVERNMENT-WIDE FINANCIAL STATEMENTS		
Statement of net position	A	6
Statement of activities	B	7
FUND FINANCIAL STATEMENTS		
Balance sheet – governmental fund	C	10
Reconciliation of the governmental fund balance sheet to the statement of net position	D	11
Statement of revenues, expenditures, and changes in fund balance – governmental fund	E	12
Reconciliation of the statement of revenues, expenditures, and changes in fund balance of the governmental fund to the statement of activities	F	13
Notes to financial statements	-	14 - 28
REQUIRED SUPPLEMENTARY INFORMATION		
Budgetary comparison schedule – General Fund	G-1	30
Note to budgetary comparison schedule	G-2	31
Schedules of the proportionate share of the net pension liability	H	32
Schedules of pension contributions	I	33
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>		
	-	35 and 36
Schedule of findings and responses	J-1	37
Schedule of prior findings	J-2	38
Schedule of compensation, benefits and other payments to agency head	K	39

INDEPENDENT AUDITORS' REPORT

To Acadiana Criminalistics
Laboratory Commission
New Iberia, Louisiana

Report on the Financial Statements

We have audited the accompanying basic financial statements of Acadiana Criminalistics Laboratory Commission as of and for the year ended December 31, 2017, as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Acadiana Criminalistics Laboratory Commission as of December 31, 2017, and the respective change in financial position for the year ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 30 and 31, the schedules of proportionate share of the net pension liability on page 32 and the schedules of pension contributions on page 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the budgetary comparison information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

The schedule of compensation, benefits and other payments to agency head are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits and other payments to agency head are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2018, on our consideration of the Acadiana Criminalistics Laboratory Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and on compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Acadiana Criminalistics Laboratory Commission's internal control over financial reporting and compliance.



Lafayette, Louisiana
June 25, 2018

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

ACADIANA CRIMINALISTICS LABORATORY COMMISSION

STATEMENT OF NET POSITION

December 31, 2017

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

ASSETS

Cash	\$ 757,301
Investments	14,498
Accrued interest receivable	12
Due from other governmental agencies	329,506
Flood reimbursement receivable	15,428
Prepaid expenses	23,019
Capital assets:	
Non-depreciable	43,111
Depreciable, net	<u>713,949</u>
Total assets	<u>\$ 1,896,824</u>

DEFERRED OUTFLOWS OF RESOURCES

Defined benefit pension plan	<u>649,308</u>
Total assets and deferred outflows of resources	<u>\$ 2,546,132</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

LIABILITIES

Accounts payable	\$ 16,072
Accrued liabilities	128,315
Long-term liabilities:	
Portion due or payable within one year –	
Accrued compensated absences	21,325
Portion due or payable after one year –	
Accrued compensated absences	7,296
Net pension liability	<u>481,298</u>
Total liabilities	<u>\$ 654,306</u>

DEFERRED INFLOWS OF RESOURCES

Defined benefit pension plan	<u>\$ 86,942</u>
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NET POSITION

Net investment in capital assets	\$ 757,060
Unrestricted	<u>1,047,824</u>
Total net position	<u>\$ 1,804,884</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 2,546,132</u>

See Notes to Financial Statements.

ACADIANA CRIMINALISTICS LABORATORY COMMISSION

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

<u>Function/Program</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Governmental Activities</u>	Net (Expense) Revenue and Change in Net Position
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		
Governmental activities:					
Public safety	<u>\$ 2,690,505</u>	<u>\$ 2,549,090</u>	<u>\$ 125,547</u>	<u>\$ -</u>	<u>\$ (15,868)</u>
		General revenues:			
			Investment earnings		\$ 332
			Miscellaneous		<u>52,023</u>
			Total general revenues		<u>\$ 52,355</u>
			Change in net position		\$ 36,487
			Net position, beginning		<u>1,768,397</u>
			Net position, ending		<u>\$ 1,804,884</u>

See Notes to Financial Statements.

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FUND FINANCIAL STATEMENTS

ACADIANA CRIMINALISTICS LABORATORY COMMISSION

BALANCE SHEET
GOVERNMENTAL FUND
December 31, 2017

ASSETS	<u>General Fund</u>
Cash	\$ 757,301
Investments	14,498
Accrued interest receivable	12
Due from other governmental agencies	329,506
Flood reimbursement receivable	15,428
Prepaid expenses	<u>23,019</u>
Total assets	<u>\$ 1,139,764</u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts payable	\$ 16,072
Accrued liabilities	<u>128,315</u>
Total liabilities	<u>\$ 144,387</u>
FUND BALANCES	
Nonspendable --	
Prepaid expenses	\$ 23,019
Unassigned	<u>972,358</u>
Total fund balances	<u>\$ 995,377</u>
Total liabilities and fund balances	<u>\$ 1,139,764</u>

See Notes to Financial Statements.

ACADIANA CRIMINALISTICS LABORATORY COMMISSION

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION

December 31, 2017

Total fund balance – governmental funds		\$ 995,377
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Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund. Those assets consist of:

Land	\$ 43,111	
Building and improvements, net	458,708	
Equipment, net	<u>255,241</u>	757,060

Long-term liabilities, including accrued compensated absences and retirement obligations, applicable to the Commission's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position. Those long-term liabilities consist of:

Compensated absences	\$ (28,621)	
Net pension liability	<u>(481,298)</u>	(509,919)

Deferred outflows and inflows of resources related to pensions and applicable to future periods and, therefore, are not reported in the funds:

Pension contributions subsequent to plan measurement	\$ 183,268	
Difference between actual and projected earnings of pension plan assets	373,505	
Difference between expected and actual contributions to pension plans	(2,719)	
Change in proportionate share of pension plan from prior year	1,158	
Changes in assumptions	91,377	
Difference between expected and actual experience	<u>(84,223)</u>	<u>562,366</u>

Total net position of governmental activities		<u>\$1,804,884</u>
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See Notes to Financial Statements.

ACADIANA CRIMINALISTICS LABORATORY COMMISSION
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE
 GOVERNMENTAL FUND
 For the Year Ended December 31, 2017

	<u>General Fund</u>
Revenues:	
Intergovernmental	\$ 125,547
Charges for services	2,549,090
Investment earnings	332
Miscellaneous	<u>52,023</u>
Total revenues	<u>\$ 2,726,992</u>
Expenditures:	
Current –	
Public safety	\$ 2,496,715
Capital outlay	<u>40,830</u>
Total expenditures	<u>\$ 2,537,545</u>
Net change in fund balance	\$ 189,447
Fund balance, beginning	<u>805,930</u>
Fund balance, ending	<u>\$ 995,377</u>

See Notes to Financial Statements.

ACADIANA CRIMINALISTICS LABORATORY COMMISSION

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND
 TO THE STATEMENT OF ACTIVITIES
 For the Year Ended December 31, 2017

Net change in fund balance – governmental fund		\$ 189,447
The change in net position reported for governmental activities in the statement of activities is different because:		
<p>The governmental fund reports 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.</p>		
Capital outlay	\$ 40,830	
Depreciation expense	<u>(105,390)</u>	(64,560)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, they are not reported as expenditures in the governmental fund</p>		
Increase in accrued compensated absences for the current period.		(2,583)
<p>The effect of net pension liability, deferred outflow of resources and deferred inflows of resources related to changes in the net pension obligation:</p>		
Commission pension contributions for the fiscal year ended December 31, 2017 which were made after the measurement date of the net pension liability	\$ 183,268	
Cost of benefits earned net of employee contributions (pension expense)	<u>(269,085)</u>	<u>(85,817)</u>
Change in net position of governmental activities		<u>\$ 36,487</u>

See Notes to Financial Statements.

ACADIANA CRIMINALISTICS LABORATORY COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The financial statements of Acadiana Criminalistics Laboratory Commission (the "Commission") have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the Commission are described below.

Reporting entity:

The Commission was created in accordance with Louisiana Revised Statute 40:2267.1. The Commission is governed by a 21 member Board of Commissioners, who serve without pay, comprised of the parish president of Iberia Parish, the sheriffs, district attorneys, and one council/police jury member appointed by the parish councils/police juries of Acadia, Evangeline, Iberia, Lafayette, St. Landry, St. Martin, St. Mary, and Vermilion Parishes. The Commission is charged with crime detection, prevention, investigation, and other related activities in connection with criminal investigation.

The operations of the Commission are administered through a director and are financed primarily through court costs collected by the various sheriffs and city courts. The Commission serves the southwest Louisiana parishes enumerated above with operations located in Iberia Parish.

Basis of presentation:

The Commission's basic financial statements consist of the government-wide statements and the fund financial statements. The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

Government-wide financial statements –

The government-wide financial statements include the statement of net position and the statement of activities of the Commission. These statements include the financial activities of the overall government. Governmental activities generally are financed through intergovernmental revenues and other nonexchange transactions.

In the government-wide statement of net position, the governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Commission's net position is reported in two parts - net investment in capital assets and unrestricted.

The government-wide statement of activities reports both the gross and net cost of the Commission's function. The function is also supported by general government revenues (interest income, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital specific grants.

The net cost (by function) is normally covered by general revenue (intergovernmental revenues, interest income, etc.).

NOTES TO FINANCIAL STATEMENTS

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

Fund financial statements –

The fund financial statements provide information about the Commission's funds. The emphasis of fund financial statements is on major governmental funds. The Commission has only one fund, its General Fund. The General Fund is the Commission's general operating fund. It is used to account for all of the financial resources of the Commission.

Basis of accounting:

Government-wide financial statements –

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Commission gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Fund financial statements –

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. All receivables collected within 60 days after year end are considered available and recognized as revenue of the current year.

Expenditures are recorded when the related fund liability is incurred, except for compensated absences and the net pension liability, which are not accrued, and principal and interest on general long-term debt, which are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt are reported as other financing sources in governmental funds.

Cash and investments:

Cash consists of amounts in demand deposit accounts for the Commission and short-term investments. State statutes authorize the Commission to invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

In accordance with GASB Statement No. 31, investments meeting the criteria specified in the Statement are stated at fair value. Investments which do not meet the requirements are stated at cost. These investments include amounts invested in LAMP. The reported value of the pool is the same as the fair value of the pool shares.

NOTES TO FINANCIAL STATEMENTS

Capital assets:

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide statements –

In the government-wide financial statements, property, plant, and equipment are accounted for as capital assets. All capital assets are valued at cost or estimated historical cost. Donated capital assets are recorded at their fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Depreciation on all capital assets, excluding land and improvements, is calculated on the straight-line method over the following estimated useful lives:

	<u>Years</u>
Building and improvements	15 – 39
Furniture, fixtures, and equipment	5 – 7

Fund financial statements –

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Compensated absences:

Employees of the Commission earn vacation pay at the rate of 4 to 12 hours per month. With the exception of the Director, employees may carry forward vacation time earned but not taken with a 40 hour limitation. Any excess above 40 hours is automatically converted to sick leave. The Director's carryforward hours are unlimited. Unused vacation is paid to an employee upon retirement or resignation at the hourly rate being earned by that employee upon separation. No payment is made for accrued and unused sick leave.

In the government-wide statements, the Commission accrues accumulated unpaid vacation leave and associated related costs when earned (or estimated to be earned) by the employee. The current portion is the amount estimated to be used/paid in the following year. The remainder is reported as non-current. In accordance with GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements," no compensated absences liability is recorded in the governmental fund financial statements.

Deferred outflows/inflows of resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

NOTES TO FINANCIAL STATEMENTS

Net position flow assumption:

Sometime the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumptions must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumption:

Sometime the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumptions must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Equity classifications:

Government-wide statements –

Equity is classified as net position and displayed in two components:

- a. Net investment in capital assets – Consists of capital assets net of accumulated depreciation.
- b. Unrestricted net position – All other net position that do not meet the definition of “net investment in capital assets.”

The Commission has no restricted net position.

Fund statements –

The Commission has adopted GASB Statement 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;

NOTES TO FINANCIAL STATEMENTS

- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Board of Commissioners establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Commissioners through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned.

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2. Deposits and Investments

Deposits:

Custodial Credit Risk – The custodial credit risk is the risk that in the event of a bank failure, the Commission’s deposits may result in a loss of those assets. The Commission’s policy to ensure that there is no exposure to this risk is to require the financial institutions to pledge their own securities to cover any amount in excess of Federal Depository Insurance Coverage. At December 31, 2017, the carrying amount of the Commission’s demand deposits held with a local bank was \$757,301 and the bank balance was \$801,173. Of the bank balance, \$250,000 was secured from risk by federal deposit insurance and remainder by pledged securities held by the custodial banks 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 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.

Investments:

As of December 31, 2017, the Commission had the following investments and maturities:

<u>Investment Type</u>	<u>Percentage of Portfolio</u>	<u>Fair Value</u>	<u>Less Than One Year</u>	<u>One - Five Years</u>
State Investment Pool (LAMP)	<u>100.00%</u>	<u>\$ 1,187</u>	<u>\$ 1,187</u>	<u>\$ -</u>

NOTES TO FINANCIAL STATEMENTS

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the Commission will only invest in the following: (1) direct United States Treasury obligations, (2) bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by federal agencies and provided such obligations are backed by the full faith and credit of the United States or guaranteed by United States government instrumentalities, (3) direct security repurchase agreements of any federal bank entry only securities, (4) time certificates of deposit, and (5) mutual trust fund institutions which are registered with the Securities and Exchange Commission which have underlying investments consisting solely of and limited to securities of the United States government or its agencies, limited to 25% of the monies considered available for investment.

Credit Risk/Concentration of Credit Risk - Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Commission limits investments to fully insured and/or fully-collateralized certificates of deposits and direct and indirect obligations of U.S. government agencies.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Commission requires all investments to be in the Commission's name and all ownership securities to be evidenced by an acceptable safekeeping receipt issued by a third-party financial institution which is acceptable to the Commission. Accordingly, the Commission had no custodial credit risk related to its investments at December 31, 2017.

As noted above, the Commission participates in the Louisiana Asset Management Pool (LAMP). The LAMP is an investment pool established as a cooperative endeavor to enable public entities of the State of Louisiana to aggregate funds for investment; the LAMP is not registered with the Securities and Exchange Commission (SEC) as an investment company. The LAMP is operated by a non-profit corporation, Louisiana Asset Management Pool, Inc., whose officers include the President, normally the Treasurer of the State of Louisiana, and a Secretary/Treasurer who is charged with the day-to-day operations of the program. LAMP, Inc. is governed by a Board of Directors consisting of nine to fourteen members elected each year by the participating entities.

The LAMP is intended to improve administrative efficiency and increase investment yield of participating public entities. The LAMP's portfolio securities are valued at market value even though the amortized cost method is permitted by Rule 2a-7 of the Investment Company Act of 1940, as amended, which governs registered money market funds, although LAMP is not a money market fund and has no obligation to conform to this rule. The investment objectives of the LAMP are to preserve capital and protect principal, maintain sufficient liquidity, provide safety of funds and investments, and maximize the return on the pool. The LAMP seeks to maintain a stable net asset value of \$1.00 per unit, but there can be no assurance that LAMP will be able to achieve this objective.

The dollar weighted average portfolio maturity of the LAMP assets is restricted to not more than 60 days and consists of no securities with a maturity in excess of 397 days. The LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

NOTES TO FINANCIAL STATEMENTS

Note 3. Capital Assets

Capital assets activity for the year ended December 31, 2017 is as follow:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated –				
Land	\$ 43,111	\$ -	\$ -	\$ 43,111
Capital assets being depreciated –				
Building and improvements	\$ 945,010	\$ -	\$ -	\$ 945,010
Furniture, fixtures and equipment	2,273,036	40,830	-	2,313,866
Vehicles	<u>15,353</u>	<u>-</u>	<u>-</u>	<u>15,353</u>
Total capital assets being depreciated	<u>\$ 3,233,399</u>	<u>\$ 40,830</u>	<u>\$ -</u>	<u>\$ 3,274,229</u>
Less accumulated depreciation for –				
Building and improvements	\$ (462,244)	\$ (24,058)	\$ -	\$ (486,302)
Furniture, fixtures and equipment	(1,977,547)	(81,078)	-	(2,058,625)
Vehicles	<u>(15,099)</u>	<u>(254)</u>	<u>-</u>	<u>(15,353)</u>
Total accumulated depreciation	<u>\$ (2,454,890)</u>	<u>\$ (105,390)</u>	<u>\$ -</u>	<u>\$ (2,560,280)</u>
Total capital assets being depreciated, net	<u>\$ 778,509</u>	<u>\$ (64,560)</u>	<u>\$ -</u>	<u>\$ 713,949</u>
Governmental activities capital assets, net	<u>\$ 821,620</u>	<u>\$ (64,560)</u>	<u>\$ -</u>	<u>\$ 757,060</u>

Depreciation expense was charged to functions as follows:

Public safety	<u>\$ 105,390</u>
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Note 4. Long-Term Debt

During the year ended December 31, 2017, the following changes occurred in the liabilities reported as long-term liabilities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Net pension liability	\$ 600,017	\$ -	\$ 118,719	\$ 481,298
Compensated absences	<u>26,038</u>	<u>2,583</u>	<u>-</u>	<u>28,621</u>
Total long-term debt	<u>\$ 626,055</u>	<u>\$ 2,583</u>	<u>\$ 118,719</u>	<u>\$ 509,919</u>

NOTES TO FINANCIAL STATEMENTS

Note 5. Compensation of Commission Members

No compensation was paid to Commission members during the year ended December 31, 2017.

Note 6. Defined Benefit Pension Plan

Substantially, all of the employees of the Commission are members of the Parochial Employees' Retirement System of Louisiana.

Plan description:

The Parochial Employees' Retirement System of Louisiana (the "System") is a cost-sharing multiple employer public employee retirement system established and provided for by R.S. Title 11, Sections 1901 through 2025, specifically, and other general laws of the State of Louisiana. The System is controlled and administered by a separate Board of Trustees.

The System provides retirement benefits to employees of any parish in the state of Louisiana or any governing body or a parish which employs and pays persons serving the parish. For the year ended December 31, 2015, there were 235 contributing employers in Plan A and 52 in Plan B. Employees of the Commission are members of Plan A.

Eligibility:

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

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

Retirement benefits:

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

For employees hired prior to January 1, 2007:

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

NOTES TO FINANCIAL STATEMENTS

For employees hired after January 1, 2007:

1. Age 55 with thirty (30) years of creditable service.
2. Age 62 with ten (10) of creditable service.
3. Age 67 with seven (7) years of creditable service.

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

For employees hired prior to January 1, 2007:

1. Age 55 with a twenty-five (25) years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Age 65 with a minimum of seven (7) years of creditable service.

For employees hired after January 1, 2007:

1. Age 55 with thirty (30) years of creditable service.
2. Age 62 with ten (10) of creditable service.
3. Age 67 with seven (7) years of creditable service.

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

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

Survivor benefits:

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

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

Plan B members need ten (10) years of service credit to be eligible for survivor benefits. Upon the death of any member of Plan B with twenty (20) or more years of creditable service who is not eligible for normal retirement, the plan provides for an automatic Option 2 benefit for the surviving spouse when he/she reaches age 50 and until remarriage if the remarriage occurs before age 55. A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

NOTES TO FINANCIAL STATEMENTS

DROP benefits:

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

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A or B who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account.

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

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

Disability benefits:

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

For Plan B, a member shall be eligible to retire and receive a disability benefit if he/she was hired prior to January 1, 2007 and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of an amount equal to two percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or an amount equal to what the member's normal benefit would be based on the member's current final compensation but assuming the member remained in continuous service until his earliest normal retirement age.

Cost of living increases:

The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and

NOTES TO FINANCIAL STATEMENTS

beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

Contributions and reserves:

Contributions -

Contributions for all members are established by statute at 9.5% of compensation for Plan A members and 3.0% of compensation for Plan B. The contributions are deducted from the member's salary and remitted by the participating employer.

According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2016, the actuarially determined contribution rate was 10.52% of member's compensation for Plan A and 7.20% of member's compensation for Plan B. However, the actual rate for the fiscal year ending December 31, 2016 was 13.00% for Plan A and 8.00% for Plan B.

According to state statute, the System also receives $\frac{1}{4}$ of 1% of ad valorem taxes collected within the respective parishes except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-contributing entities.

Administrative costs of the System are financed through employer contributions.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions:

At December 31, 2017, the Employer reported a liability of \$481,298 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of December 31, 2016 and the total pension liability used to calculate the Net Pension Obligation was determined by an actuarial valuation as of that date. The Agency's proportion of the Net Pension Liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2016, the Commission's proportion was .233695% of Plan A, which was an increase of .00575% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the Agency recognized pension expense of \$286,146 less employer's amortization of the change in proportionate share and differences between employer contributions and proportionate share of contributions, \$903.

NOTES TO FINANCIAL STATEMENTS

At December 31, 2017, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 84,223
Net difference between projected and actual earnings on pension plan investments	373,505	-
Change in proportionate share from prior year	91,377	-
Differences between actual employer contributions and expected contributions	-	2,719
Employer contributions subsequent to the measurement date	<u>183,268</u>	<u>-</u>
	<u>\$ 649,308</u>	<u>\$ 86,942</u>

That portion of the deferred outflow of resources reported above in the amount of \$183,268 results from Commission contributions to the retirement system subsequent to the measurement date, and will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2018 when the net pension liability measurement date will be December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as an increase in pension expense as follows:

Year Ended:		
2018		\$ 140,822
2019		150,848
2020		97,676
2021		<u>(10,248)</u>
		<u>\$ 379,098</u>

Actuarial assumptions:

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2016 are as follows:

Valuation date:	December 31, 2016
Actuarial cost method:	Entry Age Normal Cost
Investment rate of return:	7.00%, net of investment expense, including inflation
Estimated remaining service lives:	4 Years
Inflation rate:	2.50%
Mortality:	Mortality rates based on the RP-2000 Employee Sex Distinct Table for employees
Salary increases:	5.25% (2.75% merit/2.50% inflation)
Inflation rate:	2.50%

NOTES TO FINANCIAL STATEMENTS

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.66% for the year ended December 31, 2016.

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PERSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2016 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed income	35%	1.24%
Equity	52%	3.63%
Alternatives	11%	0.67%
Real estate	2%	0.12%
Totals	100%	5.66%
Inflation		2.00%
Expected arithmetic nominal return		7.66%

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2010 through December 31, 2014. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The RP-2000 Healthy Annuitant Sex Distinct Tables (set forward two years for males and set forward one year for females) projected to 2031 using Scale AA was selected for annuitants and beneficiaries. For disabled annuitants, the RP-2000 Disabled Lives Mortality Table set back five years for males and three years for females was selected. For active employees, the RP-2000 Employee Sex Distinct Tables set back four years for males and three years for females was used.

NOTES TO FINANCIAL STATEMENTS

Sensitivity of the employer's proportionate share of the net pension liability to changes in the discount rate:

The following presents the Employer's proportionate share of the Net Pension Liability using the discount rate of 7.00%, as well as what the Employer's proportionate share of the Net Pension Obligation would be if it were calculated using a discount rate that is one percentage-point lower (6.00%) or one percentage-point higher (8.00%) than the current rate:

	1.0% Decrease <u>(6.00%)</u>	Current Discount Rate (7.00%)	1.0% Increase <u>(8.00%)</u>
Employer's proportionate share of the net pension liability (asset)	<u>\$ 1,439,755</u>	<u>\$ 481,298</u>	<u>\$ (329,107)</u>

Pension plan fiduciary net position:

The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Parochial Employees' Retirement System of Louisiana, www.persla.org. The Parochial Employees' Retirement System of Louisiana issued a stand-alone audit report on its financial statements for the year ended December 31, 2016. Access to the audit report can be found on the System's website: www.persla.org or on the Office of Louisiana Legislative Auditor's official website: www.lla.state.la.us.

Note 7. Due From Other Governmental Agencies

Amounts due from other governmental agencies consist of the following at December 31, 2017:

State of Louisiana:	
Federal pass-through grant funds	\$ 114,477
Court costs due from various courts	<u>215,029</u>
	<u>\$ 329,506</u>

Note 8. Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission purchases commercial insurance to cover any claims related to these risks.

Note 9. Contingent Liabilities

The Commission receives grants for specific purposes that are subject to review and audit by the agencies providing the funding. Such audits and reviews could result in expenses being disallowed under the terms and conditions of the grants. In the opinion of management, such disallowances, if any, would be immaterial.

NOTES TO FINANCIAL STATEMENTS

Note 10. Federal Emergency Management Agency Disaster Assistance

As the result of historical rainfalls in August 2016, the Crime Lab facility took in 3 inches of flood waters and a back-up sewerage and other contaminants during the event. As a result of the flooding that took place, a massive clean-up and mold remediation took place, as well as the replacement of battery back-ups for computer work stations and some computer equipment. Also lost were some office and laboratory supplies. The facility was not insured for flood damages. The Commission applied for and received disaster assistance from the Federal Emergency Management Agency (FEMA) for partial reimbursement for costs associated with the clean-up and mold remediation. For the year ended December 31, 2017, the Commission estimates the amount of assistance from FEMA to be \$15,428, of which all is included as a receivable in the statement of net position.

REQUIRED SUPPLEMENTARY INFORMATION

ACADIANA CRIMINALISTICS LABORATORY COMMISSION

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Intergovernmental – Federal grants	\$ 116,875	\$ 116,875	\$ 125,547	\$ 8,672
Charges for services – Court costs	2,417,828	2,417,828	2,549,090	131,262
Investment earnings	308	308	332	24
Miscellaneous	16,300	16,300	52,023	35,723
Total revenues	\$2,551,311	\$2,551,311	\$2,726,992	\$ 175,681
Expenditures:				
Current –				
Public safety:				
Personnel costs	\$1,772,650	\$1,772,650	\$1,706,487	\$ 66,163
Workers' compensation	9,593	9,593	4,179	5,414
Travel and training	21,060	21,060	18,746	2,314
Printing	500	500	-	500
Telephone and utilities	39,342	39,342	43,765	(4,423)
Equipment rental	19,916	19,916	37,411	(17,495)
Repairs and maintenance	91,774	91,774	78,653	13,121
Insurance	50,000	50,000	44,718	5,282
Office supplies	12,553	12,553	18,832	(6,279)
Postage and shipping	1,859	1,859	1,649	210
Lab supplies	290,801	290,801	293,949	(3,148)
Vehicle and maintenance supplies	3,500	3,500	3,226	274
Professional services	57,300	57,300	76,636	(19,336)
DNA services	15,162	15,162	13,884	1,278
Grant expenditures	116,875	116,875	125,549	(8,674)
Other	8,426	8,426	29,031	(20,605)
Capital outlay	40,000	40,000	40,830	(830)
Total expenditures	\$2,551,311	\$2,551,311	\$2,537,545	\$ 13,766
Net change in fund balance	\$ -	\$ -	\$ 189,447	\$ 189,447
Fund balance, beginning	805,930	805,930	805,930	-
Fund balance, ending	<u>\$ 805,930</u>	<u>\$ 805,983</u>	<u>\$ 995,377</u>	<u>\$ 189,447</u>

See Note to Budgetary Comparison Schedule.

ACADIANA CRIMINALISTICS LABORATORY COMMISSION

NOTE TO BUDGETARY COMPARISON SCHEDULE

Note 1. Budgets and Budgetary Accounting

The Acadiana Criminalistics Laboratory Commission follows the procedures detailed below in adopting its budget.

1. The budget for the General Fund is proposed by the Director and formally approved and adopted by the Commission. It is then sent to the eight parishes served by the Commission and must be approved by a majority.
2. Once adopted, any amendments must be approved by the Commission. The budget procedure is in accordance with Section E of Louisiana Revised Statute 40:2266.1.

All budgeted amounts presented as required supplementary information reflect the original budget and the final budget (which has been adjusted for legally authorized revisions during the year).

ACADIANA CRIMINALISTICS LABORATORY COMMISSION

SCHEDULES OF THE PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY

For the Years Ended December 31, 2017, 2016, 2015 and 2014

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Commission's proportion of the net pension liability	0.233695%	0.227945%	0.245042%	0.276413%
Commission's proportion share of the net pension liability	\$ 481,298	\$ 600,017	\$ 66,997	\$ 19,643
Commission's covered employee payroll	\$ 1,466,142	\$ 1,385,942	\$ 1,306,941	\$ 1,384,364
Commission's proportionate share of the net pension liability as a percentage of its covered-employee payroll	32.83%	43.29%	5.13%	1.42%
Plan fiduciary net position as a percentage on the total pension liability	94.15%	92.23%	99.15%	92.49%

ACADIANA CRIMINALISTICS LABORATORY COMMISSION

SCHEDULES OF PENSION CONTRIBUTIONS
For the Years Ended December 31, 2017, 2016, 2015 and 2014

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 183,268	\$ 180,173	\$ 189,507	\$ 221,498
Contributions in relation to the contractually required contribution	<u>183,268</u>	<u>180,173</u>	<u>189,507</u>	<u>221,498</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Commission's covered-employee payroll	\$ 1,466,142	\$ 1,385,942	\$ 1,306,941	\$ 1,384,364
Contributions as a percentage of covered-employee payroll	12.50%	13.00%	14.50%	16.00%

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

To Acadiana Criminalistics
Laboratory Commission
New Iberia, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of Acadiana Criminalistics Laboratory Commission as of and for the year ended December 31, 2017, and the related notes to financial statements and have issued our report thereon dated June 25, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement

amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Commission's internal control and compliance. This report is intended for the information and use of the Acadiana Criminalistics Laboratory Commission, management, others within the entity, federal awarding agencies and pass-through entities, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Accordingly, this communication is not suitable for any other purpose, however, this report is a matter of public record and its distribution is not limited.

Brandon Poché, CPA

Lafayette, Louisiana
June 25, 2018

ACADIANA CRIMINALISTICS LABORATORY COMMISSION

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended December 31, 2017

We have audited the basic financial statements of Acadiana Criminalistics Laboratory Commission as of and for the year ended December 31, 2017, and have issued our report thereon dated June 25, 2018. 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. Our audit of the financial statements as of December 31, 2017 resulted in an unmodified opinion.

Section I - Summary of Auditors' Reports

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material weaknesses

_____ Yes X NoControl deficiencies identified that are not
considered to be material weaknesses_____ Yes X None reported

Compliance

Compliance material to financial statements

_____ Yes X No

Section II - Financial Statement Findings

No matters are reported.

ACADIANA CRIMINALISTICS LABORATORY COMMISSION

SCHEDULE OF PRIOR FINDINGS
For the Year Ended December 31, 2017

Section I. Internal Control and Compliance Material to the Financial Statements

None reported.

Section II. Internal Control and Compliance Material to Federal Awards

None reported.

Section III. Management Letter

The prior year's report did not include a management letter.

ACADIANA CRIMINALISTICS LABORATORY COMMISSION

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD
For the Year Ended December 31, 2017

Agency Head: Kevin Ardoin

<u>Purpose</u>	<u>Amount</u>
Salary	\$122,146
Benefits – insurance	10,691
Benefits – retirement	15,268
Reimbursements	963
Travel	566
Registration fees	1,080
Conference travel	857
Telephone	<u>1,404</u>
	<u>\$152,975</u>

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To Acadiana Criminalistics
Laboratory Commission
New Iberia, Louisiana

We have performed the procedures enumerated below, which were agreed to by Acadiana Criminalistics Laboratory Commission and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The Commission's management is responsible for those control and compliance areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

- a. Budgeting, including preparing, adopting, monitoring, and amending the budget.

We obtained a copy of their budgeting policy effective for the fiscal year ended December 31, 2017. The policy addresses the procedures to prepare, adopt, monitor and amend the budget.

- b. Purchasing: including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

We obtained a copy of their purchasing policy effective for the fiscal year ended December 31, 2017. The policy addresses how purchases are initiated, the preparation and approval process of purchase requisitions and purchase orders, controls to ensure compliance with the public bid law, and documentation to be maintained for all bids and price quotes. The policy does not address how vendors are added to the vendor list.

- c. Disbursements, including processing, reviewing, and approving

We obtained a copy of their disbursement policy effective for the fiscal year ended December 31, 2017. Items noted above are addressed by the policy.

- d. Receipts, including receiving, recording, and preparing deposits.

We obtained a copy of their receipts policy effective for the fiscal year ended December 31, 2017. Items noted above are addressed by the policy.

- e. Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

We obtained a copy of their payroll/personnel policy effective for the fiscal year ended December 31, 2017. Items noted above are addressed by the policy.

- f. Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

The client did not have a written policy or procedure addressing these items

- g. Credit cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.

The Commission did not have a written policy or procedure addressing these items. According to the Director, they do not have a separate policy for credit cards but they are handled in the same manner as other disbursements.

- h. Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

We obtained a copy of their travel and expense reimbursement policy effective for the fiscal year ended December 31, 2017. Items noted above are addressed by the policy.

- i. Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

The client did not have a written policy or procedure addressing these items.

- j. Debt Service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Not applicable as the Commission has no borrowed indebtedness.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a. Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charters, or other equivalent document.

The Board only met twice in the fiscal year and a quorum was present. Enabling legislation does not have a designated meeting frequency.

- b. Report whether the minutes reference or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity prior audit (GAAP-basis).
 - i. If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

The Board minutes included a budget-to-actual comparison for January to September. No deficit spending is shown during the fiscal year.

- c. Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

The Board minutes did reference non-budgetary financial information such as court cost collections and lab activities during the fiscal year.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

We obtained a listing of all bank accounts. The Commission only had one cash account at December 31, 2017. A representation was obtained by management that the listing was complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if no more than five accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 - a. Bank reconciliations have been prepared;

All monthly bank reconciliations for the cash accounts were performed.

- b. Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

Based on our review and discussion with the Director, bank reconciliations are reviewed by the Director monthly along with the monthly compilation reports and general ledger details prepared by the outside accounting firm; however, the bank reconciliations do not have evidence showing review and approval. The Director will begin signing off on bank reconciliation in fiscal year 2018 after they are reviewed.

- c. If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

No outstanding items over six months was noted at the end of the fiscal year.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

There is only one collection locations for the Commission.

6. Using the listing provided by management, select all of the entity's cash collections locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than five locations). For each cash collection locations selected:

- a. Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Written documentation indicates the Commission only accepts payments by check, and does not accept cash payments. The person responsible for collecting the checks also prepares and makes the deposits. The Director reviews collections on a monthly basis.

- b. Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Per written documentation, the Director regularly reviews the progress of revenue collections as it pertains to the budget to make sure that revenue collections are sufficient and that the court systems within their jurisdiction is remitting court costs. The Director investigates any inconsistencies in the collection process.

- c. Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- i. Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

We used a cash receipts journal to recap weekly collections and selected the highest dollar week of collections for testing. All collections received were checks with a collection form attached. The collection forms are stamped with the date received, which are typically through the mail. When comparing the collection forms to deposit slips and bank statements we noted that the days from collection to deposit ranged from one day to fourteen days. Per written collection policy, deposits are to be made on a weekly basis. Per discussion with the Director, they may not make deposits weekly if there are not a lot of collections received, and are kept in a locked drawer.

- ii. Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

The check collections tested above were completely supported by documentation and in agreement with deposit slip and clearance on the bank statement.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Per written documentation and discuss, the Director regularly reviews the progress of revenue collections as it pertains to the budget to make sure that revenue collections are sufficient and investigates any inconsistencies in the collection process. Substantially all revenues are court costs collected by the various court systems in the Commission jurisdictional region, so the Commission has no way of knowing if court costs remitted are accurate, as it has no means to specifically monitor that activity. However, they do have expectations of what should be remitted based on collection experience.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

We obtained the beginning and ending check numbers for fiscal year ended December 31, 2017 and obtained management's representation that the general ledger detail was complete.

9. Using the disbursement population from No. 8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a. Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Yes, purchases were initiated using a purchase order, if necessary. Purchase orders were used for any non-recurring items per Commission's policy.

- b. Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

For three purchase orders, there was no name for who initiated the purchase but all purchase orders were approved by the director. For another three purchase orders, the director initiated the purchase and approved the purchase order. All other purchase orders were initiated by someone other than the Director who approved them.

- c. Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

For three randomly disbursements selected there were no receiving reports. Per discussion with the Commission's outside accountant, she receives the receiving report or packing slip from the Crime Lab and makes sure it agrees to the invoice and purchase order. Once she verifies that it all agrees she disposes of the receiving report or packing slip. For fiscal year 2018, the receiving report or packing slip will be kept with the other support for those items. Per the disbursement policy, the Director reviews all check support including the invoices and purchase orders before signing the checks, however he does not sign the invoice noting his review and approval. All other disbursements had an approved purchase order, if necessary and an invoice before the payments were processed.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

The Commission does not have a written documentation for the items above. All accounting is handled by an outside accountant.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Per policy, the Director approves all purchases, except recurring items, using purchase orders. The Director also reviews all support for the disbursements before signing the checks. All accounting is handled by an outside accountant.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Per inquiry of management and observation, all unused checks are stored at the outside accountant's office. The Director is the only person with signatory authority.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

The Commission does not use a signature stamp.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Management provided a list of all active credit cards, bank debit cards, fuel cards, and P-cards, including the card numbers and the names of the persons who maintain possession of the cards. We obtained management's representation that the listing was complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year.

The Commission has seven credit cards, so a sample of three cards was selected for testing.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized cardholder.

There was no written evidence of approval on the monthly statements. The director approves all purchases through the use of purchase orders. The Director also reviews all support for the disbursements, including the monthly statements before signing the checks. The Director is the authorized cardholder of one of the selected cards, the other cards are in the possession of the Lab's secretary.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

There was no finance charge and/or late fee assessed on the selected statements.

16. Using the monthly statements or combined statements selected under No. 15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
- i. An original itemized receipt (i.e., identifies precisely what was purchased)

Original itemized receipts supported all transactions.

- ii. Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

The transactions had documentation of a business or public purpose.

- iii. Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

All transactions had documentation required by the written policies such as purchase orders.

- c) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

No exceptions noted.

- d) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

We obtained the general ledger detail for the fiscal year ended December 31, 2017. We obtained management's representation that the listing was complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Per review of the written policies, meals are reimbursed using the Louisiana State Travel Guide rates.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
 - a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

All disbursements selected were reimbursed in accordance with the written policies.

b) Report whether each expense is supported by:

- i. An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

Original itemized receipts supported all expenses reimbursements.

- ii. Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

All expense reimbursements had documentation of the business/public purpose.

- iii. Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

All transactions had documentation required by the written policies such as a completed expense report.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions were noted.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

All of the reimbursements were approved by the Director.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Obtained listing from management for the fifteen contracts. We obtained management's representation that the listing was complete.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

For two of the contracts there was no formal/written contract. The contracts had been in effect for many years and the Commission only receives a continuation of service invoice each fiscal year. The other contracts selected for testing had a written contract.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
- i. If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

None of the contracts selected for testing were subject to the Public Bid Law requirements.

- ii. If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

Not applicable

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

Not applicable

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

The payments for the contract complied with contract/continuation of service invoice.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Not applicable for the Commission.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

We obtained a listing of all employees and appointed officials during the fiscal year ending December 31, 2017. A representation was obtained from management that the listing was complete.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

Compensation paid to the selected employees was in agreement with applicable pay rate structure.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Per Director, there were no changes made to hourly pay rates/salaries during the fiscal period. For those five employees selected this was confirmed.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

We obtained attendance and leave records for all employees. We randomly selected one pay period in which leave was taken and selected 8 employees (one-third of their twenty-two employees) at random during that pay period for testing below.

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Per the Director, all employees are on salary and are not required to document their daily attendance. For any leave taken, the employee is required to fill out a leave form to be approved by the director. For all employees that took leave during the pay period selected, their leave was approved by the director.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

The Director approved all leave for the employees. Employees are on salary and not required to document their daily attendance.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

The Commission maintains all leave records for the employees.

- 24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Per discussion with the Director, no employees were terminated during the fiscal period. The Commission did have one employee who passed away during the fiscal period, however this employee had not leave left so there was no termination payments made.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

We noted that both the employee and employer portions of retirement contributions were submitted to the applicable agencies by the required deadlines. Payroll taxes are paid through an outside payroll service (ADP).

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Per discussion with the Director, when employees are hired they complete a training course which includes disciplinary training. Ethics training is not done annually.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Per discussion with the Director, there were no alleged ethics violations during the fiscal period.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Not applicable as the Commission has no borrowed indebtedness.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Not applicable as the Commission has no borrowed indebtedness.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Not applicable as the Commission has no borrowed indebtedness.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Based on our discussion with the Director, they did not have any misappropriations of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

We observed the entity has posted on its premises the notice required by R.S. 25:523.1. The Commission did not have a website for fiscal year 2017.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions noted.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Brunson P. ... LLP

Lafayette, Louisiana
June 25, 2018