

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

Financial Statements With Auditor's Report

As of and For the Year Ended December 31, 2016

North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the North Louisiana Criminalistics Laboratory Commission (the "Commission") as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the North Louisiana Criminalistics Laboratory Commission's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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 governmental activities and major fund of the North Louisiana Criminalistics Laboratory Commission as of December 31, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-9, budgetary comparison information on pages 33-34, the schedule of proportionate share of net pension liability on page 35, and the schedule of contributions on page 36, 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 required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Louisiana Criminalistics Laboratory Commission's (the "Commission"), basic financial statements. The accompanying other supplementary information listed in the table of contents as Schedule of Compensation, Benefits, and Other Payments to Agency Head and shown on page 37 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Schedule of Compensation, Benefits, and Other Payments to Agency Head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 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 is 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 26, 2017, on our consideration of North Louisiana Criminalistics Laboratory Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing

of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Louisiana Criminalistics Laboratory Commission's internal control over financial reporting and compliance.

Cook & Morehart

Cook & Morehart
Certified Public Accountants
June 26, 2017

NORTH LOUISIANA CRIMINALISTICS LABORATORY COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of North Louisiana Criminalistics Laboratory Commission's financial performance provides an overview of the North Louisiana Criminalistics Laboratory Commission's financial activities for the fiscal year ended December 31, 2016. Please read it in conjunction with the Commission's financial statements, which begin on page 10.

FINANCIAL HIGHLIGHTS

The North Louisiana Criminalistics Laboratory Commission's net position increased by \$5,602,725 or 25%.

The North Louisiana Criminalistics Laboratory Commission's total revenues were \$9,815,531 in 2016 compared to \$11,088,907 in 2015; this decrease is due to less capital outlay funds for new facility being constructed.

During the year ended December 31, 2016, the North Louisiana Criminalistics Laboratory Commission had total expenses, excluding depreciation of \$4,040,672, compared to \$3,322,042 in 2015.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 10 and 11) provide information about the activities of the North Louisiana Criminalistics Laboratory Commission as a whole and present a longer-term view of the Commission's finances. Fund financial statements start on page 12. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the North Louisiana Criminalistics Laboratory Commission's operations in more detail than the government-wide statements by providing information about the North Louisiana Criminalistics Laboratory Commission's most significant funds.

Reporting the North Louisiana Criminalistics Laboratory Commission as a Whole

Our analysis of the North Louisiana Criminalistics Laboratory Commission as a whole begins on page 10. One of the most important questions asked about the North Louisiana Criminalistics Laboratory Commission's finances is "Is the North Louisiana Criminalistics Laboratory Commission as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the funds maintained by the North Louisiana Criminalistics Laboratory

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

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

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

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

Reporting the Commission's Most Significant Funds

Our analysis of the major funds maintained by the North Louisiana Criminalistics Laboratory Commission begins on page 12. The fund financial statements begin on page 12 and provide detailed information about the most significant funds maintained by the North Louisiana Criminalistics Laboratory Commission– not the North Louisiana Criminalistics Laboratory Commission as a whole. The North Louisiana Criminalistics Laboratory Commission's *governmental funds* use the following accounting approaches:

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

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

The North Louisiana Criminalistics Laboratory Commission's total net position changed from a year ago, increasing from \$22,634,057 to \$28,236,782. Our analysis below will focus on key elements of the total governmental funds for the years ended December 31, 2016 and 2015.

Table 1
Net Position

	Governmental Activities	
	2016	2015
Current and other assets	\$ 3,642,465	\$ 1,446,989
Capital assets	26,347,624	22,083,556
Total assets	<u>29,990,089</u>	<u>23,530,545</u>
Deferred outflows of resources		
- pension related	<u>1,205,397</u>	<u>463,239</u>
Current liabilities	1,842,767	1,208,732
Long-term liabilities	979,571	109,055
Total liabilities	<u>2,822,338</u>	<u>1,317,787</u>
Deferred inflows of resources		
- pension related	<u>136,366</u>	<u>41,940</u>
Net position:		
Net investment in capital assets	24,841,230	21,042,366
Unrestricted	3,395,552	1,591,691
Total net position	<u>\$ 28,236,782</u>	<u>\$ 22,634,057</u>

Net position of the North Louisiana Criminalistics Laboratory Commission's governmental activities increased by \$5,602,725 or 25%. Unrestricted net assets, the part of net assets that can be used to finance North Louisiana Criminalistics Laboratory Commission expenses without constraints or other legal requirements, increased from \$1,591,691 at December 31, 2015 to \$3,395,552 at December 31, 2016. This increase is due to a legislative increase in fees and fines which are remitted from the various courts.

Table 2
Change in Net Position

	Governmental Activities	
	2016	2015
Revenues		
Program Revenues		
Capital grants and contributions	\$ 5,034,951	\$ 8,076,687
Operating grants and contributions	88,233	82,607
Court fees:		
District courts	1,797,512	1,141,607
City courts	1,183,430	563,621
Mayor courts	355,838	125,930
Bond fees	110,771	111,367
Fees Act 432	1,145,180	805,537
General Revenues		
Interest income	429	165
Miscellaneous revenues	99,187	181,386
Total revenues	<u>9,815,531</u>	<u>11,088,907</u>
Expenses		
Operations - criminalistics laboratory	<u>4,212,806</u>	<u>3,513,341</u>
Increase (decrease) in net position	<u>\$ 5,602,725</u>	<u>\$ 7,575,566</u>

Total revenues decreased \$1,273,376 or 12% from total revenues in the year ended December 31, 2015 of \$11,088,907 to total revenues of \$9,815,531 in the year ended December 31, 2016. The primary reason for the decrease was a decrease in capital outlay funds received for new facility being constructed.

THE COMMISSION'S FUNDS

As the Commission completed the year, its governmental funds (as presented in the balance sheet on page 12) reported a *combined* fund balance of \$1,571,780, which is higher than last year's fund balance of \$177,518. This increase is due to a legislative increase in fees and fines which are remitted from the various courts.

General Fund Budgetary Highlights

The Commission adopted a budget for its General Fund for the year ended December 31, 2016. There was one amendment to the budget during the year. The Commission's

budgetary comparison is presented as required supplementary information and shown on page 33. Highlights for the year are as follows:

- Actual revenues were lower than budgeted amounts, due to less capital outlay and grant funds being received by year-end than originally anticipated.
- Actual expenses were lower than budgeted amounts, due to less capital outlay funds being expended by year-end for new facility being constructed than originally anticipated.

The Commission's General Fund balance of \$1,571,780 reported on page 12 differs from the General Fund's *budgetary* fund balance of \$1,377,319 reported in the budgetary comparison schedule on page 33. This is primarily due to the Commission budgeting on the cash basis of accounting.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2016 and 2015, the North Louisiana Criminalistics Laboratory Commission had invested \$26,347,624 and \$22,083,556, respectively, in capital assets. (see table 3 below)

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

	2016	2015
Land	\$ 76,161	\$ 76,161
Construction in progress	24,656,001	20,674,374
Buildings	137,217	156,820
Lab and office equipment	881,295	1,044,373
Furniture and fixtures	413,119	4,939
Idle assets	139,065	110,953
Software		6,028
Vehicles	44,766	9,908
	<u>\$ 26,347,624</u>	<u>\$ 22,083,556</u>
Total		

This year's major additions included:

Construction in progress	\$ 3,981,627	\$ 7,487,329
Furniture and fixtures	413,519	
Vehicles	41,056	
Lab and office equipment		241,646
Total	<u>\$ 4,436,202</u>	<u>\$ 7,728,975</u>

More detailed information about the capital assets are presented in Note 6 to the financial statements.

Debt Administration

Long-term liabilities of the Commission are summarized as follows:

Table 4
Long-term Liabilities at Year End

	Governmental Activities <u>2016</u>	Governmental Activities <u>2015</u>
Net pension liability	\$ 852,416	\$ 91,327
Capital Lease – equipment	99,453	
Compensated absences	<u>35,583</u>	<u>30,821</u>
	<u>\$ 987,452</u>	<u>\$ 122,148</u>

More detailed information about the long-term liabilities is presented in Note 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The North Louisiana Criminalistics Laboratory Commission's management considered many factors when setting a fiscal year December 31, 2017 budget. Amounts available for appropriation and expenditures are expected to decrease with the completion of the new North Louisiana Forensic Science Center.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

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

North Louisiana Criminalistics Laboratory Commission
 Shreveport, Louisiana
 Statement of Net Position
 December 31, 2016

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 1,439,127
Receivables	2,134,122
Prepaid expenses	69,216
Capital assets	
Depreciable (net)	447,876
Non-depreciable	<u>25,899,748</u>
Total assets	<u>29,990,089</u>
DEFERRED OUTFLOWS OF RESOURCES - Pension Related	<u>1,205,397</u>
LIABILITIES	
Accounts payable	1,713,456
Accrued liabilities	129,311
Long-term liabilities:	
Due within one year	54,874
Due in more than one year	<u>924,697</u>
Total liabilities	<u>2,822,338</u>
DEFERRED INFLOWS OF RESOURCES - Pension Related	<u>136,366</u>
NET POSITION	
Net investment in capital assets	24,841,230
Unrestricted	<u>3,395,552</u>
Total net position	<u>\$ 28,236,782</u>

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

North Louisiana Criminalistics Laboratory Commission
 Shreveport, Louisiana
 Statement of Activities
 For the Year Ended December 31, 2016

GOVERNMENTAL ACTIVITIES

Expenses:

Operations - criminalistics laboratory	\$ 4,211,619
Interest on long-term debt	1,187
Total expenses	4,212,806

Program revenues:

Charges for services:

Court fees:	
District courts	1,797,512
City courts	1,183,430
Mayor courts	355,838
Bond fees	110,771
Fees Act 432	1,145,180
Operating grants and contributions	88,233
Capital grants and contributions	5,034,951

Total program revenues	9,715,915
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Net program revenues	5,503,109
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General revenues:

Interest income	429
Intergovernmental	45,144
Miscellaneous	54,043

Total general revenues	99,616
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Change in net position	5,602,725
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Net position - beginning	22,634,057
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Net position - ending	\$ 28,236,782
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The accompanying notes are an integral part of the financial statements.

North Louisiana Criminalistics Laboratory Commission
 Shreveport, Louisiana
 Balance Sheet
 Governmental Fund
 December 31, 2016

	General Fund
Assets	
Cash	\$ 1,439,127
Receivables	2,134,122
Total assets	\$ 3,573,249
Liabilities	
Accounts payable	\$ 1,713,456
Accrued liabilities	129,311
Total liabilities	1,842,767
Deferred inflows of resources	
Unavailable revenue	158,702
Fund balances	
Unassigned	1,571,780
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,573,249
Total fund balances - governmental funds	\$ 1,571,780
Amounts reported for governmental activities in the statement of net position are different because:	
The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources.	69,216
Long-term liabilities and other amounts are not due and payable in the current period and therefore are not reported in the funds.	
Compensated absences	(27,702)
Net pension liability	(852,416)
Capital lease	(99,453)
Deferred inflows - pension related	(136,366)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	26,347,624
Other long-term assets and other amounts are not available to pay for current period expenditures and therefore are not available in the fund statements	
Unavailable revenue	158,702
Deferred outflows - pension related	1,205,397
Net position of governmental activities	\$ 28,236,782

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

North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Fund
For the Year Ended December 31, 2016

	General Fund
Revenues	
Court fees:	
District courts	\$ 1,797,512
City courts	1,183,430
Mayor courts	349,088
Intergovernmental	
Capital outlay	4,736,854
Grants	219,613
Other	45,144
Bond fees	110,771
Fees Act 432	1,145,180
Interest income	429
Miscellaneous	55,734
Total revenues	9,643,755
Expenditures	
Operations:	
Auto expense	8,720
Building maintenance	95,514
Accreditation expense	13,700
Dues and subscriptions	4,148
Freight	1,925
Insurance - general	94,066
Insurance - health	250,690
Laboratory equipment maintenance	55,968
Laboratory supplies	145,058
Professional fees	21,507
Office supplies	47,814
Document examiner	27,600
DNA	965,192
Other services	7,339
Retirement expense	231,203
Salaries	1,748,275
Payroll taxes	22,222
Training	27,888
Travel	5,084
Utilities	137,422
Miscellaneous	221
Capital outlay	4,436,202
Debt service:	
Principal payment	10,727
Interest	1,187
Total expenditures	8,359,672
Excess of revenues over (under) expenditures	1,284,083
Other financing sources:	
Proceeds from capital lease	110,179
Total other financing sources	110,179
Net change in fund balance	1,394,262
Fund balance, beginning of year	177,518
Fund balance, end of year	\$ 1,571,780

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

North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Fund to the Statement of Activities
For the Year Ended December 31, 2016

Net change in fund balances - total governmental fund	\$ 1,394,262
Amounts reported for governmental activities in the statement of activities are different because:	
The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources.	18,966
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.	
Capital lease	(99,453)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	
Compensated absences	(9,973)
Pension expense	(136,920)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Unavailable revenue	148,212
Non-employer contributions to cost-sharing pension plan	23,563
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$4,436,202) exceeded depreciation (\$172,134) in the current period.	<u>4,264,068</u>
Change in net position of governmental activities	<u>\$ 5,602,725</u>

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

North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana
Notes to Financial Statements
December 31, 2016

INTRODUCTION

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

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

(1) Summary of Significant Accounting Policies

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

A. Reporting Entity

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

B. Basic Financial Statements – Government-Wide Statements

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

(Continued)

North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana
Notes to Financial Statements
December 31, 2016
(Continued)

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables. The North Louisiana Criminalistics Laboratory Commission's net position is reported in two parts – net investment in capital assets and unrestricted net position

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

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

C. Basic Financial Statements – Fund Financial Statements

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

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

Governmental Funds – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the North Louisiana Criminalistics Laboratory Commission:

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

The emphasis in fund financial statements is on the major funds in the governmental category. GASB sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Commission's general fund was determined to be a major fund.

(Continued)

North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana
Notes to Financial Statements
December 31, 2016
(Continued)

D. Basis of Accounting

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

1. Accrual:

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

The Commission's primary revenue source consists of fees assessed in accordance with Louisiana Revised Statute 40:2264 on criminal cases prosecuted under state statutes, parish ordinances, or city ordinances in any mayor's, city, or district court of the State of Louisiana sitting within a parish served by the Commission. The fees are assessed in accordance with fee schedule as listed in Louisiana Revised Statute 40:2264 and vary per case depending on the type of offense. Revenue is recorded based upon the period collected by various courts. Interest income is recorded when earned. Donations are recorded when received in cash, because they are generally not measurable until actually received. Federal and state grants are recorded when the Commission is entitled to the funds. Grant funds received but not yet expended are recorded as reserved fund balances and restricted net position until those funds are utilized for intended purposes of the grants.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this rule is that principal and interest on general obligation long-term debt, if any, is recognized when due. Depreciation is not recognized in the governmental fund financial statements.

E. Budgets

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

- (1) Submit it to the Board of Commissioners for approval.
- (2) Submit it to all governing authorities of the parishes which the Commission serves in order to obtain at least a majority approval.
- (3) All budgetary appropriations lapse at the end of each fiscal year.
- (4) The basis of accounting applied to budgetary data is presented on the cash basis of accounting.

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North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana
Notes to Financial Statements
December 31, 2016
(Continued)

F. Cash, Cash Equivalents, and Investments

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

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are carried at cost, which approximates market.

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The Federal Government has a reversionary interest in property purchased with federal funds. Its disposition as well as the ownership of any proceeds therefrom is subject to federal regulations.

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

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

H. Compensated Absences

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

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

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North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana
Notes to Financial Statements
December 31, 2016
(Continued)

I. Use of Estimates

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

J. Prepaid Items

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

K. Net Position

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

L. Fund Balance

In the governmental fund financial statements, fund balances are classified as follows:

1. Nonspendable - amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.
2. Restricted - amounts that can be spent only for specific purposes due to constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
3. Committed - amounts that can be used only for the specific purposes as a result of constraints imposed by the Commission (the Entity's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the judge removes those constraints by taking the same type of action (i.e. legislation, resolution, ordinance).
4. Assigned - amounts that are constrained by the Commission's intent to be used for specific purposes, but are neither restricted nor committed.
5. Unassigned - all amounts not included in other spendable classifications

(Continued)

North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana
Notes to Financial Statements
December 31, 2016
(Continued)

When both restricted and unrestricted fund balances are available for use, it is the Commission's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

M. Deferred Inflows/Outflows 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 so will not be recognized as an outflow of resources (expense/expenditure) until then. The Commission has one type that meets this definition and qualifies for reporting in this category. Accordingly, the item pension-related is reported in the statement of net position.

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*, reflects an increase in net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Commission has two types of these items that meet this definition and qualify for reporting in this category. Accordingly, the item pension-related is reported in the statement of net position and unavailable revenue is reported in the governmental funds balance sheet.

N. Pension Plan

The Commission is a participating employer in a cost-sharing, multiple-employer, defined benefit pension plan as described in Note 7. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions for the plans fiduciary net position have been determined on the same basis as they are reported by the plan.

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North Louisiana Criminalistics Laboratory Commission
 Shreveport, Louisiana
 Notes to Financial Statements
 December 31, 2016
 (Continued)

(2) Cash and Cash Equivalents

At December 31, 2016, the Commission had cash and cash equivalents (book balances) totaling \$1,439,127 in interest bearing demand deposit and savings accounts. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of December 31, 2016, \$1,287,195 of the Commission's bank balances of \$1,537,195 was exposed to custodial credit risk as uninsured deposits protected and collateralized with pledge securities held by the custodial bank's trust department not in the Commission's name.

(3) Receivables

The following is a summary of receivables at December 31, 2016:

Court fees	\$ 409,020
Bond fees	9,882
Grants	9,918
Capital outlay	1,690,162
Other	<u>15,140</u>
Total	<u>\$ 2,134,122</u>

(4) Risk Management

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

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North Louisiana Criminalistics Laboratory Commission
 Shreveport, Louisiana
 Notes to Financial Statements
 December 31, 2016
 (Continued)

(5) Long-term Debt

The Commission's long-term liabilities related to pension, capital lease, and compensated absences for the year ended December 31, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Net pension liability	\$ 91,327	\$ 761,089	\$	\$ 852,416	\$
Capital Lease – equipment		99,453		99,453	27,172
Compensated absences	30,821	123,408	(118,646)	35,583	35,583
	\$ 122,148	\$ 983,950	\$(118,646)	987,452	62,755
Less amounts due within period of availability				(7,881)	(7,881)
Total long-term liabilities, government-wide statements				\$ 979,571	\$ 54,874

Capital Lease - Equipment

During 2016, the Commission entered into a capital lease agreement to lease a phone system. The lease agreement qualifies as a capital lease for accounting purposes. The phone system is included in capital assets at a cost of \$110,179, with accumulated depreciation totaling \$4,591 as of December 31, 2016. Interest has been imputed at a rate of 1.632%, and the Commission will make annual payments through 2020. The debt service requirements to maturity are as follows:

Year Ending <u>December 31,</u>	
2017	\$ 28,593
2018	28,593
2019	28,593
2020	16,678
Total minimum lease payments	\$ 102,457
Less amounts representing interest	(3,004)
Present value of minimum lease payments	\$ 99,453

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North Louisiana Criminalistics Laboratory Commission
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Notes to Financial Statements
December 31, 2016
(Continued)

(6) Capital Assets

Capital asset activity for the year ended December 31, 2016, was as follows:

	Balance at Jan. 1, 2016	Transfers	Additions	Deletions	Balance at Dec. 31, 2016
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 76,161	\$	\$	\$	\$ 76,161
Construction in progress	20,674,374		3,981,627		24,656,001
Idle assets	900,170	267,416			1,167,586
Total capital assets, not being depreciated	21,650,705	267,416	3,981,627		25,899,748
Capital assets, being depreciated:					
Buildings	960,532				960,532
Lab and office equipment	2,977,584	(267,416)			2,710,168
Furniture and fixtures	24,796		413,519		438,315
Software	107,912				107,912
Vehicles	104,395		41,056	(17,359)	128,092
Total capital assets, being depreciated at historical cost	4,175,219	(267,416)	454,575	(17,359)	4,345,019
Less accumulated depreciation:					
Buildings	(803,712)		(19,603)		(823,315)
Lab and office equipment	(2,722,428)		(134,965)		(2,857,393)
Furniture and fixtures	(19,857)		(5,339)		(25,196)
Software	(101,884)		(6,029)		(107,913)
Vehicles	(94,487)		(6,198)	17,359	(83,326)
Total accumulated depreciation	(3,742,368)		(172,134)	17,359	(3,897,143)
Total capital assets, being depreciated, net	432,851	(267,416)	282,441		447,876
Governmental activities capital assets, net	\$ 22,083,556	\$	\$ 4,264,068	\$	\$ 26,347,624

Depreciation expense of \$172,134 was charged to Operations - criminalistics laboratory in the Statement of Activities.

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North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana
Notes to Financial Statements
December 31, 2016
(Continued)

(7) Pension Plan

The Commission participates in the Parochial Employees' Retirement System of Louisiana (System), a cost-sharing multiple-employer defined benefit pension plan established by Act 205 of the 1952 regular session of the Legislature of the State of Louisiana to provide retirement benefits to all employees of any parish in the state of Louisiana or any governing body or a parish which employs and pays persons serving the parish. Act 765 of the year 1979, established by the Legislature of the State of Louisiana, revised the System to create Plan A and Plan B to replace the "regular plan" and the "supplemental plan". Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date. The Retirement System is governed by Louisiana Revised Statutes, Title 11, Sections 1901 through 2025, specifically, and other general laws of the State of Louisiana.

All employees of the Commission are members of Plan A.

Plan Description

Parochial Employees' Retirement System of Louisiana is the administrator of a cost sharing multiple employer defined benefit pension plan. The System was established and provided for by R.S. 11:1901 of the Louisiana Revised Statute (LRS). The System provides retirement benefits to employees of taxing Commission s of a parish or any branch or section of a parish within the State which does not have their own retirement system and which elects to become members of the System. The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to these appropriate statutes for more complete information.

Eligibility Requirements:

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 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 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.

For employees hired after January 1, 2007:

1. Age 55 with 30 years of service.
2. Age 62 with 10 years of service.
3. Age 67 with 7 years of service.

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North Louisiana Criminalistics Laboratory Commission
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Notes to Financial Statements
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(Continued)

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

Survivor Benefits:

Upon the 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. 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.

Deferred Retirement Option Plan:

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, any member of Plan A or B who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his 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 individual's subaccount after termination in the Plan will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of 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.

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North Louisiana Criminalistics Laboratory Commission
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Notes to Financial Statements
December 31, 2016
(Continued)

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.

Cost of Living Increases:

The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (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.

Employer Contributions

According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2015, the actuarially determined contribution rate was 10.4% of member's compensation for Plan A. However, the actual rate for the fiscal year ending December 31, 2015 was 14.50% for Plan A. The actual rate for the fiscal year ending December 31, 2016 was 13.0%. The Commission's contributions to the System for the years ended December 31, 2016, 2015, and 2014 were \$234,160, \$269,224, and \$306,622, respectively. Included in employer contributions are contributions due for the for the fourth quarter of 2016 totaling \$59,622, which were paid in January 2017.

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-employer contributing entities. Non-employer contributions received by the System and attributable to the Commission during the years ended December 31, 2016 and 2015 were \$23,563 and \$23,840, respectively.

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North Louisiana Criminalistics Laboratory Commission
 Shreveport, Louisiana
 Notes to Financial Statements
 December 31, 2016
 (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2016, the Commission reported a liability of \$852,416 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The historical employer contributions are used to determine the proportionate relationship of each employer to all employers of Parochial Employees' Retirement System of Louisiana. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The resulting allocation percentages were used in calculating each employer's proportionate share of the pension amounts.

The allocation method used in determining each employer's proportion was based on each employer's contribution to the plan during the fiscal year ended December 31, 2015 as compared to the total of all employer's contributions received by the plan during the fiscal year ended December 31, 2015.

At December 31, 2015, the Commission's proportion was .323831%, which was a decrease of .010201% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the Commission recognized pension expense of \$368,616, plus employer's amortization of change in proportionate share and the difference between employer contributions and proportionate share of contributions, (\$6).

At December 31, 2016, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Differences between expected and actual experience	\$	\$ 135,472
Changes of assumptions	189,932	
Net difference between projected and actual earnings on pension plan investments	779,984	
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,321	894
Employer contributions subsequent to the measurement Date	234,160	
Total	<u>\$ 1,205,397</u>	<u>\$ 136,366</u>

The Commission reported a total of \$234,160 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of December 31, 2015, which will be recognized as a reduction in net pension liability in the year ended December 31, 2017.

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North Louisiana Criminalistics Laboratory Commission
 Shreveport, Louisiana
 Notes to Financial Statements
 December 31, 2016
 (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 221,244
2017	219,780
2018	233,826
2019	160,021
Total	<u>\$ 834,871</u>

Actuarial Methods and Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2015, are as follows:

Valuation Date	December 31, 2015
Actuarial Cost Method	Plan A – Entry Age Normal
Investment Rate of Return	7.00% (Net of investment expense)
Expected Remaining Service lives	4 years
Projected Salary Increases	Plan A – 5.25% (2.75% Merit/2.50% Inflation)
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.
Mortality	RP-2000 Employee Sex Distinct Table was selected for employees. RP-2000 Healthy Annuitant Sex Distinct Tables were selected for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.

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North Louisiana Criminalistics Laboratory Commission
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 Notes to Financial Statements
 December 31, 2016
 (Continued)

The discount rate used to measure the total pension liability was 7.00% for Plan A. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Amounts reported in fiscal year ended December 31, 2015 for Parochial Employees' Retirement System reflect an adjustment in the discount rate used to measure the total pension liability. The discount rate for the System was reduced by 0.25% to 7.00% as of the valuation date December 31, 2015. Other changes are as follows:

Valuation Date	December 31, 2015	December 31, 2014
Inflation Rate	2.50%	3.00%
Project Salary Increases	5.25% (2.50% Inflation, 2.75% Merit)	5.75% (3.00% Inflation, 2.75% Merit)

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 7.55% for the year ended December 31, 2015.

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, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Fixed income	34%	1.06%
Equity	51%	3.56%
Alternatives	12%	0.74%
Real assets	3%	0.19%
Totals	<u>100%</u>	<u>5.55%</u>
Inflation		<u>2.00%</u>
Expected Arithmetic Nominal Return		<u>7.55%</u>

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North Louisiana Criminalistics Laboratory Commission
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 Notes to Financial Statements
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 (Continued)

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 then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The RP-2000 Healthy Annuitant Mortality 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 5 years for males and 3 years for females was selected. For active employees, the RP-2000 Employee Sex Distinct Tables set back 4 years for males and 3 years for females was used.

Sensitivity to Change in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.00%, as well as what the employers' net pension liability 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.

	PLAN A		
	Changes in Discount Rate		
		Current	
	1%	Discount	1%
	Decrease	Rate	Increase
	6.00%	7.00%	8.00%
Net Pension Liability (Asset)	\$2,135,613	\$852,416	\$(232,039)

Change in Net Pension Liability

The changes in the net pension liability for the year ended December 31, 2015 were recognized in the current reporting period as pension expense except as follows:

Differences between Expected and Actual Experience:

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

Differences between Projected and Actual Investment Earnings:

Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five year period.

Change in Assumptions:

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

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Change in Proportion:

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense/(benefit) using a the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan.

Contributions – Proportionate Share

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense/(benefit) using the straight line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan.

Retirement System Audit Report

Parochial Employees' Retirement System of Louisiana issued a stand-alone audit report on its financial statements for the year ended December 31, 2015. 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.

Plan Fiduciary Net Position

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts. The Plan's fiduciary net position has been determined on the same basis as that used by the plan. Detailed information about the fiduciary net position is available in a stand-alone audit report on their financial statements for the year ended December 31, 2015. Access to these reports can be found on the Louisiana Legislative Auditor's website, www.lla.la.gov.

(8) Commitment

The Commission has entered into a cooperative endeavor agreement with the State of Louisiana to provide funding for approximately \$27,395,300 for the purpose of renovating, replacing, and expanding its existing facilities, and/or constructing new facilities. The Commission has signed contracts in relation to this project totaling approximately \$24,836,175. Of this amount, approximately \$24,649,975 has been incurred as of December 31, 2016.

(Continued)

North Louisiana Criminalistics Laboratory Commission
 Shreveport, Louisiana
 Notes to Financial Statements
 December 31, 2016
 (Continued)

(9) Accrued Liabilities

Accrued liabilities at December 31, 2016, consisted of the following:

Compensated absences	\$ 7,881
Retirement payable	103,192
Payroll taxes	<u>18,238</u>
	<u>\$ 129,311</u>

(10) Accounts Payable

Accounts payable at December 31, 2016 consisted of the following:

Construction payable	\$ 1,690,162
Others	<u>23,294</u>
	<u>\$ 1,713,456</u>

(11) Leases

The Commission has several operating lease agreements for office equipment. During 2016, total payments under these leases were \$5,336. The minimum annual commitments under leases are as follows.

Year Ending <u>December 31,</u>	
2017	\$ 2,452
2018	<u>1,292</u>
	<u>\$ 3,744</u>

(12) Subsequent Events

Subsequent events have been evaluated through June 26, 2017, the date the financial statements were available to be issued

In 2017, the Commission signed additional contracts totaling approximately \$542,970 for additions and renovations for the newly constructed facility that will be funded with capital outlay

North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana
Required Supplementary Information
Schedule of Revenues, Expenditures, and Changes in Fund Balances-
Budget (Cash Basis) and Actual
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u> Original	<u>Budgeted Amounts</u> Final	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues				
Court fees:				
District courts	\$ 2,380,000	\$ 1,690,000	\$ 1,699,445	\$ 9,445
City courts	1,100,000	1,106,000	1,140,872	34,872
Mayor courts	216,000	295,000	313,653	18,653
Grant revenue	550,000	330,950	342,097	11,147
Capital outlay	8,100,000	3,179,378	4,120,436	941,058
Bond fees	115,000	118,000	113,972	(4,028)
Fees collected Act 432	1,167,000	1,168,500	1,142,433	(26,067)
Interest income			10,918	10,918
Miscellaneous	20,000	95,819	83,547	(12,272)
Total revenues	<u>13,648,000</u>	<u>7,983,647</u>	<u>8,967,373</u>	<u>983,726</u>
Expenditures				
Operations:				
Auto expense	14,000	14,000	8,827	5,173
Building maintenance	55,000	93,800	97,877	(4,077)
Dues and subscriptions	10,000	15,000	4,149	10,851
Freight	2,500	2,500	1,925	575
Grant expenses	550,000	330,950		330,950
Insurance - general	75,000	78,775	94,066	(15,291)
Insurance - health	225,000	228,877	250,690	(21,813)
Laboratory equipment maintenance	15,000	62,000	55,968	6,032
Laboratory supplies	150,000	150,000	146,744	3,256
Audit	15,000	15,000	22,322	(7,322)
Accreditation expense	10,000	10,000	13,700	(3,700)
Office supplies	30,000	46,000	48,849	(2,849)
Legal - other services	5,000	6,200	7,425	(1,225)
DNA supplies	185,000	185,000	221,868	(36,868)
Document examiner	27,600	27,600	29,900	(2,300)
Retirement expense	245,000	245,000	236,328	8,672
Salaries	1,850,000	1,850,000	1,753,487	96,513
Payroll taxes	23,000	23,000	22,222	778
Training	30,000	30,000	24,678	5,322
Travel	25,000	25,000	5,261	19,739
Utilities	85,000	140,000	137,422	2,578
Capital outlay	8,110,000	4,229,378	4,436,202	(206,824)
Total expenditures	<u>11,737,100</u>	<u>7,808,080</u>	<u>7,619,910</u>	<u>188,170</u>
Excess (deficiency) of revenues over (under) expenditures	1,910,900	175,567	1,347,463	1,171,896
Fund balance, beginning of year		29,856	29,856	
Fund balance, end of year	<u>\$ 1,910,900</u>	<u>\$ 205,423</u>	<u>\$ 1,377,319</u>	<u>\$ 1,171,896</u>

See accompanying notes to the required supplementary schedule.

North Louisiana Criminalistics Laboratory Commission
 Shreveport, Louisiana
 Note to Required Supplementary Information
 December 31, 2016

The Commission's budget is adopted on a cash basis for all funds. There was one amendment to the 2016 budget. The budget comparison schedule included in the accompanying financial statements includes the original and adopted budgets. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the budget basis with GAAP basis:

	<u>General Fund</u>
Excess of revenues and other sources over expenditures and other uses (budget basis)	\$ 1,347,463
Adjustments:	
Revenue accruals – net	786,562
Expenditure accruals – net	<u>(739,763)</u>
Excess of revenues and other sources over expenditures and other uses (GAAP basis)	<u>\$ 1,394,262</u>

North Louisiana Criminalistics Laboratory Commission
 Shreveport, Louisiana
 Schedule of Proportionate Share of Net Pension Liability
 For the Year Ended December 31, 2016

Parochial Employees Retirement System of Louisiana

	2016	2015
Proportion of the net pension liability	0.323831%	0.334032%
Proportionate share of the net pension liability	\$ 852,416	\$ 91,327
Covered-employee payroll	1,856,716	1,820,003
Proportionate share of the net pension liability as a percentage of covered employee payroll	45.91%	5.02%
Plan fiduciary net position as a percentage of the total pension liability	92.23%	99.15%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

North Louisiana Criminalistics Laboratory Commission
 Shreveport, Louisiana
 Schedule of Contributions
 For the Year Ended December 31, 2016

Parochial Employees Retirement System of Louisiana

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 234,160	\$ 269,224
Contributions in relation to the contractually required contribution	<u>234,160</u>	<u>269,224</u>
Contribution deficiency (excess)		
Covered-employee payroll	1,801,228	1,856,716
Contributions as a percentage of covered-employee payroll	13.00%	14.50%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana
Other Supplementary Information
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2016

Agency Head: Jimmy Barnhill - System Director

<u>PURPOSE</u>	<u>AMOUNT</u>
Salary	\$ 150,000
Benefits - insurance	8,348
Benefits - retirement	19,500
Vehicle provided by government	681
Dues	240
Miscellaneous	175
Auto	334
Cell phone	1,212
Travel	169

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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*

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of the North Louisiana Criminalistics Laboratory Commission as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the North Louisiana Criminalistics Laboratory Commission's basic financial statements, and have issued our report thereon dated June 26, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered North Louisiana Criminalistics Laboratory 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 North Louisiana Criminalistics Laboratory Commission's internal control. Accordingly, we do not express an opinion of the effectiveness of the North Louisiana Criminalistics Laboratory 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

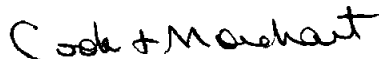
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or, significant deficiencies. Given these limitations, during 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 North Louisiana Criminalistics Laboratory Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cook & Morehart
Certified Public Accountants
June 26, 2017

North Louisiana Criminalistics Laboratory
Shreveport, Louisiana
Summary Schedule of Audit Findings
Schedule For Louisiana Legislative Auditor
December 31, 2016

Summary Schedule of Prior Audit Findings

There were no findings for the prior year audit for the year ended December 31, 2015.

Corrective Action Plan for Current Year Audit Findings

There are no findings for the current year audit for the year ended December 31, 2016.