

METRO NARCOTICS UNIT OF OUACHITA PARISH

*Financial Statements
For the Year Ended September 30, 2015*

METRO NARCOTICS UNIT OF OUACHITA PARISH
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Metro Narcotics Unit of Ouachita Parish

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities of Metro Narcotics Unit of Ouachita Parish (Metro), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements of Metro 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.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities for Metro Narcotics Unit of Ouachita Parish, as of September 30, 2015, and the respective changes in financial position, for the year then ended in conformity 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 and budgetary comparison information on pages 3 through 6 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. I 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurances.

Other Information

The Schedule of Compensation, Reimbursements, Benefits and Other Payments to Agency Head, Political Subdivision Head, or Chief Executive Officer is the responsibility of management and was derived directly from and relate 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 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Schedule of Compensation, Reimbursements, Benefits and Other Payments to Agency Head, Political Subdivision Head, or Chief Executive Officer is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated February 2, 2016, on my consideration of Metro's internal control over financial reporting and on my 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 my 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 *Governmental Auditing Standards* in considering Metro Narcotics Unit of Ouachita Parish's internal control over financial reporting and compliance.

David M. Hard, CPA (APAC)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Metro Narcotics Unit of Ouachita Parish provides an overview of Metro's activities for the year ended September 30, 2015. Please read it in conjunction with Metro's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of Metro as a whole.

Reporting Metro as a Whole

The Statement of Net Position and the Statement of Activities

The Statement of Net Position includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report Metro's net position and changes in them. Metro's net position – the difference between assets and liabilities – measure Metro's financial position. The increases or decreases in Metro's net position are an indicator of whether its financial position is improving or deteriorating.

METRO AS A WHOLE

For the years ended September 30, 2015 and 2014:

	FYE 2015	FYE 2014
Beginning net position (Restated)	\$ 805,201	\$ 659,583
Change in net position	<u>(41,381)</u>	<u>62,220</u>
Ending net position	<u>\$ 763,820</u>	<u>\$ 721,803</u>

The following schedule presents a summary of revenues and expenses for the fiscal year ended September 30, 2015 and the amount and percentage of increases and decreases in relation to the prior year.

METRO'S FUNDS

Revenues:	FYE 2015 Amount	Percent of Total	Increase (Decrease) from FYE 2014	Percent Increase (Decrease)
Grants	\$ 306,121	83%	\$ (1,799)	(1%)
Forfeitures	58,078	16%	(80,639)	(58%)
Miscellaneous	<u>6,646</u>	<u>1%</u>	<u>(308)</u>	(4%)
Total Revenues	<u>\$ 370,845</u>	100%	<u>\$ (82,746)</u>	(63%)

Revenues for Metro decreased for the FYE 2015 due to the decrease in grant income and forfeitures received during the year.

Revenues:	FYE 2014 Amount	Percent of Total	Increase (Decrease) from FYE 2013	Percent Increase (Decrease)
Grants	\$ 307,920	68%	\$ 72,419	31%
Forfeitures	138,717	31%	60,154	77%
Miscellaneous	<u>6,954</u>	<u>1%</u>	<u>5,570</u>	402%
Total Revenues	<u>\$ 453,591</u>	100%	<u>\$ 138,143</u>	44%

Revenues for Metro increased for the FYE 2014 due to the increase in grant income and forfeitures received in 2014.

Expenses:	FYE 2015 Amount	Percent of Total	Increase (Decrease) from FYE 2014	Percent Increase (Decrease)
Total	\$ 412,226	100%	\$ 20,855	5%

Metro's expenses increased in FYE 2015 mainly due to the increase in overtime expense.

METRO'S FUNDS (continued)

Expenses:	FYE 2014 Amount	Percent of Total	Increase (Decrease) from FYE 2013	Percent Increase (Decrease)
Total	\$ 391,371	100%	\$ 130,242	50%

Metro's expenses increased in FYE 2014 mainly due to the increase in grant funds received during 2014 enabling Metro to pay more overtime expense.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of September 30, 2015 and 2014, Metro had \$210,497 and \$210,497 invested in capital assets including buildings and improvements, furniture and fixtures, equipment, and vehicles.

	FYE 2015	FYE 2014
Buildings and improvements	\$ 65,425	\$ 65,425
Furniture and equipment	<u>145,072</u>	<u>145,072</u>
Totals	<u>\$ 210,497</u>	<u>\$ 210,497</u>

ECONOMIC FACTORS AND NEXT YEAR'S REVENUES

Metro's revenues are derived mainly from four sources: the United States Department of Justice, Louisiana Commission on Law Enforcement (LCLE) grant, which is awarded to the City of West Monroe, which in turn "passes through" the funds to Metro; the Office of National Drug Policy, High Intensity Drug Trafficking Area (HIDTA) grant; Forfeitures revenue; and Sales and Seizures revenue. LCLE grant funds vary with each grant award and are largely dependent upon the availability of funds. Management of Metro is aware that LCLE funds could be cut, altogether, at any time and hopes that the funds received from the HIDTA grant will offset any potential loss of LCLE funds.

CONTACTING METRO'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of Metro's finances and to show Metro's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Metro Narcotics Unit of Ouachita Parish, 500 Natchitoches Street, West Monroe, LA 71291.

Jay Ellerman
Unit Commander

METRO NARCOTICS UNIT OF OUACHITA PARISH
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 730,371
Certificate of Deposit	137,618
Accounts Receivable	3,200
Grant Funds Receivable	44,538
Depreciable Capital Assets, net	<u>31,235</u>
 <u>TOTAL ASSETS</u>	 <u>946,962</u>
<u>LIABILITIES</u>	
Due to Other Agencies	183,142
Accounts Payable	<u>-</u>
 <u>TOTAL LIABILITIES</u>	 183,142
<u>NET POSITION</u>	
Invested in Capital Assets, Net of Related Debt	31,235
Unrestricted	<u>732,585</u>
 <u>TOTAL NET POSITION</u>	 <u>\$ 763,820</u>

The accompanying notes are an integral part of this financial statement.

METRO NARCOTICS UNIT OF OUACHITA PARISH
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Expenses</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expense) Revenue Changes in Net Position Governmental Activities</u>
Function/Program Activities			
<u>Primary Government:</u>			
Government Activities:			
Public Safety	\$ 412,226	\$ 306,121	\$ (106,105)
Total Governmental Activities	<u>412,226</u>	<u>306,121</u>	<u>(106,105)</u>
General Revenues:			
			58,078
			4,800
			931
			915
			<u>64,724</u>
			(41,381)
			<u>805,201</u>
			<u>\$ 763,820</u>

The accompanying notes are an integral part of this financial statement.

METRO NARCOTICS UNIT OF OUACHITA PARISH
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	<u>Total Governmental Funds</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 730,371
Certificate of Deposit	137,618
Agent Cash Advances	3,200
Grant Funds Receivable	<u>44,538</u>
<u>TOTAL ASSETS</u>	<u>\$ 915,727</u>
<u>LIABILITIES AND FUND BALANCE</u>	
<u>LIABILITIES</u>	
Due to Other Agencies	\$ 183,142
Accounts Payable	<u>-</u>
Total Liabilities	<u>183,142</u>
<u>FUND BALANCE</u>	
Unassigned	<u>732,585</u>
Total Fund Balance	<u>732,585</u>
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$ 915,727</u>

METRO NARCOTICS UNIT OF OUACHITA PARISH
RECONCILIATION OF GOVERNMENTAL
FUND BALANCE TO THE GOVERNMENT-WIDE
STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

Governmental Fund Balance	\$ 732,585
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>31,235</u>
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Net Position of Governmental Activities	<u>\$ 763,820</u>
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METRO NARCOTICS UNIT OF OUACHITA PARISH
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Total Governmental Funds</u>
<u>REVENUES</u>	
Grants	\$ 306,121
Forfeitures	58,078
Interest Income	915
Rent - DEA	4,800
Miscellaneous	931
Total Revenues	<u>370,845</u>
<u>EXPENDITURES</u>	
Public Safety	<u>404,648</u>
Total Expenditures	<u>404,648</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	(33,803)
<u>FUND BALANCE AT BEGINNING OF YEAR (RESTATED)</u>	<u>766,388</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 732,585</u>

METRO NARCOTICS UNIT OF OUACHITA PARISH
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Net Change in Fund Balance - Governmental Fund	\$ (33,803)
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*Amounts reported for governmental activities
in the statement of activities are different
because:*

Governmental funds report capital outlays as
expenditures while governmental activities
report depreciation expense to allocate those
expenditures over the life of the assets:

Capital asset purchases capitalized	-
Depreciation expense	(7,579)
	(7,579)

Change in Net Position in Governmental Activities	<u>\$ (41,382)</u>
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The accompanying notes are an integral part of this financial statement.

METRO NARCOTICS UNIT OF
OUACHITA PARISH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

INTRODUCTION

Metro Narcotics Unit of Ouachita Parish (Metro) consists of the following agencies: Ouachita Parish Sheriff's Department, West Monroe and Monroe Police Departments, and the Fourth Judicial District Attorney. Metro was formed because of the enormity of the problems, legal and social, caused by the use, abuse and distribution of drugs within the parish; and, further realizing that by working together in a coordinated manner, much can be accomplished toward reducing illicit drug usage and trafficking.

Metro is not a component unit of another primary government nor does it have any component units that are related to it. Therefore, Metro has presented its financial statements as a separate special purpose government.

Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate accounting principles generally accepted in the United States of America and reporting standards with respect to activities and transactions of state and local government entities. In November of 1984, the GASB issued a codification of governmental accounting and financial reporting standards. This codification and subsequent GASB pronouncements are recognized as accounting principles generally accepted in the United States of America for state and local governments.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information of all of the activities of the government.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment or component unit. Resources that are dedicated internally are reported as general revenues rather than as program revenues. Metro does not allocate general government (indirect) expenses to other functions.

Net position is restricted when constraints placed on them are either externally imposed or imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted resources are available for use, generally it is Metro's policy to use restricted resources first, then unrestricted resources as they are needed.

METRO NARCOTICS UNIT OF
OUACHITA PARISH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Note 1 - Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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 when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements – The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Metro considers revenues to be available if they are collected within 60 days of the end of the current fiscal year end. Principal revenue sources considered susceptible to accrual include federal grants. Other revenues are considered to be measurable and available only when cash is received by Metro. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

D. Fund Accounting

Metro uses governmental funds to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain functions or activities.

The operations of the fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Governmental funds are used to account for all of Metro's general activities, including the collection and disbursement of specific or legally restricted monies and the acquisition of fixed assets. The governmental fund is described as follows:

General Fund

The General Fund is the general operating fund of Metro. It is used to account for all financial resources. These discretionary funds are accounted for and reported according to the source (federal, state or local) from which they are derived.

E. Presentation of Statements

The accompanying financial statements conform to accounting principles generally accepted in the United States of America for state and local governments. These statements have also incorporated any applicable requirements set forth by *Audits of State and Local Governmental Units*, the industry audit guide issued by the American Institute of Certified Public Accountants and the *Louisiana Governmental Audit Guide*.

METRO NARCOTICS UNIT OF
OUACHITA PARISH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Note 1 - Summary of Significant Accounting Policies (continued)

F. Fund Equity

GASB Statement No. 54 establishes standards for five fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in government funds. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

Restricted Fund Balance – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the board of directors – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the board of directors removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Fund Balance – This classification reflects the amounts constrained by the government’s “intent” to be used for specific purposes, but are neither restricted nor committed. The board of directors and management has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned Fund Balance – This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is Metro’s policy to use externally restricted resources first, then unrestricted resources – committed, assigned and unassigned – in order as needed.

G. Estimates

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

METRO NARCOTICS UNIT OF
OUACHITA PARISH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Note 2 - Cash and Certificates of Deposit

Custodial Credit Risk – Deposits. The custodial credit risk is the risk that in the event of a bank failure, Metro’s deposits may not be returned to it. Metro’s policy to ensure there is no exposure to this risk is to require each financial institution to pledge its own securities to cover any amount in excess of Federal Depository Insurance Coverage. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledges securities within 10 days of being notified by Metro that the fiscal agent bank has failed to pay deposited funds upon demand. Accordingly, Metro had no custodial credit risk related to its deposits at September 30, 2015.

At September 30, 2015, Metro has cash and cash equivalents, totaling \$730,371 as follows:

Cash on Hand	\$ 5,502
Demand Deposits	<u>724,869</u>
Total	<u>\$ 730,371</u>

These deposits are stated at cost, which approximates market. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances other than these backed by the U.S. government) at September 30, 2015, are secured, as follows:

Bank Balances	<u>\$ 725,864</u>
Federal Deposit Insurance	\$ 750,000
Pledged Securities (Uncollateralized)	<u>419,957</u>
Total	<u>\$1,169,957</u>

Because the pledged securities are held by the custodial bank in the name of the fiscal agent bank rather than in the name of Metro, they are considered uncollateralized (Category 3) under the provision of GASB Codification C20.106; however, 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 Metro that the fiscal agent bank has failed to pay deposited funds upon demand. One financial institution maintains a certificate of deposit that is recorded at market value of \$137,618 and is not considered cash equivalent because it does not have an original maturity date within three months of the fiscal year end.

Note 3 - Receivables

At September 30, 2015, Metro has grant funds receivable totaling \$44,538 as follows:

Louisiana Commission Law Enforcement Grant	\$ 11,341
High Intensity Drug Trafficking Area Grant	<u>33,197</u>
Total	<u>\$ 44,538</u>

METRO NARCOTICS UNIT OF
OUACHITA PARISH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Note 4 - Fixed Assets

A summary of changes in fixed assets follows:

	September 30, 2014			September 30, 2015
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Government Activities:				
Depreciable Assets:				
Buildings & Improvements	\$ 65,425	\$ -	\$ -	\$ 65,425
Equipment	<u>145,072</u>	<u>-</u>	<u>-</u>	<u>145,072</u>
Total at Historical Cost	210,497	-	-	210,497
Less Accumulated Depreciation for:				
Buildings & Improvements	(41,768)	(3,213)	-	(44,981)
Equipment	<u>(129,915)</u>	<u>(4,366)</u>	<u>-</u>	<u>(132,281)</u>
Total Accumulated Depreciation	<u>(171,683)</u>	<u>(7,579)</u>	<u>-</u>	<u>(179,262)</u>
<u>Government Activities</u>				
<u>Capital Assets, Net</u>	<u>\$ 38,814</u>	<u>\$(7,579)</u>	<u>\$ -</u>	<u>\$ 31,235</u>

Depreciation expense for the year ended September 30, 2014 was charged to governmental activities as follows:

Governmental Activities:	
Public Safety	\$ 7,579
Total Depreciation Expense	
Governmental Activities	<u>\$ 7,579</u>

Note 5 - Federal Award Programs

Metro receives revenues from the Louisiana Commission Law Enforcement federal grant and the Gulf Coast High Intensity Drug Trafficking Area Grant which are subject to final review and approval as to the allowability of expenditures by the grantor agency. Any settlements or expenses arising out of a final review are recognized in the period agreed upon by the agency and Metro. Also, it is management's opinion that any audits by the grantor agency would not produce disallowed program costs and liabilities to such an extent that they would materially affect Metro's financial position. During the year ended September 30, 2015 Metro had the following expenditures related to the grants:

Louisiana Commission Law Enforcement (LCLE)	\$ 113,414
Gulf Coast High Intensity Drug Trafficking Area Grant (HIDTA)	<u>192,707</u>
Total	<u>\$ 306,121</u>

METRO NARCOTICS UNIT OF
OUACHITA PARISH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Note 5 - Federal Award Programs (continued)

The LCLE grant has not been approved for the months starting in July 2015. Metro expects to receive the grant money and will recognize the revenue in fiscal year 2016.

Note 6 - Economic Dependency

Metro receives the majority of its revenue from funds provided through the grants mentioned in Note 5. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of the funds Metro receives could be reduced significantly and have an adverse impact on its operations.

Note 7 - Special Purpose Government Unit

As mentioned in the introduction to the Notes to the Financial Statements, Metro is a special purpose government made up of four separate law enforcement entities. They do not have a legal provision that requires budgets or budgetary reporting.

Note 8 - Subsequent Events

Subsequent events have been evaluated through February 2, 2016, which the day the financial statements were available to be issued, and it has been determined that no significant events have occurred for disclosure.

Note 9 - Prior Period Adjustment

During the year, income in the amount of \$74,040 was received that should have been set up as a prior year receivable. Also, a payable in the amount of \$9,358 was set up in prior year, but the amount was actually paid in prior year. The net effect to beginning net position was an increase of \$83,398.

METRO NARCOTICS UNIT OF OUACHITA PARISH
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO
AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED SEPTEMBER 30, 2015

There was no compensation, benefits and other payments made to agency head or chief executive officer during the year ended September 30, 2015.

**INDEPENDENT AUDITOR'S 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**

Board of Directors
Metro Narcotics Unit of Ouachita Parish

I 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 financial statements of the governmental activities of Metro Narcotics Unit of Ouachita Parish as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise Metro's basic financial statements and have issued my report thereon dated February 2, 2016.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Metro's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Metro's internal control. Accordingly, I do not express an opinion on the effectiveness of Metro'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 Metro's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is 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.

My consideration of internal control over financial reporting 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 my audit I did not identify any deficiencies in internal control that I 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 Metro’s financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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. The purpose of this report is for the information of management and the Legislative Auditor and is not intended to be or should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is to be distributed by the Legislative Auditor as a public document.

David M. Ault, CPA (APAC)

West Monroe, Louisiana
February 2, 2016

METRO NARCOTICS UNIT OF
OUACHITA PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

To the Board of Directors
Metro Narcotics Unit of Ouachita Parish

I have audited the financial statements of the Metro Narcotics Unit of Ouachita Parish as of and for the year ended September 30, 2015, and have issued my report thereon dated February 2, 2016. I conducted my 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. My audit of the financial statements as of September 30, 2015, resulted in an unqualified opinion.

Section I- Summary of Auditor's Results

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

Internal Control

Material Weakness ___ yes X no

Significant Deficiencies not considered to be
Material Weaknesses ___ yes X no

Compliance

Compliance Material to Financial Statements ___ yes X no

B. Federal Awards

Material Weakness Identified ___ yes X no

Significant Deficiencies not considered to be
Material Weaknesses ___ yes X no

Type of Opinion on Compliance For Major Programs (No Major Programs)

Unqualified _____ Qualified _____

Disclaimer _____ Adverse _____

Are their findings required to be reported in accordance with Circular A-133, Section .510 (a)? N/A

C. Identification of Major Programs: N/A

Name of Federal Program (or cluster)
CFDA Number(s)

Dollar threshold used to distinguish between Type A and Type B Programs. N/A

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133? N/A

METRO NARCOTICS UNIT OF
OUACHITA PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015 (continued)

Section II- Financial Statement Findings

This section is not applicable for this entity.

Section III- Federal Award Findings and Question Costs

This section is not applicable for this entity.

METRO NARCOTICS UNIT OF
OUACHITA PARISH
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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

This section is not applicable for this entity.

Section II - Internal Control and Compliance Material to Federal Awards

This section is not applicable for this entity.

Section III - Management Letter

No management letter was issued.