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METRO NARCOTICS UNIT OF OUACHITA PARISH

General Purpose Financial Statements  
For the Year Ended September 30, 2000

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 01-03-01

METRO NARCOTICS UNIT OF OUACHITA PARISH

SEPTEMBER 30, 2000

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# CAMERON, HINES & HARTT

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Metro Narcotics Unit of  
Ouachita Parish

We have audited the accompanying general purpose financial statements of Metro Narcotics Unit of Ouachita Parish (Metro) as of and for the year ended September 30, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of Metro management. Our responsibility is to express an opinion on these component unit financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Metro Narcotics Unit of Ouachita Parish as of September 30, 2000 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 1, 2000, on our consideration of Metro's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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Board of Directors  
Metro Narcotics Unit of  
Ouachita Parish

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

*Cameron, Hines & Hartt (APAC)*

West Monroe, Louisiana  
November 1, 2000

GENERAL PURPOSE FINANCIAL STATEMENTS

METRO NARCOTICS UNIT OF  
OUACHITA PARISH  
BALANCE SHEET  
SEPTEMBER 30, 2000

ASSETS

Cash and Cash Equivalents	\$ 69,928
Certificates of Deposit	154,084
Accounts Receivable - L.C.L.E Grant	21,779
Other Receivables	<u>3,370</u>
<u>TOTAL ASSETS</u>	<u>\$ 249,161</u>

LIABILITIES AND FUND BALANCE

Liabilities	\$ -
Fund Balance	
Unreserved/Undesignated	<u>249,161</u>
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$ 249,161</u>

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

METRO NARCOTICS UNIT OF  
OUACHITA PARISH  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND TYPE  
FOR THE YEAR ENDED SEPTEMBER 30, 2000

<u>Revenues</u>	
Intergovernmental	\$ 123,920
Forfeitures	29,032
Restitutions	4,320
Sales of Seizures	65,386
Interest	14,927
Other	4,356
Total Revenues	<u>241,941</u>
 <u>Expenditures</u>	
Purchase of Information	7,667
Purchase of Evidence	26,306
Purchase of Services	54,137
Investigative	4,973
Auto	58
Bank Charges	77
Cellular Phones	8,480
Equipment Rental	10,190
K-9 Expenditures	798
Materials, Repairs & Supplies	33,412
Miscellaneous	1,575
Office Supplies	9,655
Telephone and Pagers	9,641
Travel	51
Utilities	3,366
Total Expenditures	<u>170,386</u>
 <u>Excess of Revenues Over Expenditures</u>	 71,555
 <u>Fund Balance at Beginning of Year</u>	 <u>177,606</u>
 <u>FUND BALANCE AT END OF YEAR</u>	 <u><u>\$ 249,161</u></u>

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, 2000

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 generally accepted accounting principles 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 generally accepted accounting principles for state and local governments.

B. Presentation of Statements

The accompanying financial statements conform to generally accepted accounting principles 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*.

C. 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.



METRO NARCOTICS UNIT OF  
OUACHITA PARISH  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2000

Note 1 - Summary of Significant Accounting Policies

C. Fund Accounting (continued)

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 the source (federal, state or local) from which they are derived.

D. Basis of Accounting

The financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements for these funds present increased (i.e., revenues and other financing sources) and decreased (i.e., expenditures and other financing uses) in net current assets.

*The modified accrual basis of accounting is used for reporting all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.*

E. Estimates

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

Note 2 - Cash and Certificates of Deposit

At September 30, 2000, the book balance of Metro's bank deposits was \$ 26,281.

*These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.*

METRO NARCOTICS UNIT OF  
OUACHITA PARISH  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2000

Note 2 - Cash and Certificates of Deposit (continued)

The bank balance of \$70,000 was fully insured at September 30, 2000. One financial institution maintains two certificates of deposit which mature one year or later from date of original issue. The certificates of deposit are recorded at market value. The market value of the pledged securities in addition to FDIC insurance is \$160,000.

Note 3 - Receivables

Accounts receivable at September 30, 2000, consisting of reimbursements for expenditures incurred under the Louisiana Commission Law Enforcement Grant was \$21,779.

Note 4 - Litigation and Claims

There was no litigation pending against Metro at September 30, 2000, nor is Metro aware of any unasserted claims.

Note 5 - Federal Award Programs

Metro receives revenues from the Louisiana Commission Law Enforcement federal grant program that is subject to final review and approval as to the allowability of expenditures by the grantor agency. This program is audited in accordance with the *Single Audit Act Amendment of 1996*. 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.

Note 6 - Economic Dependency

Metro receives the majority of its revenue from funds provided through the grant 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. Management is not aware of any actions that will adversely affect the amount of funds Metro will receive in the next fiscal year.

Note 7 - Risk Management

Metro is exposed to various risks of loss related to torts, errors and omissions, and destruction of assets. Metro has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. No settlements were made during the year that exceeded Metro's insurance coverage.

COMPLIANCE REPORTING

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

Board of Directors  
Metro Narcotics Unit  
Of Ouachita Parish

We have audited the general purpose financial statements of Metro Narcotics Unit of Ouachita Parish (Metro) as of and for the year ended September 30, 2000, and have issued our report thereon dated November 1, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

## Compliance

As part of obtaining reasonable assurance about whether Metro's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to management of Metro in a separate letter dated November 1, 2000.

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered Metro's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of Metro in a separate letter dated November 1, 2000.

Board of Directors  
Metro Narcotics Unit  
Of Ouachita Parish  
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This report is intended solely for the information and use of management Metro Narcotics Unit of Ouachita Parish, the Louisiana Legislative Auditor, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Cameron, Hines & Hunt (APAC)*

West Monroe, Louisiana  
November 1, 2000



METRO NARCOTICS UNIT OF  
OUACHITA PARISH  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2000

<u>Federal Grants/Pass Through</u> <u>Grantor Program Title</u>	<u>CFDA</u> <u>Number</u>	<u>Agency or</u> <u>Pass-Through</u> <u>Number</u>	<u>Expenditures</u>
<b>Department of Justice</b>			
Bureau of Justice Assistance			
LA Commission on Law Enforcement	16.579	99-B2-B.02-0H19	\$ 123,920

1. General

The Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Metro Narcotics Unit of Ouachita Parish. Metro's reporting entity is defined in Note 1 of Metro's financial statements. This federal award program is received as pass through funds from the City of West Monroe, Louisiana.

2. Basis of Accounting

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to Metro's general purpose financial statements. The information in this schedule is presented in accordance with requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

METRO NARCOTICS UNIT OF  
OUACHITA PARISH  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2000

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

No findings were reported under this section.

**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.



METRO NARCOTICS UNIT OF  
OUACHITA PARISH  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED SEPTEMBER 30, 2000

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

No findings were reported under this section.

**Section II - Internal Control and Compliance Material to Federal Awards**

This section is not applicable for this entity.

**Section III - Management Letter**

Management Letter Point #1 - Reimbursement Requested Twice

Recommendation: All invoices should be maintained with the grant reimbursement request for each month, individually, to ensure that a request is not duplicated.

Action Taken: As of July 1, 2000 a new Commander has been appointed to the Unit as well as a new accountant. All invoice support is currently being maintained with its respective grant reimbursement form.

Management Letter Point #2 - Supporting Invoices

Recommendation: All invoices that are requested for reimbursement should at least be copied and maintained with the respective reimbursement request.

Action Taken: As of July 1, 2000 a new Commander has been appointed to the Unit as well as a new accountant. All invoice support is currently being maintained with its respective grant reimbursement form.

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To the Board of Directors  
Metro Narcotics Unit of Ouachita Parish

In planning and performing our audit of the general purpose financial statements of Metro Narcotics Unit of Ouachita Parish (Metro) for the year ended September 30, 2000, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control. However, we noted certain matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgement, could adversely affect Metro's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

The first reportable condition is for an expenditure that was reimbursed in a prior year and was then requested for reimbursement again in the current year. The grant agreement specifically states what should be submitted for reimbursement and that accurate record keeping be maintained.

The second reportable condition is for the absence of invoices supporting the requests for reimbursement for four of the twelve months audited. The invoice copies were subsequently obtained from the City of West Monroe's police department because they approve the reimbursement requests and subsequently issue the reimbursement to Metro. The grant funds are received by the City of West Monroe, Louisiana and passed through to Metro. The grant agreement states that all supporting documentation be maintained for all expenditures made that are to be reimbursed by the grant.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. In addition, because of inherent limitations in internal control, errors or fraud may occur and not be detected by such controls. However, none of the reportable conditions described above is believed to be a material weakness. These conditions were considered in determining the nature, timing, and extent of the audit tests applied in our audit of the

To the Board of Directors of  
Metro Narcotics Unit of Ouachita Parish  
Page 2

September 30, 2000 general purpose financial statements, and this report does not affect our report on those general purpose financial statements dated November 1, 2000. We have not considered the internal control since the date of our report.

The report is intended solely for the information and use of Metro Narcotics Unit of Ouachita Parish, the Louisiana Legislative Auditor and others within the administration and is not intended to be used and should not be used by anyone other than these specified parties.

*Cameron, Hines & Haatt (APAC)*

West Monroe, Louisiana  
November 1, 2000