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**METRO NARCOTICS UNIT OF OUACHITA PARISH**

*General Purpose Financial Statements  
For the Year Ended September 30, 2003*

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 2-18-04



METRO NARCOTICS UNIT OF OUACHITA PARISH

SEPTEMBER 30, 2003

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## INDEPENDENT AUDITORS' 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, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of Metro's management. Our responsibility is to express an opinion on these general purpose 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 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, 2003 and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 9, 2003, 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 audit.

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, Aines & Hartt (APAC)*

West Monroe, Louisiana  
December 9, 2003

METRO NARCOTICS UNIT OF  
OUACHITA PARISH  
COMBINED BALANCE SHEET  
SEPTEMBER 30, 2003

	<u>Governmental</u> <u>Fund Type</u>	<u>Account</u> <u>Group</u>	<u>TOTALS</u> <u>(Memorandum Only)</u>	
	<u>General Fund</u>	<u>General</u> <u>Fixed Assets</u>	<u>2003</u>	<u>2002</u>
	<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 208,557	\$ -	\$ 208,557	\$ 296,763
Petty Cash	233	-	233	1,236
Accounts Receivable - LCLE Grant	16,001	-	16,001	23,028
Other Receivables	4,500	-	4,500	4,100
Building Renovations	-	65,425	65,425	65,425
Security Equipment	-	12,450	12,450	12,450
Furniture and Equipment	-	70,898	70,898	61,617
<u>TOTAL ASSETS</u>	<u>\$ 229,291</u>	<u>\$ 148,773</u>	<u>\$ 378,064</u>	<u>\$ 464,619</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
<u>Liabilities</u>	\$ -	\$ -	\$ -	\$ -
<u>Fund Balance</u>				
Investment in General Fixed Assets	-	148,773	148,773	139,492
Fund Balance				
Unreserved/Undesignated	229,291	-	229,291	325,127
Total Fund Balance	229,291	148,773	378,064	464,619
<u>TOTAL LIABILITIES</u> <u>AND FUND BALANCE</u>	<u>\$ 229,291</u>	<u>\$ 148,773</u>	<u>\$ 378,064</u>	<u>\$ 464,619</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 BALANCES - GOVERNMENTAL FUND TYPE  
FOR THE YEAR ENDED SEPTEMBER 30, 2003  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2002

	Year Ended September 30,	
	2003	2002
<u>Revenues</u>		
Intergovernmental	\$ 128,854	\$ 142,945
Forfeitures	75,351	78,427
Restitutions	540	725
Sales of Seizures	-	62,942
Interest	419	9,294
Other	4,014	5,081
Total Revenues	<u>209,178</u>	<u>299,414</u>
<u>Expenditures</u>		
Purchase of Information	8,434	11,859
Purchase of Evidence	12,012	15,579
Purchase of Services	40,475	44,883
Accounting/Audit Services	2,661	3,757
Investigative	10,995	16,108
Auto	25,525	21,359
Bank Charges	163	2
Cellular Phones	19,332	17,531
Equipment Rental	2,970	3,238
K-9 Expenditures	147	-
Lease Payments	25,861	20,882
Materials, Repairs & Supplies	50,920	52,810
Miscellaneous	24,254	17,643
Office Supplies	34,335	18,041
Office Expenses	4,382	2,078
Security System Service	1,490	1,078
Telephone and Pagers	11,118	11,692
Training	12,690	5,210
Travel	-	7,229
Utilities	17,248	14,795
Total Expenditures	<u>305,012</u>	<u>285,774</u>
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	(95,834)	13,640
<u>Fund Balance at Beginning of Year</u>	<u>325,125</u>	<u>311,487</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 229,291</u>	<u>\$ 325,127</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, 2003

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. 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*.

C. Fund Accounting

Metro uses governmental funds and account groups 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, 2003

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.

General Fixed Assets Account Group

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Asset Group, rather than in governmental funds. No depreciation has been provided on general fixed assets.

The cost of normal maintenance and repairs that do not add to the value of fixed assets or materially extend their useful lives are not capitalized but are only recognized as a normal expenditure of the governmental funds.

D. Total Columns on Combined Statements – Overview

Total columns on the Combined Statements – Overview are captioned “Memorandum Only” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation.

E. 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.



METRO NARCOTICS UNIT OF  
OUACHITA PARISH  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2003

Note 1 - Summary of Significant Accounting Policies

F. 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.

Note 2 - Cash and Certificates of Deposit

At September 30, 2003, the book balance of Metro's bank deposits was \$208,557.

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. Cash and cash equivalents (bank balances) at September 30, 2003 are secured as follows:

Bank Balances	\$ <u>227,057</u>
Federal Deposit Insurance	\$ 200,000
Pledged Securities	<u>263,677</u>
 Total	 \$ <u>463,677</u>

The bank statement balances exceeded the general ledger balances due to in-transit items such as outstanding checks.

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 two certificates of deposit that are considered cash equivalents because they mature within three months of the fiscal year end. The certificates of deposit are recorded at market value. The market value of the pledged securities is \$263,677.

METRO NARCOTICS UNIT OF  
OUACHITA PARISH  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2003

Note 3 - Receivables

Accounts receivable at September 30, 2003, consisting of reimbursements for expenditures incurred under the Louisiana Commission Law Enforcement Grant was \$16,001.

Note 4 - 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 5 - Economic Dependency

Metro receives the majority of its revenue from funds provided through the grant mentioned in Note 4. 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 6 - 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. There was no litigation pending against Metro at September 30, 2003, nor is Metro aware of any unasserted claims.

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INDEPENDENT AUDITORS' 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, 2003, and have issued our report thereon dated December 9, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

## **Compliance**

As part of obtaining reasonable assurance about whether 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*.

## **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.

Board of Directors  
Metro Narcotics Unit  
Of Ouachita Parish  
Page 2

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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Cameron, Hines & Hartt (APAC)*

West Monroe, Louisiana  
December 9, 2003



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, 2003

<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	\$ 128,854

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, 2003

**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**

This section is not applicable for this entity.